THIS CIRCULAR 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 licensed securities dealer, 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 transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. This circular is not and does not constitute an offer of, nor is it intended to invite offer for, the securities in Linmark Group Limited.

LINMARK

LINMARK GROUP LIMITED

林麥集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code : 915)

VERY SUBSTANTIAL ACQUISITION IN RELATION TO THE PROPOSED ACQUISITION OF 60% INTEREST IN DOWRY PEACOCK GROUP LIMITED

Financial Adviser

CAZENOVE

Cazenove Asia Limited

A notice convening the special general meeting of Linmark Group Limited to be held on 17 October 2005 at 11.00 a.m. at 20th Floor, Office Tower One, The Harbourfront, 18 Tak Fung Street, Hunghom, Kowloon, Hong Kong is set out on pages 164 and 165 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 registrars in Hong Kong, 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 less than 48 hours before the time appointed for the holding of the 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 meeting or any adjournment thereof if you so wish.

* *For identification purpose only*

30 September 2005

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

"Acquisition"	the proposed acquisition of the Sale Shares by the Purchaser from the Vendor pursuant to the Sale and Purchase Agreement;
"associate"	has the meaning ascribed thereto under the Listing Rules;
"Board"	the board of Directors;
"Business"	the business of supply chain management, including projects/products design consultancy, sourcing, distribution, procurement, quality inspection, brand management, warranty management and fulfillment, with specialisation in consumer electronics and small domestic appliances, and refurbishment and waste management of consumer electronics and small domestic appliances;
"Business Day"	any day other than Saturday on which commercial banks and financial institutions in Hong Kong are open for business;
"Company"	Linmark Group Limited, a company incorporated in Bermuda and the Shares of which are listed on the Stock Exchange;
"Completion"	completion of the Acquisition;
"Consideration"	a total of GBP24,001,200 (approximately HK$338.4 million), subject to adjustments, being the total price for the purchase of the Sale Shares pursuant to the Sale and Purchase Agreement;
"Consideration Shares"	a total of 22,225,279 new Shares which will fall to be issued at the price of HK$2.284 per Share in partial satisfaction of the Consideration;
"DGC"	DGC GmbH (formerly known as Nordmende GmbH), a company incorporated in Germany;
"Directors"	the directors of the Company;
"Dowry Peacock"	Dowry Peacock Group Limited, a company incorporated in England and which is beneficially owned as to approximately 63.7% by the Vendor, approximately 26.3% by Paramount and 10% by Lucky Marriot as at the date of this circular;
"Dowry Peacock Group"	Dowry Peacock and its subsidiaries from time to time, including DGC and Dual France upon completion of the transfer of the Other Company Shares to the Purchaser pursuant to the exercise of the Purchase Option;
"Dual France"	Dual France Sarl, a company incorporated in France;
"Effective Date"	if a Listing Event occurs prior to the Expiry Date, the date on which at least a majority of the ordinary shares of any member of the Dowry Peacock Group are listed on a stock exchange or the completion date of any other transaction of the Listing Events;
"Enlarged Group"	the Group and the Dowry Peacock Group following the Acquisition;
"Euro"	Euro, the lawful currency of the European Union;

"Expiry Date"	the date on which the Dowry Peacock Group's financial statements for FP08 shall have been approved by the board of directors of Dowry Peacock and duly audited by the Purchaser's accountants;
"FP04"	the 12 months period ended 30 September 2004;
"FP06"	the 19 months period ending 30 April 2006;
"FP07"	the 12 months period ending 30 April 2007;
"FP08"	the 12 months period ending 30 April 2008;
"GBP" or "£"	British pound sterling, the lawful currency of the UK;
"Group"	the Company and its subsidiaries;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China;
"IAS"	International Accounting Standards or International Financial Reporting Standards issued by the International Accounting Standards Board;
"Increase Adjustment Cap"	the maximum amount by which the second installment or (as the case may be) the third installment or the fourth installment of the Consideration is to be increased as a result of adjustments to that particular installment;
"Independent Third Parties"	persons who themselves are, and (in the case of corporate entities) their ultimate beneficial owners are, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, third parties independent of the Company and its subsidiaries, their directors, chief executives and substantial shareholders or their respective associates (as that term is defined in the Listing Rules) and who are independent of the Company and its connected persons (as that term is defined in the Listing Rules);
"Initial Payment"	the first installment of the Consideration in an aggregate amount of GBP10,800,540 (approximately HK$152.3 million);
"ISO International"	ISO International (Holdings) Limited, a wholly-owned subsidiary of the Company;
"Latest Practicable Date"	28 September 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
"Listing Event"	Listing Event means any of the following events: (i) the listing of at least a majority of the ordinary shares of any member of the Dowry Peacock Group on any stock exchange;

	(ii) the listing of the Business (or a majority of the assets of the Business) on any stock exchange other than as provided in (i) above, through a merger with or acquisition of a company listed or to be listed on such stock exchange, or by way of a reverse takeover or back door listing or any other transaction having the same effect;
	(iii) the acquisition of Dowry Peacock, the Business or a material part of the assets constituting the Business by a private company or a public listed company; or
	(iv) if the Purchaser ceases to have a shareholding interest of at least 51% in either of (1) the Dowry Peacock Group or (2) if the Dowry Peacock Group (or any part thereof) is held by intermediate holding companies within the Group, in such intermediate holding companies, or if the Company ceases to control, directly or indirectly for any reason whatsoever, the Dowry Peacock Group or any part thereof;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Lucky Marriot"	Lucky Marriot Consolidated Limited, a company incorporated in Labuan, Malaysia and which holds 10% of the issued share capital of Dowry Peacock as at the date of this circular;
"NPAT"	the consolidated net profit after provision for all forms of taxation arising in any jurisdiction in which any member of the Dowry Peacock Group is incorporated, operates or is otherwise subject to taxation for the relevant financial period, determined in accordance with IAS and audited by the Purchaser's accountants and otherwise in accordance with the Sale and Purchase Agreement;
"NTA"	net tangible assets determined in accordance with IAS and in accordance with the Sale and Purchase Agreement;
"Other Company Shares"	such number of shares as will represent 64% and 55% of the total issued share capital of DGC and Dual France respectively;
"Paramount"	Paramount Consolidated Limited, a company incorporated in Labuan, Malaysia, and which holds approximately 26.3% of the issued share capital of Dowry Peacock as at the date of this circular;
"Profit Target"	the target NPAT for FP06, FP07 and FP08 respectively by reference to which certain adjustments to the Consideration may be made as described in the paragraph headed "Consideration" in section 2 of the letter from the Board of this circular;
"PTL"	Pacific Technologies Limited, a company incorporated in England and which is a wholly-owned subsidiary of Dowry Peacock;
"Purchase Option"	the option granted by the Vendor to the Purchaser to cause Dowry Peacock to purchase the Other Company Shares of DGC or Dual France or both, as the Purchaser may elect, from the Vendor or the businesses (including both assets and liabilities) and brands owned by DGC or Dual France or both, as the Purchaser may elect as described in the sub-paragraph headed "Purchase Option" in section 2 of the letter from the Board of this circular;

"Purchaser"	Benchmark Profits Limited, a company incorporated in the British Virgin Islands with limited liability, which is a direct wholly-owned subsidiary of the Company; or a wholly-owned subsidiary of the Company to which it may novate the Sale and Purchase Agreement;
"Reduction Adjustment Cap"	the maximum amount which the second installment or (as the case may be) the third installment or the fourth installment of the Consideration is to be reduced as a result of adjustments to that particular installment;
"Roly International"	Roly International Holdings Ltd., a company incorporated in Bermuda and the shares of which are listed on the Singapore Exchange Securities Trading Limited, which is the ultimate holding company of the Company;
"Sale and Purchase Agreement"	the conditional sale and purchase agreement dated 16 August 2005 entered into among the Purchaser, the Vendor and Dowry Peacock in relation to, among other things, the Acquisition;
"Sale Shares"	an aggregate of 180 ordinary shares of GBP1.00 each in the share capital of Dowry Peacock representing 60% of the issued share capital of Dowry Peacock at Completion;
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
"SGM"	the special general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder;
"Shareholder(s)"	holder(s) of the Shares;
"Share(s)"	ordinary share(s) of US$0.02 each in the share capital of the Company;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"SUK"	Schneider United Kingdom Limited, a company incorporated in England and which is a wholly-owned subsidiary of Dowry Peacock;
"UK"	the United Kingdom of Great Britain and Northern Ireland;
"US$"	United States dollars, the lawful currency of the United States of America; and
"Vendor"	Mr. Ray NUGENT, who beneficially owns approximately 63.7% of the issued share capital of Dowry Peacock as at the date of this circular.

Unless otherwise specified in this circular, translations of GBP, Euro and US$ into HK$ are made in this circular, for illustration only, at the rate of GBP1.00 to HK$14.10, 1.00 Euro to HK$9.664 and US$1.00 to HK$7.80. No representation is made that any amounts in GBP, Euro, US$ or HK$ could have been or could be converted at those rates or at any other rates.

LINMARK

LINMARK GROUP LIMITED

林麥集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code : 915)

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

Independent non-executive Directors:
WANG Arthur Minshiang
WOON Yi Teng, Eden
TSE Hau Yin, Aloysius

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong:
20th Floor, Office Tower One
The Harbourfront
18 Tak Fung Street
Hunghom, Kowloon
Hong Kong

30 September 2005

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL ACQUISITION IN RELATION TO THE PROPOSED ACQUISITION OF 60% INTEREST IN DOWRY PEACOCK GROUP LIMITED

1. INTRODUCTION

On 16 August 2005, the Company announced its proposed Acquisition of 60% interest in Dowry Peacock.

As the proposed Acquisition constitutes a very substantial acquisition for the Company under the Listing Rules, it will be subject to, inter alia, approval of the Shareholders at the SGM. The purpose of this circular is to provide, among other things, further information in relation to the Acquisition together with the notice of SGM to consider and, if thought fit, to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

* *For identification purpose only*

2. THE PROPOSED ACQUISITION

The Sale and Purchase Agreement

Date

16 August 2005

Parties

(a) Benchmark Profits Limited (as purchaser). The Purchaser is a direct wholly-owned subsidiary of the Company and an investment holding company established for the purpose of holding solely the investment in the Dowry Peacock Group. The obligations of the Purchaser under the Sale and Purchase Agreement are guaranteed by the Company.

(b) Mr. Ray NUGENT (as vendor). The Vendor is the co-founder of the business of the Dowry Peacock Group. He is, as at the date of this circular, also a director and member of senior management of Dowry Peacock.

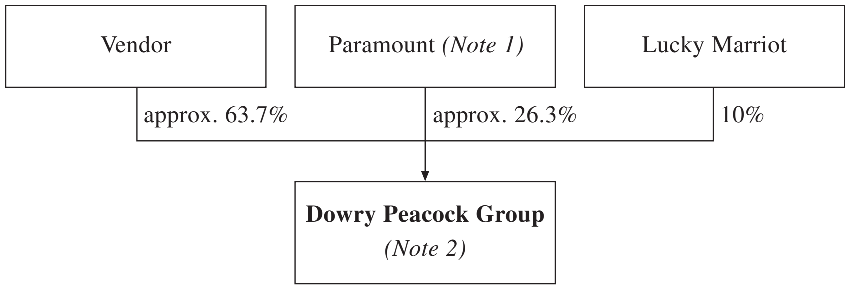
(c) Dowry Peacock (as target company). Dowry Peacock is a company incorporated in England and which is beneficially owned as to approximately 63.7% by the Vendor, approximately 26.3% by Paramount and 10% by Lucky Marriot as at the date of this circular.

Summary of the Acquisition

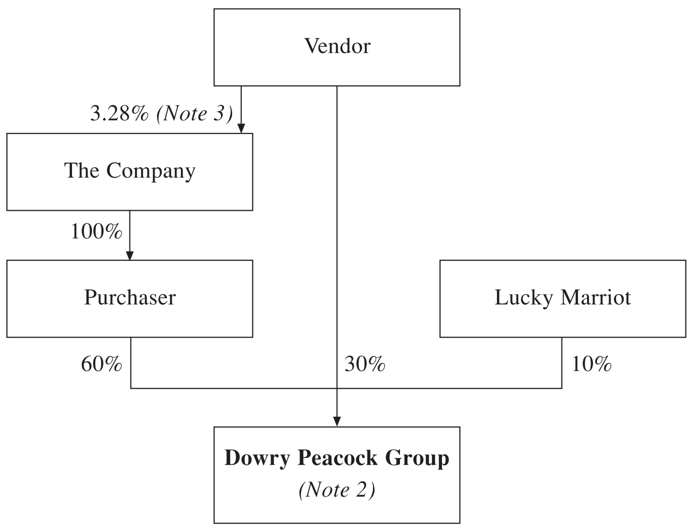
Subject to fulfillment of the conditions precedent described below, the Purchaser agreed to buy and the Vendor agreed to sell and procure Paramount to sell 26.3% interest in Dowry Peacock (as the case may be) to the Purchaser of the Sale Shares at a total consideration of GBP24,001,200 (approximately HK$338.4 million), subject to adjustments. The Consideration is to be paid in installments and is to be satisfied (subject to adjustments) initially as to 85% in cash being GBP20,401,020 (approximately HK$287.7 million) and as to 15% by the issue of the Consideration Shares at HK$2.284 per Share being a total of GBP3,600,180 (approximately HK$50.8 million).

Upon Completion, the Purchaser will own 60% of the issued share capital of Dowry Peacock and the remaining 40% will continue to be held as to 30% by the Vendor and 10% by Lucky Marriot. The Purchaser will also have the benefit of the Purchase Option in respect of DGC and/or Dual France, as described further below. The following charts show the approximate shareholding and group structure of the Dowry Peacock Group immediately before and after completion of the Acquisition.

Existing ownership structure of the Dowry Peacock Group



Ownership structure of the Dowry Peacock Group immediately after Completion



Notes:

1. Under the Sale and Purchase Agreement, the Vendor will procure Paramount to sell approximately 26.3% interest in Dowry Peacock to the Purchaser. Paramount has acknowledged in writing on 16 August 2005 the terms of the proposed sale of its interest in Dowry Peacock.

2. The Purchaser has been granted the Purchase Option the exercise of which will cause Dowry Peacock to purchase the Other Company Shares from the Vendor, further details of which are described in the section headed "Post-Completion undertakings and arrangements" below.

3. This assumes all Consideration Shares are issued over a period of three years and there being no changes to the issued share capital of the Company before such issue.

Sale Shares to be acquired

The Sale Shares represent 60% of the issued share capital of Dowry Peacock. Those shares are currently owned by the Vendor (as to approximately 33.7% interest in Dowry Peacock) and by Paramount (as to approximately 26.3% interest in Dowry Peacock). On Completion, transfers of all the Sale Shares are to take place at the same time. If the Vendor fails to deliver the share transfers from Paramount, Completion will not take place.

As at the Latest Practicable Date, the issued share capital of Dowry Peacock is held as to approximately 63.7% by the Vendor, approximately 26.3% by Paramount and 10% by Lucky Marriot. As at the Latest Practicable Date, the Vendor, Paramount and Lucky Marriot and their ultimate beneficial owners are Independent Third Parties and the Vendor, on the one hand, and Paramount, Lucky Marriot and their ultimate beneficial owners on the other, are independent of each other. The Vendor has confirmed that he has no interest in Paramount and Lucky Marriot and is independent of the ultimate beneficial owner of Paramount and Lucky Marriot. Paramount and Lucky Marriot are owned by the same person.

Consideration

The total consideration for the Acquisition is GBP24,001,200 (approximately HK$338.4 million) (subject to adjustments described below). The Consideration is to be satisfied as to 85% in cash and as to 15% by the issue of the Consideration Shares at HK$2.284 per Share (subject to the adjustments described below which would increase or reduce, as the case may be, the cash portion of the Consideration payable).

The cash portion of the Consideration will be funded by internal resources. As at 30 April 2005, the Group had cash and bank balances of approximately US$27,323,000 (approximately HK$213.1 million).

The Consideration Shares will, when issued, rank pari passu in all respects with the Shares then in issue. The market value of the Consideration Shares is approximately HK$47.8 million and HK$57.2 million respectively, calculated on the basis of the closing price of the HK$2.15 per Share on 16 August 2005 and the closing price of HK$2.575 per Share as at the Latest Practicable Date, respectively. On the basis that 22,225,279 Consideration Shares will fall to be issued which would represent approximately 3.4% of the issued share capital of the Company as at the Latest Practicable Date and approximately 3.3% of the issued share capital of the Company enlarged by the issue of the Consideration Shares.

The Directors consider that the inclusion of the issue of the Consideration Shares as part of the overall consideration for the purchase of the Sale Shares not only reduces the cash outlay for the Company under this transaction but also creates additional incentive to the Vendor to continue to grow the business of the Dowry Peacock Group to benefit the Group as a whole. Under the circumstances and also taking into account the fact that the Consideration Shares are to be issued at a premium to market price of the Shares, the Directors consider the issue of the Consideration Shares to be fair and reasonable.

Payment schedule

The Consideration is to be paid in four installments, subject to adjustments. The following table sets out the amount of each installment, the percentage it represents of the total initial Consideration (before adjustments), the amount of the cash payable, the number of Consideration Shares issuable on each installment and the time each payment is to be made:

Installment	Amount	Approximate percentage of Consideration (before adjustments)	Cash portion	Number of Consideration Shares issuable at HK$2.284 per Share	Time of payment
Initial Payment	GBP10,800,540 (approximately HK$152.3 million)	45.0%	GBP9,180,459 (approximately HK$129.4 million)	10,001,374	On Completion
Second installment	GBP4,400,220 (approximately HK$62.0 million) *(Note 1)*	18.33%	GBP3,740,187 (approximately HK$52.7 million)	4,074,635	On or before 31 July 2006
Third installment	GBP4,400,220 (approximately HK$62.0 million) *(Notes 1 and 2)*	18.33%	GBP3,740,187 (approximately HK$52.7 million)	4,074,635	On or before 31 July 2007
Fourth installment	GBP4,400,220 (approximately HK$62.0 million) *(Notes 1 and 2)*	18.33%	GBP3,740,187 (approximately HK$52.7 million)	4,074,635	On or before 31 July 2008
	Total		GBP20,401,020 (approximately HK$287.7 million)	22,225,279	

Notes:

1. These amounts are subject to adjustments as described below.

2. The amount of upward adjustment (if any) of the Consideration for FP06 is payable together with the third installment. The amount of upward adjustment (if any) of the Consideration for FP07 and/or FP08 is payable together with the fourth installment.

The cash portion of the Consideration will be adjusted downwards or upwards, as the case may be, by reference to the extent to which the NPAT of the Dowry Peacock Group in respect of FP06, FP07 and FP08 is less than or more than the Profit Target for the relevant period as follows:

- If the NPAT of the Dowry Peacock Group in respect of FP06 is less than or (as the case may be) more than the Profit Target for FP06, the amount of the second installment of the Consideration is to be reduced or (as the case may be) increased by an amount equal to 18% of six times the amount of the shortfall/excess for the relevant period which is attributable to the equity interest represented by the Sale Shares (i.e. 18% x 6 x 60% x (the difference between the FP06 NPAT and the FP06 Profit Target)).

- If the NPAT of the Dowry Peacock Group in respect of FP07 is less than or (as the case may be) more than the Profit Target for FP07, the amount of the third installment of the Consideration (including any upward adjustment of the Consideration in respect of FP06) is to be reduced or (as the case may be) increased by an amount equal to 18% of six times the amount of the shortfall/excess for the relevant period which is attributable to the equity interest represented by the Sale Shares (i.e. 18% x 6 x 60% x (the difference between the FP07 NPAT and the FP07 Profit Target)).

- If the NPAT of the Dowry Peacock Group in respect of FP08 is less than or (as the case may be) more than the Profit Target for FP08, the amount of the fourth installment of the Consideration (including any upward adjustment of the Consideration in respect of FP07) is to be reduced or (as the case may be) increased by an amount equal to 18% of six times the amount of the shortfall/excess for the relevant period which is attributable to the equity interest represented by the Sale Shares (i.e. 18% x 6 x 60% x (the difference between the FP08 NPAT and the FP08 Profit Target)).

- The amount of downward adjustment to the Consideration is subject to the Reduction Adjustment Cap and is to be reflected by downward adjustment of the cash portion of the relevant installment(s) of Consideration to which that adjustment relates. The amount of upward adjustment to the Consideration is subject to the Increase Adjustment Cap and is to be paid in cash. The following table shows the Profit Target, the Reduction Adjustment Cap and the Increase Adjustment Cap in respect of each installment payment:

Applicable installment of the Consideration	**Profit Target (in respect of the 19 months period (in the case of FP06) or 12 months period (in the case of FP07 and FP08) to which it relates)**	**Reduction Adjustment Cap** *(Note)*	**Increase Adjustment Cap** *(Note)*
Second installment	GBP8,550,000 (FP06) (approximately HK$120.6 million)	GBP3,740,187 (approximately HK$52.7 million)	GBP810,000 (approximately HK$11.4 million)
Third installment	GBP7,200,000 (FP07) (approximately HK$101.5 million)	GBP3,740,187 (approximately HK$52.7 million) plus any upward adjustment of the Consideration in respect of FP06	GBP842,400 (approximately HK$11.9 million)
Fourth installment	GBP8,200,000 (FP08) (approximately HK$115.6 million)	GBP3,740,187 (approximately HK$52.7 million) plus any upward adjustment of the Consideration in respect of FP07	GBP567,000 (approximately HK$8.0 million)

Note: After taking into account the maximum amount of adjustment allowed under the Sale and Purchase Agreement, the aggregate minimum and maximum Consideration payable by the Company would be GBP12,780,639 (approximately HK$180.2 million) and GBP26,220,600 (approximately HK$369.7 million) respectively.

- If a Listing Event occurs, all adjustments to the Consideration shall lapse and cease to have effect and the balance of the Consideration then unpaid shall be due and payable by the Purchaser within 60 days after the Effective Date.

The multiple of six applied in the formulae for the adjustment of Consideration has been agreed after arm's length negotiations between the Vendor and the Purchaser by reference to the historical price to earning ratio (of approximately 7.4 times by reference to the NPAT of the Dowry Peacock Group in FP04) and the future growth of the Dowry Peacock Group. The 18% factor is applied in the formula because the installments to which the relevant adjustment relates is approximately 18% of the total Consideration.

Basis of the Consideration

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser after taking into consideration factors such as the historical NPAT of the Dowry Peacock Group, its projected NTA and cash balances as at Completion, its Profit Targets for FP06, FP07 and FP08 as well as the brands, trademarks and customer base currently owned and to be owned at Completion by the Dowry Peacock Group. Further information on the Dowry Peacock Group is set out in section 3 headed "Information on the Dowry Peacock Group" below.

If, as at Completion, (i) the NTA of the Dowry Peacock Group is less than GBP4,560,000 (approximately HK$64.3 million); or (ii) the total cash balance of the Dowry Peacock Group is less than GBP8,000,000 (approximately HK$112.8 million) (except for any reduction in cash which has been used to settle the balance of consideration for the acquisition pursuant to an agreement dated 13 September 2004 by the Dowry Peacock Group of certain rights in respect of the "*Dual*" trademark which has been registered in certain countries in Europe from an Independent Third Party before Completion); or (iii) the balance of total cash held in financial institutions excluding any amounts that either are deposits or instruments with a maturity of three months or longer or are not freely available for use due to contractual or legal restrictions of the Dowry Peacock Group is less than GBP4,000,000 (approximately HK$56.4 million), the Vendor shall make up for that shortfall. However, the Vendor is only obliged to make payment up to the extent that the amount of Initial Payment received by the Vendor (net of such cash payment) will not be less than the NTA of the Dowry Peacock Group as at Completion. The amounts referred to above have been agreed after arm's length negotiations between the Vendor and the Purchaser.

The price at which the Consideration Shares are to be issued (being HK$2.284 per Share) was also determined after arm's length negotiations between the Vendor and the Purchaser by reference to the average closing price of approximately HK$2.175 per Share for the period of 30 consecutive trading days ended on 12 August 2005, approximately 5.0% premium over the average closing price per Share for the period of 30 consecutive trading days ended on 12 August 2005. The issue price represents approximately 6.2% premium over the closing price per Share on 16 August 2005, approximately 4.8% premium over the average closing price per Share for the period of 5 consecutive trading days ended on 16 August 2005. The issue price also represents approximately 11.3% discount to the closing price per Share on the Latest Practicable Date, approximately 11.6% discount to the average closing price per Share for the period of 5 consecutive trading days ending on the Latest Practicable Date.

Conditions precedent

Completion of the Sale and Purchase Agreement is subject to, among other things, the following conditions being satisfied or waived:

(a) the warranties (which relate to the business, assets, liabilities and financial information of the Dowry Peacock Group) contained in the Sale and Purchase Agreement being true and correct in all material respects as at the date of the Sale and Purchase Agreement and as at Completion;

(b) the Vendor and key management staff of the Dowry Peacock Group entering into service agreements in agreed terms with the Dowry Peacock Group, as applicable, on or before Completion;

(c) the passing of resolutions to approve the Sale and Purchase Agreement and the transactions contemplated thereunder at a special general meeting of the Company in accordance with the Listing Rules requirements;

(d) all necessary material consents, approvals and actions of filing with and notices to any governmental authority for the performance of, and all third party consents, notices and waivers from third parties doing business with the Dowry Peacock Group members as specified in the Sale and Purchase Agreement which the Purchaser reasonably considers material in respect of, the Sale and Purchase Agreement having been obtained;

(e) there having occurred no material adverse change in the business, financial condition, results, assets, liabilities, operations, customer or supplier relationships, sales or earnings or future prospects of the Dowry Peacock Group up till Completion; and

(f) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Consideration Shares.

An application will be made to the Stock Exchange for the listing of and permission to deal in the Consideration Shares.

If the conditions are not satisfied or waived by the Purchaser or the Vendor in writing (as the case may be) (other than conditions (c), (d) and (f) which cannot be waived) on or before 31 October 2005, the Vendor or the Purchaser (as the case may be) has the right to terminate the Sale and Purchase Agreement. If either party exercises its termination rights, the Sale and Purchase Agreement will immediately become null and void, and neither party shall have any liability or obligation under the Sale and Purchase Agreement.

Completion

Completion shall take place on the date the conditions precedent to the Sale and Purchase Agreement are all fulfilled or waived (as the case may be).

Post-Completion undertakings and arrangements

Purchase Option

The Purchaser shall have the option, for a period of 18 months after Completion, to cause Dowry Peacock to purchase (i) the Other Company Shares of DGC or Dual France or both, as the Purchaser may elect, from the Vendor; or (ii) the businesses (including both assets and liabilities) and brands owned by DGC or Dual France or both, as the Purchaser may elect for a consideration (payable on exercise of the Purchase Option) of (i) 100 Euro (approximately HK$966.4) (if the Purchase Option is exercised for both DGC and Dual France) or (ii) 50 Euro (approximately HK$483.2) (if the Purchase Option is exercised for only one of them). The terms of the Purchase Option have been determined on an arm's length basis between the Vendor and the Purchaser after taking into consideration the existing operational status, size and profitability of DGC and Dual France.

Dual France is currently owned as to 55% by the Vendor, as to 15% by an existing director of certain members of the Dowry Peacock Group and as to 15% by a member of the management of the Dowry Peacock Group; and DGC is currently owned as to 64% by the Vendor, and as to 10% by the same member of the management of the Dowry Peacock Group. An Independent Third Party (who is not part of the management of the Dowry Peacock Group) holds 15% of Dual France and 26% of DGC.

DGC and Dual France are principally engaged in the trading and distribution activities in Germany and France respectively under the "*Nordmende*" and "*Dual*" brands respectively under exclusive but limited licences from SUK. The "*Nordmende*" and "*Dual*" brands are consumer electronics and small domestic appliances products. The Purchase Option gives the Group the opportunity to expand its operations to Germany and France through the operations of DGC and/or Dual France, if the Group wishes to do so. The Company will comply with the requirements of Chapter 14 and/or Chapter 14A of the Listing Rules if and when it exercises the Purchase Option. A further announcement will be made by the Company on exercise or expiry of the Purchase Option, unexercise or transfer of the Purchase Option to a third party as required under the Listing Rules.

Continued management and non-compete

Immediately upon Completion, the Purchaser will be entitled to appoint three and, provided that the Vendor owns at least 30% of the issued share capital of Dowry Peacock, the Vendor will be entitled to appoint two out of a total of five directors of Dowry Peacock. The Company will maintain majority board representation in Dowry Peacock for so long as Dowry Peacock is a subsidiary of the Company. It is intended that after Completion, the key management staff of Dowry Peacock (including the Vendor) will continue to manage the business of the Dowry Peacock Group, subject to the terms of service agreements to be signed with Dowry Peacock prior to Completion. The Company expects that the terms of the service agreement with the Vendor post Completion will be commensurate to the terms of services of senior executives of his position and with his responsibilities in the industry. Currently, the Company does not have the intention to appoint the Vendor as a director of the Company.

The Vendor has undertaken in favour of the Purchaser that, among other things, he will not either for his own account or in conjunction with or on behalf of any person, for a period commencing on the date of the Sale and Purchase Agreement up to the second anniversary of the Expiry Date, in Hong Kong, the UK or elsewhere in the European Union or in such other place where any member of the Dowry Peacock Group conducts trade, business liaison or other operations, engage or be engaged or interested in or concerned with any business competing or likely to compete with the business operated by the Dowry Peacock Group or any member of the Group in whose business the Vendor becomes involved during his employment with Dowry Peacock after Completion from time to time. This does not, however, apply to the continuation of his existing participation as shareholder and director in DGC and Dual France. The Vendor has further agreed that for so long as he remains a director or controlling shareholder of those two companies, he will procure that the Dowry Peacock Group be given the first right to bid for any business opportunity that is within the scope of the Business or is available to both the Dowry Peacock Group on the one side and Dual France or DGC (as the case may be) on the other side. If the Purchaser does not exercise the Purchase Option, the Vendor shall have a period of six months from the date of expiry of the Purchase Option in which to dispose of his ownership interests in Dual France and DGC and to cease participation in their business activities. The non-compete undertaking and first right to bid will cease to apply to Dual France and DGC beginning at the time of such disposition by the Vendor.

The Purchaser has undertaken in favour of the Vendor that during the period from Completion and expiring on the first to occur of (i) the Expiry Date, or (ii) when the Vendor owns less than 30% of the total issued share capital of Dowry Peacock, or (iii) the occurrence of the Effective Date, among other things, the Purchaser will not for its own account or in conjunction with or on behalf of any person and will procure that none of its affiliates (as defined under the Sale and Purchase Agreement, which definition would include the Company and its subsidiaries as at the date of this circular) will enter into any business opportunities competing with the Business in the UK without first presenting such opportunities for consideration by the board of Dowry Peacock. Such undertaking, however, will not be breached by reason of the Purchaser being an affiliate of ISO International and its subsidiaries in respect of their business which may compete or potentially compete with the Business. ISO International is a wholly-owned subsidiary of the Company. It, together with its subsidiaries, are engaged in the businesses of supply chain management, including consultancy, design, sourcing, procurement, quality inspection and fulfilment, with specialisation in home entertainment products and consumer electronics products.

Arrangements regarding shares in Dowry Peacock

Prior to the earlier of the Expiry Date or the Effective Date, the Vendor, Lucky Marriot and the Purchaser (being the shareholders of Dowry Peacock after Completion) are required not to, without the prior written consent of the Purchaser (in the case of the Vendor or Lucky Marriot) or the Vendor (in the case of the Purchaser), sell, transfer, pledge, mortgage and/or create any interests or encumbrances in any shares of Dowry Peacock. The Purchaser has a first right of refusal over transfers of shares in Dowry Peacock by the Vendor or Lucky Marriot, and the Vendor has a similar right over transfers of shares in Dowry Peacock by the Purchaser. This first right of refusal will lapse upon the occurrence of a Listing Event. The Company will comply with the requirements of the Listing Rules if and when required.

In addition, each of the Vendor and the Purchaser has granted to the other, tag along rights so that if one wishes to sell its shares, the other has the right (within 7 days of notice) to elect to sell a proportionate number of shares at the same time to the same purchaser.

Restrictions on disposals of the Consideration Shares

The Vendor has undertaken that for a period of one year from the date that any Consideration Shares are issued to him, he will not (except with the prior written consent of the Purchaser) sell or otherwise dispose of any such Consideration Shares or enter into any agreement in respect of the voting rights attached to any such Consideration Shares.

3. INFORMATION ON THE DOWRY PEACOCK GROUP

Dowry Peacock is an investment holding company incorporated on 21 November 2004 and commenced business on 1 June 2005. It currently has two wholly-owned subsidiaries, being SUK and PTL. SUK was incorporated in England on 29 November 1995 and is the main operating company in the Dowry Peacock Group. PTL was incorporated in England on 3 August 1994 and is principally used to hold and manage the "*Pacific*" trademark. In addition to the "*Pacific*" trademark, SUK has on 13 September 2004 entered into an agreement with an Independent Third Party to acquire certain rights in respect of the "*Dual*" trademark. As at the Latest Practicable Date, there has not been any significant development in respect of the "*Dual*" trademark acquisition. The acquisition will be completed by SUK prior to Completion.

The business of the Dowry Peacock Group commenced in 1995 through SUK and is principally engaged in the business of supply chain management, including consultancy, design, sourcing, distribution, planning, procurement, quality inspection, brand and warranty management of home entertainment products and consumer electronics products (such as audio visual products and electrical kitchen appliances) and refurbishment and waste management of consumer electronics and small domestic appliances. Its principal customers are prominent food and mass merchandise retailers in the UK.

At Completion, the Dowry Peacock Group's key brands will include (i) "*Dual*", a brand for consumer electronics products primarily sold in France, Germany and the UK; (ii) "*Nordmende*", a brand for consumer electronics and small domestic appliances products primarily sold in Germany and the UK; (iii) "*Pacific*", a brand for consumer electronics and small domestic appliances products primarily sold in the UK; and (iv) "*Digilogic*", a brand for consumer electronics products primarily sold in the UK.

Shareholders should note that after Completion, certain of the Dowry Peacock Group's business dealings with the Vendor and his associates (further particulars in relation to which are set out in section 6 headed "Continuing connected transactions arising on Completion" below) will constitute continuing connected transactions of the Company under the Listing Rules.

Your attention is drawn to the further financial information on the Dowry Peacock Group and information regarding its directors and senior management set out in Appendix I to this circular.

4. INFORMATION ON THE GROUP

The Company is an investment holding company. As a sourcing and supply chain management solutions provider, the Group principally acts as a procurement agent and is engaged in the trading of merchandise. The Acquisition represents an expansion of its activities in both the range of services which the Group provides as well as geographical coverage.

