THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this document or the offers contained herein, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold or otherwise transferred all your shares in Linmark Group Limited, you should at once hand this document and the accompanying form of acceptance and transfer to the purchaser(s) or transferee(s) or to the bank, the licensed securities dealer or registered institution or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

Linmark Group Limited
(Incorporated in Bermuda with limited liability)
Stock code: 915

RI Special Holdings Bermuda Limited
(Incorporated in Bermuda with limited liability)

Composite offer and response document relating to the mandatory unconditional cash offers by ABN AMRO Asia Corporate Finance Limited on behalf of RI Special Holdings Bermuda Limited to acquire all outstanding shares of and to cancel all outstanding share options of LINMARK GROUP LIMITED not already owned by RI Special Holdings Bermuda Limited and parties acting in concert with it

Financial adviser to RI Special Holdings Bermuda Limited

ABN AMRO Asia Corporate Finance Limited

Independent Financial Adviser to the Independent Board Committee of Linmark Group Limited

Quam Capital Limited

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this document.

A letter from the Board of Linmark is set out on pages 8 to 15 of this document.

A letter from ABN AMRO containing, among other things, the details of the terms and the conditions of the Offers is set out on pages 16 to 24 of this document.

A letter from the Independent Board Committee is set out on pages 25 to 26 of this document.

A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Offers is set out on pages 27 to 44 of this document.

The procedures for acceptance and other information relating to the Offers are set out in Appendix I to this document and in the accompanying Forms of Acceptance. Acceptances of the Offers should be received by the Registrar (as regards the Share Offer) or the company secretary of Linmark (as regards the Option Offer) no later than 4:00 p.m. on Friday, 20 April 2007 or such later time and/or date as the Offeror may determine and announce, with the consent of the Executive, in accordance with the Takeovers Code.

Persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this document and/or, the Forms of Acceptance to any jurisdiction outside Hong Kong, should read the details in this regard which are contained in the paragraph headed "Overseas Linmark Shareholders" in the "Letter from ABN AMRO" on pages 16 to 24 of this document and in paragraph 6 of Appendix I to this document before taking any action. It is the responsibility of each Overseas Linmark Shareholder wishing to accept the Share Offer to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements.

30 March 2007

CONTENTS

In this document, the following expressions have the meanings set out below unless the context requires otherwise:

"ABN AMRO"	ABN AMRO Asia Corporate Finance Limited, a licensed corporation for type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the financial adviser to the Offeror in relation to the Offers;
"acting in concert"	has the meaning given to it in the Takeovers Code;
"Announcement"	the announcement dated 12 December 2006 made jointly by Linmark, the Offeror and Byford regarding, among other things, the Offers;
"APGF V"	Asia Pacific Growth Fund V, L.P., a private equity fund established under the laws of Cayman Islands with over 15 institutional investors, the largest of which held approximately 20% of the fund as at the Latest Practicable Date;
"Bermudan Companies Act"	The Companies Act 1981 of Bermuda;
"Board"	the board of directors of Roly, Linmark or the Offeror, as applicable;
"Business Day"	a day on which the Stock Exchange is open for transaction of business;
"Byford"	Byford International Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Growth Enterprise Market of the Stock Exchange;
"CCASS"	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited;
"CFM Investments"	CFM Investments Limited (for the accounts of CFM Greater China Fund and CFM Greater China Fund II), a private equity fund established under the laws of the Cayman Islands, with over 100 institutional and individual investors, the largest of which held not more than 16% of the fund as at the Latest Practicable Date;
"Companies Ordinance"	Companies Ordinance (Chapter 32 of the Laws of Hong Kong);
"Concert Parties"	persons acting in concert (within the meaning of the Takeovers Code);
"Delisting Proposal"	the proposal to seek the voluntary delisting of the Roly Shares from the Official List of the Singapore Stock Exchange which was approved by the Roly Shareholders on 26 March 2007;
"Disinterested Linmark Shares"	all the Linmark Shares other than those held by the Offeror Group;
"Executive"	the Executive Director of the Corporate Finance Division of the SFC or his delegates;

"Exit Offer"	collectively, an offer to acquire the Roly Shares not already owned, controlled or agreed to be acquired, directly or indirectly, by the Offeror, RI Investment and Mr. Wang for S$0.35 in cash for each Roly Share, and an offer to acquire all the outstanding warrants issued by Roly which entitle the holders thereof to subscribe for new Roly Shares (other than those owned, controlled or agreed to be acquired, directly or indirectly, by Mr. Wang and parties acting or deemed to be acting in concert with him (within the meaning of the Singapore Code on Take-overs and Mergers)) for S$0.001 in cash for each such warrant;
"Facilities"	the US$100 million term and revolving loan facilities granted to, among others, the Offeror by ABN AMRO Bank N.V. in relation to, among others, the Exit Offer and the Offers under the First Facility Agreement or the Second Facility Agreement;
"FAT Capital Management"	FAT Capital Management Co., Ltd, a private equity fund manager based in Taiwan and is held by FAT Asset Management Co. Ltd. (as to 80.0%), Ferndale Associates Limited (as to 19.999%), Mr. HU Dingwu, Mr. TSUEI Jung and Mr. CHEN Shangqun (collectively as to 0.001%);
"Final Closing Date"	the date on which the Offers finally close for acceptance;
"First Closing Date"	Friday, 20 April 2007, being the 21st day after the date on which this document is posted;
"First Facility Agreement"	the facility agreement dated 11 December 2006 entered into between, among others, the Offeror and ABN AMRO Bank N.V. in relation to the Facilities for the purposes of, among others, funding the Exit Offer and the Offers, which is expected to be replaced by the Second Facility Agreement;
"Form(s) of Acceptance"	the accompanying **WHITE** Form of Acceptance and the accompanying **PINK** Form of Acceptance;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China;
"Independent Board Committee"	an independent committee of the Board of Linmark, comprising the three independent non-executive directors of Linmark, namely, Mr. WANG Arthur Minshiang, Dr. WOON Yi Teng, Eden and Mr. TSE Hau Yin, Aloysius, to advise the Independent Linmark Shareholders and the Independent Linmark Optionholders in relation to the Offers;
"Independent Financial Adviser" or "Quam Capital"	Quam Capital Limited, a licensed corporation for type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee in relation to the Offers;
"Independent Linmark Optionholders"	the Linmark Optionholders other than members of the Offeror Group;

"Independent Linmark Shareholders"	the Linmark Shareholders other than members of the Offeror Group;
"Last Trading Day"	Monday, 11 December 2006, the last trading day for the Linmark Shares prior to the date of the Announcement;
"Latest Practicable Date"	Wednesday, 28 March 2007, being the latest practicable date prior to the printing of this document for the purpose of ascertaining certain information contained in this document;
"Linmark"	Linmark Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;
"Linmark Group"	Linmark, its subsidiaries and/or each entity in which Linmark or any of its subsidiaries holds an interest from time to time;
"Linmark Optionholder(s)"	holder(s) of Linmark Share Options;
"Linmark Shareholder(s)"	holder(s) of Linmark Shares;
"Linmark Share(s)"	the existing issued share(s) of US$0.02 each in Linmark as at the Latest Practicable Date and any such further shares which are unconditionally