5. REASONS FOR AND EFFECTS OF THE PROPOSED ACQUISITION ON THE GROUP

(a) General operation and changes to the shareholdings in the Group as a result of the Acquisition

Since the listing of the shares of the Company in May 2002, the Group has been expanding its business successfully both organically and by acquisitions. With the successful integration of the operations of ISO International which was acquired by the Group in November 2003 and the Group's more recent acquisition of the business of Tamarind International Limited in December 2004 (both were disclosed by way of circulars dated 28 November 2003 and 15 December 2004 respectively), the Acquisition represents another milestone of the Group in its expansion of its supply chain management business. The Acquisition also enables the Group to expand further its hardgoods business as well as diversify its customer base in Europe. Upon Completion, the members of the Dowry Peacock Group will become subsidiaries of the Company and their results, assets and liabilities will be consolidated in the accounts of the Company. The Directors expect the Dowry Peacock Group to make positive contributions to the Group's revenue and earnings.

In addition, the Directors expect that the Group could in the future, after Completion, with the integration of the operations of the Dowry Peacock Group and those of the Group, enjoy synergies in terms of the complementary services that could be provided by the Group and the Dowry Peacock Group to customers, and cross selling opportunities for the Group's apparel business to its enlarged customer base. The Directors expect that the aggregate of the remuneration payable to and benefits in kind receivable by the Directors will not vary in consequence to the proposed Acquisition.

On the basis that 22,225,279 Consideration Shares will fall to be issued under the Acquisition and no changes to the issued share capital of the Company before the issue of such Shares, the interest in the Company held by Roly International, the ultimate holding company of the Company, will be reduced from approximately 66.6% to approximately 64.5%. The Directors consider the Acquisition to be in the interests of the Company and the Shareholders as a whole and the terms of the Sale and Purchase Agreement including the Consideration and the terms on which the Consideration Shares are to be issued to be fair and reasonable.

(b) Financial effects of the Acquisition

The audited consolidated net asset value of the Group as at 30 April 2005 as extracted from the latest published annual report of the Group for the year ended 30 April 2005 was US$65,319,000 (approximately HK$509.5 million). The audited combined net asset value of the Dowry Peacock Group as at 31 March 2005 was GBP7,420,000 (approximately HK$104.6 million).

Based on the unaudited pro forma consolidated balance sheet of the Enlarged Group (set out in Appendix III to this circular), the unaudited pro forma consolidated net asset value of the Enlarged Group as at 30 April 2005 was US$106,539,000 (approximately HK$831.0 million).

Based on the unaudited pro forma consolidated income statement of the Enlarged Group, the unaudited pro forma consolidated turnover and net profit after tax of the Enlarged Group for the year ended 30 April 2005 were approximately US$383,577,000 (approximately

HK$2,991.9 million) and US$26,444,000 (approximately HK$206.3 million) respectively. The pro forma figures referred to above are calculated on the bases and assumptions set out in greater detail in Appendix III to this circular and should be read in conjunction with them.

The pro forma statements are prepared in accordance with Rule 4.26 of the Listing Rules for the purpose of providing investors information on the effect of the Acquisition. The statements are prepared for illustrative purpose only and because of their nature, they may not give a true picture of the actual financial performance of the Enlarged Group had the Acquisition actually been completed as at the relevant dates as set out on the basis stated.

The unaudited pro forma financial information is prepared on the basis stated in Appendix III to this circular and derived according to a number of adjustments. Although reasonable care has been exercised in preparing the said information, prospective investors who read the information should bear in mind that these figures are for illustrative purposes only and are inherently subject to adjustments and because of their nature, they may not give a complete picture of the actual financial performance of the Group had the Acquisition actually been completed as at the relevant dates as set out on the basis stated.

Further information regarding the Group and the Enlarged Group is set out in Appendices II and III to this circular.

6. CONTINUING CONNECTED TRANSACTIONS ARISING ON COMPLETION

The Dowry Peacock Group has entered into various transactions with the Vendor and/or his associates which will, upon completion of the Acquisition, constitute connected transactions of the Company under the Listing Rules by virtue of the Vendor being a substantial shareholder of a subsidiary of the Company. Such transactions will be subject to connected transaction requirements of Chapter 14A of the Listing Rules. Brief descriptions of such connected transactions are as follows:

(a) Continuing connected transaction which is exempt from reporting, announcement and independent shareholders' approval requirements

On 29 June 2001, SUK, a wholly-owned subsidiary of Dowry Peacock, and the Vendor entered into a tenancy agreement ("Tenancy Agreement") in respect of a property situated at Aura House, 77 Dane Road, Greater Manchester, the UK ("Premises") pursuant to which the Vendor, as the co-owner with the executor of the estate of Mr. Peter RATCHFORD (deceased) being his widow, Mrs. Clare RATCHFORD, leased the Premises ("Lease") to SUK for a term of 12 years commencing from 29 June 2001 at an annual rental that is currently GBP47,000, subject to rent review on the 24th day of June in each of the years 2004, 2007 and 2010 (approximately HK$662,700 exclusive of insurance, all rates, taxes duties (and value added tax), charges assessments, impositions and all other outgoings required to be paid by the tenant from time to time). The Premises are used as an office and warehouse. The Directors confirm that the rental represents current fair market rental with reference to an independent property valuation dated 31 August 2005 carried out by a member of the Royal Society of the Institute of Chartered Surveyors. As the annual rental during the term of the Lease is less than 0.1% of the applicable percentage ratios in respect of the Company, it is exempt from reporting, announcement and independent shareholders' approval requirements under the Listing Rules. The terms of the Tenancy Agreement will be reviewed by the Directors upon each rent review. The Company will ensure full compliance with Chapter 14A of the Listing Rules. The Directors (including the independent non-executive Directors) consider the terms of the Tenancy Agreement to be fair and reasonable and are on normal commercial terms which are in the interests of the Company and its Shareholders as a whole.

(b) Continuing connected transactions which are exempt from independent shareholders' approval requirements

On 19 May 2005 and 27 June 2005, SUK, Dual France and DGC entered into two brand licence agreements ("Licence Agreements") respectively pursuant to which SUK granted to Dual France and DGC exclusive but limited licences to use the "*Dual*" and "*Normende*" brands for a period of three years for a royalty fee of 0.75% of the net purchases of Dual France and DGC. Dual France and DGC were licensed by SUK to sell goods in specified classes carrying the "*Dual*" and "*Nordmende*" trademarks in France (in the case of Dual France) and in Germany, Austria, Switzerland, Liechtenstein, the Benelux countries, Croatia, Spain and Hungary (in the case of DGC). Net purchases of Dual France and DGC refer to exworks prices, without carriage, duty or other surcharges. The rate of royalty fee is similar to that of the rate charged by SUK to an Independent Third Party licensee. The aggregate annual consideration to be received by SUK under the Licence Agreements is estimated not to exceed HK$2.3 million for each of the three financial years ending 30 September 2008, based on the historical net purchases for DGC and Dual France for the financial years 2004–2005. As the aggregate annual licence fees payable during the term of the Licence Agreements are less than 2.5% of the applicable percentage ratios in respect of the Company, under Rule 14A.34 of the Listing, they are only subject to reporting requirements of Rule 14A.45 of the Listing Rules and announcement requirements of Rule 14A.47 of the Listing Rules. An announcement will be made on Completion of the Acquisition and disclosure of information will be made in the annual report and accounts with reference to the transactions pursuant to Rule 14A.37. The Directors (including the independent non-executive Directors) consider the terms of the Licence Agreements to be fair and reasonable and are on normal commercial terms which are in the interests of the Company and its Shareholders as a whole.

(c) Continuing connected transaction which is exempt from independent shareholders' approval requirements

On 16 April 2005, SUK and DGC entered into a loan agreement ("Loan Agreement") pursuant to which DGC borrowed from SUK a sum of 1,663,704 Euro (approximately HK$16,078,000) ("Loan") to mature on 30 April 2006 which is repayable by monthly repayments of 50,000 Euro (approximately HK$483,200) commencing on 25 May 2005. Interest is currently payable at a rate which is 1% above the UK borrowing rate of SUK (being the rate at which SUK had obtained secured banking facilities from an Independent Third Party bank at the relevant time) and is on normal commercial terms. As a private company, it is difficult for DGC to obtain financing from other sources. This Loan had been provided to DGC to finance the working capital of the start-up of DGC's business with no security or indemnity provided by DGC to SUK. As at 31 March 2005, a sum of 1,663,704 Euro (approximately HK$16,078,000) of the Loan remained outstanding. The Loan is a term loan and SUK does not have the right under the Loan Agreement to demand repayment at will. In view of that, and since as at the Latest Practicable Date, DGC is current with its repayment obligations, no demand for full repayment by Completion has been made. As the Loan will not be repaid upon Completion, it constitutes financial assistance and a connected transaction of the Company. As the Loan is less than 2.5% of the applicable percentage ratios in respect of the Company, Rule 14A.66(2) of the Listing Rules requires that it is only subject to the reporting requirements of Rule 14A.45 of the Listing Rules and the announcement requirements of Rule 14A.47 of the

Listing Rules. The Directors (including the independent non-executive Directors) consider the terms of the Loan Agreement to be fair and reasonable and are on normal commercial terms which are in the interests of the Company and its shareholders as a whole.

As SUK and Dual France are owned as to over 30% by the Vendor who will on Completion be a substantial shareholder of Dowry Peacock, a subsidiary of the Company, SUK and Dual France will, as associates of a substantial shareholder of a subsidiary of the Company, constitute connected persons of the Group.

7. SPECIAL GENERAL MEETING

The Acquisition contemplated under the Sale and Purchase Agreement constitutes a very substantial acquisition for the Company under the Listing Rule 14.49 and will be subject to, inter alia, approval of the Shareholders at the SGM. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Acquisition. Accordingly, no Shareholder is required to abstain from voting on the resolution to approve the Sale and Purchase Agreement at the SGM and the transactions contemplated thereunder.

A notice convening the SGM to be held on 17 October 2005 at 11.00 a.m. at 20th Floor, Office Tower One, The Harbourfront, 18 Tak Fung Street, Hunghom, Kowloon, Hong Kong is set out on pages 164 and 165 of this circular for the purpose of considering and, if though fit, passing, with or without amendments, the ordinary resolution in respect of the Acquisition.

A form of proxy for use by the Shareholders at the SGM is enclosed. Whether or not you are able to attend the meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrars in Hong Kong, 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 less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not precluded you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

8. RECOMMENDATION

The Directors (including all the independent non-executive Directors) recommend the Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder (including the issue of the Consideration Shares).

9. GENERAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular and the notice of SGM.

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

A. ACCOUNTANTS' REPORT

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants, KPMG LLP, Chartered Accountants and Registered Auditor, England and Wales. As described in the section headed "Documents Available for Inspection" in Appendix V, a copy of the following accountants' report is available for inspection.

KPMG LLP
St James' Square
Manchester
M2 6DS
United Kingdom

30 September 2005

The Directors
Dowry Peacock Group Limited
8 Durweston Street
Marylebone
London
W1H 1EW

The Directors
Linmark Group Limited
20th Floor, Office Tower One
The Harbourfront
18 Tak Fung Street
Hunghom, Kowloon
Hong Kong

Dear Sirs

Introduction

We set out below our report on the financial information (the "Financial Information") relating to Dowry Peacock Group Limited ("Dowry Peacock") and its subsidiaries (Schneider United Kingdom Limited ("SUK") and Pacific Technologies Limited ("PTL") (together the "Subsidiaries") (together the "Dowry Peacock Group"), including the combined balance sheets as at 30 September 2002, 2003, 2004 and 31 March 2005, the combined income statements, combined statements of changes in equity and the combined statements of cash flows for the nine months ended 30 September 2002, each of the years in the two-year period ended 30 September 2004 and the six-month period ended 31 March 2005 (together the "Relevant Period"), and the notes thereto, for inclusion in the shareholders' circular issued by Linmark Group Limited dated 30 September 2005 in connection with the proposed very substantial acquisition in respect of 60% interest in Dowry Peacock.

The auditors of SUK for the nine months ended 30 September 2002 were S G Audit and Accounting and for the years ended 30 September 2003 and 2004 and the six months ended 31 March 2005 were KPMG LLP. The Financial Information included for PTL is unaudited because this company was below the size threshold for an audit to be required. Dowry Peacock has not yet completed its first financial year. The relevant accounting period for the financial year ended 30 September 2002 spanned nine months because of the change in financial year end of SUK in 2002.

The statutory financial statements of SUK and PTL are prepared in accordance with the relevant United Kingdom accounting rules and regulations. As a base for forming an opinion on the Financial Information of the Dowry Peacock Group for the purposes of this report, we have carried out appropriate audit procedures in respect of the statutory financial statements of SUK and PTL for the Relevant Period in accordance with International Auditing Standards. Adjustments have been made for the purpose of this report to restate these financial statements to conform to the accounting policies under International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board set out in the Notes to this report.

At the date of this report, Dowry Peacock has direct interest in the following:

Name of subsidiary	**Place and date of incorporation and country of operation**	**Issued and fully paid up share capital** *£'000*	**Proportion of nominal value of share capital held by Dowry Peacock** %	**Principal activities**
SUK	England and Wales 29 November 1995	12	100	Distribution of audio visual equipment and small domestic appliances
PTL	England and Wales 3 August 1994	45	100	Trading electronic returns and graded stock

Waiver in respect of Rule 4.03 of the Listing Rules

In accordance with Rule 4.03 of the Listing Rules, an accountants' report is required to be prepared by professional accountants who are qualified under Professional Accountants Ordinance for appointment as auditors of a company. Rule 4.03 of the Listing Rules also provides that, in the case of a circular issued by a listed issuer in connection with acquisition of an overseas company, the Stock Exchange may be prepared to permit the accountants' report to be prepared by a firm of accountants who is not so qualified but acceptable to the Stock Exchange. Such a firm must normally have an international name and reputation and be a member of a recognised body of accountants.

Dowry Peacock, SUK and PTL were all incorporated and carry on business in England and Wales. SUK, being the principal trading entity in the Dowry Peacock Group, is significantly larger than both PTL and Dowry Peacock in terms of scale of operation and is the core subsidiary of the Dowry Peacock Group. KPMG LLP were appointed as auditors to SUK for the year ended 30 September 2003. The principal business activity of PTL is brand licensing and it is not required to be audited due to its small scale of operation under UK legislation. Dowry Peacock was incorporated in November 2004 to be the holding company in view of the potential Acquisition at that time. As auditors of SUK and Dowry Peacock, KPMG LLP have been reporting on the financial statements of

SUK since the year ended 30 September 2003 and is knowledgeable of the operations, accounting, reporting and management systems of the Dowry Peacock Group. Besides, the preparation of the accountants' report on the Dowry Peacock Group involves restatement of financial statements from UK GAAP to IFRS, which can be achieved by KPMG LLP efficiently given their professional experience in such areas and their understanding of the operation of the Dowry Peacock Group.

As the Company's auditors are not the auditors of the Dowry Peacock Group, and the Dowry Peacock Group does not consent to the Company's auditors reviewing its books and records other than those of KPMG LLP, it is impossible for the Company's auditors to report on the financial information of the Dowry Peacock Group by themselves or jointly with KPMG LLP under the Auditing Guideline 3.340 issued by Hong Kong Institute of Certified Public Accountants.

Under these circumstances, KPMG LLP is the most appropriate firm to report on the audited financial information of the Dowry Peacock Group, and given that KPMG LLP has already spent significant time on the audit of the Dowry Peacock Group in anticipation of this transaction, it is impossible for other accounting firms to perform the work as required in such a short time frame.

KPMG LLP is registered under the laws of United Kingdom and is a member of the Institute of Chartered Accountants in England and Wales. As KPMG LLP is not registered under the Professional Accountants Ordinance of the law of Hong Kong, the Company has therefore applied to the Stock Exchange for a waiver from strict compliance with Rule 4.03 of the Listing Rules.

Accountants' report on financial information of Dowry Peacock Group Limited

The Financial Information of the Dowry Peacock Group has been prepared by the management of the Dowry Peacock Group in connection with the proposed acquisition of 60% interest in Dowry Peacock by Linmark Group Limited (the "Proposed Transaction").

As at the date of the Proposed Transaction the Dowry Peacock Group consists of Dowry Peacock, together with its two 100% owned subsidiaries, SUK and PTL. The Financial Information of the Dowry Peacock Group has been prepared on the basis described below.

Basis of preparation

The Financial Information has been prepared by management of the Dowry Peacock Group based on the financial statements of SUK and PTL (together the "Financial Statements") together with the Financial Information available for Dowry Peacock and on the bases set out in Note 1 to the Financial Information to conform with the accounting policies of the Dowry Peacock Group as described in the Notes to this report. Adjustments have been made to these accounting policies for the purposes of this report to restate these financial statements from UK generally accepted accounting principles ("UK GAAP") to IFRS to conform with the accounting policies as referred to in Note 1, which are consistent with the basis of recognition and measurement principles set out in IFRS and the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. IFRS includes International Accounting Standards and interpretations.

The combined Financial Information incorporates the Financial Information of PTL and SUK and Dowry Peacock.

Dowry Peacock was incorporated on 21 November 2004 and became the holding company of SUK and PTL on 1 June 2005. Dowry Peacock has not carried out any business since the date of its incorporation except for becoming the holding company of SUK and PTL. We have acted as auditors of Dowry Peacock since its date of incorporation. As at this report date, no audited financial statements have been prepared for Dowry Peacock as Dowry Peacock is an investment holding company and has not carried out any business since its date of incorporation. We have, however, reviewed all significant transactions of Dowry Peacock from date of incorporation to 31 March 2005 for the purposes of this report. The Financial Information for Dowry Peacock, SUK and PTL have been combined as if the group formation was in place at 1 January 2002. The combined income statements, the combined statement of changes in equity and the combined cash flow statements of the companies now comprising the Dowry Peacock Group for the Relevant Period have been prepared as if the current group structure had been in existence throughout the Relevant Period. The combined balance sheets of the Dowry Peacock Group as at 30 September 2002, 2003, 2004 and 31 March 2005 have been prepared to present the assets and liabilities of the Dowry Peacock Group as at the respective dates as if the current group structure had been in existence at those dates.

The combined Financial Information incorporates the Financial Information of PTL, SUK and Dowry Peacock to present the net assets that are being acquired and has been prepared in accordance with Note 1.

The combination of the Financial Information represents an aggregation of the three companies' income statements, balance sheets and cash flow statements as if the three companies had been one throughout the period.

All significant inter-company transactions and balances within the Dowry Peacock Group are eliminated on combination.

Respective responsibilities of management and reporting accountants

Management of the Dowry Peacock Group are responsible for the preparation of the Financial Information to give a true and fair view. In preparing this Financial Information, it is fundamental that appropriate accounting policies are selected and applied consistently, that judgements and estimates are made which are prudent and reasonable and that the reasons for any significant departure from applicable accounting standards are stated. The directors of Linmark Group Limited are responsible for the contents of the circular in which this report is included.

It is our responsibility to form an independent opinion, based on our audit, on the Financial Information.

Basis of opinion

For the purpose of this report, we have audited the financial statements or, where necessary, the management accounts of SUK, PTL and Dowry Peacock for the Relevant Period and since its date of incorporation in the case of Dowry Peacock to 31 March 2005. We have also reviewed all the relevant transactions of Dowry Peacock since its date of incorporation to the date of this report and carried out such procedures as we considered necessary for presenting the Financial Information relating to the Dowry Peacock Group. Our examination was made in accordance with the Auditing Guideline 3.340 "Prospectus and the Reporting Accountants" issued by the Hong Kong Institute of Certified Public Accountants. We have not audited any financial statements of the Dowry Peacock Group in respect of any period subsequent to 31 March 2005.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Information. It also includes an assessment of the significant estimates and judgements made by management of the Dowry Peacock Group in the preparation of the Financial Information, and of whether the accounting policies are appropriate to the circumstances of the Dowry Peacock Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the Financial Information is free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of Financial Information. We believe that our audit provides a reasonable basis for our opinion.

For the purpose of this report, we have also reviewed the unaudited financial information of the Dowry Peacock Group including the combined income statement, combined statement of changes in equity and combined cash flow statement for the six-month period ended 31 March 2004 (the "31 March 2004 Corresponding Information"), together with the notes thereon, for which the directors are responsible, in accordance with International Standard on Review Engagement 2400 "Engagements to review financial statements" issued by the International Federation of Accountants. A review consists principally of making enquiries of group management and applying analytical procedures to the 31 March 2004 Corresponding Information and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the 31 March 2004 Corresponding Information.

Opinion

In our opinion, the Financial Information for the purpose of this report, and on the basis of presentation set out in Note 1 to the Financial Information, gives a true and fair view of the combined state of affairs of the Dowry Peacock Group as at 30 September 2002, 2003 and 2004 and 31 March 2005, and the combined results and the combined cash flows of the Dowry Peacock Group for the nine-month period ended 30 September 2002, each of the years in the two-year period ended 30 September 2004 and the six-month period ended 31 March 2005 and has been properly prepared on the basis of recognition and measurement principles set out within IFRS.

On the basis of our review of the 31 March 2004 Corresponding Information which does not constitute an audit, for the purpose of this report, we are not aware of any material modifications that should be made to the unaudited financial information presented for the six-month period ended 31 March 2004.

I. Financial Information

Combined income statement

	Note	9 months ended 30 September 2002	Year ended 30 September 2003	Year ended 30 September 2004	6 months ended 31 March 2004	6 months ended 31 March 2005
		£'000	*£'000*	*£'000*	*£'000* *unaudited*	*£'000*
Revenue		56,853	111,385	162,494	100,909	56,336
Cost of sales		(54,191)	(103,846)	(153,032)	(96,444)	(51,014)
Gross profit		2,662	7,539	9,462	4,465	5,322
Administrative expenses		(2,679)	(5,395)	(3,539)	(1,427)	(1,663)
Operating (loss)/ profit before financial income		(17)	2,144	5,923	3,038	3,659
Financial income	6	142	487	1,751	1,011	232
Financial expenses	6	(91)	(58)	—	—	—
Net financing income		51	429	1,751	1,011	232
Profit before taxation		34	2,573	7,674	4,049	3,891
Income tax expense	7	(51)	(786)	(2,290)	(1,170)	(1,183)
(Loss)/profit after taxation for the period/year, transferred to equity		(17)	1,787	5,384	2,879	2,708
Basic (loss)/earnings per share	15	(£0.24)	£25.42	£87.70	£43.96	£46.85

Combined balance sheet

		As at 30 September			As at 31 March
		2002	2003	2004	2005
	Note	*£'000*	*£'000*	*£'000*	*£'000*
Non-current assets					
Property, plant and equipment	8	112	98	184	171
Intangible assets	9	111	83	1,136	993
Total non-current assets		223	181	1,320	1,164
Current assets					
Inventories	10	895	2,947	1,305	1,897
Trade and other receivables	11	2,757	7,060	14,072	6,655
Cash and cash equivalents	12	2,965	3,262	7,752	12,460
Total current assets		6,617	13,269	23,129	21,012
Current liabilities					
Bank overdraft	12	1,316	1,026	173	1,447
Trade and other payables	18	4,939	8,928	12,257	6,608
Provisions	17	—	1,332	6,280	6,042
Total current liabilities		6,255	11,286	18,710	14,097
Net current assets		362	1,983	4,419	6,915
Total assets less current liabilities		585	2,164	5,739	8,079
Non-current liabilities and deferred items					
Other creditors		—	—	663	654
Deferred tax liabilities	16	14	6	4	5
Total non-current liabilities		14	6	667	659
		571	2,158	5,072	7,420
Equity					
Issued capital	13	70	70	57	57
Reserves		—	—	13	13
Retained earnings		501	2,088	5,002	7,350
Total equity attributable to equity holders of the parent	14	571	2,158	5,072	7,420

Combined statement of changes in equity

	9 months ended 30 September 2002	Year ended 30 September 2003	Year ended 30 September 2004	6 months ended 31 March 2004	6 months ended 31 March 2005
	£'000	*£'000*	*£'000*	*£'000* *unaudited*	*£'000*
Balance at start of period/year	613	571	2,158	2,158	5,072
(Loss)/profit for the period/year	(17)	1,787	5,384	2,879	2,708
Net income recognised directly in equity	—	—	—	—	—
Total recognised income and expenses for the period/year	(17)	1,787	5,384	2,879	2,708
Dividends	(25)	(200)	(375)	—	(360)
Redemption of own shares	—	—	(2,095)	(2,095)	—
Balance at end of period/year	571	2,158	5,072	2,942	7,420

Combined cash flow statement

	Note	9 months ended 30 September 2002	Year ended 30 September 2003	Year ended 30 September 2004	6 months ended 31 March 2004	6 months ended 31 March 2005
		£'000	£'000	£'000	£'000 unaudited	£'000
Cash flows from operating activities						
Profit before taxation		34	2,573	7,674	4,049	3,891
Adjustments for:						
Depreciation		29	34	36	14	19
Amortisation		15	28	35	10	143
Interest income		(57)	(237)	(431)	(208)	(193)
Loss on fixed assets disposal		13	13	—	—	—
		34	2,411	7,314	3,865	3,860
Decrease/(Increase) in trade and other receivables		2,671	(4,303)	(7,012)	(5,514)	7,418
Decrease/(Increase) in inventories		1,319	(2,052)	1,642	783	(592)
(Decrease)/increase in trade and other payables		(5,947)	5,117	8,430	(1,544)	(5,630)
Cash (absorbed by)/ generated from operations		(1,923)	1,173	10,374	(2,410)	5,056
Income taxes refunded/ (paid)		531	(590)	(1,782)	140	(1,449)
Net cash (outflow)/ inflow from operating activities		(1,392)	583	8,592	(2,270)	3,607
Cash flows from investing activities						
Proceeds from sale of property, plant and equipment		15	10	—	—	—
Proceeds from sale of investments		18	—	—	—	—
Interest received		57	237	431	208	193
Acquisition of property, plant and equipment		(57)	(43)	(122)	(16)	(6)
Acquisition of intangible assets		(126)	—	(1,088)	—	—

	Note	9 months ended 30 September 2002 £'000	Year ended 30 September 2003 £'000	Year ended 30 September 2004 £'000	6 months ended 31 March 2004 £'000 unaudited	6 months ended 31 March 2005 £'000
Net cash (outflow)/ inflow from investing activities		(93)	204	(779)	192	187
Cash flows from financing activities						
Repurchase of own shares		—	—	(2,095)	(2,095)	—
Dividends paid		(25)	(200)	(375)	—	(360)
Net cash outflow from financing activities		(25)	(200)	(2,470)	(2,095)	(360)
Net (decrease)/increase in cash and cash equivalents		(1,510)	587	5,343	(4,173)	3,434
Cash and cash equivalents at beginning of period/ year		3,159	1,649	2,236	2,236	7,579
Cash and cash equivalents at end of period/year	12	1,649	2,236	7,579	(1,937)	11,013

Notes to the Financial Information

1. SIGNIFICANT ACCOUNTING POLICIES

Merger Accounting

Being a private company, there was no agreement between the shareholders to formalise control over SUK. Throughout the period covered by the Accountants' Report, Mr. Ray NUGENT, whose shareholding in SUK amounted to 50% originally and 100% after 21 January 2004, and Mr. Malcolm RAWLE and Mr. Suresh DHOKIA, directors nominated by Mr. Ray NUGENT, together had been the sole constituent of the board of directors of SUK except for the first five months when Mr. Peter RATCHORD was also a director and the last six months when Mr. Gerald TAYLOR was nominated by Mr. Ray NUGENT to be a director. Mr. Peter RATCHORD held the other 50% shareholding in SUK. When Peter passed away in May 2002, the estate of Mr. Peter RATCHORD and subsequently Mrs. Clare RATCHORD became the beneficiaries of the shareholding. Both the estate of Mr. Peter RATCHORD and Mrs. Clare RATCHORD had not nominated any directors to the board of SUK and had remained passive throughout the rest of the period covered by the Accountants' Report. Hence, Mr. Ray NUGENT had exercised the power to govern the financial and operating policies of the SUK so as to obtain benefits from its activities during the whole period covered by the Accountants' Report. In a statutory declaration made by Mr. Ray NUGENT on 15 September 2005, he stated his nomination of Mr. Malcolm RAWLE and Mr. Suresh DHOKIA as directors of SUK on 11 December 2001 and 21 December 2001 respectively.

Being a private company, there was also no agreement between the shareholders to formalise control over PTL. Throughout the period covered by the Accountants' Report, Mr. Ray NUGENT and Mr. Malcolm RAWLE, each owned a 33.33% shareholding in PTL originally, together had been the sole constituent of the board of directors of PTL except for the first five months when Mr. Peter RATCHORD was also a director. Mr. Peter RATCHFORD held the other 33.33% shareholding in PTL. When Peter passed away in May 2002, the estate of Mr. Peter RATCHORD and subsequently Mrs. Clare RATCHORD became the beneficiaries of the shareholding. Mr. Ray NUGENT acquired the 33.33% shareholding of Mr. Malcolm RAWLE on 20 January 2004 and that of Mrs. Clare RATCHORD on 22 January 2004. Both the estate of Mr. Peter RATCHORD and Mrs. Clare RATCHORD had not nominated any directors to the board of PTL and had remained passive throughout their respective shareholding period. Hence, Mr. Ray NUGENT had exercised the power to govern the financial and operating policies of the PTL so as to obtain benefits from its activities throughout the period covered by the Accountants' Report. In a letter dated 8 September 2005, Mr. Malcolm RAWLE also confirmed that the key decisions in PTL were taken by Mr. Ray NUGENT for the period from 1 November 2000 to 16 August 2004.

On these bases, throughout the period covered by the Accountants' Report, Mr. Ray NUGENT exercised common control over each of SUK and PTL, and merger accounting is adopted in this report in accordance with IFRS.

Financial Year End

The combination of the Financial Information represents an aggregation of the three companies' income statements, balance sheets and cash flow statements as if the three companies had been one throughout the period.

All significant inter-company transactions and balances within the Dowry Peacock Group are eliminated on combination.

Pursuant to Rule 4.06(1)(a) of the Listing Rules, the Accountants' Report must include, inter alia, the results for the 'relevant period', which, according to the note thereof, comprises each of the three '*financial years*' immediately preceding the issue of the circular or such shorter period as may be acceptable to the Exchange. Pursuant to Rule 1.01 of the Listing Rules, a financial year refers to the period in respect of which any profit and loss account of a company laid or to be laid before it in general meeting is made up, whether that period is a year or not.

SUK, is incorporated under the Companies Act 1985 (the "Companies Act") of the laws of England and Wales as a private company. SUK has made an election pursuant to section 252 of the Companies Act in respect of laying of accounts and reports before general meeting. Section 252(3) of the Companies Act provides that the act of laying of the accounts before the company in general meeting shall be read as reference to the sending of copies of the accounts to members. In compliance with the Companies Act, SUK presented its directors' report and audited financial statements for the nine months ended 30 September 2002, the year ended 30 September 2003 and the year ended 30 September 2004 to its shareholders on 2 July 2003, 23 December 2003 and 22 December 2004 respectively. The relevant accounting period for the financial year ended 30 September 2002 spanned nine months because of the change in financial year end of SUK in 2002. All these Statutory Accounts have been filed with the Companies Registry in accordance with Section 242 (1) of the Companies Act.

Accordingly for the purpose of Rule 4.06(1) of the Listing Rules (read in conjunction with the notes thereto and the definition of "*financial year*"), the three financial years for which the Accountants' Report is to be prepared are the nine months ended 30 September 2002, the year ended 30 September 2003 and the year ended 30 September 2004, because that corresponds to the financial period for which Statutory Accounts have been approved by the directors, presented to the shareholders and were filed with the Companies Registry pursuant to the governing laws and regulations in England and Wales.

The Dowry Peacock Group is a group domiciled in the UK. The aggregated Financial Information incorporates the Financial Information of Dowry Peacock Group Limited, PTL and SUK (together the "Dowry Peacock Group"). The combined Financial Information of the Dowry Peacock Group is for the nine months ended 30 September 2002, year ended 30 September 2003 and 2004 and six months ended 31 March 2005.

Statement of compliance

The combined Financial Information has been prepared on the basis of recognition and measurement principles within International Financial Reporting Standards (IFRSs) and their interpretations adopted by the International Accounting Standards Board (IASB).

Basis of preparation

The Financial Information is presented in the Dowry Peacock Group's functional currency Sterling, rounded to the nearest thousand. The Financial Information is presented on the historical cost basis.

The preparation of Financial Information in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods presented in this combined Financial Information.

Basis of combination

Subsidiaries

The combined Financial Information incorporates the Financial Information of Dowry Peacock Group Limited, PTL and SUK (together the "Dowry Peacock Group").

Dowry Peacock Group Limited was incorporated on 21 November 2004 and acquired the whole of the share capital of SUK and PTL on 1 June 2005, such that the then sole shareholder of the latter companies became the majority shareholder of Dowry Peacock Group Limited. In order to provide Financial Information on the Dowry Peacock Group the Financial Information for Dowry Peacock Group Limited, SUK and PTL have been combined as if the group structure had been in existence throughout the Relevant Period and was in place at 1 January 2002.

Transactions eliminated on aggregation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the combined Financial Information.

Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Derivative financial instruments

The Dowry Peacock Group uses derivative financial instruments to hedge its exposure to foreign exchange risks rising from operational, financing and investment activities. In accordance with its treasury policy, the Dowry Peacock Group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognised originally at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the income statement.

Hedging

Hedge of monetary assets and liabilities

Where a derivative financial instrument is used to hedge economically the foreign exchange exposure of a recognised monetary asset or liability, no hedge accounting is applied and any gain or loss on the hedging instrument is recognised in the income statement.

Property, plant and equipment

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leased assets

Leases in terms of which the Dowry Peacock Group assumes substantially all the risks and rewards of ownership are classified as finance leases.

Depreciation

Depreciation is charged to the income statement at a rate between 10-25% reducing balance basis over the estimated useful lives of each part of an item of property, plant and equipment. Leasehold property components have not been depreciated.

The residual value, if significant, is reassessed annually.

Intangible assets

Patents and trademarks

Patents and trademarks that are acquired by the Dowry Peacock Group are stated at cost less accumulated amortisation (see below) and impairment losses. These intangible assets represent patents and licences purchased from third parties.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The directors consider the useful lives of these trademarks to be between 4 to 20 years.

Trade and other receivables

Trade and other receivables are stated at their cost less impairment losses.

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of other inventories is based on the weighted average cost principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Cash and cash equivalents

Cash and cash equivalents comprises cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Dowry Peacock Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Impairment

The carrying amounts of the Dowry Peacock Group's assets, inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Share capital

Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity.

Dividends

Dividends are recognised as a liability in the period in which they are declared.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

Provisions

A provision is recognised in the balance sheet when the Dowry Peacock Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data.

Trade and other payables

Trade and other payables are stated at cost.

Revenue

Goods sold

Revenue from the sales of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods (excluding under warranty), or continuing management involvement with the goods.

Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Financial income

Interest income is recognised in the income statement as it accrues, using the effective interest method.

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

Deferred tax

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2. SEGMENT REPORTING

A segment is a distinguishable component of the Dowry Peacock Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Business segments

The Dowry Peacock Group comprises only one business segment which is the distribution of domestic electrical appliances.

Geographical segments

The Dowry Peacock Group has only one geographical segment which is the UK.

3. PERSONNEL EXPENSES

	9 months ended 30 September 2002	**Year ended 30 September 2003**	**Year ended 30 September 2004**	**6 months ended 31 March 2004**	**6 months ended 31 March 2005**
	£'000	*£'000*	*£'000*	*£'000* *unaudited*	*£'000*
Wages and salaries	1,700	3,919	1,847	626	886
Compulsory social security contributions	222	291	441	71	65
Contributions to defined contribution plans	25	59	8	—	10
	1,947	4,269	2,296	697	961

The Dowry Peacock Group operates a defined contribution pension scheme. The contributions for the year/period represents contributions payable by the Dowry Peacock Group to the scheme in respect of that year/period.

The Dowry Peacock Group has no other material obligation for the payment of pension benefits beyond to annual contributions described above.

4. DIRECTORS' REMUNERATION

	9 months ended 30 September 2002	Year ended 30 September 2003	Year ended 30 September 2004	6 months ended 31 March 2004	2005
	£'000	*£'000*	*£'000*	*£'000* *unaudited*	*£'000*
Fees	—	—	—	—	—
Salaries, allowances and benefits in kind	1,396	3,240	884	215	482
Pension scheme contributions	24	59	8	—	10
	1,420	3,299	892	215	492

The number of directors whose remuneration fell within the following bands is as follows:

	9 months ended 30 September 2002	Year ended 30 September 2003	Year ended 30 September 2004	6 months ended 31 March 2004 *unaudited*	2005
£2,837,001 to £2,908,000 (HK$40,000,001 to HK$41,000,000)	—	1	—	—	—
£922,001 to £993,000 (HK$13,000,001 to HK$14,000,000)	1	—	—	—	—
£284,001 to £355,000 (HK$4,000,001 to HK$5,000,000)	—	1	2	—	—
£213,001 to £284,000 (HK$3,000,001 to HK$4,000,000)	1	—	—	—	—
£142,001 to £213,000 (HK$2,000,001 to HK$3,000,000)	1	—	1	—	1
£71,001 to £142,000 (HK$1,000,001 to HK$2,000,000)	—	—	1	2	3
Nil to £71,000 (Nil to HK$1,000,000)	—	1	—	1	—
	3	3	4	3	4

There were no amounts paid during the Relevant Period to the directors in connection with an inducement to join. There were no amounts paid for compensation for loss of office.

5. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees in the Dowry Peacock Group during the Relevant Periods included three, three, four, three and four directors for the nine months ended 30 September 2002, financial years ended 30 September 2002, 2003 and 2004, and the six months ended 31 March 2004 and 2005 respectively and information relating to their emoluments has been disclosed above. The emoluments of the remaining highest paid, non-director individual during the Relevant Periods are as follows:

	9 months ended 30 September 2002	Year ended 30 September 2003	Year ended 30 September 2004	6 months ended 31 March 2004	6 months ended 31 March 2005
	£'000	*£'000*	*£'000*	*£'000* *unaudited*	*£'000*
Salaries, allowances and benefits in kind	60	92	66	57	44

The number of non-director, highest paid employees whose remuneration fell within the following band is as follows:

	9 months ended 30 September 2002	Year ended 30 September 2003	Year ended 30 September 2004	6 months ended 31 March 2004	6 months ended 31 March 2005
				unaudited	
Nil to £71,000 (Nil to HK$1,000,000)	2	2	1	2	1

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

a. Net financing income

	9 months ended 30 September 2002	Year ended 30 September 2003	Year ended 30 September 2004	6 months ended 31 March 2004	6 months ended 31 March 2005
	£'000	*£'000*	*£'000*	*£'000* *unaudited*	*£'000*
Interest income	57	237	431	208	193
Foreign exchange gains	85	250	1,320	803	39
Financial income	142	487	1,751	1,011	232
Interest expense	(91)	(58)	—	—	—
Financial expenses	(91)	(58)	—	—	—
Net financing income	51	429	1,751	1,011	232

b. Other items

	9 months ended 30 September 2002 £'000	Year ended 30 September 2003 £'000	Year ended 30 September 2004 £'000	6 months ended 31 March 2004 £'000 unaudited	6 months ended 31 March 2005 £'000
Auditors' remuneration	8	15	17	—	12

7. INCOME TAX EXPENSE

Recognised in income statement

	9 months ended 30 September 2002 £'000	Year ended 30 September 2003 £'000	Year ended 30 September 2004 £'000	6 months ended 31 March 2004 £'000 unaudited	6 months ended 31 March 2005 £'000
Current tax expense					
Current year	55	794	2,293	1,170	1,183
Adjustments to prior years	(4)	—	(1)	—	—
Deferred tax expense	51	794	2,292	1,170	1,183
Origination and reversal of temporary differences	—	(8)	(2)	—	—
	—	(8)	(2)	—	—
Total income tax expense in income statement	51	786	2,290	1,170	1,183

Reconciliation of effective tax rate

	9 months ended 30 September 2002 £'000	Year ended 30 September 2003 £'000	Year ended 30 September 2004 £'000	6 months ended 31 March 2004 £'000 unaudited	6 months ended 31 March 2005 £'000
Profit before tax	34	2,573	7,674	4,049	3,891
Income tax using the domestic corporation tax rate (30%)	10	772	2,302	1,215	1,167
Non-deductible expenses	45	14	(11)	(45)	16
(Over) provision in prior years	(4)	—	(1)	—	—
	51	786	2,290	1,170	1,183

8. PROPERTY, PLANT AND EQUIPMENT

	Leasehold property improvements	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
Cost					
Balance at 1 January 2002	11	28	106	28	173
Acquisitions	—	3	30	24	57
Disposals	—	—	—	(33)	(33)
Balance at 30 September 2002	11	31	136	19	197
Depreciation and impairment losses					
Balance at 1 January 2002	—	15	41	5	61
Depreciation charge for the period	—	3	18	8	29
Disposals	—	—	—	(5)	(5)
Balance at 30 September 2002	—	18	59	8	85
Carrying amounts					
At 1 January 2002	11	13	65	23	112
At 30 September 2002	11	13	77	11	112
Cost					
Balance at 1 October 2002	11	31	136	19	197
Acquisitions	—	3	40	—	43
Disposals	(11)	(4)	—	(17)	(32)
Balance at 30 September 2003	—	30	176	2	208
Depreciation and impairment losses					
Balance at 1 October 2002	—	18	59	8	85
Depreciation charge for the year	—	4	29	1	34
Disposals	—	(2)	—	(7)	(9)
Balance at 30 September 2003	—	20	88	2	110
Carrying amounts					
At 30 September 2003	—	10	88	—	98

	Leasehold property improvements	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
Cost					
Balance at 1 October 2003	—	30	176	2	208
Acquisitions	—	10	112	—	122
Balance at 30 September 2004	—	40	288	2	330
Depreciation and impairment losses					
Balance at 1 October 2003	—	20	88	2	110
Depreciation charge for the year	—	5	31	—	36
Balance at 30 September 2004	—	25	119	2	146
Carrying amounts					
At 30 September 2004	—	15	169	—	184
Cost					
Balance at 1 October 2004	—	40	288	2	330
Acquisitions	—	—	6	—	6
Balance at 31 March 2005	—	40	294	2	336
Depreciation and impairment losses					
Balance at 1 October 2004	—	25	119	2	146
Depreciation charge for the period	—	2	17	—	19
Balance at 31 March 2005	—	27	136	2	165
Carrying amounts					
At 31 March 2005	—	13	158	—	171

9. INTANGIBLE ASSETS

	Patents and trademarks £'000
Cost	
Balance at 1 January 2002	—
Additions	126
Balance at 30 September 2002	126
Amortisation	
Balance at 1 January 2002	—
Amortisation for the period	15
Balance at 30 September 2002	15
Carrying amounts	
At 30 September 2002	111
Cost	
Balance at 1 October 2002 and 30 September 2003	126
Amortisation	
Balance at 1 October 2002	15
Amortisation for the year	28
Balance at 30 September 2003	43
Carrying amounts	
At 30 September 2003	83
Cost	
Balance at 1 October 2003	126
Acquisitions	1,088
Balance at 30 September 2004	1,214
Amortisation	
Balance at 1 October 2003	43
Amortisation for the year	35
Balance at 30 September 2004	78
Carrying amounts	
At 30 September 2004	1,136
Cost	
Balance at 1 October 2004 and 31 March 2005	1,214
Amortisation	
Balance at 1 October 2004	78
Amortisation for the period	143
Balance at 31 March 2005	221
Carrying amounts	
At 31 March 2005	993

Amortisation and impairment charge

The amortisation and impairment charge is recognised in the following line items in the income statement:

	9 months ended 30 September 2002	Year ended 30 September 2003	Year ended 30 September 2004	6 months ended 31 March 2004	2005
	£'000	*£'000*	*£'000*	*£'000* *unaudited*	*£'000*
Administrative expenses	15	28	35	10	143
	15	28	35	10	143

10. INVENTORIES

	As at 30 September 2002	2003	2004	As at 31 March 2005
	£'000	*£'000*	*£'000*	*£'000*
Goods for resale	895	2,947	1,305	1,897

All inventories were stated at lower of net realisable value and cost at 31 March 2005 and 30 September 2002, 2003 and 2004.

11. TRADE AND OTHER RECEIVABLES

	As at 30 September 2002	2003	2004	As at 31 March 2005
	£'000	*£'000*	*£'000*	*£'000*
Trade receivables	1,216	3,278	11,825	4,982
Other trade receivables and prepayments	724	2,524	1,079	269
Amount due from related parties	817	1,258	1,168	1,404
	2,757	7,060	14,072	6,655

The following is an ageing analysis of trade receivables:

	As at 30 September 2002	2003	2004	As at 31 March 2005
	£'000	*£'000*	*£'000*	*£'000*
0 – 30 days	1,059	3,003	10,163	4,439
31 – 60 days	67	13	1,193	8
61 – 90 days	—	238	152	225
Over 90 days	90	24	317	310
	1,216	3,278	11,825	4,982

The Dowry Peacock Group maintains a defined credit policy, ranging from 30 to 60 days.

12. CASH AND CASH EQUIVALENTS

	As at 30 September 2002 £'000	As at 30 September 2003 £'000	As at 30 September 2004 £'000	As at 31 March 2005 £'000
Cash at bank and in hand	2,965	3,262	7,752	12,460
Bank overdrafts	(1,316)	(1,026)	(173)	(1,447)
Cash and cash equivalents in the statement of cash flows	1,649	2,236	7,579	11,013

13. CAPITAL

	As at 30 September 2002 £'000	As at 30 September 2003 £'000	As at 30 September 2004 £'000	As at 31 March 2005 £'000
Authorised, issued and fully paid				
In issue at beginning of period/year				
Ordinary shares of £1 each	70	70	70	57
Redemption of shares during period/year	—	—	(13)	—
In issue at the end of period/year	70	70	57	57

The Dowry Peacock Group has no other types of shares or share options.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Dowry Peacock Group. All shares rank equally with regard to the Dowry Peacock Group's residual assets.

Dividends

	9 months ended 30 September 2002 £'000	Year ended 30 September 2003 £'000	Year ended 30 September 2004 £'000	6 months ended 31 March 2004 £'000 *unaudited*	6 months ended 31 March 2005 £'000
Interim dividends paid in period/year	25	200	375	—	360

Distributable reserves

Dowry Peacock was incorporated on 21 November 2004 and has not carried out business since the date of incorporation. Accordingly there were no reserves available for distribution to shareholders as at 31 March 2005.

On the basis set out above, the aggregate amount of distributable reserves as at 30 September 2002, 2003, 2004 and 31 March 2005 of the companies comprising the Dowry Peacock Group were £501,000, £2,088,000, £5,002,000 and £7,350,000 respectively.

14. CAPITAL AND RESERVES

Reconciliation of movement in capital and reserves

	Attributable to equity holders of the parent			
	Share capital	**Capital Redemption reserve**	**Retained earnings**	**Total**
	£'000	*£'000*	*£'000*	*£'000*
Balance at 1 January 2002	70	—	543	613
Total recognised income and expense	—	—	(17)	(17)
Dividends to shareholders	—	—	(25)	(25)
Balance at 30 September 2002	70	—	501	571
Balance at 1 October 2002	70	—	501	571
Total recognised income and expense	—	—	1,787	1,787
Dividends to shareholders	—	—	(200)	(200)
Balance at 30 September 2003	70	—	2,088	2,158
Balance at 1 October 2003	70	—	2,088	2,158
Total recognised income and expense	—	—	5,384	5,384
Own shares acquired	(13)	13	(2,095)	(2,095)
Dividends to shareholders	—	—	(375)	(375)
Balance at 30 September 2004	57	13	5,002	5,072
Balance at 1 October 2004	57	13	5,002	5,072
Total recognised income and expense	—	—	2,708	2,708
Dividends to shareholders	—	—	(360)	(360)
Balance at 31 March 2005	57	13	7,350	7,420

15. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share for the relevant periods was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding during the relevant periods.

(Loss)/profit attributable to ordinary shareholders

	9 months ended 30 September 2002	**Year ended 30 September 2003**	**Year ended 30 September 2004**	**6 months ended 31 March 2004**	**6 months ended 31 March 2005**
	£'000	*£'000*	*£'000*	*£'000* *unaudited*	*£'000*
(Loss)/profit attributable to ordinary shareholders	(17)	1,787	5,384	2,879	2,708

Weighted average number of ordinary shares

	9 months ended 30 September 2002	Year ended 30 September 2003	Year ended 30 September 2004	6 months ended 31 March 2004 *unaudited*	2005
Issued ordinary shares at the beginning of period/year	70,300	70,300	70,300	70,300	57,800
Redemption of shares during period/year	—	—	(12,500)	(12,500)	—
	70,300	70,300	57,800	57,800	57,800
Weighted average number of ordinary shares at the end of period/year	70,300	70,300	61,393	65,492	57,800
Basic (loss)/earnings per share	(£0.24)	£25.42	£87.70	£43.96	£46.85

Diluted (loss)/earnings per share have not been presented for the relevant periods as the Dowry Peacock Group has no potential dilutive shares outstanding during the relevant periods.

16. DEFERRED TAX LIABILITIES

	As at 30 September 2002 *£'000*	2003 *£'000*	2004 *£'000*	As at 31 March 2005 *£'000*
Property plant and equipment	14	6	4	5
Net tax liabilities	14	6	4	5

Movement in temporary differences during the period/year

	Balance at 1 January 2002 *£'000*	Recognised in income *£'000*	Recognised in equity *£'000*	Balance at 30 September 2002 *£'000*
Property, plant and equipment	14	—	—	14

	Balance at 1 October 2002 *£'000*	Recognised in income *£'000*	Recognised in equity *£'000*	Balance at 30 September 2003 *£'000*
Property, plant and equipment	14	(8)	—	6

	Balance at 1 October 2003 *£'000*	Recognised in income *£'000*	Recognised in equity *£'000*	Balance at 30 September 2004 *£'000*
Property, plant and equipment	6	(2)	—	4

	Balance at 1 October 2004 £'000	Recognised in income £'000	Recognised in equity £'000	Balance at 31 March 2005 £'000
Property, plant and equipment	4	1	—	5

17. PROVISIONS

	Warranties £'000
Balance at 1 January 2002 and 1 October 2002	—
Provisions made during the year	3,022
Provisions used during the year	(1,690)
Balance at 30 September 2003	1,332
Non-current	—
Current	1,332
	1,332
Balance at 1 October 2003	1,332
Provisions made during the year	10,807
Provisions used during the year	(5,859)
Balance at 30 September 2004	6,280
Non-current	—
Current	6,280
	6,280
Balance at 1 October 2004	6,280
Provisions made during the period	4,078
Provisions used during the period	(4,316)
Balance at 31 March 2005	6,042
Non-current	—
Current	6,042
	6,042

Provisions relate to warranties on goods sold. The provision is based on actual returns re-calculated on a daily, yearly average from historical warranty data associated with similar products and services. The Dowry Peacock Group expects to incur the liability over the next twelve months.

18. TRADE AND OTHER PAYABLES

	As at 30 September			As at 31 March
	2002	**2003**	**2004**	**2005**
	£'000	*£'000*	*£'000*	*£'000*
Trade payables	2,308	4,753	9,774	5,051
Fair value derivatives	91	149	—	—
Non trade payables and accrued expenses	2,540	4,026	2,483	1,557
	4,939	8,928	12,257	6,608

The following is an ageing analysis of trade payables:

	As at 30 September			As at 31 March
	2002	**2003**	**2004**	**2005**
	£'000	*£'000*	*£'000*	*£'000*
0 – 90 days	2,221	4,600	7,909	3,291
91 – 180 days	9	163	826	523
Over 180 days	78	(10)	1,039	1,237
	2,308	4,753	9,774	5,051

19. FINANCIAL INSTRUMENTS

Exposure to currency risks arises in the normal course of the Dowry Peacock Group's business. Derivative financial instruments are used to hedge exposure to fluctuations in exchange rates.

Foreign currency risk

The Dowry Peacock Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than pounds sterling. The currencies giving rise to this risk are primarily U.S. Dollars.

Changes in the fair value of forward contracts that economically hedge monetary assets and liabilities in foreign currencies and for which no hedge accounting is applied are recognised in the income statement. The changes in fair value of the forward contracts are recognised as part of 'net financing income' (see note 6). The fair value of forward contracts used as economic hedges of monetary assets and liabilities in foreign currencies at 30 September 2004 was £nil, 2003 was £149,000, 2002 was £91,000 and 31 March 2005 was £nil, and is recognised in fair value derivatives.

20. RELATED PARTIES

Identity of related parties

The Dowry Peacock Group has a related party relationship with its subsidiaries, and with its directors and executive officers.

The recurring and non recurring related party transactions and balances are as follows:

Related party	Relationship	Nature of transaction	For the 9 months ended 30 September 2002	For the year ended 30 September 2003	For the year ended 30 September 2004	For the six month period ended 31 March 2004	2005
			£'000	*£'000*	*£'000*	*£'000* *unaudited*	*£'000*
SUK	Subsidiary	Royalties payable	(327)	(500)	—	(502)	—
		Sales	52	—	—	—	—
		Trade debtors	61	—	—	—	—
		Trade creditors	(385)	(502)	—	—	—
		Loan due	266	(118)	242	(118)	—
PTL	Subsidiary	Loan due	(266)	118	242	118	—
		Royalties receivable	327	502	—	502	—
		Purchase	(52)	—	—	—	—
		Trade creditors	(202)	—	(376)	—	—
DGC GmbH (formerly Nordmende GmbH)	Common control	Loan due	796	1,218	1,128	1,404	1,240
		Sales	—	1	(28)	248	29
		Purchase	—	—	—	—	4
Dual France	Common control	Amounts due	—	—	—	—	91
		Sales	—	—	—	4	123
		Purchases	—	—	—	1	—
Techno Consumer Electronics Limited	Common control	Loan due	2	40	40	40	55
		Sales	16	23	—	—	—
		Purchases	—	(83)	—	—	—
		Trade debtors	19	—	—	—	—
Mr. Ray NUGENT	Director	Property rental	—	(16)	24	24	24
Warr & Co	Common control	Consultancy fees	(34)	—	—	—	—
		Trade creditors	(15)	—	—	—	—

21. THE DOWRY PEACOCK GROUP ENTITIES

Control of the Dowry Peacock Group

The Dowry Peacock Group is 63.7% owned by Mr. Ray NUGENT and has no ultimate parent company.

II. Company Balance Sheet for Dowry Peacock

Dowry Peacock was incorporated on 21 November 2004 with an authorised share capital of £1,000,000 divided into 1,000,000 ordinary shares of £1 each. On 21 November 2004, Dowry Peacock issued 78 shares to Paramount Consolidated Limited and 30 Shares to Lucky Marriot Consolidated Limited for consideration of £108. Dowry Peacock Group Limited did not carry on any business from its date of incorporation until the acquisition of SUK and PTL on 1 June 2005.

III. Directors' Remuneration

Except as discussed in Note 4, no remuneration has been provided as payable in respect of the Relevant Period by Dowry Peacock to the directors of Dowry Peacock. Under the arrangements presently in force, the estimated amount of directors' remuneration payable for the year ending 30 September 2005 is approximately £495,000, excluding management bonuses which are payable at the Dowry Peacock Group's discretion.

IV. Subsequent Financial Statements

Audited financial statements have not been prepared by Dowry Peacock or any of the companies now comprising the Dowry Peacock Group in respect of any period subsequent to 31 March 2005.

Yours faithfully
KPMG LLP
Chartered Accountants and Registered Auditor
under the Institute of Chartered Accountants
in England and Wales

B. MANAGEMENT DISCUSSION AND ANALYSIS

B.1. Results of operation

I. *Period of nine months ended 30 September 2002*

1. *Turnover*

For the nine months period ended 30 September 2002, the Dowry Peacock Group attained a turnover of approximately £56.9 million. This represented approximately 89.6% increase over the same financial period of the preceding year. The higher sales for the period ended 30 September 2002 was attributed mainly to an increase in orders made by a major customer for consumer electronics products. In addition, the Small Domestic Appliances ("SDA") division increased turnover contribution from approximately £2.8 million to £6.1 million for the period ended 30 September 2002.

2. *Gross Profit*

The gross profit of £2.7 million achieved for the period ended 30 September 2002 registered a 4.7% gross margin as compared to 12.3% for the period ended 30 September 2001. The reasons for the decline in gross margin were mainly due to the reduction in sales from the independent retailers, coupled with the reduction in selling prices to a major customer as a marketing strategy to secure long term business, and the lower gross margin of approximately 5.0% generated from the sale of SDA products to its major customer as compared to the gross margins of about 10.0% for the sale of electronics products.

3. *Net Profit Before Tax*

The low gross profit resulted in a net profit before tax of £34,000 and net loss after tax of £17,000.

4. *Financial Position Review*

The Dowry Peacock Group had cash in hand of approximately £3.0 million as at 30 September 2002. In addition, it had banking facilities of approximately £4.0 million of which £1.3 million was utilised. The Dowry Peacock Group had no long-term debt as at 30 September 2002 and the current ratio was 1.1. The gearing ratio was approximately 19.2% as at 30 September 2002, based on the bank and other borrowings of approximately £1.3 million and total assets of approximately £6.8 million.

The Dowry Peacock Group's net asset value as at 30 September 2002 was approximately £571,000. As at 30 September 2002, the Dowry Peacock Group had no material contingent liability.

The majority of the Dowry Peacock Group transactions were denominated in US dollars and GBP. The gain was eliminated under IFRS when at the period end, the foreign exchange option contracts were recognised in the profit and loss account. This re-measurement of investments at fair value resulted in approximately £91,000 loss for the nine months period ended 30 September 2002.

5. *Remuneration Policy*

As at 30 September 2002, the Dowry Peacock Group had 27 staff. The total staff costs for the nine months period ended 30 September 2002 was approximately £1.9 million. The Dowry Peacock Group provides competitive remuneration schemes to its employees based on the UK labour market and industry guidelines, individual staff and company performance. Discretionary bonuses were awarded to eligible staff based on company and individual performance.

II. *Year ended 30 September 2003*

1. *Turnover*

For the year ended 30 September 2003, the Dowry Peacock Group recorded a turnover of approximately £111.4 million in turnover, representing an increase of approximately 46.9% from the previous financial year (pro-rated to 12 months). The robust growth in sales was attributed mainly to an expansion of sales for the consumer electronics products to a major customer, a general increase in consumer demand for consumer electronics products fuelled by lower interest rates and a booming economy in UK, and the use of the letters of credit for the purpose of trading with its customers which enable the Dowry Peacock Group to expand its sales rapidly without being restricted by its working capital needs.

2. *Gross Profit*

The gross profit increased to approximately £7.5 million and the gross margin for the financial year ended 30 September 2003 was approximately 6.8%, represented an improvement of approximately 2.1% over the previous financial year. The improvements in gross margin were mainly due to an increase in volume discounts given by the suppliers for larger orders and a reduction in freight rates.

3. *Net Profit Before Tax*

Net profit before tax (pro-rated to 12 months) for the year ended 30 September 2003 grew from approximately £45,000 to approximately £2.6 million. The substantial increase in net profit before tax was due mainly to a rise in gross profits, a lower freight costs and a steady rate of operating expenses which remained at about 4.8% of the turnover.

4. *Financial Position Review*

For the year ended 30 September 2003, the Dowry Peacock Group had cash and cash equivalents of approximately £3.3 million. In additional, it had banking facilities of approximately £4.0 million of which £1.0 million was utilised. The Dowry Peacock Group had no long-term debt as at 30 September 2003 and a current ratio of 1.2. The Dowry Peacock Group had an improved gearing ratio of approximately 7.6% as at 30 September 2003, based on the total bank and other borrowings of approximately £1.0 million and total assets of approximately £13.5 million.

The Dowry Peacock Group's net asset value as at 30 September 2003 was approximately £2.2 million. As at 30 September 2003, it had no material contingent liability and there had been no material change since then.

The majority of the Dowry Peacock Group's transactions were denominated in US dollars and GBP. For the year ended 30 September 2003, the Dowry Peacock Group registered a foreign exchange gain of approximately £192,000 after allowing for valuation of foreign exchange contracts outstanding at the year-end 30 September 2003 under IFRS.

5. *Remuneration Policy*

As at 30 September 2003, the Dowry Peacock Group had 35 staff. The total staff costs for the year ended 30 September 2003 amounted to approximately £4.3 million. The Dowry Peacock Group provides competitive remuneration schemes to its employees based on the UK labour market and industry guidelines, individual staff and company performance. Discretionary bonuses to eligible staff based on company and individual performance.

III. *Year ended 30 September 2004*

1. *Turnover*

For the year ended 30 September 2004, the turnover showed a robust growth of approximately 45.9% to approximately £162.5 million. The increase in turnover was due mainly to an increase in the sale of various product categories in particular, audio visual products (i.e. TV, mini Hi-Fi, etc) and DVD players, both registering about 65.0% turnover growth from previous year, a buoyant consumer demand for higher value consumer electronics items and an expansion into European markets.

2. *Gross Profit*

The gross profit grew from approximately £7.5 million by about 25.5% to £9.5 million. The gross profit increase was mainly due to a higher turnover increase of approximately 45.9% over the previous financial year.

3. *Net Profit Before Tax*

As at 30 September 2004, the net profit before tax increased from approximately £2.6 million by 198.3% to approximately £7.7 million. The reasons for the significant increase in net profit over the previous financial year were attributable to an increase in turnover and a decrease in operating expenses by about £1.9 million to approximately £3.5 million. The operational cost was lower because there was an improved efficiency brought about by the implementation of an in-house created online supply chain management software and system.

4. *Financial Position Review*

As at 30 September 2004, the Dowry Peacock Group had cash and cash equivalents of approximately £7.8 million. It had banking facilities of approximately £4.0 million of which approximately £173,000 was utilised. The Dowry Peacock Group had no long-term debt as at 30 September 2004 and a current ratio of 1.2. The Dowry Peacock Group further lowered its gearing ratio to approximately 0.7% as at 30 September 2004, based on the total bank and other borrowings of approximately £173,000 and total assets of approximately £24.4 million.

The Dowry Peacock Group's net asset value as at 30 September 2004 was approximately £5.1 million. As at 30 September 2004, the Dowry Peacock Group had no material contingent liability and there had been no material change since then.

The majority of the Dowry Peacock Group transactions were denominated in US dollars and GBP. For the year ended 30 September 2004, the gain was eliminated under IFRS when at the period end, the foreign exchange option contracts were recognised in the profit and loss account.

5. *Remuneration Policy*

As at 30 September 2004, the Dowry Peacock Group had 37 staff. The total staff costs for the year ended 30 September 2004 amounted to approximately £2.3 million. The Dowry Peacock Group provides competitive remuneration schemes to its employees with reference to the salary level given in the UK labour market and the prevailing rates in the similar industry, individual staff and company performance. Discretionary bonuses were awarded to eligible staff based on company and individual performance.

IV. *Period of six months ended 31 March 2005*

1. *Turnover*

For the six months ended 31 March 2005, the Dowry Peacock Group turnover amounted to approximately £56.3 million; representing a decrease of approximately 44.2% as compared to the same period of the prior year. The decrease in the turnover were mainly due to a change in trading method with our largest customer (previously the sales invoiced included all associated costs (i.e. shipping, duty, insurance, mark-up margin, etc); under the new method of trading, the sales invoiced excludes all associated costs and the margin is replaced by a fixed management fee) and a slow down in the overall consumer demand in the UK market.

2. *Gross Profit*

Despite a drop in turnover, the gross profit for the six month period ended 31 March 2005 increased from approximately £4.5 million to approximately £5.3 million. The reasons for the increase in gross profits were mainly due to the use of a new method of trading instituted by the major customer, an improved sourcing of TV sets from major suppliers and an introduction of higher margin products.

3. *Net Profit Before Tax*

For the financial period six months ended 31 March 2005, net profit before tax dropped by approximately 3.9% to approximately £3.9 million. This drop is attributed to an increase in directors' remuneration of about £250,000 and a higher amortisation charge resulting from the acquisition of the "*Dual*" brand, in which the acquisition cost was being amortised over four years.

4. *Financial Position Review*

The Dowry Peacock Group had cash in hand of approximately £12.5 million as at 31 March 2005. In addition, it had banking facilities of approximately £5.5 million of which £1.4 million was utilised. The Dowry Peacock Group had no long-term debt as at 31 March 2005 and a current ratio of 1.5. The Dowry Peacock Group gearing ratio is 6.5% based on bank borrowings of approximately £1.4 million and total assets of approximately £22.2 million.

The Dowry Peacock Group's net asset value as at 31 March 2005 was approximately £7.4 million.

As at 31 March 2005, the Dowry Peacock Group had no material contingent liability and there had been no material change since then.

The majority of the Dowry Peacock Group transactions were denominated in US dollars and GBP. For the 6 months period ended 31 March 2005, the Dowry Peacock Group registered a foreign exchange gain of approximately £39,000 as a result of GBP appreciating against the US dollars. The gain from the currency exchange was attributed by the Dowry Peacock Group pegging its selling price in GBP and purchase price in US dollar.

5. *Remuneration Policy*

As at 31 March 2005, the Dowry Peacock Group had 40 staff. The total staff costs for the 6 months period ended 31 March 2005 was approximately £961,000. The Dowry Peacock Group provides competitive remuneration schemes to its employees based on the UK labour market and industry guidelines, individual staff and company performance. Discretionary bonuses were awarded to eligible staff based on company and individual performance.

B.2. Directors and senior management of the Dowry Peacock Group

Set below is a brief description of the directors and senior management of the Dowry Peacock Group as at the Latest Practicable Date.

Directors

1. *Ray NUGENT*

Mr. Ray NUGENT, aged 55, a co-founder of the business of the Dowry Peacock Group, is and has been a director of Dowry Peacock since 1 August 2005. Mr. Nugent has over 30 years of experience in the electronics industry, including 20 years experience managing his own chain of specialist electronics retail shops called "Cleartone". His strengths lie in his extensive retailing experience in the electronics industry with emphasis on branding, marketing, and people management. He was one of the founding members of a partnership with Sony to open two flagship Sony Centres in Manchester and Bradford. Mr. Nugent is and has been a director of SUK and PTL since 29 November 1995 and 20 July 1995 respectively. He is also a director of Apple Projects Limited and Techno Consumer Electronics Limited.

2. *Suresh DHOKIA*

Mr. Suresh DHOKIA, aged 44, is and has been a director of Dowry Peacock since 1 August 2005. Mr. Dhokia has over 20 years of accounting and financial experience, having previously held positions in Yorke Ashworth and Ernst & Young. He joined Cleartone (owned by Mr. Ray NUGENT) in 1988 as its group financial controller and started Warr & Co. in 1991 providing accountancy services to small and medium sized entities. Mr. Dhokia is and has also been a director of SUK, Dual France and PTL since 21 December 2001, 3 February 2005 and 25 April 2005 respectively. Mr. Dhokia holds a 1st class degree in Accountancy from Huddersfied University and a Master's Degree in Economics from Manchester University. He is also a member of the Institute of Chartered Accountants in England and Wales.

Senior Management

1. *Malcolm RAWLE*

Mr. Malcolm RAWLE, aged 49, joined SUK in 2002 as the sales and sourcing manager. He is responsible for centralised sourcing, purchasing and sales in Europe and Far East. He also works closely with strategic suppliers to develop new product programmes. Mr. Rawle has over 25 years of experience in the consumer electronics industry, including 12 years in the small domestic appliances industry. Highly experienced in consumer electronics product sourcing and sales, Mr. Rawle had previously held managing and sales director roles in several electronics companies, namely OrangeLam, TSM, and Appliance Co. Mr. Rawle holds a Bachelor of Arts degree from Clen University.

2. *Jeff LAING*

Mr. Jeff LAING, aged 41, joined SUK in 2003 as the information technology manager. He is in charge of all matters relating to information technology and is responsible for project management and development of SUK's computer system. Mr. Laing started his career initially in telecommunications and entertainment, having previously held positions in BBC for 11 years and ITV for 2 years before joining SUK. He holds dual degrees in Physics and Electronics Engineering.

3. *Mark CLOSE*

Mr. Mark CLOSE, aged 40, joined SUK in 2003 as the senior sales manager and is in charge of the creation of the sales force, product promotions, as well as marketing and sales strategies for the UK market. Mr. Close has over 17 years of experience in the consumer electronics industry. Prior to joining SUK, he had held senior sales management positions in Maxell UK, Marantz Hi-Fi, Kenwood Electronics and Sharp Electronics.

4. *Peter LEE*

Mr. Peter LEE, aged 62, joined SUK in 1 January 2002 as the technical and quality manager. He is responsible for the engineering and technical aspects of all SUK's operations. Mr. Lee has over 45 years of experience in quality control of consumer electronics products. A highly experienced specialist in quality control, he has previously held senior sales management positions in Morphy Richards and ITT Consumer Electronics Ltd prior to joining SUK.

B.3. Working capital

The Directors are satisfied after due and careful enquiry that taking into account the present internal resources and the present available credit facilities of the Dowry Peacock Group. The Dowry Peacock Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of publication of this document, in the absence of unforeseeable circumstances.

B.4. Indebtedness

Borrowings

As at 31 July 2005, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Dowry Peacock Group had net cash of £6,508,178.

Contingent liabilities

As at 31 July 2005, the Dowry Peacock Group had no significant contingent liabilities.

Capital commitments and other commitments

As at 31 July 2005, the Dowry Peacock Group had no significant capital commitments.

As at 31 July 2005, the Dowry Peacock Group had no significant operating lease commitments.

Collaterals

As at 31 July 2005, the Dowry Peacock Group's bank facilities are secured by a fixed and floating debenture over the Dowry Peacock Group's assets in favour of the bank.

A. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date were as follows:

	US$
Authorised share capital:	
2,000,000,000 ordinary shares of US$0.02 each	40,000,000
Issued and fully paid:	
656,274,000 ordinary shares of US$0.02 each in issue	13,125,480
22,225,279 new Shares to be issued under the Acquisition	444,506
Total ordinary shares issued and to be issued	
678,499,279 ordinary shares	13,569,986

Note:

This table assumes that (a) the Acquisition is completed and a maximum of 22,225,279 Shares are issued under the Acquisition and (b) save as aforesaid, there are no changes to the share capital of the Company.

The ordinary shares will, when issued under the Acquisition, rank pari passu in all respects with the ordinary shares then in issue.

As at the Latest Practicable Date, the Company had outstanding 60,020,000 share options granted by the Company to eligible persons pursuant to the share option scheme of the Company, and 9,100,000 share options granted by Roly International to the employees of the Group pursuant to the share option scheme of Roly International. Movements of the share options during the year ended 30 April 2005 are set out below in this Appendix.

B. FINANCIAL SUMMARY

The following is a summary of the audited consolidated financial information of the Group for each of the three years ended 30 April 2005 as extracted from the relevant annual reports of the Company.

Results

	For the year ended 30 April		
	2003	**2004**	**2005**
	US$'000	*US$'000*	*US$'000*
Turnover	44,294	44,338	89,837
Cost of sales	(7,104)	(5,652)	(41,513)
Gross profit	37,190	38,686	48,324
Other operating income	1,757	2,947	2,443
Administrative expenses	(26,233)	(26,861)	(35,112)
Profit from operations	12,714	14,772	15,655
Finance costs	(2)	(4)	(22)
Gain on dissolution of subsidiaries	—	—	13
Share of loss of a joint venture	—	—	(12)
Profit before taxation	12,712	14,768	15,634
Taxation	(384)	(143)	(880)
Profit for the year, attributable to equity holders of the Company	12,328	14,625	14,754
Dividends	4,920	5,872	6,216
Earnings per share *(US cents)*			
— Basic	1.9	2.3	2.3
— Diluted	1.9	2.2	2.2

Assets and Liabilities

	As at 30 April		
	2003	**2004**	**2005**
	US$'000	*US$'000*	*US$'000*
Total assets	50,470	69,169	100,227
Total liabilities	(4,819)	(12,522)	(34,908)
Net assets	45,651	56,647	65,319

C. AUDITED FINANCIAL STATEMENTS

The following is the audited financial statements of the Group for the year ended 30 April 2005 together with the accompanying notes, prepared in accordance with International Financial Reporting Standards, extracted from the Company's annual report for the year ended 30 April 2005.

The financial statements of the Group as at and for the year ended 30 April 2004 were audited by Deloitte Touche Tohmatsu, Certified Public Accountants and the financial statements of the Group as at and for the year ended 30 April 2005 were audited by PricewaterhouseCoopers, Certified Public Accountants. There was no modification or qualification to the auditors' reports in respect of the Group's financial statements for these two years.

Consolidated Income Statement
For the year ended 30 April 2005

	Notes	**2005** *US$'000*	**2004** *US$'000*
Turnover	5	89,837	44,338
Cost of sales		(41,513)	(5,652)
Gross profit		48,324	38,686
Other operating income	6	2,443	2,947
Administrative expenses		(35,112)	(26,861)
Profit from operations	8	15,655	14,772
Finance costs	9	(22)	(4)
Gain on dissolution of subsidiaries		13	—
Share of loss of a joint venture	18	(12)	—
Profit before taxation		15,634	14,768
Taxation	10	(880)	(143)
Profit for the year, attributable to equity holders of the Company	11	14,754	14,625
Dividends	12	6,216	5,872
Earnings per share *(US cents)*			
— Basic	13	2.3	2.3
— Diluted	13	2.2	2.2

Consolidated Balance Sheet
As at 30 April 2005

	Notes	2005 US$'000	2004 US$'000
Non-current assets			
Property, plant and equipment	16	3,119	2,176
Goodwill	17	42,446	16,181
Deferred expenditure		3,014	3,014
Club membership		83	83
Investment in a joint venture	18	170	—
		48,832	21,454
Current assets			
Inventories		55	—
Trade receivables	19	20,308	10,535
Prepayments, deposits and other receivables		3,709	2,202
Short-term investment		—	109
Bank balances and cash	20	27,323	34,869
		51,395	47,715
Current liabilities			
Trade payables	21	9,144	923
Accruals and other payables		6,588	2,478
Short-term bank loan	22	2,300	—
Obligation under a finance lease	23	—	6
Balance of consideration payable for an acquisition of a subsidiary — due within one year	24(a)	1,987	1,987
Balance of consideration payable for an acquisition of business and assets — due within one year	24(b)	4,474	—
Tax payable		1,454	1,861
		25,947	7,255
Net current assets		25,448	40,460
Total assets less current liabilities		74,280	61,914
Non-current liabilities			
Balance of consideration payable for an acquisition of a subsidiary — due after one year	24(a)	1,987	3,974
Balance of consideration payable for an acquisition of business and assets — due after one year	24(b)	5,205	—
Post-employment benefits	25	1,651	1,272
Deferred tax liabilities	26	118	21
		8,961	5,267
Net assets		65,319	56,647
Capital and reserves			
Share capital	27	13,113	13,090
Reserves	29	52,206	43,557
		65,319	56,647

Balance Sheet
As at 30 April 2005

	Notes	2005 US$'000	2004 US$'000
Non-current assets			
Property, plant and equipment		—	2
Investments in subsidiaries	34	36,305	25,723
		36,305	25,725
Current assets			
Prepayments and other receivables		167	410
Short-term investment		—	109
Bank balances and cash	20	13,075	24,776
		13,242	25,295
Current liabilities			
Accruals and other payables		12	2
Amount due to a subsidiary		—	71
		12	73
Net current assets		13,230	25,222
Net assets		49,535	50,947
Capital and reserves			
Share capital	27	13,113	13,090
Reserves	29	36,422	37,857
		49,535	50,947

Consolidated Statement of Changes in Equity
For the year ended 30 April 2005

	Notes	**2005** *US$'000*	**2004** *US$'000*
Balance at 1 May		56,647	45,651
Profit for the year	29(a)	14,754	14,625
Issue of shares upon exercise of share options	27, 29	746	1,994
Repurchase of shares	27, 29	(679)	(178)
Currency translation differences	29(a)	(164)	(444)
Dividends paid	29	(5,985)	(5,001)
Balance at 30 April		65,319	56,647

Consolidated Cash Flow Statement
For the year ended 30 April 2005

	Notes	2005 US$'000	2004 US$'000
Cash flows from operating activities			
Cash generated from operations	30(a)	19,201	12,221
Interest paid		(22)	(4)
Income tax paid		(1,190)	(138)
Net cash generated from operating activities		17,989	12,079
Cash flows from investing activities			
Acquisition of business and assets/a subsidiary, net of cash acquired	31	(19,753)	(12,404)
Repayment of consideration payable for an acquisition of a subsidiary		(1,987)	—
Purchase of property, plant and equipment		(1,413)	(1,207)
Proceeds from disposal of property, plant and equipment		134	43
Increase in investment in a joint venture		(182)	—
Purchase of short-term investment		(54)	(122)
Proceeds from disposal of short-term investment		176	—
Repayment from a fellow subsidiary		—	11
Interest received		1,321	2,160
Dividend received		16	1
Decrease/(Increase) in fixed and pledged bank deposits with original maturity over three months		7,379	(3,360)
Net cash used in investing activities		(14,363)	(14,878)
Cash flows from financing activities			
New short-term bank loan		2,300	—
Repayment of finance lease obligations		(6)	(22)
Proceeds from issue of shares		746	1,994
Payment on repurchase of shares		(679)	(178)
Dividends paid to the Company's shareholders		(5,985)	(5,001)
Net cash used in financing activities		(3,624)	(3,207)
Net increase/(decrease) in cash and cash equivalents		2	(6,006)
Cash and cash equivalents at beginning of the year		15,490	21,920
Effect of foreign exchange rate changes		(169)	(424)
Cash and cash equivalents at end of the year	30(b)	15,323	15,490

Notes to the Financial Statements

1. GENERAL INFORMATION

Linmark Group Limited ("Company") was incorporated and domiciled in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda on 25 January 2002. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange") since 10 May 2002.

The Company is an investment holding company. The principal activities of the subsidiaries are set out in Note 34.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of the Company and its subsidiaries ("Group") have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange. They have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

During the year ended 30 April 2005, the Group adopted the following IFRS, which are relevant to its operations.

IFRS 3 (issued 2004)	Business Combinations
IAS 36 (revised 2004)	Impairment of Assets
IAS 38 (revised 2004)	Intangible Assets

IFRS 3 is applied prospectively and requires simultaneous adoption with IAS 36 and IAS 38.

The adoption of IFRS 3, IAS 36 and IAS 38 resulted in a change in the accounting policy for goodwill. Until 30 April 2004, goodwill was:

— Amortised on a straight-line basis over a period of 20 years; and

— Assessed for an indication of impairment at each balance sheet date.

In accordance with the provisions of IFRS 3:

— The Group ceased amortisation of goodwill from 1 May 2004;

— Accumulated amortisation as at 30 April 2004 has been eliminated with a corresponding decrease in the cost of goodwill;

— From the year ended 30 April 2005 onwards, goodwill is tested annually for impairment, as well as when there are indications of impairment.

The Group has reassessed the useful lives of other intangible assets in accordance with the provisions of IAS 38. No adjustment resulted from this reassessment.

All changes in the accounting policies have been made in accordance with the transition provisions in the respective standards. The adoption of the above IFRS has no material impact to the financial statements for the year ended 30 April 2004 (prior year).

(b) Consolidation

(i) *Subsidiaries*

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement (see Note 2(f)).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated upon consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less accumulated impairment losses, if any. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(ii) *Joint venture*

A joint venture is an entity established under a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to a joint control and none of the participating parties has unilateral control over the economic activity.

In the consolidated financial statements, investment in a joint venture is accounted for by the equity method of accounting and is initially recognised at cost. The Group's share of the profits or losses of the joint venture is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Unrealised gains on transactions between the Group and the joint venture are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint venture have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

(d) Foreign currency translation

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements and the financial statements of the Company are presented in United States dollars, which is the Company's functional and presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(iii) *Group companies*

The results and financial positions of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

— assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

— income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

— all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designed as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(e) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Leasehold improvements	over the shorter of 5 years or the terms of the leases
Furniture and equipment	3–5 years
Motor vehicles and yacht	5–10 years

The assets' useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2(g)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the income statement.

(f) Intangible assets

(i) *Goodwill*

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/joint venture/business at the date of acquisition. Goodwill on acquisitions of subsidiary/business is included in intangible assets. Goodwill on acquisition of joint venture is included in investment in joint venture. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses, if any. Gain and losses on the disposal of an entity/a business include the carrying amount of goodwill relating to the entity/business sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing (Note 2(g)).

(ii) *Deferred expenditure*

Material items of expenditure that do not relate solely to revenue which has already been accounted for are deferred to the extent that they are recoverable out of future revenue, and will contribute to the future earning capacity of the Group.

Deferred expenditure is amortised over the period in which the related benefits are expected to be realised. Deferred expenditure is reviewed annually to determine the amount, if any, that is no longer recoverable and any such amount is written off to the income statement.

(g) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in-first-out method. Cost comprises the direct costs of merchandise and charges that have been incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable selling expenses.

(i) Trade receivables

Trade receivables are carried at original invoiced amount less provision for impairment. A provision for impairment of trade receivables is established when there is an objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

(j) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings under current liabilities in the balance sheet.

(k) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

Where the Company purchases its equity shares, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. The nominal value of the shares which are repurchased and cancelled is transferred from retained earnings to capital redemption reserve.

(l) Borrowings

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(m) Deferred taxes

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(n) Employee benefits

(i) *Pension obligations*

The Group has both defined benefit and defined contribution plans.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the amended benefits become vested. The obligation recognised in the balance sheet represents the present value of the other post-employment benefits as adjusted for unrecognised actuarial gains and losses and unrecognised past service cost.

Acturial gains and losses arising from experience adjustments and changes in acturial assumptions of defined benefit obligation are charged to the income statement.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(ii) *Equity compensation plan*

Share options are granted to management and key employees. Options are granted at the quoted market price of the shares on the date of the grant and are exercisable at that price. When the options are exercised, the proceeds received net of any transaction costs are credited to share capital (nominal value) and share premium. The Group does not make a charge to staff costs in connection with share options.

(iii) *Termination benefits*

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

(iv) *Bonus plan*

The Group recognises a liability and an expense for bonuses. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(o) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(p) Revenue recognition

Revenue comprises the fair value for the sale of merchandise and services, rebates and discounts and after eliminating commission income within the Group. Revenue is recognised as follows:

— Sales of merchandise are recognised when goods are delivered and title is passed.

— Commission income is recognised upon shipment of the underlying goods procured by the Group.

— Service income is recognised when the services are rendered.

— Interest income is recognised on a time proportion basis using the effective interest method.

— Dividend income is recognised when the right to receive payment is established.

— Reimbursement income from customers is recognised when expenses paid on behalf of customers are incurred.

(q) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(r) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

(s) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

3. FINANCIAL RISK FACTORS

Financial assets and financial liabilities carried on the balance sheet include bank balances and cash, trade receivables, long-term other payables, trade payables and bank loans. The accounting policies on recognition and measurement of these items are disclosed in Note 2 to the financial statements.

Management regularly monitors the financial risks of the Group. Because of the simplicity of the financial structure and the current operations of the Group, no hedging activities were undertaken by management.

(a) Foreign exchange risk

The Group's transactions, trade receivables and payables are mainly denominated in United States dollars and Hong Kong dollars and are not exposed to significant foreign exchange risk. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. However, as the net foreign exchange exposure of the foreign operations is not significant, the Group does not presently hedge this foreign exchange exposure. The Group periodically reviews liquid assets and liabilities held in currencies other than the United States dollars to ensure that net exposure is kept at an acceptable level.

(b) Credit risk

The Group has no significant concentrations of credit risk. It has policies in place to ensure that sale of products and services are made to customers with an appropriate credit history.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

(d) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets and liabilities except as disclosed below, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest-rate risk arose from bank balances and short-term bank loan. The Group regularly seeks out the most favourable interest rates available for its bank deposits and bank borrowing. Information relating to the interest rate of the Group's bank deposits and bank borrowing are disclosed in Notes 20 and 22 to the financial statements respectively.

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2(f). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

(ii) Estimated impairment of property, plant and equipment

The Group assesses annually whether property, plant and equipment has any indication of impairment, in accordance with the accounting policy stated in Note 2(e). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

(iii) Estimated provision for doubtful debts

The Group makes provision for doubtful debts based on an assessment of the recoverability of trade receivables and other receivables. Provisions are applied to trade receivables and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact carrying value of receivables and doubtful debt expenses in the period in which such estimate has been changed.

(iv) Income taxes and deferred tax

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are not recognised as management considers it is not probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such difference will impact the recognition of deferred tax assets and income tax charge in the period in which such estimate has been changed.

5. TURNOVER

	2005	**2004**
	US$'000	*US$'000*
Commission income	36,136	31,908
Sales of merchandise	47,496	7,353
Service income	6,205	5,077
	89,837	44,338

6. OTHER OPERATING INCOME

	2005	**2004**
	US$'000	*US$'000*
Interest income from bank deposits	1,321	2,160
Reimbursement income from customers	587	224
Dividend income from short-term investment	16	1
Others	519	562
	2,443	2,947

7. SEGMENTAL INFORMATION

Primary reporting format — business segments

At 30 April 2005, the Group is organised on a worldwide basis into two main business segments:

(i) Sales of merchandise — trading of garment and labels

(ii) Provision of services — commission income derived from the procurement agency business and service income derived from value-added services related to the procurement agency business (including inspection and social compliance auditing service)

The segment information for the year ended 30 April 2005 is as follows:

	Sales of merchandise	Provision of services	Total
	US$'000	*US$'000*	*US$'000*
Revenue			
External revenue	47,496	42,341	89,837
Segment results	1,745	13,029	14,774
Interest income			1,321
Unallocated corporate expenses			(440)
Finance costs			(22)
Gain on dissolution of subsidiaries			13
Share of loss of a joint venture			(12)
Profit before taxation			15,634
Taxation			(880)
Profit for the year			14,754
Segment assets	42,687	44,129	86,816
Investment in a joint venture	—	170	170
Unallocated corporate assets			13,241
Total assets			100,227
Segment liabilities	20,922	10,103	31,025
Unallocated corporate liabilities			2,311
Tax payable			1,454
Deferred tax liabilities			118
Total liabilities			34,908
Capital expenditures			
Goodwill arising from an acquisition of business and assets	26,265	—	26,265
Property, plant and equipment acquired on an acquisition of business and assets	883	—	883
Additions to property, plant and equipment	72	1,341	1,413
	27,220	1,341	28,561
Depreciation of property, plant and equipment	73	1,115	1,188
Allowance for doubtful debts	267	414	681

The segment information for the year ended 30 April 2004 is as follows:

	Sales of merchandise *US$'000*	Provision of services *US$'000*	Total *US$'000*
Revenue			
External revenue	7,353	36,985	44,338
Segment results	300	12,868	13,168
Interest income			2,160
Unallocated corporate expenses			(556)
Finance costs			(4)
Profit before taxation			14,768
Taxation			(143)
Profit for the year			14,625
Segment assets	1,212	42,660	43,872
Unallocated corporate assets			25,297
Total assets			69,169
Segment liabilities	991	9,642	10,633
Unallocated corporate liabilities			7
Tax payable			1,861
Deferred tax liabilities			21
Total liabilities			12,522
Capital expenditures			
Goodwill arising from an acquisition of a subsidiary	—	16,560	16,560
Property, plant and equipment acquired on an acquisition of a subsidiary	—	80	80
Additions to property, plant and equipment	18	1,189	1,207
	18	17,829	17,847
Depreciation of property, plant and equipment	13	953	966
Amortisation of goodwill	—	379	379
Allowance for doubtful debts	4	—	4

Unallocated corporate expenses represents dividend income and other corporate expenses.

Segment assets consist primarily of property, plant and equipment, goodwill, deferred expenditures, receivables and operating cash. They exclude the assets held for corporate use, including property, plant and equipment, prepayments and other receivables and bank balances and cash.

Segment liabilities comprise operating liabilities. They exclude items such as taxation and corporate borrowings.

Capital expenditures comprise additions to property, plant and equipment and intangible assets, including additions resulting from the acquisitions of a subsidiary/business and assets.

Secondary reporting format — geographical segments

The following table provides an analysis of the Group's turnover, total assets and capital expenditures by geographical locations.

	Turnover		Total assets		Capital expenditures	
	2005	**2004**	**2005**	**2004**	**2005**	**2004**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Europe	22,517	6,047	49	—	11	—
United States	20,386	15,132	—	—	—	—
Australia	11,860	10	—	—	—	—
South Africa	11,172	684	111	83	7	20
Canada	8,514	12,168	—	—	—	—
Hong Kong	6,609	4,169	96,224	64,977	27,984	17,537
Others	8,779	6,128	3,843	4,109	559	290
	89,837	44,338	100,227	69,169	28,561	17,847

Turnover is based on the location of customers. Total assets and capital expenditures are based on the location of those assets.

8. PROFIT FROM OPERATIONS

Profit from operations is arrived at after crediting and charging the following:

	2005	**2004**
	US$'000	*US$'000*
Crediting —		
Gain on disposal of short-term investment	13	—
Exchange gains, net	46	182
Charging —		
Staff costs *(Note 14)*	22,666	16,907
Operating lease payment in respect of:		
— office premises and staff quarters	1,452	1,541
— furniture, fixtures and equipment	198	92
Depreciation of property, plant and equipment (included in administrative expenses)	1,188	966
Amortisation of goodwill (included in administrative expenses)	—	379
Loss on disposal of property, plant and equipment	36	23
Impairment loss on club membership	—	36
Allowance for doubtful debts	681	4
Unrealised loss on short-term investment	—	13
Auditors' remuneration	138	95

9. FINANCE COSTS

	2005	**2004**
	US$'000	*US$'000*
Interest on bank loan	21	—
Interest on finance lease obligations	1	2
Others	—	2
	22	4

10. TAXATION

The Company is an exempted company incorporated in Bermuda and, as such, is not liable for taxation in Bermuda on its non-Bermuda income.

Hong Kong profits tax has been provided at the rate of 17.5% (2004: 17.5%) on the estimated assessable profits arising in or derived from Hong Kong. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged to the consolidated income statement represents:

	2005	**2004**
	US$'000	*US$'000*
Current tax		
— Hong Kong profits tax	665	135
— Overseas taxation	112	307
— Under/(Over) provision in prior years	6	(293)
	783	149
Deferred tax		
— Deferred taxation relating to the origination and reversal of temporary differences *(Note 26)*	97	(7)
— Deferred taxation resulting from an increase in tax rate *(Note 26)*	—	1
	97	(6)
	880	143

The taxation on the Group's profit before tax differs from the theoretical amount that would arise using the profits tax rate of Hong Kong, home country of the Group, as follows:

	2005	**2004**
	US$'000	*US$'000*
Profit before taxation	15,634	14,768
Calculated at a taxation rate of 17.5% (2004: 17.5%)	2,736	2,584
Effect of different taxation rates in other countries	6	73
Income not subject to taxation	(3,961)	(3,343)
Expenses not deductible for taxation purposes	952	110
Unrecognised tax losses	1,141	1,011
Increase in opening net deferred tax liabilities resulting from an increase in tax rate	—	1
Under/(Over) provision in prior years	6	(293)
Taxation charges	880	143

11. PROFIT FOR THE YEAR

Profit for the year is dealt with in the financial statements of the Company to the extent of approximately US$4,506,000 (2004: US$11,903,000).

12. DIVIDENDS

	2005	2004
	US$'000	*US$'000*
Interim, paid, of 2.63 HK cents (2004: 2.5 HK cents) per ordinary share	2,208	2,095
Final, proposed, of 4.8 HK cents (2004: 4.5 HK cents) per ordinary share	4,008	3,777
	6,216	5,872

At a meeting held on 28 June 2005, the directors proposed a final dividend of 4.8 HK cents per ordinary share. This proposed dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained earnings for the year ending 30 April 2006.

13. EARNINGS PER SHARE

Basic earnings per share was calculated by dividing the profit for the year, attributable to equity holders of the Company, by the weighted average number of ordinary shares in issue during the year, as follows:

	2005	2004
Profit for the year, attributable to equity holders of the Company *(US$'000)*	14,754	14,625
Weighted average number of ordinary shares in issue for basic earnings per share *('000)*	654,593	650,598
Basic earnings per share *(US cents)*	2.3	2.3

Diluted earnings per share was calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. A calculation was done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above was compared with the number of shares that would have been issued assuming the share options have been exercised.

	2005	2004
Profit for the year, attributable to equity holders of the Company *(US$'000)*	14,754	14,625
Weighted average number of ordinary shares in issue for basic earnings per share *('000)*	654,593	650,598
Adjustment for share options *('000)*	9,393	14,047
Weighted average number of ordinary shares for diluted earnings per share *('000)*	663,986	664,645
Diluted earnings per share *(US cents)*	2.2	2.2

14. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	2005	2004
	US$'000	*US$'000*
Wages, salaries, bonus and other allowances	21,507	16,220
Pension costs — defined contribution plans	592	439
Pension costs — defined benefit plans *(Note 25)*	567	248
	22,666	16,907

The number of persons employed at the end of the year:

	2005	2004
Full time	1,065	774
Part time	36	6
	1,101	780

15. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The aggregate amounts of emoluments paid/payable to directors of the Company are as follows:

	2005	2004
	US$'000	*US$'000*
Fee:		
Executive directors	—	—
Independent non-executive directors	98	92
	98	92
Other emoluments (executive directors):		
Salaries and other allowances	1,469	1,456
Bonus	85	—
Pension costs — defined contribution plan	57	57
	1,611	1,513
	1,709	1,605

The emoluments of the directors were within the following bands:

	Number of directors	
	2005	2004
Nil to HK$1,000,000 (equivalent to Nil to US$128,205)	4	4
HK$1,500,001 to HK$2,000,000 (equivalent to US$192,308 to US$256,410)	1	1
HK$2,000,001 to HK$2,500,000 (equivalent to US$256,411 to US$320,513)	1	1
HK$2,500,001 to HK$3,000,000 (equivalent to US$320,514 to US$384,615)	1	1
HK$4,000,001 to HK$4,500,000 (equivalent to US$512,821 to US$576,923)	1	1
	8	8

During the year under review, none of the directors waived any emoluments or agreed to waive any emolument.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year under review include three (2004: three) directors whose emoluments are reflected in the analysis above. The emoluments paid/payable to the remaining two (2004: two) individuals during the year under review are as follows:

	2005	2004
	US$'000	*US$'000*
Salaries and other allowances	521	482
Bonus	33	47
Pension costs — defined contribution plan	13	3
	567	532

Their emoluments fell within the following bands:

	Number of individuals	
	2005	2004
HK$1,500,001 to HK$2,000,000 (equivalent to US$192,308 to US$256,410)	1	1
HK$2,000,001 to HK$2,500,000 (equivalent to US$256,411 to US$320,513)	1	1
	2	2

(c) During the year under review, no emolument was paid to the directors of the Company or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements *US$'000*	Furniture and equipment *US$'000*	Motor vehicles and yacht *US$'000*	Total *US$'000*
Year ended 30 April 2005				
Opening net book amount	375	1,660	141	2,176
Additions	490	923	—	1,413
Acquisition of business and assets *(Note 31)*	36	497	350	883
Disposals	(26)	(142)	(2)	(170)
Depreciation charge	(168)	(952)	(68)	(1,188)
Exchange differences	3	2	—	5
Closing net book amount	710	1,988	421	3,119
At 30 April 2005				
Cost	1,063	5,515	672	7,250
Accumulated depreciation	(353)	(3,527)	(251)	(4,131)
Net book amount	710	1,988	421	3,119
At 1 May 2003				
Cost	961	3,724	339	5,024
Accumulated depreciation	(719)	(2,228)	(177)	(3,124)
Net book amount	242	1,496	162	1,900
Year ended 30 April 2004				
Opening net book amount	242	1,496	162	1,900
Additions	289	872	46	1,207
Acquisition of a subsidiary	3	77	—	80
Disposals	(21)	(31)	(14)	(66)
Depreciation charge	(140)	(772)	(54)	(966)
Exchange differences	2	18	1	21
Closing net book amount	375	1,660	141	2,176
At 30 April 2004				
Cost	618	4,521	331	5,470
Accumulated depreciation	(243)	(2,861)	(190)	(3,294)
Net book amount	375	1,660	141	2,176

17. GOODWILL

	2005	2004
	US$'000	*US$'000*
Cost	42,446	16,560
Accumulated amortisation	—	(379)
Net book amount	42,446	16,181
Opening net book amount	16,181	—
Acquisition of a subsidiary	—	16,560
Acquisition of business and assets *(Note 31)*	26,265	—
Amortisation charge	—	(379)
Closing net book amount	42,446	16,181

During the year ended 30 April 2005, upon adoption of IFRS 3, accumulated amortisation of US$379,000 as at 30 April 2004 has been eliminated against the cost of goodwill (Note 2(a)).

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units identified according to country of operation and business segment.

A segment-level summary of the goodwill allocation is presented below:

	2005			2004		
	Sales of merchandise	Provision of services	Total	Sales of merchandise	Provision of services	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Hong Kong	26,265	16,181	42,446	—	16,181	16,181

The recoverable amount of a cash-generating unit is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

Management determined financial budgets based on past performance and its expectations for the market development. The pre-tax discount rate used is approximately 4.6% and reflects specific risks relating to the relevant segment.

18. INVESTMENT IN A JOINT VENTURE

	2005	2004
	US$'000	*US$'000*
At beginning of the year	—	—
Investment in a joint venture	182	—
Share of loss of a joint venture	(12)	—
At end of the year	170	—

The Group's interest in the joint venture, which is unlisted, was as follows:

Name	**Place of establishment**	**Principal activities**	**Percentage of equity interest held by the Group**
CSC Consultancy Co. Ltd.	Mainland China	Provision of business information, management consulting and social compliance services	50%

19. TRADE RECEIVABLES

The general credit terms granted to customers range from 60 to 90 days. The aging analysis of trade receivables is as follows:

	2005 *US$'000*	**2004** *US$'000*
0 to 30 days	13,237	7,813
31 to 60 days	3,453	1,429
61 to 90 days	578	337
Over 90 days	3,649	1,245
	20,917	10,824
Less: Allowance for doubtful debts	(609)	(289)
	20,308	10,535

Trade receivables are denominated in the following currencies:

	2005 *US$'000*	**2004** *US$'000*
United States dollar	18,423	10,046
Sterling pound	2,105	100
New Taiwan dollar	259	454
Hong Kong dollar	55	37
Others	75	187
	20,917	10,824

The fair values are approximated to the carrying amounts due to short-term maturity.

20. BANK BALANCES AND CASH

	Group		**Company**	
	2005 *US$'000*	**2004** *US$'000*	**2005** *US$'000*	**2004** *US$'000*
Fixed bank deposits with original maturity				
— Under three months	5,562	8,747	1,009	4,833
— Over three months	7,000	19,379	7,000	19,379
Pledged bank deposits *(Note 22)*	5,000	—	5,000	—
Other bank balances and cash	9,761	6,743	66	564
	27,323	34,869	13,075	24,776

The effective interest rate on fixed bank deposits and pledged bank deposits was approximately 3.4% (2004: 5.9%). These deposits have an average maturity of five years. They are included as current assets as there is an early termination clause.

Bank balances and cash are denominated in the following currencies:

	Group		Company	
	2005	**2004**	**2005**	**2004**
	US$'000	*US$'000*	*US$'000*	*US$'000*
United States dollar	23,574	27,211	13,026	21,709
Hong Kong dollar	1,998	2,764	49	487
Others	1,751	4,894	—	2,580
	27,323	34,869	13,075	24,776

21. TRADE PAYABLES

The aging analysis of trade payables is as follows:

	2005	**2004**
	US$'000	*US$'000*
0 to 30 days	6,547	425
31 to 60 days	759	214
61 to 90 days	227	154
Over 90 days	1,611	130
	9,144	923

Trade payables are denominated in the following currencies:

	2005	**2004**
	US$'000	*US$'000*
United States dollar	6,210	700
Hong Kong dollar	2,918	214
Others	16	9
	9,144	923

The fair values are approximated to the carrying amounts due to short-term maturity.

22. SHORT-TERM BANK LOAN

As at 30 April 2005, short-term bank loan of US$2,300,000 (2004: Nil) is used for working capital purposes and is repayable within one year. The loan is denominated in United States dollar and bears interest at approximately 3% per annum. It was secured by pledged bank deposit of the Company of US$5,000,000 (2004: Nil) (Note 20).

The fair value is approximated to the carrying amount due to short-term maturity.

23. OBLIGATION UNDER A FINANCE LEASE

Minimum lease payments due:

	2005	**2004**
	US$'000	*US$'000*
Not later than one year	—	6

The present value of obligation under a finance lease is analysed as follows:

	2005	**2004**
	US$'000	*US$'000*
Not later than one year	—	6

24. BALANCE OF CONSIDERATION PAYABLE FOR ACQUISITION OF A SUBSIDIARY/BUSINESS AND ASSETS

(a) Balance of consideration payable for an acquisition of a subsidiary

At 30 April 2005, the amount of the deferred consideration payable for the acquisition of 100% equity interest in ISO International in November 2003 amounted to US$3,974,000 (2004: US$5,961,000). Such deferred consideration is payable by three installments of HK$15.5 million each (equivalent to approximately US$1,987,000), subject to downward adjustments if the profit after taxation of ISO International cannot achieve the pre-determined level for each of the years ended/ending 30 April 2004, 2005 and 2006 respectively.

The repayment schedule is as follows:

	2005	**2004**
	US$'000	*US$'000*
Within one year	1,987	1,987
Between one and two years	1,987	1,987
Between two and five years	—	1,987
	3,974	5,961
Less: Amounts due within one year shown under current liabilities	(1,987)	(1,987)
Amounts due after one year	1,987	3,974

(b) Balance of consideration payable for an acquisition of business and assets

At 30 April 2005, the amount of the deferred consideration payable for the acquisition of business and assets of Tamarind International Limited (subsequently renamed as Stirling (HK) Limited) in December 2004 amounted to US$9,679,000 (2004: Nil). Such deferred consideration is payable by installments of HK$34.9 million (equivalent to approximately US$4,474,000) due in July 2005, HK$20.3 million (equivalent to approximately US$2,602,500) due in July 2006 and HK$20.3 million (equivalent to approximately US$2,602,500) due in July 2007, subject to downward adjustments if the profit after taxation of the acquired business cannot achieve the pre-determined level for each of the years ended/ending 31 March 2005, 2006 and 2007 respectively.

The repayment schedule is as follows:

	2005	**2004**
	US$'000	*US$'000*
Within one year	4,474	—
Between one and two years	2,603	—
Between two and five years	2,602	—
	9,679	—
Less: Amounts due within one year shown under current liabilities	(4,474)	—
Amounts due after one year	5,205	—

25. POST-EMPLOYMENT BENEFITS

Post-employment benefits were mainly contributed by the Group's operation in Taiwan. Movements of post-employment benefits in the liability recognised in the consolidated balance sheet is as follows:

	2005			**2004**		
	Taiwan	**Others**	**Total**	**Taiwan**	**Others**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
	Note			*Note*		
At beginning of the year	953	319	1,272	755	263	1,018
Acquisition of business and assets *(Note 31)*	—	131	131	—	—	—
Amounts charged to the income statement						
— Pension costs — defined benefit plans *(Note 14)*	165	402	567	156	92	248
— Other post-employment benefits	—	55	55	—	56	56
Payments made during the year	(69)	(386)	(455)	—	(91)	(91)
Exchange differences	58	23	81	42	(1)	41
At end of the year	1,107	544	1,651	953	319	1,272

Note: As required by the local law in Taiwan, the Group makes payments for post-employment benefits based on various percentages of employees' gross salaries. After serving a qualifying period, all employees are entitled to benefits on retirement, disability or death. Long-term employee benefits are provided based on number of years of services and final average salary. The Group is under a legal obligation to meet payments due to employees. The Group carried out its latest actuarial valuation of the obligation for post-employment benefits to employees in Taiwan in April 2005.

The amount recognised in the consolidated balance sheet in respect of the post-employment benefits due under the plan in Taiwan is analysed as follows:

	2005	2004
	US$'000	*US$'000*
Present value of obligations	1,088	870
Unrecognised actuarial gains	19	83
Liability in the consolidated balance sheet	1,107	953

The amounts recognised in the consolidated income statement in respect of the plan in Taiwan is analysed as follows:

	2005	2004
	US$'000	*US$'000*
Current service cost	70	66
Interest cost	31	31
Net actuarial gains recognised during the year	64	59
	165	156

The charge for the year under review has been included in administrative expenses.

The principal actuarial assumptions used were as follows:

	2005	2004
Discount rate	3.5%	3.5%
Expected rate of salary increases	2.0%	2.0%

26. DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes related to the same fiscal authority.

The movement in the deferred tax liabilities is as follows:

	2005	2004
	US$'000	*US$'000*
At beginning of the year	21	18
Acquisition of a subsidiary	—	9
Charged/(Credited) to the consolidated income statement *(Note 10)*	97	(6)
At end of the year	118	21

The movement in deferred tax assets and liabilities during the year under review, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax liabilities:

	Accelerated tax depreciation	
	2005	**2004**
	US$'000	*US$'000*
At beginning of the year	21	18
Acquisition of a subsidiary	—	9
Charged/(Credited) to the consolidated income statement	99	(6)
At end of the year	120	21

Deferred tax assets:

	Decelerated tax depreciation	
	2005	**2004**
	US$'000	*US$'000*
At beginning of the year	—	—
Credited to the consolidated income statement	2	—
At end of the year	2	—

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred tax assets of approximately US$4,455,000 (2004: US$3,314,000) in respect of losses amounting to US$25,455,000 (2004: US$18,938,000) that can be carried forward against future taxable income. These tax losses have no expiry date.

27. SHARE CAPITAL

	2005	**2004**
	US$'000	*US$'000*
Authorised:		
2,000,000,000 ordinary shares of US$0.02 each	40,000	40,000

	Number of shares	**Nominal value**
	'000	*US$'000*
Issued and fully paid:		
At 1 May 2003	647,400	12,948
Issue of shares upon exercise of share options	7,573	152
Repurchase of shares	(496)	(10)
At 30 April 2004	654,477	13,090
Issue of shares upon exercise of share options *(Note (a))*	3,059	61
Repurchase of shares *(Note (b))*	(1,902)	(38)
At 30 April 2005	655,634	13,113

Notes:

(a) During the year ended 30 April 2005, 3,059,000 share options were exercised at exercise prices ranging from HK$1.60 to HK$2.55 per share to subscribe for 3,059,000 ordinary shares of US$0.02 each.

(b) During the year ended 30 April 2005, the Company repurchased its own shares on the Stock Exchange as follows:

Month of repurchase	Number of ordinary shares of US$0.02 each	Price paid per share Highest		Lowest		Aggregate consideration paid
		HK$	*US$ equivalent*	*HK$*	*US$ equivalent*	*US$'000*
May 2004	538,000	2.950	0.378	2.500	0.321	188
December 2004	400,000	2.700	0.346	2.700	0.346	139
January 2005	438,000	2.800	0.359	2.775	0.356	157
February 2005	100,000	2.925	0.375	2.925	0.375	38
March 2005	150,000	2.950	0.378	2.950	0.378	57
April 2005	276,000	2.975	0.397	2.700	0.346	100
	1,902,000					679

The above shares were cancelled or deemed to have been cancelled on the date of repurchase.

28. SHARE OPTIONS

(a) Share options granted by the Company

The Company's share option scheme ("Scheme") was adopted pursuant to a resolution of the then sole shareholder passed on 22 April 2002 for the primary purpose of providing incentives or rewards to eligible persons for their contribution or potential contribution to the Group. Under the Scheme, the board of directors of the Company or a committee thereof may grant options to eligible persons to subscribe for shares in the Company.

Movements of shares options granted by the Company to eligible persons to subscribe for shares of the Company were as follows:

Date of grant	Options granted by the Company Number of underlying shares of the Company — Outstanding as at 1 May 2004	Exercised	Lapsed	Outstanding as at 30 April 2005	Exercise price per share *HK$*	Exercise period
21/05/2002	28,465,000	(339,000)	(392,000)	27,734,000	2.550	21/05/2003 – 20/05/2008
27/06/2002	1,660,000	—	—	1,660,000	2.220	27/06/2003 – 26/06/2008
06/11/2002	14,340,000	(1,560,000)	—	12,780,000	1.600	06/11/2003 – 05/11/2008
30/05/2003	7,510,000	(1,160,000)	—	6,350,000	2.125	30/05/2004 – 29/05/2009
30/03/2004	16,100,000	—	(790,000)	15,310,000	2.975	30/03/2005 – 29/03/2010
	68,075,000	(3,059,000)	(1,182,000)	63,834,000		

	Options granted by the Company Number of underlying shares of the Company						
Date of grant	Outstanding as at 1 May 2003	Granted	Exercised	Lapsed	Outstanding as at 30 April 2004	Exercise price per share *HK$*	Exercise period
21/05/2002	34,430,000	—	(3,613,000)	(2,352,000)	28,465,000	2.550	21/05/2003 – 20/05/2008
27/06/2002	1,660,000	—	—	—	1,660,000	2.220	27/06/2003 – 26/06/2008
06/11/2002	18,800,000	—	(3,960,000)	(500,000)	14,340,000	1.600	06/11/2003 – 05/11/2008
30/05/2003	—	7,510,000	—	—	7,510,000	2.125	30/05/2004 – 29/05/2009
30/03/2004	—	16,200,000	—	(100,000)	16,100,000	2.975	30/03/2005 – 29/03/2010
	54,890,000	23,710,000	(7,573,000)	(2,952,000)	68,075,000		

(b) Share options granted by Roly International, the ultimate holding company

Under the Roly Executives' Share Option Scheme and the Roly (1999) Share Option Scheme (collectively referred to as the "Roly's Schemes") adopted by Roly International, options were granted to employees of the Group (including directors of the Company) for a term of four to seven years to purchase ordinary shares of Roly International at prices fixed according to the Roly's Schemes. The options are exercisable from the first or second anniversary of the date of grant of the relevant options.

Movements of the share options granted by Roly International to employees of the Group (including directors of the Company) under the Roly's Schemes were as follows:

	Options granted by Roly International to employees of the Group Number of underlying shares of Roly International					
Date of grant	Outstanding as at 1 May 2004	Granted	Exercised	Outstanding as at 30 April 2005	Exercise price per share *US$*	Exercise period
10/02/2000	1,425,000	—	(1,425,000)	—	0.150	10/02/2001 – 09/02/2005
21/08/2001	450,000	—	(450,000)	—	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	2,100,000	—	—	2,100,000	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
30/03/2004	1,400,000	—	—	1,400,000	0.321	30/03/2005 – 29/03/2010
23/08/2004	—	1,600,000	—	1,600,000	0.248	23/08/2005 – 22/08/2010
	9,375,000	1,600,000	(1,875,000)	9,100,000		

Date of grant	Outstanding as at 1 May 2003	Granted	Exercised	Outstanding as at 30 April 2004	Exercise price per share	Exercise period
	Options granted by Roly International to employees of the Group — Number of underlying shares of Roly International					
					US$	
12/03/1999	75,000	—	(75,000)	—	0.100	12/03/2000 – 11/03/2004
10/02/2000	1,906,000	—	(481,000)	1,425,000	0.150	10/02/2001 – 09/02/2005
21/08/2001	4,650,000	—	(4,200,000)	450,000	0.100	21/08/2002 – 20/08/2009
07/03/2002	4,400,000	—	(2,400,000)	2,000,000	0.130	07/03/2004 – 06/03/2010
22/11/2002	2,500,000	—	(400,000)	2,100,000	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
30/03/2004	—	1,400,000	—	1,400,000	0.321	30/03/2005 – 29/03/2010
	13,531,000	3,400,000	(7,556,000)	9,375,000		

29. RESERVES

(a) Group

	Share premium *US$'000*	**Special reserve** *US$'000*	**Capital redemption reserve** *US$'000*	**Translation reserve** *US$'000*	**Retained earnings** *US$'000*	**Total** *US$'000*
At 1 May 2003	14,933	184	—	(249)	17,835	32,703
Profit for the year	—	—	—	—	14,625	14,625
Premium arising from issue of shares	1,842	—	—	—	—	1,842
Repurchase of shares	(168)	—	10	—	(10)	(168)
Currency translation differences	—	—	—	(444)	—	(444)
Dividends paid	—	—	—	—	(5,001)	(5,001)
At 30 April 2004	16,607	184	10	(693)	27,449	43,557
Profit for the year	—	—	—	—	14,754	14,754
Premium arising from issue of shares	685	—	—	—	—	685
Repurchase of shares	(641)	—	38	—	(38)	(641)
Currency translation differences	—	—	—	(164)	—	(164)
Dividends paid	—	—	—	—	(5,985)	(5,985)
At 30 April 2005	16,651	184	48	(857)	36,180	52,206
Representing:						
2005 final dividend proposed					4,008	
Others					32,172	
					36,180	

(b) Company

	Share premium US$'000	Contributed surplus US$'000	Capital redemption reserve US$'000	Retained earnings US$'000	Total US$'000
At 1 May 2003	14,933	9,946	—	4,402	29,281
Profit for the year	—	—	—	11,903	11,903
Premium arising from issue of shares	1,842	—	—	—	1,842
Repurchase of shares	(168)	—	10	(10)	(168)
Dividends paid	—	—	—	(5,001)	(5,001)
At 30 April 2004	16,607	9,946	10	11,294	37,857
Profit for the year	—	—	—	4,506	4,506
Premium arising from issue of shares	685	—	—	—	685
Repurchase of shares	(641)	—	38	(38)	(641)
Dividends paid	—	—	—	(5,985)	(5,985)
At 30 April 2005	16,651	9,946	48	9,777	36,422
Representing:					
2005 final dividend proposed				4,008	
Others				5,769	
				9,777	

Special reserve represents the difference between the nominal value of share capital of the Company issued and the aggregate amount of nominal value of share capital of subsidiaries acquired by the Company through an exchange of shares.

Contributed surplus represents the difference between the consolidated shareholders' funds of the subsidiaries at the date on which they were acquired by the Company, and the nominal value of the Company's shares issued for the acquisition.

Under the Companies Act 1981 of Bermuda, the contributed surplus account of the Company is distributable to equity holders of the Company. However, the Company cannot declare or pay a dividend or make a distribution out of contributed surplus if (i) it is, or would after the payment be unable to pay its liabilities as they become due; or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

30. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of profit from operations to cash generated from operations

	2005	2004
	US$'000	*US$'000*
Profit from operations	15,655	14,772
Adjustments for:		
Interest income	(1,321)	(2,160)
Dividend income	(16)	(1)
Depreciation of property, plant and equipment	1,188	966
Loss on disposal of property, plant and equipment	36	23
Amortisation of goodwill	—	379
Impairment loss on club membership	—	36
Gain on dissolution of subsidiaries	13	—
Unrealised loss on short-term investment	—	13
Gain on disposal of short-term investment	(13)	—
Operating cash flows before movements in working capital	15,542	14,028
Increase in inventories	(55)	—
Increase in trade receivables	(24)	(3,770)
Decrease in prepayments, deposits and other receivables	2,953	1,015
(Decrease)/Increase in trade payables	(2,039)	156
Increase in accruals and other payables	2,576	579
Increase in post-employment benefits	248	213
Cash generated from operations	19,201	12,221

In the consolidated cash flow statement, proceeds from disposal of property, plant and equipment comprise:

	2005	2004
	US$'000	*US$'000*
Net book amount *(Note 16)*	170	66
Loss on disposal of property, plant and equipment	(36)	(23)
Proceeds from disposal of property, plant and equipment	134	43

(b) Cash and cash equivalents in the consolidated cash flow statement comprise:

	2005	2004
	US$'000	*US$'000*
Bank balances and cash	27,323	34,869
Less: Fixed bank deposits with original maturity over three months and pledged bank deposits *(Note 20)*	(12,000)	(19,379)
Cash and cash equivalents	15,323	15,490

31. ACQUISITION OF BUSINESS AND ASSETS

In December 2004, the Group completed its acquisition of the business and certain assets and assumption of the related liabilities of Tamarind International Limited (subsequently renamed as Stirling (HK) Limited), a company incorporated in Hong Kong. The acquired business contributed revenues of US$39,365,000 and net profit of US$1,656,000 to the Group for the period from 1 January 2005 to 30 April 2005. If the acquisition had occurred on 1 May 2004, the Group's revenue would have been US$168,568,000 and profit before allocations would have been US$18,066,000. Details of the acquisition are summarised as follows:

	US$'000
Net assets acquired	
Property, plant and equipment *(Note 16)*	883
Trade receivables	9,749
Prepayments, deposits and other receivables	4,460
Bank balances and cash	39
Trade payables	(10,260)
Accruals and other payables	(1,534)
Post-employment benefits *(Note 25)*	(131)
	3,206
Goodwill *(Note 17)*	26,265
Total consideration	29,471
Satisfied by:	
Cash	19,792
Balance of consideration payable *(Note 24(b))*	9,679
	29,471
Analysis of the net cash outflow in respect of the acquisition:	
Cash consideration	19,792
Bank balances and cash acquired	(39)
Net cash outflow in respect of the acquisition	19,753

The goodwill is attributable to the high profitability of the acquired business and the significant synergies expected to arise after the Group's acquisition of the business and certain assets and assumption of related liabilities of Tamarind International Limited.

The carrying amounts of the acquired business and assets approximate their fair values.

32. COMMITMENTS

(a) Operating lease commitments

The Group leases various office premises, staff quarters, furniture and equipment under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Office premises and staff quarters		Furniture and equipment	
	2005	**2004**	**2005**	**2004**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Not later than one year	1,081	1,077	132	132
Later than one year and not later than five years	1,176	1,349	299	492
Later than five years	326	87	15	35
	2,583	2,513	446	659

(b) Capital commitments

The Group had the following capital commitments for the acquisition of property, plant and equipment:

	2005	**2004**
	US$'000	*US$'000*
Contracted for but not provided in the financial statements	484	169
Authorised but not contracted for	109	76
	593	245

33. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties:

Identity of related parties	**Nature of transactions**	*Notes*	**2005** *US$'000*	**2004** *US$'000*
Turmar Limited	Rental expenses	(i)	131	131
Subsidiaries of Roly International	Rental expenses	(i)	67	86
Subsidiaries of Roly International	Sales of merchandise	(ii)	14	13
Premier Consultants Limited	Consultancy fee	(iii)	31	14
Digitech Holdings Limited	Consultancy fee	(iii)	15	7

Turmar Limited is a company owned by Mr. WANG Lu Yen, a director of the Company, and his spouse.

Subsidiaries of Roly International are the fellow subsidiaries of the Company.

Premier Consultants Limited and Digitech Holdings Limited are 100% and 80%, respectively, owned by Mr. Barry Richard PETTITT, a director of ISO International, a wholly-owned subsidiary of the Company.

Notes:

(i) Rental expenses were determined based on market rate and floor area.

(ii) Sales were based on cost plus a percentage of profit mark-up.

(iii) Consultancy fee was charged in accordance with the terms of agreements made between the parties.

34. SUBSIDIARIES

	2005	2004
	US$'000	*US$'000*
Unlisted shares, at cost	9,987	9,987
Amounts due from subsidiaries	26,318	15,736
	36,305	25,723

The amounts due from subsidiaries are unsecured, interest-free and are not repayable within one year.

Particulars of the Company's subsidiaries, all of which are wholly-owned by the Company, as at 30 April 2005 were as follows:

Name of subsidiaries	**Place of incorporation/ establishment**	**Issued and fully paid share capital/registered capital**	**Principal activities**
CU Packaging & Design (BVI) Limited *(i)*	British Virgin Islands	Ordinary share US$1	Investment holding
CU Packaging & Design Limited	Hong Kong	Ordinary shares HK$2	Trading of merchandise and procurement agent
eServices (BVI) Limited *(i)*	British Virgin Islands	Ordinary share US$1	Inactive
eServices Limited	Hong Kong	Ordinary shares HK$100,000	Inactive
Ever Eagle Limited *(i)*	British Virgin Islands	Ordinary share US$1	Investment holding
Golden Rules Enterprises Limited *(i)*	Hong Kong	Ordinary share HK$1	Investment holding
IGCS Group Limited *(i)*	British Virgin Islands	Ordinary share US$1	Investment holding and provision of social compliance services
IGCS International Limited	British Virgin Islands	Ordinary share US$1	Provision of social compliance services
IGCS Limited	Hong Kong	Ordinary shares HK$2	Provision of social compliance services
Inspire World Limited	Hong Kong	Ordinary share HK$1	Sourcing and trading of consumer products
ISO International (BVI) Limited	British Virgin Islands	Ordinary share US$1	Investment holding
ISO International (Holdings) Limited	Hong Kong	Ordinary shares HK$100	Provision of technical support and management services, and trading of home lifestyle consumer electronic products
ISO Marketing Services (Macao Commercial Offshore) Limited	Macao	Ordinary shares MOP$100,000	Inactive
Linmark Agency (BVI) Limited	British Virgin Islands	Ordinary shares US$50,000	Investment holding and procurement agent
Linmark Agency (Hong Kong) Limited	Hong Kong	Ordinary shares HK$10,000	Procurement agent
Linmark Agency (Mauritius) Ltd	Republic of Mauritius	Ordinary shares US$2	Procurement agent
Linmark Development (BVI) Limited	British Virgin Islands	Ordinary share US$1	Procurement agent

Name of subsidiaries	Place of incorporation/ establishment	Issued and fully paid share capital/registered capital	Principal activities
Linmark (HK) Limited	Hong Kong	Ordinary shares HK$2	Investment holding and procurement agent
Linmark International (Bangladesh) Ltd.	Bangladesh	Ordinary shares Taka20,000	Procurement agent
Linmark International (Hong Kong) Limited	Hong Kong	Ordinary shares HK$200,000	Investment holding, procurement agent and trading of merchandise
Linmark Merchandise Consultancy (Shenzhen) Limited *(ii)*	Mainland China	Registered capital RMB1,500,000	Provision of marketing consultancy and product development services
Linmark (UK) Limited	UK	Ordinary shares £100	Provision of marketing consultancy services
Linmark Westman Investments Limited *(i)*	British Virgin Islands	Ordinary shares US$11	Investment holding
Market Asia Limited	Hong Kong	Ordinary shares HK$1	Sourcing and trading of consumer products
Merchandise Creative, Inc.	British Virgin Islands	Ordinary share US$1	Procurement agent
Merchandise Creative Limited	Hong Kong	Ordinary shares HK$10,000	Procurement agent
Power Path Limited	Hong Kong	Ordinary share HK$1	Sourcing and trading of consumer products
Tamarind Agency Limited	British Virgin Islands	Ordinary share US$1	Inactive
Tamarind International Holdings Limited *(i)*	British Virgin Islands	Ordinary share US$1	Investment holding
Tamarind International Limited (formerly known as Success Giant Limited)	Hong Kong	Ordinary share HK$1	Investment holding and trading of merchandise
Trend Xpress (Bangladesh) Ltd.	Bangladesh	Ordinary shares Taka20,000	Provision of market trend consultancy services
Trend Xpress, Inc. *(i)*	British Virgin Islands	Ordinary share US$1	Investment holding and provision of market trend consultancy services
Trend Xpress Limited	Hong Kong	Ordinary shares HK$2	Investment holding, provision of market trend consultancy services and trading of merchandise
Trend Xpress (S) Pte. Limited	Singapore	Ordinary shares S$2	Provision of market trend consultancy services
Westman Linmark (Thailand) Ltd. *(iii)*	Thailand	Ordinary shares Baht5,880,000 Preference shares Baht6,120,000	Procurement agent
Westman (Singapore) Private Limited	Singapore	Ordinary shares S$200,000	Procurement agent
Westown Limited	Hong Kong	Ordinary shares HK$100,000	Procurement agent

Notes:

(i) The shares of these subsidiaries are held directly by the Company. The shares of other subsidiaries are held indirectly.

(ii) Linmark Merchandise Consultancy (Shenzhen) Limited is a wholly foreign owned enterprise established in Shenzhen, Guangdong Province, Mainland China for a term of 15 years up to 2019.

(iii) The preference shares are only entitled to 3.5% of the paid-up value of the shares, prior to any dividend distribution to the holders of ordinary shares. The voting rights with respect to preference shares are every ten shares for one vote. The preference shares are indirectly controlled by the Group by way of entering into loan agreements with the respective registered holders of preference shares. According to the loan agreements, the registered holders as borrowers agree to execute and deliver to the Group any proxy which may be necessary for attending and voting in every meeting of the shareholders of Westman Linmark (Thailand) Ltd. and grant the Group options to purchase their shares at the price of nominal value of the preference shares. The Group is also responsible for managing the operations of this company. The Group accounts for this company as a wholly-owned subsidiary since the Group is accountable for all of the results of the operations. As the Group has no intention to request the borrowers to repay the outstanding loan amounts, the Group accounts for their amounts to borrowers as part of investment cost.

(iv) None of the subsidiaries had any debt securities subsisting at the end of the year or at any time during the year under review.

35. EVENT AFTER THE BALANCE SHEET DATE

On 28 June 2005, the Company's directors proposed a final dividend of 4.8 HK cents per share. The proposed dividend is subject to approval by the Company's shareholders at the forthcoming annual general meeting.

36. IMMEDIATE AND ULTIMATE HOLDING COMPANY

The directors of the Company regard RGS Holdings Limited, a company incorporated in the British Virgin Islands, as being the immediate holding company and Roly International, a company incorporated in Bermuda and listed on the Main Board of the Singapore Exchange Securities Trading Limited, as being the ultimate holding company.

37. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved for issue by the board of directors of the Company on 28 June 2005.

D. MANAGEMENT DISCUSSION AND ANALYSIS

For the financial year ended 30 April 2005

For the year ended 30 April 2005, the Group recorded a higher shipment volume of approximately US$747.5 million (equivalent to HK$5,830.5 million), representing an increase of approximately 4.7% as compared with last year. Shipment volume in the second half of the financial year was undermined by the weakened consumer demand in the North American markets. In addition, temporary changes in our customers' buying strategy resulted in order delays or in some cases cancellation due to uncertainty caused by China's WTO accession.

The Group's turnover surged approximately 102.6% to approximately US$89.8 million (equivalent to HK$700.4 million). The increase was mainly contributed by the Group's newly acquired business of Tamarind (as defined below). Tamarind, operating under a trading model, contributed a significantly higher turnover from the sales of merchandise than the Group itself. Therefore, the Group's trade receivables and trade payables grew significantly post Tamarind acquisition.

Operating expenses increased approximately US$8.3 million (equivalent to HK$64.7 million) to approximately US$35.1 million (equivalent to HK$273.8 million). The additional operating expenses of approximately US$3.2 million (equivalent to HK$25.0 million) was incurred by the newly acquired businesses. Less that related to the acquisitions, the additional staff costs of the Group increased by approximately US$3.5 million (equivalent to HK$27.3 million).

During the year under review, the Group hired more professionals in China and the Indian Sub-continent and for the five marketing offices in North America and Europe. The return of the marketing offices was less than expected in their first year of operation. Although the French and Los Angeles offices exceeded their targets, the Toronto, New York and Manchester offices failed to generate significant additional business and were closed. This is expected to cause a saving to the Group of approximately US$1.0 million (equivalent to HK$7.8 million) in the next financial year. Tightening the expense control, the Group expects to achieve growth for its core business in financial year 2006 without incurring additional costs.

The increase of expenses and reduction of interest income impacted the growth of the Group's profit. The Group's profit after tax amounted to approximately US$14.8 million (equivalent to HK$115.4 million). Net profit after tax as a percentage of shipment volume was maintained at approximately 2.0%. Basic earnings per share was maintained at approximately 2.3 US cents (equivalent to 17.9 HK cents).

Segmental Analysis

The acquisition of Tamarind business provided the Group with a more balanced geographic footprint, putting the southern hemisphere, namely Australia and South Africa, within the Group's direct access.

The acquisition of the new businesses increased our business in the European market significantly and it overtook the US as the Group's largest revenue contributor in terms of turnover. During the year under review, turnover from the European market increased from approximately US$6.0 million (equivalent to HK$46.8 million) to approximately US$22.5 million (equivalent to HK$175.5 million), representing approximately 25.1% of the Group's total turnover. The US represented approximately 22.7% of the total turnover, followed by Australia with an approximately 13.2% of total turnover. South Africa accounted for approximately 12.4% and Canada approximately 9.5%. The Group will continue with its diversification strategy to forge a more extensive geographical reach.

The Group's strategy to boost its value-added services of higher margin businesses such as its design and social compliance auditing service has been effective. During the year under review, contribution from value-added services represented approximately 36.2% of the Group's net profit after tax compared to approximately 25.3% in financial year 2004.

For the year under review, the turnover from hardgoods business amounted to approximately US$12.4 million (equivalent to HK$96.7 million), approximately 51.8% higher than that of the previous financial year mainly due to the newly acquired businesses.

Acquisition

The Group completed the acquisition of the business and specified assets and assumption of related liabilities of Tamarind International Limited (subsequently renamed as Stirling (HK) Limited, "Tamarind") on 31 December 2004. Tamarind is an integrated sourcing services provider principally engaged in the design and sourcing of goods ranging from apparel to fashion accessories, toys, homewares, gifts and jewellery.

Tamarind has a mixed customer portfolio, including a number of major customers from Europe, South Africa and Australia, thereby allowing the Group to diversify its reliance on markets in North America. The Tamarind acquisition also allows the Group to capture maximum synergistic benefits from cross selling and resources sharing.

The maximum purchase price for the Tamarind acquisition of approximately US$29.1 million (equivalent to HK$226.6 million) will be settled by one initial payment in cash and three subsequent installments over a three-year period. The Group has made the initial payment of approximately US$19.4 million (equivalent to HK$151.1 million) and the three subsequent installments are subject to downward adjustments according to certain performance benchmark levels.

Financial Review

After the initial payment of approximately US$19.4 million (equivalent to HK$151.1 million) for the Tamarind acquisition, the Group's financial position remains strong with bank balances and cash of approximately US$27.3 million (equivalent to HK$212.9 million) as at 30 April 2005. In addition, the Group has total banking facilities of approximately US$41.7 million (equivalent to HK$325.3 million).

Following the Tamarind acquisition, the Group's current ratio changed from 6.6 as at 30 April 2004 to 2.0 as at 30 April 2005. The Group has a low gearing ratio of less than 0.04, based on the interest bearing borrowing of approximately US$2.3 million (equivalent to HK$17.9 million) and shareholders' equity of approximately US$65.3 million (equivalent to HK$509.3 million) as at 30 April 2005. During the year under review, the Group's capital comprised solely shareholders' equity. There has not been any material change in the Group's borrowing since 30 April 2005.

The Group's net asset value as at 30 April 2005 was approximately US$65.3 million (equivalent to HK$509.3 million).

As at 30 April 2005, pledges of bank deposits amounted to approximately US$5.0 million (equivalent to HK$39.0 million) to cover banking facilities in the ordinary course of business. The Group had no material contingent liability and there has been no material change since then.

The majority of the Group's transactions are denominated in US dollars and Hong Kong dollars. Since the Hong Kong dollar is pegged to the US dollar, management believes that exchange risk is not significant at this time.

Remuneration Policy and Staff Development Scheme

As at 30 April 2005, the Group had 1,101 staff. The total staff costs for the year under review amounted to approximately US$22.7 million (equivalent to HK$177.1 million) (2004: US$16.9 million (equivalent to HK$131.8 million)). The Group offers competitive remuneration schemes to its employees based on industry practices, individual and the Group's performance. In addition, share options and discretionary bonuses are also granted to eligible staff based on both the Group's as well as individual performance. It also offers fringe benefits such as professional tuition and training subsidies to staff to enhance their sense of loyalty and as part of the Group's emphasis on staff training and development.

Prospects

Looking ahead, the uncertainties surrounding China's apparel export and the re-valuation of the Renminbi are expected to continue. Nevertheless, supported by its widespread sourcing network, the Group will continue to grasp business opportunities and offer comprehensive sourcing services to our international customers. At the same time, the Group is committed to controlling operating expenses to reap maximum benefits from using its global sourcing network cost effectively.

In May 2005, a major customer reached a new sourcing arrangement with the Group. Warnaco Inc ("Warnaco"), which for the year under review accounted for almost 11.8% of the Group's turnover, decided to expand its direct sourcing capabilities, after experiencing sales growth with the help of the Group. Under the new arrangement, the Group will work with and assist Warnaco in implementing its China sourcing plan over the next year. The Group will continue to exclusively source for Calvin Klein Jeans®, Chaps Ralph Lauren® and Speedo® offshore. The increased presence of Warnaco in China will call for additional on-the-ground support for its direct sourcing needs. Thus, Warnaco intends to continue using all of the Group's value-added services such as compliance auditing and trims and packaging sourcing services inside and outside of China.

The Group does not expect the change of Warnaco's sourcing arrangement to have any material impact on it in the next financial year. With a global network covering 37 cities in 25 countries and territories, the Group is capable of providing top-tier global customers tailored sourcing solutions that meet their changing needs and strategic business directions.

Given that more international players are starting or increasing sourcing in China, the Group is positioning itself as the bridge between foreign apparel markets and the Chinese textile industry to grasp business opportunities. The Group will continue the partnership with the China National Textile & Apparel Council ("CNTAC") and China Textile Information Center ("CTIC") and provide quality social compliance auditing services to manufacturers in China. Supported by the Group's extensive experience in auditing and certifying manufacturing facilities in many countries on behalf of well-known brands and retailers, the China Code of Conduct in Social Compliance it developed with CNTAC and CTIC will help the textile industry in China to gain recognition by the overseas apparel markets.

Apart from organic growth, the acquisition of Dowry Peacock will boost both the Group's top and bottom lines. It is the largest acquisition the Group will undertake since its IPO in 2002. Dowry Peacock will allow the Group to broaden its customer base and geographic reach in Europe and will enable the Group to expand its hardgoods business. There are enormous synergies in the existing services offered by the Group and Dowry Peacock. Management sees potential for cross-selling the Group's non-technical hardgoods and apparel offerings to an enlarged customer base in Europe. It is expected that Dowry Peacock will start contributing to the results of the Group in the second half of the current financial year. The Group believes the Acquisition will further enhance shareholder value.

To expand the Group's business, management will continue to seek acquisition opportunities that can help accelerate business growth and enable the Group to realise its corporate objectives of enriching its value-added services and market and product diversification.

Based on the current assessment, management maintains an overall positive view on the Group's performance for the next financial year.

For the financial year ended 30 April 2004

For the year ended 30 April 2004, the Group recorded higher shipment volume of approximately US$714.1 million (equivalent to HK$5,570.0 million), representing an increase of approximately 12.8% as compared to last year. Turnover was reported at approximately US$44.3 million (equivalent to HK$345.5 million). Buying agency and service income continued to be the major source of revenues, accounting for approximately 83.4% of the total turnover. Sales of merchandise contributed to the remaining approximately 16.6%.

The Group's profit continued to improve. Profit after taxation attributable to shareholders rose by approximately 18.6% to reach approximately US$14.6 million (equivalent to HK$113.9 million). The Group also achieved higher levels of profit margins. Gross profit margin improved from approximately 84.0% to 87.3% whilst net margin as a percentage of shipment volume climbed from approximately 1.95% to 2.05%. This was mainly attributable to the increased contribution of our hardgoods business and value-added services, which we have identified as major drivers for business margins.

Segmental Analysis

The Group continued to make good progress in diversifying its business geographically, boasting a particularly larger presence in the European market.

US Market

The US continued to be the Group's largest market, generating turnover of approximately US$15.1 million (equivalent to HK$117.8 million), representing approximately 34.1% of the total turnover. In January 2004, the Group was invited to speak on the topic of "Sourcing from the Far East" at the 2004 Logistics Conference organised by the International Mass Retail Association (now known as Retail Industry Leaders Association), a leading retail trade body in the US. The invitation represented the recognition of the Group's expertise in sourcing by the retail industry in the US, thus helping to promote the Group's profile in one of the most important apparel markets in the world.

Canadian Market

The Canadian market brought in turnover of approximately US$12.2 million (equivalent to HK$95.2 million) during the year under review, making up approximately 27.5% of the Group's total turnover. Sluggish consumer demand in Canada affected apparel sales. However, by providing more value-added services to its customers, the Group secured a stable share of the market.

European Market

Europe was our third largest market and, during the year under review, turnover from this market jumped from approximately US$2.8 million (equivalent to HK$21.8 million) to approximately US$6.0 million (equivalent to HK$46.8 million). The European market represented an increase of approximately 117.2% over the previous financial year. Its share of the total turnover also rose from approximately 6.3% to 13.6%. The credit for this strong growth goes to the Group's new hardgoods business arm, which has a solid customer base in Europe.

Hong Kong and Other Markets

During the year under review, the Group's turnover from Hong Kong and other markets was approximately US$11.0 million (equivalent to HK$85.7 million). In addition to a satisfactory operating performance in these markets, the Company received the Export Marketing Award in the 2003 Hong Kong Awards for Services organised by the Hong Kong Trade Development Council in January 2004, recognising the high standards of services offered by the Group.

Hardgoods Development

The Group acquired the entire equity interest in ISO International for a consideration of approximately US$19.9 million (equivalent to HK$155.0 million) in November 2003. With a solid customer base in Europe, ISO International is a supply chain management company specialising in home lifestyle consumer electronic products. As the acquisition was only made in November 2003, the Group's results for the year under review reflected only about 5-month's contribution from ISO International. For the year under review, turnover from hardgoods business amounted to approximately US$8.1 million (equivalent to HK$63.2 million), approximately 52.8% higher than the previous financial year. Its share of the total turnover also climbed from approximately 12.0% to 18.3%. Details of the Group's acquisition of ISO International are set out in the Company's announcement dated 12 November 2003 and the Company's circular dated 28 November 2003.

In addition to working to bring about efficient integration of ISO International with the Group's other operations, the Group is also committed to promoting ISO International's organic growth. In April 2004, ISO International formed a strategic alliance with PSB Certification Pte Ltd, a wholly-owned subsidiary of SPRING Singapore, the former Singapore Productivity and Standards Board. As a provider of one-stop sourcing services including consultancy, design, sourcing and procurement, quality inspection, fulfillment and certification services, the alliance is expected to strengthen ISO International's capabilities to undertake ISO certification services, helping customers achieve the highest product quality.

Value-added Services

During the year under review, turnover from the Group's value-added services, which enjoy higher margins, went up approximately 13.8% to reach approximately US$12.4 million (equivalent to HK$96.7 million). Its share of the total turnover also rose to approximately 28.0%. The Group's wide offer of value-added services for customers included product development and design services, packaging and trim services, quality assurance services and social compliance auditing services. The importance of the Group's L.O.G.O.N. system also went beyond facilitating operations. In November 2003, eServices, a suite of supply chain management functions of the L.O.G.O.N. system, was introduced as a business product and has been sold to customers and vendors. Management expects contributions from the value-added services to the Group's total turnover to continue to grow well in the coming years.

Financial Review

The Group's financial position is strong with cash and cash equivalents of approximately US$34.9 million (equivalent to HK$272.2 million) as at 30 April 2004. In addition, the Group has banking facilities of approximately US$3.5 million (equivalent to HK$27.3 million) which have not been utilised. The Group has no outstanding debt as at 30 April 2004 except a hire purchase loan for a motor vehicle at a net book value of approximately US$34,000 (equivalent to HK$265,000).

The Group has a strong current ratio of 6.6 and a negligible gearing ratio of less than 0.1%, based on the interest bearing borrowing of approximately US$6,000 (equivalent to HK$47,000) and shareholders' equity of approximately US$56.6 million (equivalent to HK$441.5 million), as at 30 April 2004. During the year under review, the Group's capital consisted solely of shareholders' equity. There are no material changes in the Group's borrowing since 30 April 2004.

The Group's net asset value as at 30 April 2004 was approximately US$56.6 million (equivalent to HK$441.5 million).

As at 30 April 2004, the Group had no material contingent liability and there has been no material change since then.

The majority of the Group's transactions are denominated in US dollars and Hong Kong dollars. Since the Hong Kong dollar is pegged to the US dollar, management believes the exchange risk is not significant at this time.

Remuneration Policy and Staff Development Scheme

As at 30 April 2004, the Group had 780 staff. The total staff costs for the year under review amounted to approximately US$16.9 million (equivalent to HK$131.8 million) (2003: US$16.9 million (equivalent to HK$131.8 million)). The Group offers competitive remuneration schemes to its employees based on industry practices, individual and the Group's performance. In addition, share options and discretionary bonuses are also granted to eligible staff based on both the Group's as well as individual performance. It also offers fringe benefits such as professional tuition and training subsidies to staff to enhance their sense of loyalty and as part of the Group's emphasis on staff training and development.

For the financial year ended 30 April 2003

During the year ended 30 April 2003, the global economy continued to be volatile with weak consumer sentiment due to instability in the Middle East after the US-led war on Iraq and the outbreak of SARS.

Despite these conditions, the Group delivered robust growth in both our turnover and net profit after tax attributable to shareholders. For the year ended 30 April 2003, the Group recorded shipment volume of approximately US$633.2 million (equivalent to HK$4,939.0 million), representing an increase of approximately 29.4% as compared to last year. Turnover, comprised commission income, sales of merchandise and service income, was recorded at approximately US$44.3 million (equivalent to HK$345.5 million), representing an increase of approximately 49.7% as compared to last year. Net profit after tax attributable to shareholders for the year under review was approximately US$12.3 million (equivalent to HK$95.9 million), an increase of approximately 48.2% when compared to last year. Net margin as a percentage of shipment volume improved by approximately 17.6% from 1.7% to 2.0% during the year under review due to prudent cost measures, improved operating efficiencies, the increase in shipment volume and contribution from higher margin value-added services for customers. Thanks to our global network and timely implementation of various contingency measures, the outbreak of SARS in the region did not cause any major disruptions to our operations during the year under review.

Segmental Analysis

During the year under review, the Group enjoyed several successes in its strategy of market diversification.

US Market

During the year under review, the US market accounted for approximately 38.8% of the Group's turnover, making it the Group's fastest growing and largest market. Turnover attributable to the US market amounted to approximately US$17.2 million (equivalent to HK$134.2 million), representing an increase of approximately 105.1% over that of last year. The Group successfully integrated the Warnaco business as evidenced by the robust growth of this account during the year under review. Although the consumer sentiment remained cautious, the directors are confident that the outlook remains good as they believe that the trend for outsourcing will continue. Meanwhile, the Group will continue its efforts to generate new business through broader services and deeper market coverage.

Canadian Market

As a result of the Group's successful offering of value-added services to provide our customers with total supply chain management solutions, the Group's turnover attributable to the Canadian market increased by approximately 31.7% from approximately US$11.1 million (equivalent to HK$86.6 million) in last year to approximately US$14.6 million (equivalent to HK$113.9 million) for the year under review. The growth was mainly attributable to the Group's value-added services, such as private label development and packaging and trim services.

The Canadian Government granted duty free and quota free status to many Least Developed Countries (LDC), including Bangladesh, during the year under review. As a result, the Group has shifted a portion of its sourcing base from other Asian countries to Bangladesh, thus increasing the share of sourcing generated from Bangladesh to Canada.

As the Canadian market has been affected by economic downturn, consumer confidence and purchasing power in Canada remains weak. As a result, the Group expects its first quarter results for the year ending 30 April 2004 will be affected but remains cautiously optimistic that any adverse impact will not continue due to the fast recovery expected after the removal of Canada from the list of SARS-affected areas.

European Market

During the year under review, the Group recorded turnover to the European market of approximately US$2.8 million (equivalent to HK$21.8 million), representing an increase of approximately 33.3% over that of the last year. Notwithstanding the increase in turnover attributable to the European market, the management's strategy is to aggressively expand the Group's penetration in this market in the coming years. In May 2003, the Group signed up Dr. Rehfeld Holding AG of Germany, one of the top 100 clothing suppliers in Europe, as a new customer. The management is confident that the Group will continue to see business growth in view of its commitment to expand the sales network and customer base in Europe.

Hong Kong and Other Markets

During the year under review, the Group's turnover to Hong Kong and other markets was approximately US$9.7 million (equivalent to HK$75.7 million), representing an increase of approximately 20.1% over that of the last year. The signing on of a new customer Edgars Consolidated Stores Limited (Edcon), a leading retail conglomerate in South Africa, in April 2003 further demonstrates the success of the Group's customer acquisition campaign, contributing to our strategy of market diversification to further reduce the Group's reliance on the North American market.

Value-added Services

During the year under review, the Group's value-added services showed a promising start, generating a turnover of approximately US$10.9 million (equivalent to HK$85.0 million). In addition to the Group's existing value-added services, including product development for private label business and design services, packaging and trim services, quality assurance and social compliance auditing services, the Group will further expand its offerings to existing and new customers. The management expects contributions from the Group's value-added services will continue to grow strongly in the coming years.

Financial Review

The Group's financial position is strong with deposits and cash balances of approximately US$37.9 million (equivalent to HK$295.6 million) as at 30 April 2003. In addition, the Group has banking facilities of approximately US$1.0 million (equivalent to HK$7.8 million) which have not been utilised. The Group has continued to operate under a debt-free model with no outstanding net debt as at 30 April 2003 except a hire purchase loan for a motor vehicle at a net book value of approximately US$47,000 (equivalent to HK$367,000).

The Group has a strong current ratio of 12.0 and a negligible gearing ratio of less than 0.1%, based on interest bearing borrowings of approximately US$28,000 (equivalent to HK$218,000) to shareholders' equity of approximately US$45.7 million (equivalent to HK$356.5 million), as at 30 April 2003. During the year under review, the Group's capital comprised solely of shareholders' equity. There has not been any material change in the Group's borrowings since 30 April 2003.

The Group's net asset value as at 30 April 2003 was approximately US$45.7 million (equivalent to HK$356.5 million).

As at 30 April 2003, the Group had no material contingent liability and there has been no material change since then.

The majority of the Group's transactions are denominated in US dollars and Hong Kong dollars. Since the Hong Kong dollar is pegged to the US dollar, the management believes that exchange risk is not significant at this time.

Remuneration Policy and Staff Development Scheme

As at 30 April 2003, the Group had 709 employees. The total staff costs for the year under review amounted to approximately US$16.9 million (equivalent to HK$131.8 million) (2002: US$12.8 million (equivalent to HK$99.8 million)).

The Group offers competitive remuneration schemes to its employees based on industry practices, individual and the Group's performance. In addition, share options and discretionary bonuses are also granted to eligible staff based on both the Group's as well as individual performance. It also offers fringe benefits such as professional tuition and training subsidies to staff to enhance their sense of loyalty and as part of the Group's emphasis on staff training and development.

E. INDEBTEDNESS

Borrowings

As at 31 July 2005, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, Linmark Group Limited ("the Company") and its subsidiaries (collectively "the Group") had outstanding short-term bank loan of US$7,850,000.

As at 31 July 2005, the amount due to an immediate holding company was approximately US$6,725,000.

As at 31 July 2005, the Group had total available banking facilities of approximately US$46,602,000, of which approximately US$27,605,000 was utilised.

Contingent Liabilities

As at 31 July 2005, the Group had no significant contingent liabilities.

Capital Commitments and Other Commitments

As at 31 July 2005, the Group had capital commitments of approximately US$432,000 for the acquisition of property, plant and equipment.

As at 31 July 2005, the Group had operating lease commitments of approximately US$4,393,000 in respect of office premises, staff quarters, furniture and equipment under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

Collaterals

As at 31 July 2005, the Group's short-term bank loan of US$7,850,000 was secured by pledge of the Group's bank deposits of approximately US$12,801,000.

Save as disclosed above, the Directors confirmed that there had been no material change in the indebtedness and contingent liabilities of the Group since 31 July 2005.

A. UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET OF THE ENLARGED GROUP

Set out below is an illustrative and unaudited pro forma consolidated balance sheet of the Enlarged Group as at 30 April 2005 which has been prepared for the purpose of illustration as if the Completion had taken place on 30 April 2005.

The unaudited pro forma consolidated balance sheet of the Enlarged Group as at 30 April 2005 has been prepared using accounting policies materially consistent with those of the Group based on the audited consolidated balance sheet of the Group as at 30 April 2005, which are in accordance with International Financial Reporting Standards, according to its published annual report included in the Financial Information of the Group set out in Appendix II of this circular and the audited combined balance sheet of the Dowry Peacock Group as at 31 March 2005 as shown in the accountants' report set out in Appendix I of this circular, after making certain pro forma adjustments as set out in Notes 1 to 5 below. It has been prepared for illustrative purposes only and because of its nature, it may not give a true picture of the financial position of the Enlarged Group as at 30 April 2005 and at any future date.

	The Group — as at 30 April 2005	**The Dowry Peacock Group — as at 31 March 2005**	**The Dowry Peacock Group — as at 31 March 2005**	**Pro forma adjustments**	**Notes**	**Pro forma balance of the Enlarged Group**
	(Audited)	*(Audited)*	*(Audited)*	*(Unaudited)*		*(Unaudited)*
	US$'000	*GBP'000*	*US$'000*	*US$'000*		*US$'000*
		(Note 1)	*(Note 2)*			
Non-current assets						
Property, plant and equipment	3,119	171	309			3,428
Goodwill	42,446	—	—			42,446
Deferred expenditure	3,014	—	—			3,014
Patents and trademarks	—	993	1,795	65,686	*3*	67,481
Club membership	83	—	—			83
Investment in a joint venture	170	—	—			170
	48,832	1,164	2,104			116,622
Current assets						
Inventories	55	1,897	3,429			3,484
Trade receivables	20,308	4,982	9,006			29,314
Prepayments, deposits and other receivables	3,709	1,673	3,024			6,733
Bank balances and cash	27,323	12,460	22,524	(37,879)	*5(i)*	11,968
	51,395	21,012	37,983			51,499

	The Group — as at 30 April 2005 (Audited) US$'000	The Dowry Peacock Group — as at 31 March 2005 (Audited) GBP'000 (Note 1)	The Dowry Peacock Group — as at 31 March 2005 (Audited) US$'000 (Note 2)	Pro forma adjustments (Unaudited) US$'000	Notes	Pro forma balance of the Enlarged Group (Unaudited) US$'000
Current liabilities						
Trade payables	9,144	5,051	9,131			18,275
Accruals and other payables	6,588	361	652			7,240
Provisions	—	6,042	10,922			10,922
Bank overdraft	—	1,447	2,616			2,616
Short-term bank loan	2,300	—	—			2,300
Balance of consideration payable for an acquisition of a subsidiary — due within one year	1,987	—	—			1,987
Balance of consideration payable for an acquisition of business and assets — due within one year	4,474	—	—			4,474
Tax payable	1,454	1,196	2,162			3,616
	25,947	14,097	25,483			51,430
Net current assets	25,448	6,915	12,500			69
Total assets less current liabilities	74,280	8,079	14,604			116,691
Non-current liabilities						
Balance of consideration payable for an acquisition of a subsidiary — due after one year	1,987	—	—			1,987
Balance of consideration payable for an acquisition of business and assets — due after one year	5,205	—	—			5,205
Post employment benefits	1,651	—	—			1,651
Other creditors	—	654	1,182			1,182
Deferred tax liabilities	118	5	9			127
	8,961	659	1,191			10,152
Net assets	65,319	7,420	13,413			106,539

	The Group — as at 30 April 2005 (Audited) US$'000	The Dowry Peacock Group — as at 31 March 2005 (Audited) GBP'000 (Note 1)	The Dowry Peacock Group — as at 31 March 2005 (Audited) US$'000 (Note 2)	Pro forma adjustments (Unaudited) US$'000	Notes	Pro forma balance of the Enlarged Group (Unaudited) US$'000
Capital and reserves						
				445	*5(ii)*	
Share capital	13,113	57	103	(103)	*5(iii)*	13,558
				1,958	*4*	
				7,177	*5(ii)*	
Reserves	52,206	7,363	13,310	(13,310)	*5(iii)*	61,341
	65,319	7,420	13,413			74,899
Minority interest	—	—	—	31,640	*5(iv)*	31,640
Total equity	65,319	7,420	13,413			106,539

Notes to the unaudited pro forma consolidated balance sheet

1. The balances are extracted from the audited combined balance sheet of the Dowry Peacock Group as at 31 March 2005 as set out in Appendix I of this circular, and have been reclassified to conform to the presentation format of the consolidated balance sheet of the Group.

2. For the purpose of the pro forma consolidated balance sheet, the audited combined balance sheet of the Dowry Peacock Group as at 31 March 2005 has been translated into United States Dollars at an exchange rate of GBP1 to US$1.8077.

3. The identifiable assets and liabilities of the Dowry Peacock Group to be acquired by the Group will be accounted for in the consolidated financial statements of the Group at fair value under the purchase method of accounting. The Directors have considered a valuation performed by Sallmanns (Far East) Limited, independent professional valuers, on the patents and trademarks owned by the Dowry Peacock Group as at 31 July 2005 on the market value basis. Given the short time gap between the date of valuation (i.e. 31 July 2005) and 31 March 2005, and there was no material change in operations and the related market conditions during the intervening period, the Directors consider the fair value of such patents and trademarks as at 31 March 2005 approximates their fair value as at 31 July 2005, and are of the view that as at 31 March 2005, the fair value of the patents and trademarks owned by the Dowry Peacock Group would be higher than the corresponding net book amount as at 31 March 2005 by approximately GBP36,337,000 (equivalent to approximately US$65,686,000). The adjustment reflects the increase in the value of patents and trademarks of the Dowry Peacock Group over its net book amount resulting from the Acquisition, as if the Completion had taken place on 30 April 2005.

4. The adjustment reflects the excess of the Group's share in net assets of the Dowry Peacock Group (after adjusting for the fair value of patents and trademarks in adjustment 3 above) over the purchase consideration as if the Completion had taken place on 30 April 2005, which is recognised immediately as income.

   Since the fair values of the assets and liabilities of the Dowry Peacock Group as at the date of the completion of the Acquisition may be different from their fair values used in the preparation of the unaudited pro forma consolidated balance sheet presented above, the actual excess of the Group's shares in net assets of the Dowry Peacock Group over the purchase consideration, or goodwill arising from the Acquisition, if any, may be different from the estimated amount shown in this Appendix.

5. Pursuant to a conditional sale and purchase agreement entered into by the Company on 16 August 2005, the Group will acquire a 60% interest in the Dowry Peacock Group as at the date of the Completion by (i) a cash consideration of GBP20,401,020 (equivalent to approximately US$36,879,000); and (ii) 22,225,279 shares to be issued by the Company. The adjustments reflect:

(i) payment of cash consideration of GBP20,401,020 (equivalent to approximately US$36,879,000) and cost directly attributable to the Acquisition of approximately US$1,000,000, assuming the cash consideration and cost directly attributable to the Acquisition are settled in full on 30 April 2005;

(ii) issuance of 22,225,279 shares of the Company of US$0.02 each, valued at HK$2.675 (equivalent to approximately US$0.343) per share, representing the closing share price of the Company as at 29 April 2005 (latest trading date prior to 30 April 2005);

(iii) elimination of share capital of the Dowry Peacock Group and the elimination of pre-acquisition reserves of the Dowry Peacock Group; and

(iv) recording of the 40% minority shareholders' interests in the net assets of the Dowry Peacock Group as at 30 April 2005.

For the purposes of the pro forma financial information, the adjustment to the purchase consideration (which will be calculated by reference to the difference between the net profit after tax of the Dowry Peacock Group for the year ending 30 September 2006, 2007 and 2008 and the profit target for the relevant years as stated in the sale and purchase agreement) has not been taken into account.

Since the fair value of the shares of the Company and the actual payment date of the purchase consideration will be different from the assumptions used in the preparation of the unaudited pro forma consolidated balance sheet presented above, the actual financial position arising from the Acquisition may be different from the financial position shown in this Appendix.

B. UNAUDITED PRO FORMA CONSOLIDATED INCOME STATEMENT OF THE ENLARGED GROUP

Set out below is an illustrative and unaudited pro forma consolidated income statement of the Enlarged Group for the year ended 30 April 2005 which has been prepared for the purpose of illustration as if the Completion had taken place on 1 May 2004.

The unaudited pro forma consolidated income statement of the Enlarged Group for the year ended 30 April 2005 has been prepared using accounting policies materially consistent with those of the Group based on the audited consolidated income statement of the Group for the year ended 30 April 2005, which are in accordance with International Financial Reporting Standards, according to its published annual report included in the Financial Information of the Group set out in Appendix II of this circular and the audited combined income statement of the Dowry Peacock Group for the year ended 30 September 2004 as shown in the accountants' report set out in Appendix I of this circular, after making certain pro forma adjustments as set out in Notes 1 to 3 below. It has been prepared for illustrative purposes only and because of its nature, it may not give a true picture of the results of the Enlarged Group for the year ended 30 April 2005 and at any future date.

	The Group — year ended 30 April 2005	**The Dowry Peacock Group — year ended 30 September 2004**	**The Dowry Peacock Group — year ended 30 September 2004**	**Pro forma adjustments**	**Notes**	**Pro forma balance of the Enlarged Group**
	(Audited)	*(Audited)*	*(Audited)*	*(Unaudited)*		*(Unaudited)*
	US$'000	*GBP'000*	*US$'000*	*US$'000*		*US$'000*
		(Note 1)	*(Note 2)*			
Turnover	89,837	162,494	293,740			383,577
Cost of sales	(41,513)	(153,032)	(276,636)			(318,149)
Gross profit	48,324	9,462	17,104			65,428
Other operating income	2,443	431	779	1,958	*3*	5,180
Administrative expenses	(35,112)	(2,219)	(4,011)			(39,123)
Profit from operations	15,655	7,674	13,872			31,485
Finance costs	(22)	—	—			(22)
Gain on dissolution of subsidiaries	13	—	—			13
Share of loss of a joint venture	(12)	—	—			(12)
Profit before taxation	15,634	7,674	13,872			31,464
Taxation	(880)	(2,290)	(4,140)			(5,020)
Profit for the year	14,754	5,384	9,732			26,444
Attributable to:						
Equity holders of the Company						22,551
Minority interest						3,893
						26,444

Notes to the unaudited pro forma consolidated income statement

1. The balances are extracted from the audited combined income statement of the Dowry Peacock Group for the year ended 30 September 2004 as set out in Appendix I of this circular, and have been reclassified to conform to the presentation format of the consolidated income statement of the Group.

2. For the purpose of the pro forma consolidated income statement, the audited combined income statement of the Dowry Peacock Group for the year ended 30 September 2004 has been translated into United States Dollars at an exchange rate of GBP1 to US$1.8077.

3. The adjustment reflects the excess of the Group's share in net assets of the Dowry Peacock Group (after adjusting for the fair value of patents and trademarks) over the purchase consideration as if the Completion had taken place on 30 April 2005, which is recognised immediately as income. The adjustment is not expected to have a continuing effect on the Group.

   For the purposes of the pro forma financial information, the adjustment to the purchase consideration (which will be calculated by reference to the difference between the net profit after tax of the Dowry Peacock Group for the years ending 30 September 2006, 2007 and 2008 and the profit target for the relevant years as stated in the sale and purchase agreement) has not been taken into account.

   Since the fair values of the assets and liabilities of the Dowry Peacock Group as at the date of the completion of the acquisition may be different from their fair values used in the preparation of the unaudited pro forma consolidated income statement presented above, the actual excess of the Group's shares in net assets of the Dowry Peacock Group over the purchase consideration, or goodwill arising from the Acquisition, if any, may be different from the estimated amount shown in this Appendix.

C. UNAUDITED PRO FORMA CONSOLIDATED CASH FLOW STATEMENT OF THE ENLARGED GROUP

Set out below is an illustrative and unaudited pro forma consolidated cash flow statement of the Enlarged Group for the year ended 30 April 2005 which has been prepared for the purpose of illustration as if the Completion had taken place on 1 May 2004.

The unaudited pro forma consolidated cash flow statement of the Enlarged Group for the year ended 30 April 2005 has been prepared using accounting policies materially consistent with those of the Group based on the audited consolidated cash flow statement of the Group for the year ended 30 April 2005, which are in accordance with International Financial Reporting Standards, according to its published annual report included in the Financial Information of the Group set out in Appendix II of this circular and the audited combined cash flow statement of the Dowry Peacock Group for the year ended 30 September 2004 as shown in the accountants' report set out in Appendix I of this circular, after making certain pro forma adjustments as set out in Notes 1 to 4 below. It has been prepared for illustrative purposes only and because of its nature, it may not give a true picture of the cash flows of the Enlarged Group for the year ended 30 April 2005 and at any future date.

	The Group — year ended 30 April 2005	**The Dowry Peacock Group — year ended 30 September 2004**	**The Dowry Peacock Group — year ended 30 September 2004**	**Pro forma adjustments**	**Notes**	**Pro forma balance of the Enlarged Group**
	(Audited)	*(Audited)*	*(Audited)*	*(Unaudited)*		*(Unaudited)*
	US$'000	*GBP'000*	*US$'000*	*US$'000*		*US$'000*
		(Note 1)	*(Note 2)*			
Cash flow from operating activities						
Profit from operations	15,655	7,674	13,872			29,527
Adjustments for:						
Interest income	(1,321)	(431)	(779)			(2,100)
Dividend income	(16)	—	—			(16)
Depreciation of property, plant and equipment	1,188	36	65			1,253
Amortisation of patents and trademark	—	35	63			63
Loss on disposal of property, plant and equipment	36	—	—			36
Gain on dissolution of subsidiaries	13	—	—			13
Gain on disposal of short-term investment	(13)	—	—			(13)
Operating cash flows before movements in working capital	15,542	7,314	13,221			28,763

	The Group — year ended 30 April 2005 (Audited) US$'000	The Dowry Peacock Group — year ended 30 September 2004 (Audited) GBP'000 (Note 1)	The Dowry Peacock Group — year ended 30 September 2004 (Audited) US$'000 (Note 2)	Pro forma adjustments (Unaudited) US$'000	Notes	Pro forma balance of the Enlarged Group (Unaudited) US$'000
(Increase)/Decrease in inventories	(55)	1,642	2,968			2,913
Increase in trade receivables	(24)	(8,547)	(15,450)			(15,474)
Decrease in prepayments, deposits and other receivables	2,953	1,535	2,775			5,728
(Decrease)/Increase in trade payables	(2,039)	5,021	9,076			7,037
Increase/(Decrease) in accruals and other payables	2,576	(1,539)	(2,782)			(206)
Increase in provisions	—	4,948	8,944			8,944
Increase in post-employment benefits	248	—	—			248
Cash generated from operations	19,201	10,374	18,752			37,953
Interest paid	(22)	—	—			(22)
Income tax paid	(1,190)	(1,782)	(3,221)			(4,411)
Net cash generated from operating activities	17,989	8,592	15,531			33,520
Cash flows from investing activities						
Acquisition of business and assets, net of cash acquired	(19,753)	—	—			(19,753)
Repayment of consideration payable for an acquisition of subsidiaries	(1,987)	—	—	(36,879)	*3*	(38,866)
Cost of acquisition of a subsidiary	—	—	—	(1,000)	*4*	(1,000)
Purchase of property, plant and equipment	(1,413)	(122)	(221)			(1,634)
Proceeds from disposal of property, plant and equipment	134	—	—			134
Acquisition of patents and trademarks	—	(1,088)	(1,967)			(1,967)
Increase in investment in a joint venture	(182)	—	—			(182)

	The Group — year ended 30 April 2005 (Audited) US$'000	The Dowry Peacock Group — year ended 30 September 2004 (Audited) GBP'000 (Note 1)	The Dowry Peacock Group — year ended 30 September 2004 (Audited) US$'000 (Note 2)	Pro forma adjustments (Unaudited) US$'000	Notes	Pro forma balance of the Enlarged Group (Unaudited) US$'000
Purchase of short-term investment	(54)	—	—			(54)
Proceeds from disposal of short-term investment	176	—	—			176
Interest received	1,321	431	779			2,100
Dividend received	16	—	—			16
Decrease in fixed and pledged bank deposits with original maturity of over three months	7,379	—	—			7,379
Net cash used in investing activities	(14,363)	(779)	(1,409)			(53,651)
Cash flows from financing activities						
New short-term bank loan	2,300	—	—			2,300
Repayment of finance lease obligations	(6)	—	—			(6)
Proceeds from issue of shares	746	—	—			746
Payment on repurchase of shares	(679)	(2,095)	(3,787)			(4,466)
Dividends paid to the Company's shareholders	(5,985)	(375)	(678)			(6,663)
Net cash used in financing activities	(3,624)	(2,470)	(4,465)			(8,089)
Net increase/(decrease) in cash and cash equivalents	2	5,343	9,657			(28,220)
Cash and cash equivalents at beginning of the year	15,490	2,236	4,042			19,532
Effect of foreign exchange rate changes	(169)	—	—			(169)
Cash and cash equivalents at end of the year	15,323	7,579	13,699			(8,857)

Notes to the unaudited pro forma consolidated cash flow statement

1. The balances are extracted from the audited combined cash flow statement of the Dowry Peacock Group for the year ended 30 September 2004 as set out in Appendix I of this circular, and have been reclassified to conform to the presentation format of the consolidated cash flow statement of the Group.

2. For the purpose of the pro forma consolidated cash flow statement, the audited combined cash flow statement of the Dowry Peacock Group for the year ended 30 September 2004 has been translated into United States Dollars at an exchange rate of GBP1 to US$1.8077.

3. Pursuant to a conditional sale and purchase agreement entered into by the Company on 16 August 2005, the Group propose to acquire a 60% interest in the Dowry Peacock Group as at the date of the Completion by (i) a cash consideration of GBP20,401,020 (equivalent to approximately US$36,879,000); and (ii) 22,225,279 shares to be issued by the Company. The adjustment reflects the payment of the cash consideration, assuming the cash consideration is settled in full as at 30 April 2005. The adjustment is not expected to have a continuing effect on the Group.

   For the purposes of the pro forma financial information, the adjustment to the purchase consideration (which will be calculated by reference to the difference between the net profit after tax of the Dowry Peacock Group for the years ending 30 September 2006, 2007 and 2008 and the profit target for the relevant years as stated in the sale and purchase agreement) has not been taken into account.

   Since the actual payment terms of the purchase consideration will be different from the assumed payment terms used in the preparation of the unaudited pro forma consolidated cash flow statement presented above, the actual timing of cash outflow arising from the Acquisition may be different from the timing of cash outflow shown in this Appendix.

4. The adjustment reflects the payment of the estimated cost directly attributable to the Acquisition of approximately US$1,000,000. The adjustment is not expected to have a continuing effect on the Group.

D. REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is the text of a report received from the Company's auditors, PricewaterhouseCoopers, Certified Public Accountants, for inclusion in this circular. As there is no specific guidance on the reportings on pro forma financial information under the Statements of Auditing Standards and Auditing Guidelines issued by the Hong Kong Institute of Certified Public Accountants, this report is prepared with reference to the Statements of Investment Circular Reporting Standards and Bulletin 1998/8 "Reporting on pro forma financial information pursuant to the Listing Rules" issued by the Auditing Practices Board in the UK.

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22nd Floor, Prince's Building
Central, Hong Kong

30 September 2005

The Directors
Linmark Group Limited
20th Floor, Office Tower One
The Harbourfront
18 Tak Fung Street
Hunghom, Kowloon
Hong Kong

Dear Sirs,

We report on the unaudited pro forma financial information of Linmark Group Limited ("the Company") and its subsidiaries (collectively "the Group"), comprising the pro forma consolidated balance sheet, pro forma consolidated income statement and pro forma consolidated cash flow statement of the Group and Dowry Peacock Group Limited and its subsidiaries (collectively "the Dowry Peacock Group") (hereinafter referred to as "the Enlarged Group"), set out on pages 108 to 117 under the heading of Unaudited Pro Forma Financial Information on the Enlarged Group in Appendix III of the Company's circular dated 30 September 2005 ("the Circular") in connection with the acquisition of a 60% interest in the Dowry Peacock Group by the Group ("the Acquisition"). The unaudited pro forma financial information has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the Acquisition might have affected the relevant financial information of the Group as at 30 April 2005.

Responsibilities

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules").

It is our responsibility to form an opinion, as required by Rule 4.29 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work with reference to the Statements of Investment Circular Reporting Standards and Bulletin 1998/8 "Reporting on pro forma financial information pursuant to the Listing Rules" issued by the Auditing Practices Board in the United Kingdom, where applicable. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company.

Our work does not constitute an audit or review in accordance with Statements of Auditing Standards issued by the Hong Kong Institute of Certified Public Accountants, and accordingly, we do not express any such assurance on the unaudited pro forma financial information.

The unaudited pro forma financial information has been prepared on the bases set out on pages 108 to 117 of the Circular for illustrative purpose only and, because of its nature, it may not be indicative of:

— the financial position of the Enlarged Group at any future date, or

— the results and cash flows of the Enlarged Group for any future periods.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to Rule 4.29 of the Listing Rules.

Yours faithfully,
PricewaterhouseCoopers
Certified public accountants
Hong Kong

E. WORKING CAPITAL

The Directors are satisfied after due and careful enquiry that taking into account the present internal resources and the present available credit facilities of the Enlarged Group, the Enlarged Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of publication of this circular, in the absence of unforeseeable circumstances.

F. MATERIAL ADVERSE CHANGE

The Directors confirm that there has been no material adverse change in the financial or trading position of the Group and the Dowry Peacock Group since 31 July 2005, being the Latest Practicable Date prior to the printing of this circular for the purposes of the pro forma financial information on the Enlarged Group.

A. LETTER FROM THE INDEPENDENT VALUER

DTZ Debenham Tie Leung 戴德梁行
International Property Advisers
National Grade A Real Estate Valuation Company in China
National Land Valuation Company in China

The Directors
Linmark Group Limited
20th Floor, Office Tower One
The Harbourfront
18 Tak Fung Street
Hunghom
Kowloon
Hong Kong

30th September 2005

Dear Sirs,

In accordance with your instructions for us to value the properties as listed in the attached summary of valuations and in which Linmark Group Limited (the "Company") and/or its subsidiaries (hereinafter together referred to as the "Group") or Dowry Peacock Group Limited ("Dowry Peacock") and/or its subsidiaries (hereinafter together referred to as the "Dowry Peacock Group") have interests in Hong Kong, the People's Republic of China (the "PRC"), Macau, Taiwan, Bangladesh, Cambodia, India, Indonesia, Mauritius, Pakistan, the Philippines, Sri Lanka, Thailand, Turkey, Vietnam, South Africa, the United States (the "US") and the United Kingdom (the "UK"), we confirm that we have made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of market values of these properties as at 31st July 2005 (the "date of valuation").

Our valuation of each of the properties represents its market value which in accordance with the Valuation Standards on Properties of The Hong Kong Institute of Surveyors is defined as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

Our valuation of each property excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

The properties have no commercial value due to the prohibitions against assignment of the properties or otherwise due to the lack of substantial profit rents.

In valuing the properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Valuation Standards (First Edition 2005) on Properties published by The Hong Kong Institute of Surveyors.

We have relied to a considerable extent on the information given by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, occupation, tenure, tenancy/licence particulars, identification and age of properties, floor areas, floor plans, identities of the landlords and tenants and all other relevant matters.

We have been provided by the Group with copies of tenancy/licence agreements relating to the properties leased to the Group. However, we have not examined the original documents to verify ownership or to ascertain the existence of any amendments. Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuations. We were also advised by the Group that no material facts have been omitted from the information supplied.

We have, wherever possible, inspected the exterior of the properties. No structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values.

The exchange rates adopted in our report as at 31st July 2005 are US$1 = HK$7.775, RMB1.043 = HK$1, NTD4.093 = HK$1, BDT8.330 = HK$1, INR5.587 = HK$1, IDR1,266.954 = HK$1, PKR7.637 = HK$1, PHP7.223 = HK$1, LKR12.952 = HK$1, THB5.356 = HK$1, TRL170,906.753 = HK$1, ZAR0.846 = HK$1, GBP1 = HK$13.670 which were approximately the prevailing exchange rates as at the date of valuation.

We enclose herewith our summary of valuations and valuation certificate.

Yours faithfully,
for and on behalf of
DTZ Debenham Tie Leung Limited
K.B. Wong
Registered Professional Surveyor
(General Practice Division)
M.R.I.C.S., M.H.K.I.S.
Director

Note: Mr. K.B.Wong is a Registered Professional Surveyor who has extensive experience in the valuation of properties in Hong Kong, the PRC, other Asian countries, Europe, Africa and the US.

B. SUMMARY OF VALUATIONS

Property	Capital value in existing state as at 31st July 2005 *HK$*
Group I — Properties leased in Hong Kong	
1. The whole of the 20th Floor, Office Tower 1, The Harbourfront, 18 Tak Fung Street, Hunghom, Kowloon, Hong Kong.	No commercial value
2. Units 2102 and 2103, 21st Floor, Office Tower 1, The Harbourfront, 18 Tak Fung Street, Hunghom, Kowloon, Hong Kong.	No commercial value
3. Units 2104 and 2105, 21st Floor, Office Tower 1, The Harbourfront, 18 Tak Fung Street, Hunghom, Kowloon, Hong Kong.	No commercial value
4. Suite 409, 4th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong.	No commercial value
5. Units 01, 03, 05, 07-09, 11, 13-19, 88, 93, 95, 97 and 99, 11th Floor, Hong Kong International Trade & Exhibition Centre, 1 Trademart Drive, Kowloon Bay, Kowloon, Hong Kong.	No commercial value

	Property	Capital value in existing state as at 31st July 2005 *HK$*
6.	Units 63, 65, 67, 69, 71, 84 and 86 on the 11th Floor and Units 45 and 47 on the 12th Floor, Hong Kong International Trade & Exhibition Centre, 1 Trademart Drive, Kowloon Bay, Kowloon, Hong Kong.	No commercial value
7.	Unit 4, 3rd Floor, Po Hong Centre, 2 Wang Tung Street, Kowloon Bay, Kowloon, Hong Kong.	No commercial value
8.	Flat 57, 8th Floor, Tower 9 and car parking space no. 56 on car park entrance 4 (Level 3) of the garage, Hong Kong Parkview, 88 Tai Tam Reservoir Road, Tai Tam, Hong Kong.	No commercial value
9.	House C, Blanche Villas, 10 Hang Hau Wing Lung Road, Clearwater Bay, Sai Kung, Hong Kong.	No commercial value
10.	Flat G, 19th Floor, Tower 1, The Greenwood (Phase 1), Laguna Verde, 8 Laguna Verde Avenue, Hunghom, Kowloon, Hong Kong.	No commercial value

	Property	Capital value in existing state as at 31st July 2005 HK$
11.	Flat C, 4th Floor, Block 10, Site 2, Whampoa Garden, 9 Shung King Street, Hunghom, Kowloon, Hong Kong.	No commercial value
12.	Car park no. C4208 (also known as car parking space no. 208 on car park entrance 4 (Level 3) of the garage), Hong Kong Parkview, 88 Tai Tam Reservoir Road, Tai Tam, Hong Kong.	No commercial value

Group II — Properties leased in the PRC

13.	Unit 2902, 29th Floor, Block C, Lan Se Kuai Xian, Jiang Nan Da Road North, Guangzhou, the PRC.	No commercial value
14.	Unit 2004, 20th Floor, Zhong Shang Building, 100 Xianggang Zhong Road, Qingdao, the PRC.	No commercial value
15.	Units 501–504, 5th Floor, 645–659 Huai Hai Zhong Road, Shanghai 200020, the PRC.	No commercial value
16.	Units 2001–2005 and 2013–2024, 20th Floor, International Trade Centre, South Renmin Road, Luohu District, Shenzhen, the PRC.	No commercial value

	Property	Capital value in existing state as at 31st July 2005 *HK$*
17.	Unit B, 8th Floor, Block 1, Innotec Tower, 235 Nanjing Road, Tianjing, the PRC.	No commercial value
18.	Units 2A and 2B, 2nd Floor, Block 6, Venice Pavilion, Dongguan East City Centre, Dongguan, the PRC.	No commercial value
19.	Units D, E, F and H on 11th Floor, Block East, New Hua Lian Mansion, 755 Huai Hai Zhong Road, Shanghai, the PRC.	No commercial value
20.	Unit B on 14th Floor, Block East, New Hua Lian Mansion, 755 Huai Hai Zhong Road, Shanghai, the PRC	No commercial value
Group III — Property leased in Macau		
21.	Unit T, 8th Floor, South East Asia Commercial Centre, 160–206 Alameda Dr. Carlos d'Assumpção, Macau.	No commercial value
Group IV — Property leased in Taiwan		
22.	9th Floor, Formosa Plastic Building, 201 Tun Hwa North Road, Taipei, Taiwan.	No commercial value

Property	Capital value in existing state as at 31st July 2005 *HK$*
Group V — Properties leased in Bangladesh	
23. 2nd Floor (West Side), Agrabad CDA Plot No. 720, Khotian No. 8/33, BS Dhag No. 7202, Chittagong, Bangladesh.	No commercial value
24. The eastern side of 13th Floor, LANDMARK, 12–14 Gulshan North Commercial Area, Gulshan-2, Dhaka-1212, Bangladesh.	No commercial value
25. 14th Floor (15th in Bengali), LANDMARK, 12–14 Gulshan North Commercial Area, Gulshan-2, Dhaka-1212, Bangladesh.	No commercial value
Group VI — Property leased in Cambodia	
26. Apartment No. 787, 1st Floor, Preah Monivong Blvd, Boeung Trabek, Khan Chamkarmon, Phnom Penh, Cambodia.	No commercial value
Group VII — Properties leased or licensed in India	
27. Unit Nos. 201/202, 2nd Floor, Embassy Chambers, 5 Vittal Mallya Road, Bangalore-560001, India.	No commercial value

	Property	Capital value in existing state as at 31st July 2005 *HK$*
28.	Unit No. 301, 3rd Floor, Embassy Chambers, 5 Vittal Mallya Road, Bangalore-560001, India.	No commercial value
29.	Lower Ground Area and easements attached thereto (i.e. use of common entrance, common staircase, common passages etc.), No. 38 Okhla Estate, Phase III, New Delhi, India.	No commercial value
30.	Ground Floor and part of Lower Ground Floor, No. 38 Okhla Estate, Phase III, New Delhi, India.	No commercial value
31.	2nd Floor and one car parking space, A-14/18, Vasant Vihar, New Delhi-110057, India.	No commercial value
32.	Nos. 133–134, Red Rose Villa, B.S. Sundaram Road, near West Railway Gate, Tirupur, India.	No commercial value
33.	No. 17 on the Ground Floor, Annapurna Layout, Gandhi Nagar, PO., Tirupur, India.	No commercial value
Group VIII — Property leased in Indonesia		
34.	7th Floor and 6 car parking spaces, Graha BIP, Jl. Jend. Gatot Subroto Kav. 23, Jarkarta, Indonesia.	No commercial value

Property	Capital value in existing state as at 31st July 2005 *HK$*
Group IX — Property leased in Mauritius	
35. Office No. 209 and Ex 210, 2nd Floor, Trade and Marketing Centre, Freeport Zone 6, Mer Rouge, Port Louis, Mauritius.	No commercial value
Group X — Properties leased in Pakistan	
36. Office Nos. 401–404, Lakson Building #3, Sarwar Shaheed Road, Karachi, Pakistan.	No commercial value
37. Flats A and B, 1st Floor, Block No. 4, Flat site No. 1–4 Usman Block, New Garden Town, Lahore, Pakistan.	No commercial value
Group XI — Property leased in the Philippines	
38. Unit 902, One Magnificent Mile Condominium, San Miguel Avenue, Ortigas Complex, Pasig City, the Philippines.	No commercial value
Group XII — Property leased in Sri Lanka	
39. 4th Floor, Winil Gem Building, 230 Galle Road, Colombo 4, Sri Lanka.	No commercial value

Property	Capital value in existing state as at 31st July 2005 *HK$*
Group XIII — Property leased in Thailand	
40. Units 1–3, 21st Floor, Silom Complex Building, 191 Silom Road, Kwaeng Silom, Khet Bangrak, Bangkok, Thailand.	No commercial value
Group XIV — Property leased in Turkey	
41. Eski Londra Asfalti Mithatpasa Caddesi, Hakan Ismerkezi No: 2 Kat: 4/15, Sirinevler, Istanbul, Turkey.	No commercial value
Group XV — Property leased in Vietnam	
42. 6/5 Yen The, Ward 2, Tan Binh Dist, Ho Chi Minh City, Vietnam.	No commercial value
Group XVI — Property leased in South Africa	
43. Suites 308 and 309, 3rd Floor and 6 covered parking bays, Cowey Park, 91–123 Cowey Road, Durban, 4001, South Africa.	No commercial value
Group XVII — Property leased in the US	
44. Suite 100, 260 S. Los Robles Avenue, Pasadena, CA 91101, the US.	No commercial value

Property	Capital value in existing state as at 31st July 2005 *HK$*
Group XVIII — Properties leased or licensed in the UK	
45. Suite No. 44, Beechfield House, Lyme Green Business Park, Macclesfield, the UK.	No commercial value
46. Aura House, 77 Dane Road, Greater Manchester, the UK.	No commercial value

C. VALUATION CERTIFICATE

	Property	Description and tenancy particulars	Capital value in existing state as at 31st July 2005
Group I — Properties leased in Hong Kong			
1.	The whole of the 20th Floor, Office Tower 1, The Harbourfront, 18 Tak Fung Street, Hunghom, Kowloon, Hong Kong.	The property comprises the entire office area of the 20th Floor of a 23-storey (including three levels of basements for car parking and loading/unloading purposes) office tower completed in about 1995. The property has a gross floor area of approximately 23,383 sq.ft. (2,172.33 sq.m.) and is currently occupied by the Group as an office. The property is currently leased from an independent third party to Linmark (HK) Limited, a wholly-owned subsidiary of the Company, for a term of 3 years from 1st June 2004 to 31st May 2007 at a rent of HK$224,960 per month, exclusive of government rent, rates and other charges. The tenant is entitled to use one designated parking space in the carpark of the building free of charge during the said term. The tenant has an option to renew for a further term of 3 years at the then market rent. As advised by the Company, the rates payable by the tenant is HK$11,750 per month.	No commercial value
2.	Units 2102 and 2103, 21st Floor, Office Tower 1, The Harbourfront, 18 Tak Fung Street, Hunghom, Kowloon, Hong Kong.	The property comprises 2 office units on the 21st Floor of a 23-storey (including three levels of basements for car parking and loading/unloading purposes) office tower completed in about 1995. The property has a gross floor area of approximately 4,504 sq.ft. (418.43 sq.m.) and is currently occupied by the Group as an office. The property is currently leased from an independent third party to Linmark (HK) Limited, a wholly-owned subsidiary of the Company, for a term of 3 years from 1st June 2004 to 31st May 2007 at a rent of HK$43,332 per month, exclusive of government rent, rates and other charges. The tenant has an option to renew for a further term of 3 years at the then market rent. As advised by the Company, the rates payable by the tenant is HK$2,450 per month.	No commercial value

	Property	Description and tenancy particulars	Capital value in existing state as at 31st July 2005
3.	Units 2104 and 2105, 21st Floor, Office Tower 1, The Harbourfront, 18 Tak Fung Street, Hunghom, Kowloon, Hong Kong.	The property comprises 2 office units on the 21st Floor of a 23-storey (including three levels of basements for car parking and loading/unloading purposes) office tower completed in about 1995. The property has a gross floor area of approximately 2,501 sq.ft. (232.35 sq.m.) and is currently occupied by the Group as an office. The property is currently leased from an independent third party to Linmark (HK) Limited, a wholly-owned subsidiary of the Company, for a term of 3 years from 1st June 2004 to 31st May 2007 at a rent of HK$24,062 per month, exclusive of government rent, rates and other charges. The tenant has an option to renew for a further term of 3 years at the then market rent. As advised by the Company, the rates payable by the tenant is HK$1,400 per month.	No commercial value
4.	Suite 409, 4th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong.	The property comprises an office unit on the 4th Floor of a 54-storey (including 2 levels of basement, mezzanine floor and mechanical floor) commercial building completed in 1974. The property has a floor area of approximately 2,101 sq.ft. (195 sq.m.) and is currently occupied by the Group as an office. The property is currently leased from an independent third party to Linmark (HK) Limited, a wholly-owned subsidiary of the Company, for a term of 3 years from 1st March 2005 to 28th February 2011 and subject to a rent review on 1st March 2008. The current rent of the property is HK$69,333 per month, exclusive of rates and management charges. As advised by the Company, the rates payable by the tenant is HK$2,800 per month.	No commercial value

	Property	Description and tenancy particulars	Capital value in existing state as at 31st July 2005
5.	Units 01, 03, 05, 07–09, 11, 13–19, 88, 93, 95, 97 and 99, 11th Floor, Hong Kong International Trade & Exhibition Centre, 1 Trademart Drive, Kowloon Bay, Kowloon, Hong Kong.	The property comprises various units on the 11th Floor of an 18-storey (including 4 levels of basement) building. The basement levels are mainly designated for car parking spaces, whilst the remaining floors of the property are mainly designated for exhibition/display/conference area. The property was completed in 1996. The property has a gross floor area of approximately 23,780 sq.ft. (2,209.22 sq.m.) and is currently occupied by the Group as office and showroom. The property is currently leased from an independent third party to Tamarind International Limited, a wholly-owned subsidiary of the Company, for a term of 3 years from 1st May 2005 to 30th April 2008 at a rent of HK$130,790 per month, exclusive of rates, government rent, air-conditioning charges, management fees and other charges. As advised by the Company, the rates and government rent payable by the tenant are HK$6,777.5 per month and HK$4,066.5 per month respectively. The tenant is entitled to hire three fixed car parking spaces free of charge during the said term.	No commercial value
6.	Units 63, 65, 67, 69, 71, 84 and 86 on the 11th Floor and Units 45 and 47 on the 12th Floor, Hong Kong International Trade & Exhibition Centre, 1 Trademart Drive, Kowloon Bay, Kowloon, Hong Kong.	The property comprises various units on the 11th and 12th Floors of an 18-storey (including 4 levels of basement) building. The basement levels are mainly designated for car parking spaces, whilst the remaining floors of the property are mainly designated for exhibition/display/conference area. The property was completed in 1996. The property has a gross floor area of approximately 10,126 sq.ft. (940.73 sq.m.) and is currently occupied by the Group as office and showroom. The property is currently leased from an independent third party to Tamarind International Limited, a wholly-owned subsidiary of the Company, for a term of 3 years from 1st May 2005 to 30th April 2008 at a rent of HK$55,693 per month, exclusive of rates, government rent, air-conditioning charges, management fees and other charges. As advised by the Company, the rates and government rent payable by the tenant are HK$2,735 per month and HK$1,641 per month respectively. The tenant is entitled to hire two fixed car parking spaces free of charge during the said term.	No commercial value

	Property	Description and tenancy particulars	Capital value in existing state as at 31st July 2005
7.	Unit 4, 3rd Floor, Po Hong Centre, 2 Wang Tung Street, Kowloon Bay, Kowloon, Hong Kong.	The property comprises an industrial unit on the 3rd Floor of a 11-storey industrial building with car parking spaces and loading/unloading facilities provided on ground floor. The property was completed in 1984. The property has a gross floor area of approximately 1,044 sq.ft. (96.99 sq.m.) and is currently occupied by the Group as workshop/storage area. The property is currently leased from an independent third party to Linmark (HK) Limited, a wholly-owned subsidiary of the Company, for a term of 2 years from 1st December 2003 to 30th November 2005 at a rent of HK$4,600 per month, inclusive of rates, government rent and management charges.	No commercial value
8.	Flat 57, 8th Floor, Tower 9 and car parking space no. 56 on car park entrance 4 (Level 3) of the garage, Hong Kong Parkview, 88 Tai Tam Reservoir Road, Tai Tam, Hong Kong.	The property comprises a domestic unit on the 8th Floor and a car parking space of a 21-storey residential building completed in 1989. The property has a gross floor area of approximately 2,764 sq.ft. (256.78 sq.m.) (excluding the area of car parking space) and is currently occupied by the Group as staff quarter and car parking purposes. The property is currently leased from Turmar Limited (a company owned by Mr. WANG Lu Yen, a director of the Company) to Linmark (HK) Limited, a wholly-owned subsidiary of the Company, for a term of 2 years from 1st February 2004 to 31st January 2006 at a total rent of HK$85,000 per month, exclusive of rates. As advised by the Company, the rates payable by the tenant is HK$2,685 per month.	No commercial value
9.	House C, Blanche Villas, 10 Hang Hau Wing Lung Road, Clearwater Bay, Sai Kung, Hong Kong.	The property comprises one of the five garden houses of the development completed in 1978. The property has a saleable area of approximately 1,558 sq.ft. (144.7 sq.m.) and is currently occupied by the Group as staff quarter. The property is currently leased from Ken Ball Limited (a company owned by a director of Tamarind International Limited, a wholly-owned subsidiary of the Company) to Tamarind International Limited, a wholly-owned subsidiary of the Company, for a term of 3 years from 1st March 2004 to 28th February 2007 at a rent of HK$70,000 per month, inclusive of rates, government rent and service charges. The landlord provides full furniture/equipment, two motor cars, motor bicycle and also domestic helpers.	No commercial value

	Property	Description and tenancy particulars	Capital value in existing state as at 31st July 2005
10.	Flat G, 19th Floor, Tower 1, The Greenwood (Phase 1) Laguna Verde, 8 Laguna Verde Avenue, Hunghom, Kowloon, Hong Kong.	The property comprises a domestic unit on the 19th Floor of a 23-storey residential building completed in 1998. The property has a gross floor area of approximately 694 sq.ft. (64.47 sq.m.) and is currently occupied by the Group as staff quarter. The property is currently leased from an independent third party to Tamarind International Limited, a wholly-owned subsidiary of the Company, for a term of 2 years from 1st December 2004 to 30 November 2006 at a rent of HK$10,000 per month, inclusive of rates, government rent, management fees and other service charges.	No commercial value
11.	Flat C, 4th Floor, Block 10, Site 2, Whampoa Garden, 9 Shung King Street, Hunghom, Kowloon, Hong Kong.	The property comprises a domestic unit on the 4th Floor of a 16-storey residential building completed in 1986. The property has a gross floor area of approximately 469 sq.ft. (43.57 sq.m.) and is currently occupied by the Group as staff quarter. The property is currently leased from an independent third party to Tamarind International Limited, a wholly-owned subsidiary of the Company, for a term of 2 years from 15th October 2003 to 14th October 2005 at a rent of HK$6,500 per month, inclusive of rates, government rent and management fees.	No commercial value
12.	Car park no. C4208 (also known as car parking space no. 208 on car park entrance 4 (Level 3) of the garage), Hong Kong Parkview, 88 Tai Tam Reservoir Road, Tai Tam, Hong Kong.	The property comprises a car parking space within the car park podium of the development completed in 1989. The property is currently leased from an independent third party to Linmark (HK) Limited, a wholly-owned subsidiary of the Company, for a term of 6 months from 14th March 2005 to 13th September 2005 at a rent of HK$3,273 per month, inclusive of rates, government rent and management fees. The lease has been renewed for a further term of 6 months from 14th September 2005 to 13th March 2006 at the same rent.	No commercial value

	Property	Description and tenancy particulars	Capital value in existing state as at 31st July 2005
Group II — Properties leased in the PRC			
13.	Unit 2902, 29th Floor, Block C, Lan Se Kuai Xian, Jiang Nan Da Road North, Guangzhou, the PRC.	The property comprises a domestic unit on the 29th Floor of a 32-storey (including one basement level) building completed in about 2000. The property has a gross floor area of approximately 1,130 sq.ft. (105 sq.m.) and is currently occupied by the Group as an office. The property is currently leased from an independent third party to Linmark (HK) Limited, a wholly-owned subsidiary of the Company, for a term of 2 years from 6th October 2003 to 5th October 2005 at a rent of RMB3,700 (approximately HK$3,548) per month. The tenant has an option to renew the tenancy on terms and conditions to be mutually agreed by the landlord and the tenant. The tenant intends to extend the lease but the new tenancy is still under negotiation.	No commercial value
14.	Unit 2004, 20th Floor, Zhong Shang Building, 100 Xianggang Zhong Road, Qingdao, the PRC.	The property comprises an office unit on the 20th floor of a 28-storey building (including 2 basement levels) completed in about 2003. The property has a usable floor area of approximately 1,076 sq.ft. (100 sq.m.) and is currently occupied by the Group as an office. The property is currently leased from an independent third party to Westown Limited — Qingdao Liaison Office, a wholly-owned subsidiary of the Company, for a term of 1 year from 10th September 2005 to 9th September 2006 at an annual rent of RMB93,500 (approximately HK$89,645).	No commercial value

	Property	Description and tenancy particulars	Capital value in existing state as at 31st July 2005
15.	Units 501–504, 5th Floor, 645–659 Huai Hai Zhong Road, Shanghai 200020, the PRC.	The property comprises four office units on the 5th floor of an 8-storey (including one basement level) commercial building completed in about 1992. The property has a total gross floor area of approximately 10,936 sq.ft. (1,016 sq.m.) and is currently occupied by the Group as an office. The property is currently leased to Westown Limited, a wholly-owned subsidiary of the Company, under two tenancies. Units 501 and 502 are leased from Shanghai Bei Zhong Trading Co., Ltd. (the subsidiary of Roly International Holdings Ltd., the ultimate holding company of the Company) for a term of 1 year from 1st May 2005 to 30th April 2006, at a rent of RMB36,406 (approximately HK$34,905) per month. Units 503 and 504 are leased from Wonderful World (HK) Limited (the subsidiary of Roly International Holdings Ltd., the ultimate holding company of the Company) at a monthly rent of HK$27,827 commencing from 1st January 2004.	No commercial value
16.	Units 2001–2005 and 2013–2024, 20th Floor, International Trade Centre, South Renmin Road, Luohu District, Shenzhen, the PRC.	The property comprises various office units on the 20th floor of a 56-storey (including 3 basement levels) commercial building completed in about 1986. The property has a total gross floor area of approximately 11,792 sq.ft. (1,095.48 sq.m.) and is currently occupied by the Group as an office. The property is currently leased from an independent third party to Linmark Merchandise Consultancy (Shenzhen) Limited, a wholly-owned subsidiary of the Company, under various tenancies with the latest lease due to expire in February 2007 and the total rent of the property is RMB45,045.6 (approximately HK$43,188) per month. The tenant has an option to renew the tenancy.	No commercial value
17.	Unit B, 8th Floor, Block 1, Innotec Tower, 235 Nanjing Road, Tianjing, the PRC.	The property comprises an office unit on the 8th floor of a 33-storey commercial building completed in about 1995. The property has a gross floor area of approximately 2,950 sq.ft. (274.09 sq.m.) and is currently occupied by the Group as an office. The property is currently leased from an independent third party to Westown Limited, a wholly-owned subsidiary of the Company, for a term of 2 years from 1st September 2004 to 31st August 2006 at a rent of US$1,450 (approximately HK$11,274) per month including decoration fee, management fee and a car parking space. The tenant has an option to renew the tenancy.	No commercial value

	Property	Description and tenancy particulars	Capital value in existing state as at 31st July 2005
18.	Units 2A and 2B, 2nd Floor, Block 6, Venice Pavilion, Dongguan East City Centre, Dongguan, the PRC.	The property comprises two domestic units on the 2nd floor of a 7-storey domestic building completed in about 1993. The property has a total gross floor area of approximately 2,368 sq.ft. (220 sq.m.) and is currently occupied by the Group as staff quarter. The property is currently leased from an independent third party to Tamarind International Limited, a wholly-owned subsidiary of the Company, for a term of 1 year from 1st March 2005 to 28th February 2006 at a rent of HK$3,500 per month.	No commercial value
19.	Units D, E, F and H on 11th Floor, Block East, New Hua Lian Mansion, 755 Huai Hai Zhong Road, Shanghai, the PRC.	The property comprises various office units on the 11th and 14th floors of a 26-storey (including 2 basement levels) commercial building completed in about 1997. The property has a total gross floor area of approximately 8,113 sq.ft. (753.67 sq.m.) and is currently occupied by the Group as an office. The property is currently leased from an independent third party to Tamarind International Limited, a wholly-owned subsidiary of the Company, for a term of 1 year from 15th August 2004 to 14th August 2005 at a monthly rent of RMB76,116.45 (approximately HK$72,978). The lease has been renewed for a further term of 1 year from 15th August 2005 to 14th August 2006 at a monthly rent of RMB91,339.74 (approximately HK$87,574).	No commercial value
20.	Unit B on 14th Floor, Block East, New Hua Lian Mansion, 755 Huai Hai Zhong Road, Shanghai, the PRC	The property comprises an office unit on the 14th floor of a 26-storey (including 2 basement levels) commercial building completed in about 1997. The property has a gross floor area of approximately 2,695 sq.ft. (250.37 sq.m.) and is currently occupied by the Group as an office. The property is currently leased from an independent third party to Tamarind International Limited, a wholly-owned subsidiary of the Company, for a term of 1 year from 10th August 2004 to 9th August 2005 at a monthly rent of RMB28,446.71 (approximately HK$27,274). The lease has been renewed for a further term of 1 year from 10th August 2005 to 9th August 2006 at a monthly rent of RMB33,503.91 (approximately HK$32,123).	No commercial value

	Property	Description and tenancy particulars	Capital value in existing state as at 31st July 2005
Group III — Property leased in Macau			
21.	Unit T, 8th Floor, South East Asia Commercial Centre, 160–206 Alameda Dr. Carlos d'Assumpção, Macau.	The property comprises an office unit on the 8th floor of a 22-storey commercial building completed in about 1993. The property has a gross floor area of approximately 768 sq.ft. (71.35 sq.m.) and is currently occupied by the Group as an office. The property is currently leased from an independent third party to ISO Marketing Services (Macao Commercial Offshore) Limited, a wholly-owned subsidiary of the Company, for a term of 2 years from 1st March 2005 to 28th February 2007 at a rent of HK$3,500 per month.	No commercial value
Group IV — Property leased in Taiwan			
22.	9th Floor, Formosa Plastic Building, 201 Tun Hwa North Road, Taipei, Taiwan.	The property comprises the office space on the 9th floor of a 14-storey commercial building completed in about 1980. The property has a gross floor area of approximately 11,529 sq.ft. (1,071.07 sq.m.) and is currently occupied by the Group as an office. The property is currently leased from an independent third party to Linmark Agency (Hong Kong) Limited — Taiwan Branch and Trend Xpress Ltd — Taiwan Branch, both are wholly-owned subsidiaries of the Company, under 2 tenancies. Both tenancies are leased for a term of 2 years and 4 months from 1st January 2005 to 30th April 2007 at a total rent of NTD453,600 (approximately HK$110,823) per month.	No commercial value
Group V — Properties leased in Bangladesh			
23.	2nd Floor (West Side), Agrabad CDA Plot No. 720, Khotian No. 8/33, BS Dhag No. 7202, Chittagong, Bangladesh.	The property comprises a unit on the 2nd floor of a 5-storey building completed in about 1999. The property has a gross floor area of approximately 1,200 sq.ft. (111.48 sq.m.) and is currently occupied by the Group as an office. The property is currently leased from an independent third party to Linmark International (Bangladesh) Ltd., a wholly-owned subsidiary of the Company, for a term of 1 year from 1st November 2004 to 31st October 2005 at a rent of BDT9,500 (approximately HK$1,140) per month. The tenant has an option to renew the lease on mutual agreement by the landlord and the tenant.	No commercial value

	Property	Description and tenancy particulars	Capital value in existing state as at 31st July 2005
24.	The eastern side of 13th Floor, LANDMARK, 12–14 Gulshan North Commercial Area, Gulshan-2, Dhaka-1212, Bangladesh.	The property comprises an office unit on the 13th Floor of a 16-storey commercial building (including one basement floor) completed in about 2000. The property has a gross floor area of approximately 3,164 sq.ft. (293.94 sq.m.) and is currently occupied by the Group as an office. The property is currently leased from an independent third party to Linmark International (Bangladesh) Ltd., a wholly-owned subsidiary of the Company, for a term of 7 years and 6 months from 1st September 2003 to 28th February 2011 at a rent of BDT79,100 (approximately HK$9,496) per month.	No commercial value
25.	14th Floor (15th in Bengali), LANDMARK, 12–14 Gulshan North Commercial Area, Gulshan-2, Dhaka-1212, Bangladesh.	The property comprises the office space on the 14th floor of a 16-storey commercial building (including one basement floor) completed in about 2000. The property has a gross floor area of approximately 6,400 sq.ft. (594.57 sq.m.) and is currently occupied by the Group as an office. The property is currently leased from an independent third party to Linmark International (Bangladesh) Limited, a wholly-owned subsidiary of the Company, for a term of 5 years from 1st March 2001 to 28th February 2006 at a rent of BDT128,000 (approximately HK$15,366) per month. The lease has been extended for a further term of 5 years from 1st March 2006 to 28th February 2011 at a rent of BDT160,000 (approximately HK$19,208) per month.	No commercial value
Group VI — Property leased in Cambodia			
26.	Apartment No. 787, 1st Floor, Preah Monivong Blvd, Boeung Trabek, Khan Chamkarmon, Phnom Penh, Cambodia.	The property comprises a domestic unit on the 1st floor of a 3-storey domestic building completed in about 2000. The property has a gross floor area of approximately 1,501 sq.ft. (140 sq.m.) and is currently occupied by the Group as staff quarter. The property is currently leased from an independent third party to Westman Linmark (Thailand) Ltd., a wholly-owned subsidiary of the Company, for a term of 6 months from 15th June 2005 to 14th December 2005 at a rent of US$900 (approximately HK$6,998) per month.	No commercial value

	Property	Description and tenancy particulars	Capital value in existing state as at 31st July 2005
Group VII — Properties leased or licensed in India			
27.	Unit Nos. 201/202, 2nd Floor, Embassy Chambers, 5 Vittal Mallya Road, Bangalore-560001, India.	The property comprises 2 office units on the 2nd floor of a 4-storey commercial building completed in about 1995. The property has a total gross floor area of approximately 2,260 sq.ft. (209.96 sq.m.) and is currently occupied by the Group as an office. The property is currently licensed from an independent third party to Linmark International (Hong Kong) Limited, a wholly-owned subsidiary of the Company, for a term of 3 years from 1st September 2003 to 31st August 2006 at a monthly licence fee of INR88,500 (approximately HK$15,840) from 1st September 2004 to 31st August 2006. The licensee has an option to renew the licence by way of a fresh agreement for a further period on mutually acceptable terms and conditions.	No commercial value
28.	Unit No. 301, 3rd Floor, Embassy Chambers, 5 Vittal Mallya Road, Bangalore-560001, India.	The property comprises an office unit on the 3rd floor of a 4-storey commercial building completed in about 1995. The property has a total gross floor area of approximately 1,075 sq.ft. (99.87 sq.m.) and is currently occupied by the Group as an office. The property is currently licenced from an independent third party to Linmark International (Hong Kong) Limited, a wholly-owned subsidiary of the Company, from 1st September 2004 to 31st August 2005 at a licence fee of INR24,268 (approximately HK$4,344) per month. The licensee intends to extend the licence but the terms and conditions of the new licence are still under negotiation.	No commercial value

	Property	Description and tenancy particulars	Capital value in existing state as at 31st July 2005
29.	Lower Ground Area and easements attached thereto (i.e. use of common entrance, common staircase, common passages etc., No. 38 Okhla Estate, Phase III, New Delhi, India.	The property comprises portion of the lower ground floor of a 3-storey (including lower ground floor) office building completed in about 2001. The property has a total gross floor area of approximately 1,700 sq.ft. (157.93 sq.m.) and is currently occupied by the Group for storage purposes and recreation activities. The property is currently leased from an independent third party to Linmark International (Hong Kong) Limited, a wholly-owned subsidiary of the Company, for a term of 3 years and 16 days from 15th August 2004 to 31st August 2007 at a rent of INR25,500 (approximately HK$4,564) per month from 15th August 2004 to 14th August 2006. The tenant has an option to renew the lease for a further term of 3 years subject to mutual negotiation and agreement by the landlord and the tenant.	No commercial value
30.	Ground Floor and part of Lower Ground Floor, No. 38 Okhla Estate, Phase III, New Delhi, India.	The property comprises portion of the lower ground and the ground floor of a 3-storey (including lower ground floor) office building completed in about 2001. The property has a total gross floor area of approximately 8,407 sq.ft. (781.03 sq.m.) and is currently occupied by the Group as an office. The property is currently leased from an independent third party to Linmark International (Hong Kong) Limited, a wholly-owned subsidiary of the Company, from 1st September 2001 to 31st August 2007 at a rent of INR280,875 (approximately HK$50,273) per month from 1st September 2004 to 31st August 2005. The tenant has an option to renew the lease for a further term of 3 years subject to mutual negotiation and agreement by the landlord and the tenant.	No commercial value

	Property	Description and tenancy particulars	Capital value in existing state as at 31st July 2005
31.	2nd Floor and one car parking space, A-14/18, Vasant Vihar, New Delhi-110057, India.	The property comprises a domestic unit on the 2nd floor and a car parking space of a 3-storey residential building completed in about 2000. The property has a total gross floor area of approximately 2,200 sq.ft. (204.38 sq.m.) (excluding area of car parking area) and is currently occupied by the Group as staff quarter. The property is currently leased from an independent third party to Linmark International (Hong Kong) Limited, a wholly-owned subsidiary of the Company, for a period of 3 years from 6th September 2003 to 5th September 2006 at a rent of INR63,000 (approximately HK$11,276) per month from 6th March 2005 to 5th September 2006. The tenant has an option to renew the lease upon mutual consent of the landlord and the tenant on revised terms and conditions.	No commercial value
32.	Nos. 133–134, Red Rose Villa, B.S. Sundaram Road, near West Railway Gate, Tirupur, India.	The property comprises the office space of a single storey building completed in about 1991. The property has a gross floor area of approximately 1,440 sq.ft. (133.78 sq.m.) and is currently occupied by the Group as an office. The property is currently leased from an independent third party to Linmark International (Hong Kong) Limited, a wholly-owned subsidiary of the Company, for a term of 11 months from 1st April 2005 to 28th February 2006 at a rent of INR12,000 (approximately HK$2,148) per month. The tenant has an option to renew the lease for a further period of 11 months upon mutually agreed terms and conditions by the landlord and the tenant.	No commercial value
33.	No. 17, Ground Floor, Annapurna Layout, Gandhi Nagar, PO., Tirupur, India.	The property comprises a domestic unit on the ground floor of a 2-storey residential building completed in about 1985. The property has a gross floor area of approximately 800 sq.ft. (74.32 sq.m.) and is currently occupied by the Group as staff quarter. The property is currently leased from an independent third party to Linmark International (Hong Kong) Limited, a wholly-owned subsidiary of the Company, for a term of 24 months from 1st December 2003 to 30th November 2005 at a rent of INR4,500 (approximately HK$805) per month. The tenant has an option to renew the lease for a further period of 24 months upon mutually agreed terms and conditions by the landlord and the tenant.	No commercial value

	Property	Description and tenancy particulars	Capital value in existing state as at 31st July 2005
Group VIII — Property leased in Indonesia			
34.	7th Floor and 6 car parking spaces, Graha BIP, Jl. Jend. Gatot Subroto Kav. 23, Jarkarta, Indonesia.	The property comprises the office space on the 7th floor and 6 car parking spaces of a 14-storey (including 3 basement levels) commercial building completed in about 1991. The property has a gross floor area of approximately 2,217 sq.ft. (206 sq.m.) (excluding the area of car parking spaces) and is currently occupied by the Group as office and car parking purposes. The property is currently leased from an independent third party to Westman (Singapore) Private Limited, a wholly-owned subsidiary of the Company, for a period of 1 year from 1st January 2005 to 31st December 2005 at a rent of IDR8,240,000 (approximately HK$6,504) per month, exclusive of VAT.	No commercial value
Group IX — Property leased in Mauritius			
35.	Office No. 209 and Ex 210, 2nd Floor, Trade and Marketing Centre, Freeport Zone 6, Mer Rouge, Port Louis, Mauritius.	The property comprises the office space on the 2nd floor of a 5-storey commercial building completed in about 2000. The total gross floor area of the property is approximately 619.5 sq.ft. (57.55 sq.m.). The property is currently occupied by the Group as an office. The property is currently leased from an independent third party to Linmark Agency (Mauritius) Ltd., a wholly-owned subsidiary of the Company, for a period of 1 year from 1st February 2005 to 31st January 2006 at a rent of US$654 (approximately HK$5,085) per month exclusive of VAT and taxes.	No commercial value
Group X — Properties leased in Pakistan			
36.	Office Nos. 401–404, Lakson Building #3, Sarwar Shaheed Road, Karachi, Pakistan.	The property comprises 4 office units on the 4th floor of a 13-storey (including a basement level) commercial building completed in about 1990. The property has a total covered area of approximately 9,440 sq.ft. (877 sq.m.) and is currently occupied by the Group as an office. The property is currently leased from an independent third party to Linmark International (Hong Kong) Limited, a wholly-owned subsidiary of the Company, for a term of 10 years from 1st January 2005 to 31st December 2014 at an annual rent of PKR2,685,480 (approximately HK$351,641) from 1st January 2005 to 31st December 2006.	No commercial value

	Property	Description and tenancy particulars	Capital value in existing state as at 31st July 2005
37.	Flats A and B, 1st Floor, Block No. 4, Flat site No. 1–4 Usman Block, New Garden Town, Lahore, Pakistan.	The property comprises 2 office units on the 1st floor of a 4-storey building completed in about 1995. The property has a total covered area of approximately 3,709 sq.ft. (344.57 sq.m.) and is currently occupied by the Group as an office. The property is currently leased from an independent third party to Linmark International (Hong Kong) Limited, a wholly-owned subsidiary of the Company, for a term of 3 years from 1st August 2003 to 31st July 2006 at a monthly rent of PKR82,500 (approximately HK$10,803) from 1st August 2004 to 31st July 2005 and a monthly rent of PKR90,750 (approximately HK$11,883) from 1st August 2005 to 31st July 2006. The tenant has an option to renew the lease upon mutual consent by the landlord and the tenant.	No commercial value

Group XI — Property leased in the Philippines

38.	Unit 902, One Magnificent Mile Condominium, San Miguel Avenue, Ortigas Complex, Pasig City, the Philippines.	The property comprises an office unit on the 9th floor of a 30-storey (including 6 basement levels) commercial building completed in about 1996. The property has a gross floor area of approximately 1,093 sq.ft. (101.55 sq.m.) and is currently occupied by the Group as an office. The property is currently leased from an independent third party to Tamarind International Limited, a wholly-owned subsidiary of the Company, for a term of 1 year from 25th September 2004 to 24th September 2005 at a rent of PHP26,047.58 (approximately HK$3,606) per month, exclusive of tax. As informed by the Company, the tenant intends to extend the lease and the landlord of the property has been agreed to renew the tenancy from 25th September 2005 to 24th January 2006 at the same rent.	No commercial value

	Property	Description and tenancy particulars	Capital value in existing state as at 31st July 2005
Group XII — Property leased in Sri Lanka			
39.	4th Floor, Winil Gem Building, 230 Galle Road, Colombo 4, Sri Lanka.	The property comprises the office area on the 4th floor of an 8-storey (including one basement level) commercial building completed in about 2003. The property has a gross floor area of approximately 1,750 sq.ft. (162.58 sq.m.) and is currently occupied by the Group as an office. The property is currently leased from an independent third party to Linmark International (Hong Kong) Limited, a wholly-owned subsidiary of the Company, for a term of 2 years from 1st April 2005 to 31st March 2007 at a rent of LKR110,000 (approximately HK$8,493) per month.	No commercial value
Group XIII — Property leased in Thailand			
40.	Units 1–3, 21st Floor, Silom Complex Building, 191 Silom Road, Kwaeng Silom, Khet Bangrak, Bangkok, Thailand.	The property comprises 3 office units on the 21st floor of a 32-storey commercial building completed in about 1992. The property has a gross floor area of approximately 7,759 sq.ft. (720.79 sq.m.) and is currently occupied by the Group as an office. The property is currently leased from an independent third party to Westman Linmark (Thailand) Ltd., a wholly-owned subsidiary of the Company, for a term of 3 years from 1st December 2003 to 30th November 2006 at a rent of THB144,158 (approximately HK$26,915) per month.	No commercial value
Group XIV — Property leased in Turkey			
41.	Eski Londra Asfalti Mithatpasa Caddesi, Hakan Ismerkezi No: 2 Kat: 4/15, Sirinevler, Istanbul, Turkey.	The property comprises portion of the office space on the 4th floor of a 9-storey (including one basement level) commercial building completed in about 1988. The property has a gross floor area of approximately 2,691 sq.ft. (250 sq.m.) and is currently occupied by the Group as an office. The property is currently leased from an independent third party to Linmark International (Hong Kong) Limited, a wholly-owned subsidiary of the Company, for a term of 1 year from 1st July 2005 to 30th June 2006 at a rent of TRL2,295,000,000 (approximately HK$13,428) per month.	No commercial value

	Property	Description and tenancy particulars	Capital value in existing state as at 31st July 2005
Group XV — Property leased in Vietnam			
42.	6/5 Yen The, Ward 2, Tan Binh Dist, Ho Chi Minh City, Vietnam.	The property comprises an office area of a 2-storey commercial building completed in about 2001. The property has a gross floor area of approximately 2,906 sq.ft. (270 sq.m.) and is currently occupied by the Group as an office. The property is currently leased from an independent third party to Linmark International (Hong Kong) Limited, a wholly-owned subsidiary of the Company, for a term of 2 years from 10th May 2004 to 10th May 2006 at a rent of US$850 (approximately HK$6,609) per month.	No commercial value
Group XVI — Property leased in South Africa			
43.	Suites 308 and 309, 3rd Floor and 6 covered parking bays, Cowey Park, 91–123 Cowey Road, Durban, 4001, South Africa.	The property comprises 2 office units on the 3rd floor and 6 covered parking bays on the 1st floor of a 5-storey commercial building completed in about 1973 and renovated in 1983. The property has a total gross floor area of approximately 2,637 sq.ft. (245 sq.m.) (excluding area of car parking spaces) and is currently occupied by the Group as office and for car parking purposes. The property is currently leased from an independent third party to Linmark Agency (BVI) Limited, a wholly-owned subsidiary of the Company, for a term of 1 years from 1st May 2005 to 30th April 2006 at a total rent of ZAR14,464.57 (approximately HK$17,098) per month, excluding VAT and other operating costs.	No commercial value
Group XVII — Property leased in the US			
44.	Suite 100, 260 S. Los Robles Ave, Pasadena, CA 91101, the US.	The property comprises an office unit on the 1st floor of a 4-storey office building completed in about 1970. The property has a gross floor area of approximately 838 sq.ft. (77.85 sq.m.) and is currently occupied by the Group as an office. The property is currently leased from an independent third party to Linmark (HK) Limited, a wholly-owned subsidiary of the Company, for a term of 1 year from 1st August 2005 to 31st July 2006 at a rent of US$1,592 (approximately HK$12,378) per month.	No commercial value

	Property	Description and tenancy particulars	Capital value in existing state as at 31st July 2005
Group XVIII — Properties leased or licensed in the UK			
45.	Suite No. 44, Beechfield House, Lyme Green Business Park, Macclesfield, the UK.	The property comprises an office unit of a 3-storey commercial building completed in about 1992. The property has saleable area of approximately 159 sq.ft. (14.77 sq.m.) and is currently occupied by the Group as an office. The property is currently licensed from an independent third party to Linmark (UK) Limited, a wholly-owned subsidiary of the Company, for a term of 6 months from 1st July 2005 to 31st December 2005 at a licence fee of GBP420 (approximately HK$5,741) per month.	No commercial value
46.	Aura House, 77 Dane Road, Greater Manchester, the UK.	The property comprises an office/warehouse area of a 2-storey commercial building completed in about 1972. The property has a gross floor area of approximately 5,959 sq.ft. (553.60 sq.m.) and is currently occupied by the Dowry Peacock Group as office and warehouse with ancillary workshop. The property is currently leased from Mr. Raymond Anthony NUGENT (director of Dowry Peacock) to Schneider United Kingdom Limited, a wholly-owned subsidiary of Dowry Peacock, for a term of 12 years from 29th June 2001 subject to rental reviews at years 2004 and 2007 at a current annual rent of GBP47,000 (approximately HK$642,490).	No commercial value

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. 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 in this circular misleading.

DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, based on the register required to be kept under section 352 of the SFO, the interests and short position 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) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(1) 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 *(Note 1)*	Percentage shareholding in the same class of securities as at the Latest Practicable Date
Company	WANG Lu Yen	Beneficial owner	620,000 ordinary Shares (L)	0.09%
Company	WANG Lu Yen	Interest of controlled corporation *(Note 2)*	437,340,000 ordinary Shares (L)	66.64%
Company	FU Jin Ming, Patrick	Beneficial owner	306,000 ordinary Shares (L)	0.05%
Company	KHOO Kim Cheng	Beneficial owner	170,000 ordinary Shares (L)	0.03%
Company	KWOK Chi Kueng	Beneficial owner	108,000 ordinary Shares (L)	0.02%

Company/ Name of associated corporations	Name of Directors	Capacity	Number and class of securities *(Note 1)*	Percentage shareholding in the same class of securities as at the Latest Practicable Date
Company	WANG Arthur Minshiang	Beneficial owner	260,000 ordinary Shares (L)	0.04%
Roly International *(Note 3)*	WANG Lu Yen	Beneficial owner	20,200,000 ordinary shares (L)	4.92%
Roly International *(Note 3)*	WANG Lu Yen	Interest of spouse *(Note 4)*	350,000 ordinary shares (L)	0.09%
Roly International *(Note 3)*	WANG Lu Yen	Interest of controlled corporation *(Note 5)*	121,243,500 ordinary shares (L)	29.54%
Roly International *(Note 3)*	FU Jin Ming, Patrick	Beneficial owner	3,000,000 ordinary shares (L)	0.73%
Roly International *(Note 3)*	WONG Wai Ming	Beneficial owner	130,000 ordinary shares (L)	0.03%
Roly International *(Note 3)*	KHOO Kim Cheng	Beneficial owner	3,522,000 ordinary shares (L)	0.86%
Roly International *(Note 3)*	KWOK Chi Kueng	Beneficial owner	482,000 ordinary shares (L)	0.12%
Byford International Limited (“Byford”) *(Note 6)*	WANG Lu Yen	Interest of controlled corporation *(Note 7)*	134,609,990 ordinary shares (L)	67.30%
Westman Linmark (Thailand) Ltd. *(Note 8)*	WANG Lu Yen	Beneficial owner	2 preference shares (L)	0.07%

Company/ Name of associated corporations	Name of Directors	Capacity	Number and class of securities *(Note 1)*	Percentage shareholding in the same class of securities as at the Latest Practicable Date
Westman Linmark (Thailand) Ltd. *(Note 8)*	Steven Julien FENIGER	Beneficial owner	1 preference share (L)	0.03%
Westman Linmark (Thailand) Ltd. *(Note 8)*	FU Jin Ming, Patrick	Beneficial owner	1 preference share (L)	0.03%
Westman Linmark (Thailand) Ltd. *(Note 8)*	KHOO Kim Cheng	Beneficial owner	1 preference share (L)	0.03%
Westman Linmark (Thailand) Ltd. *(Note 8)*	KWOK Chi Kueng	Beneficial owner	1 preference share (L)	0.03%

Notes:

(1) The letter "L" represents the Director's interests in the shares.

(2) 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 34.55% 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 of the Company in which Roly International is interested.

(3) As at the Latest Practicable Date, Roly International, the ultimate holding company of the Company, through RGS Holdings Limited, held 437,340,000 Shares, representing approximately 66.64% of the issued share capital of the Company. As at the Latest Practicable Date, the issued share capital of Roly International was US$41,039,476.40 divided into 410,394,764 shares of US$0.10 each.

(4) These shares in Roly International were held by Mrs. WANG LIAW Bin Bin, the wife of Mr. WANG Lu Yen.

(5) 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.

(6) As at the Latest Practicable Date, Roly International, the ultimate holding company of the Company, through Pacific Genius Group Limited ("PGGL"), held 134,609,990 shares, representing approximately 67.30% of the issued share capital of Byford. By virtue of Mr. WANG Lu Yen's interest and deemed interest in Roly International as more particularly described in Note 2 above, Mr. WANG Lu Yen is deemed, by virtue of the SFO, to be interested in all the shares of Byford in which Roly International is interested. As at the Latest Practicable Date, the issued share capital of Byford is HK$2.0 million divided into 200,000,000 shares of HK$0.01 each.

(7) These shares in Byford were held by PGGL, the entire issued share capital of which is owned by Roly International.

(8) 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 Baht 12,000,000 divided into 2,940 ordinary shares of Baht 2,000 each and 3,060 preference shares of Baht 2,000 each.

(2) 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 (as further comprised and detailed in paragraphs 2.1 to 2.3 below)** *(Note)*
Company	Steven Julien FENIGER	Beneficial owner	17,760,000 (L)
Company	FU Jin Ming, Patrick	Beneficial owner	6,630,000 (L)
Company	KHOO Kim Cheng	Beneficial owner	8,320,000 (L)
Company	KWOK Chi Kueng	Beneficial owner	5,370,000 (L)
Roly International	WANG Lu Yen	Beneficial owner	6,650,000 (L)
Roly International	WANG Lu Yen	Interest of spouse	87,500 (L)
Roly International	WANG Lu Yen	Interest of controlled corporation	30,310,875 (L)
Roly International	Steven Julien FENIGER	Beneficial owner	1,150,000 (L)
Roly International	FU Jin Ming, Patrick	Beneficial owner	750,000 (L)
Roly International	KHOO Kim Cheng	Beneficial owner	7,243,000 (L)
Roly International	KWOK Chi Kueng	Beneficial owner	161,250 (L)

Note: The letter "L" represents the Directors' interests in the shares.

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

Options granted by the Company

Name of Directors	**Date of grant**	**Number of underlying Shares comprised in the options**	**Exercise price per Share** *(HK$)*	**Exercise period**
Steven Julien FENIGER	21/05/2002	6,240,000	2.550	21/05/2003–20/05/2008
	27/06/2002	1,660,000	2.220	27/06/2003–26/06/2008
	06/11/2002	4,700,000	1.600	06/11/2003–05/11/2008
	30/05/2003	1,960,000	2.125	30/05/2004–29/05/2009
	30/03/2004	3,200,000	2.975	30/03/2005–29/03/2010
		17,760,000		
FU Jin Ming, Patrick	21/05/2002	4,200,000	2.550	21/05/2003–20/05/2008
	06/11/2002	600,000	1.600	06/11/2003–05/11/2008
	30/05/2003	830,000	2.125	30/05/2004–29/05/2009
	30/03/2004	1,000,000	2.975	30/03/2005–29/03/2010
		6,630,000		
KHOO Kim Cheng	21/05/2002	3,800,000	2.550	21/05/2003–20/05/2008
	06/11/2002	2,200,000	1.600	06/11/2003–05/11/2008
	30/05/2003	920,000	2.125	30/05/2004–29/05/2009
	30/03/2004	1,400,000	2.975	30/03/2005–29/03/2010
		8,320,000		
KWOK Chi Kueng	21/05/2002	3,000,000	2.550	21/05/2003–20/05/2008
	06/11/2002	540,000	1.600	06/11/2003–05/11/2008
	30/05/2003	830,000	2.125	30/05/2004–29/05/2009
	30/03/2004	1,000,000	2.975	30/03/2005–29/03/2010
		5,370,000		

(2.2) Pursuant to the share option scheme of Roly International, the ultimate holding company of the Company, the Directors and employees of the Group may, at the discretion of the directors of Roly International, be granted options to subscribe for shares of Roly International. Options granted by Roly International to the Directors and remained outstanding as at the Latest Practicable Date were as follows:

Options granted by Roly International

Name of Directors	Date of grant	Number of underlying shares of Roly International comprised in the options	Exercise price per share (*US$*)	Exercise period
WANG Lu Yen	23/08/2004	1,600,000	0.248	23/08/2005–22/08/2010
Steven Julien FENIGER	22/11/2002	600,000	0.138	22/11/2003–21/11/2008
	30/03/2004	200,000	0.321	30/03/2005–29/03/2010
		800,000		
KHOO Kim Cheng	07/03/2002	2,000,000	0.130	07/03/2004–06/03/2010
	22/11/2002	1,500,000	0.138	22/11/2003–21/11/2008
	09/05/2003	2,000,000	0.151	09/05/2004–08/05/2009
	30/03/2004	1,200,000	0.321	30/03/2005–29/03/2010
		6,700,000		

(2.3) On 29 April 2004, Roly International issued bonus warrants carrying the right to subscribe for new ordinary shares of US$0.10 each in the share capital of Roly International to its shareholders whose names were on the register of members of Roly International as at 26 April 2004 on the basis of one bonus warrant for every four existing ordinary shares of Roly International held by them. Each bonus warrant entitles the holder to subscribe for one new share of Roly International at the exercise price of S$0.75 at any time during the period commencing on 29 April 2004 and expiring on 28 April 2009. Warrants issued to the Directors and remained outstanding as at the Latest Practicable Date were as follows:

Warrants issued by Roly International

Name of Directors	**Capacity**	**Number of underlying shares of Roly International outstanding as at the Latest Practicable Date**
WANG Lu Yen	Beneficial owner	5,050,000
	Interest of spouse *(Note 1)*	87,500
	Interest of controlled corporation *(Note 2)*	30,310,875
Steven Julien FENIGER	Beneficial owner	350,000
FU Jin Ming, Patrick	Beneficial owner	750,000
KHOO Kim Cheng	Beneficial owner	543,000
KWOK Chi Kueng	Beneficial owner	161,250

Notes:

(1) These warrants in Roly International were held by Mrs. WANG LIAW Bin Bin, the wife of Mr. WANG Lu Yen.

(2) These warrants 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.

As at the Latest Practicable Date, save as disclosed above, none of the Directors and the chief executive of the Company held any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or (b) were required pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (c) were required pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, according to the register required to be kept by the Company under section 336 of the SFO and so far as was known to the Directors or chief executive of the Company, the following Shareholders (other than the directors and chief executive of the Company whose interests and short positions in the Shares and the underlying Shares are set out above) which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital (including any options in respect of such capital) carrying rights to vote in all circumstances at general meeting of any other member of the Group.

Name of substantial Shareholders	**Capacity**	**Number of Shares held** *(Note 1)*	**Approximate percentage of interest as at the Latest Practicable Date**
RGS Holdings Limited	Beneficial owner	437,340,000 (L)	66.64%
Roly International *(Note 2)*	Interest of controlled corporation	437,340,000 (L)	66.64%
Arisaig Greater China Fund Limited	Beneficial owner	50,146,000 (L)	7.64%
Arisaig Partners (Mauritius) Limited *(Note 3)*	Investment manager	50,146,000 (L)	7.64%
Lindsay William Ernest COOPER *(Note 4)*	Interest of controlled corporation	50,146,000 (L)	7.64%

Notes:

(1) The letter "L" represents the entity's interests in the Shares.

(2) The entire issued share capital of RGS Holdings Limited is owned by Roly International.

(3) Arisaig Partners (Mauritius) Limited is the fund manager of Arisaig Greater China Fund Limited.

(4) Mr. Lindsay William Ernest COOPER owns 100% interest in Madeleine Ltd which in turn owns 33.33% interest in Arisaig Partners (Holdings) Ltd. Arisaig Partners (Holdings) Ltd, through its wholly-owned subsidiary Arisaig Partners (BVI) Limited, owns 100% interest in Arisaig Partners (Mauritius) Limited.

DIRECTORS' SERVICE CONTRACTS

(a) Each of Messrs. WANG Lu Yen, Steven Julien FENIGER, FU Jin Ming, Patrick, KHOO Kim Cheng and KWOK Chi Kueng has entered into a service agreement with the Company for an initial term of three years from 1 May 2002, and will continue thereafter until terminated by either party by giving to the other not less than six months' notice in writing. There is no service contract entered into between the Company and Mr. WONG Wai Ming. Pursuant to the letter of appointment entered into between the Company and Mr. Wong, as amended, Mr. Wong has been appointed as an independent non-executive director of the Company for a term of two years commencing on 1 May 2002 and the term of Mr. Wong has been renewed for a further two years. With effect from 18 May 2005, the letter of appointment has been amended to redesignate Mr. Wong from an independent non-executive Director to an executive Director. Mr. Wong is subject to retirement and re-election at annual general meeting in accordance with the code on corporate governance practices and the bye-laws of the Company.

Mr. WANG Arthur Minshiang, Dr. WOON Yi Teng, Eden and Mr. TSE Hau Yin, Aloysius were appointed on 22 April 2002, 28 January 2003 and 18 May 2005 respectively. Each of their term of appointment is for a term of two years and the terms of Mr. WANG Arthur Minshiang and Dr. WOON Yi Teng, Eden have been renewed for a further two years. The independent non-executive Directors have the right to terminate their respective appointments at any time by giving the Company at least one month's notice in writing.

(b) Each of the executive Directors is entitled to a basic salary and a profit-related bonus of the Company at the discretion of the Board or a committee thereof established for such purpose which are determined by reference to the individual Director's performance and delegated responsibility to the Company as well as the Company's performance, corporate goals and objectives of the Board from time to time.

(c) Each of the Directors is entitled to participate in the share option scheme of the Company at the discretion of the Board or a committee thereof.

(d) Each of the executive Directors may, at the request of the Company, enter into other service contract(s) with other member(s) of the Group at such remuneration as may be agreed between the executive Director and such member of the Group. In such event, the amount of the salary payable to the executive Director pursuant to the service agreement shall be reduced correspondingly.

The current basic annual salaries (as adjusted) of the executive Directors under the service agreements and letter of appointment mentioned in sub-paragraph (a) above are as follows:

WANG Lu Yen	US$203,846
Steven Julien FENIGER	US$425,000
FU Jin Ming, Patrick	US$257,500
WONG Wai Ming	US$33,231
KHOO Kim Cheng	US$100,154
KWOK Chi Kueng	US$200,231

(e) The following Directors are also entitled to the benefits as set forth below under their respective service agreements with the Company:

(i) A fully-furnished residential apartment in Hong Kong is provided to Mr. WANG Lu Yen as director's quarters for use by him and his family members and the Company bears all the reasonable outgoings of such apartment.

(ii) Each of Mr. Steven Julien FENIGER and Mr. FU Jin Ming, Patrick (together with their respective family members) is entitled to a home leave passage of an amount not exceeding HK$86,000 per annum.

(iii) Mr. Steven Julien FENIGER and Mr. FU Jin Ming, Patrick are also entitled to a housing allowance of HK$100,000 per month and HK$25,000 per month respectively.

(iv) Each of Mr. Steven Julien FENIGER and Mr. FU Jin Ming, Patrick is also entitled to the use of a motor vehicle provided by the Company and all fuel and maintenance expenses in respect of the use of such vehicles will be borne by the Company.

(f) Save as disclosed above, none of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTEREST IN CONTRACTS AND ASSETS

Tenancy agreement

On 1 March 2002, Linmark (HK) Limited ("Linmark (HK)") a wholly-owned subsidiary of the Company entered into a tenancy agreement with Turmar Limited (a company owned by Mr. WANG Lu Yen and his spouse) whereby Turmar Limited agreed to lease to Linmark (HK) Flat No. 57, 8th Floor, Tower 9, Hong Kong Parkview, No. 88 Tai Tam Reservoir Road, Hong Kong of a gross floor area of approximately 256.78 sq.m. (approximately 2,764 sq.ft.) together with car parking space No. 56 on car park entrance 4 (Level 3) of the garage at the same development for a term of 24 months commencing on 1 February 2002 for use as a staff quarter by Mr. WANG Lu Yen. On 20 February 2004, Linmark (HK) entered into a renewed tenancy agreement ("Renewed Tenancy Agreement") with Turmar Limited for the leasing of the same premises for another 24 months commencing on 1 February 2004. The Group has been granted an option to terminate the Renewed Tenancy Agreement by serving two months' notice to Turmar Limited upon the expiry of the initial 12 months from the date of the Renewed Tenancy Agreement. The monthly rental (exclusive of rates and service charges) payable by the Group to Turmar Limited under the Renewed Tenancy Agreement is HK$85,000 (equivalent to approximately US$11,000), and the annual rental (exclusive of rates and service charges) paid for the year ended 30 April 2005 by the Group thereunder is HK$1.0 million (equivalent to approximately US$131,000).

Save as disclosed above,

(i) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Enlarged Group subsisting at the Latest Practicable Date which was significant in relation to the business of the Enlarged Group; and

(ii) none of the Directors has any direct or indirect interests in any assets which have been acquired or disposed of by or leased to any member of the Enlarged Group or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group since 30 April 2005, being the date to which the latest published audited consolidated accounts of the Group were made up.

COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and his/her respective associates was considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group other than those businesses to which the Directors and his/her associates were appointed to represent the interests of the Company and/or the Group.

MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group and the Dowry Peacock Group within two years preceding the date of this circular and are or may be material:

1. An agreement for the sale and purchase of shares in ISO International (currently a wholly-owned subsidiary of the Company) dated 11 November 2003 entered into between Mr. Barry Richard PETTITT and Alignment Technology Limited (together as "ISO Vendors"), the Company as purchaser and ISO International pursuant to which the Company agreed to purchase the entire issued share capital of ISO International from ISO Vendors at a purchase price of HK$155.0 million (equivalent to approximately US$19.9 million).

2. An agreement for the sale and purchase of the business and assets of Tamarind International Limited dated 19 November 2004 entered into between Tamarind International Limited ("Tamarind Vendor", subsequently renamed as Stirling (HK) Limited) as vendor, Success Giant Limited ("Tamarind Purchaser", subsequently renamed as Tamarind International Limited, a wholly-owned subsidiary of the Company) as purchaser, Stirling Group Limited (the holding company of Tamarind Vendor) as Tamarind Vendor's guarantor and the Company as Tamarind Purchaser's guarantor pursuant to which Tamarind Purchaser agreed to acquire the business and specified assets and assumed the related liabilities of the business from Tamarind Vendor at a maximum total purchase price of HK$226.6 million (equivalent to approximately US$29.1 million) subject to downward adjustments according to certain performance benchmark levels.

3. The Sale and Purchase Agreement for the sale and purchase of the Sale Shares at a total consideration of GBP24,001,200 (approximately HK$338.2 million) (subject to adjustments) between the Purchaser, the Vendor and Dowry Peacock on 16 August 2005.

4. A loan agreement dated 16 April 2005 between SUK and DGC (a company in which the Vendor has a 64% shareholding interest) in respect of borrowings by DGC from SUK of a sum of 1,663,704 Euro (approximately HK$16,078,000) to finance the working capital of the start-up of DGC's business at an interest rate of 1% per annum above the UK borrowing rate of SUK with a minimum monthly repayment of 50,000 Euro (approximately HK$483,200) commencing on 25 May 2005 with the term of the loan running until 30 April 2006. The loan is not expected to be repaid in full prior to Completion. A sum of 1,663,704 Euro (approximately HK$16,078,000) remained outstanding as at 31 March 2005. Further information on this transaction is set out in section 6(c) of the letter from the Board of this circular.

5. An oral express agreement between Dowry Peacock as the buyer and the Vendor (Mr. Ray NUGENT) and Paramount as the sellers on or around 1 June 2005 whereby Dowry Peacock purchased from the Vendor all the issued shares in SUK, all the shares held by the Vendor in PTL constituting 50% of the issued share capital of PTL, and all the shares held by Paramount in PTL constituting 50% of the issued share capital of PTL, in consideration for which Dowry Peacock issued a total of 192 shares, being 64% interest in Dowry Peacock.

6. Own share purchase contract dated 21 January 2004 between SUK as purchaser and Mrs. Clare RATCHFORD as vendor (acting as sole executrix of the estate of the deceased Mr. Peter RATCHFORD) whereby SUK purchased from Mrs. Clare RATCHFORD 12,500 shares being 50% interest of SUK at the consideration of GBP2,095,000 (approximately HK$29.5 million).

7. Deed of guarantee provided by SUK in favour of HM Customs and Excise relating to a duty claim against one of SUK's major customers in which SUK guarantees the payment of money due to Commissioners of HM Customs and Excise in the UK for the sum not exceeding GBP410,787 (approximately HK$5.8 million).

LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or claim of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

EXPERTS AND CONSENT

The followings are the qualifications of the experts who have been named in this circular or have given opinions, letters or advice contained in this circular:

Name	**Qualifications**
KPMG LLP ("KPMG")	Chartered accountants and registered auditors
PricewaterhouseCoopers ("PwC")	Certified public accountants, Hong Kong
DTZ Debenham Tie Leung Limited ("DTZ")	Professional surveyors and valuers
Sallmanns (Far East) Limited ("Sallmanns")	Professional surveyors and valuers

Each of KPMG, PwC, DTZ and Sallmanns has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its letter and/or references to its name, in the form and context in which it appears.

Each of KPMG, PwC, DTZ and Sallmanns is not beneficially interested in the share capital of any member of the Group or of the Dowry Peacock Group, nor has any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group or of the Dowry Peacock Group.

Each of KPMG, PwC, DTZ and Sallmanns is not interested in the assets which have been acquired or disposed of by or leased to any member of the Group, since 30 April 2005, the date to which the latest audited consolidated financial statements of the Group were made up.

Each of KPMG, PwC, DTZ and Sallmanns is not interested in the assets which have been acquired or disposed of by or leased to any member of the Dowry Peacock Group, since 31 March 2005, the date to which the latest audited consolidated financial statements of the Dowry Peacock Group were made up.

PROCEDURES TO DEMAND FOR A POLL AT GENERAL MEETING

Pursuant to bye-law 66 of the Company's bye-laws, a resolution put to the vote of any general meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

(a) by the chairman of the meeting; or

(b) by at least three Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or

(c) by a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or

(d) by a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy and holding Shares in the Company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

MISCELLANEOUS

(a) The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

(b) The head office and principal place of business of the Company in Hong Kong is at 20th Floor, Office Tower One, The Harbourfront, 18 Tak Fung Street, Hunghom, Kowloon, Hong Kong.

(c) The company secretary of the Company is Ms. CHEUNG Hoi Yin, Brenda, who is an associate member of The Hong Kong Institute of Chartered Secretaries (formerly known as The Hong Kong Institute of Company Secretaries) and The Institute of Chartered Secretaries and Administrators, the UK.

(d) The qualified accountant of the Company is Mr. KWOK Chi Kueng, an executive Director, who is an associate member of The Chartered Institute of Management Accountants, the UK, and a fellow member of the Hong Kong Institute of Certified Public Accountants (formerly known as the Hong Kong Society of Accountants).

(e) The branch share registrars and transfer office of the Company in Hong Kong is Standard Registrars Limited of Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.

(f) The English text of this circular and the accompanying form of proxy shall prevail over their respective Chinese text.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at a branch office of the Company at Suites 401–409, Jardine House, 1 Connaught Place, Central, Hong Kong during normal business hours on any weekday (except Saturdays, Sundays and public holidays) for a period of not less than 14 days from the date of this circular up to and including the date of the SGM:

(a) the memorandum of association and the bye-laws of the Company;

(b) the annual reports of the Company for the two years ended 30 April 2004 and 2005 respectively;

(c) the accountants' report of the Dowry Peacock Group, the text of which is set out in Appendix I to this circular, together with the statement of adjustments;

(d) the written material contracts referred to in the paragraph headed "Material contracts" in this Appendix;

(e) the service contracts referred to in the paragraph headed "Directors' service contracts" in this Appendix;

(f) all reports, letters and other documents, balance sheets, valuation and statements by any expert any part of which is extracted or referred to in this circular;

(g) the letter from PwC in respect of the unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to this circular; and

(h) the written consents of the experts referred to in the paragraph headed "Experts and consent" in this Appendix.

LINMARK

LINMARK GROUP LIMITED

林麥集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code : 915)

NOTICE IS HEREBY GIVEN that a special general meeting ("SGM") of Linmark Group Limited ("Company") will be held on 17 October 2005 at 11.00 a.m. at 20th Floor, Office Tower One, The Harbourfront, 18 Tak Fung Street, Hunghom, Kowloon, Hong Kong for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**:

(a) the sale and purchase agreement ("Sale and Purchase Agreement") dated 16 August 2005 entered into between Mr. Ray NUGENT as vendor, Benchmark Profits Limited as purchaser and Dowry Peacock Group Limited ("Dowry Peacock") as target company (a copy of which has been produced at the SGM and marked "A" and signed by the chairman of the SGM for the purpose of identification) relating to, among other matters, the acquisition ("Acquisition") of 60% of the issued share capital of Dowry Peacock for a total consideration of GBP24,001,200 (approximately HK$338.4 million) (subject to adjustments) and the transactions contemplated therein including, without limitation to the generality of the foregoing, the issue of 22,225,279 new shares of US$0.02 each at the price of HK$2.284 per share in the share capital of the Company in partial satisfaction of the purchase price be and are hereby approved, ratified and confirmed; and

(b) the board of directors of the Company ("Board") be and is hereby authorised to do all other acts and things and take such action as may in the opinion of the Board be necessary desirable or expedient to implement and give effect to the Acquisition."

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

Hong Kong, 30 September 2005

Head office and principal place of business in Hong Kong:
20th Floor, Office Tower One
The Harbourfront
18 Tak Fung Street
Hunghom, Kowloon
Hong Kong

* *For identification purpose only*

Notes:

1. A member entitled to attend and vote at the above meeting may appoint one or, if he is the holder of two or more shares, more than one proxy 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 with a circular of the Company dated 30 September 2005.

2. In order to be valid, the form of proxy, together with any power of attorney or authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company's branch registrars in Hong Kong, Standard Registrars Limited of 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 share as if he/she was 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.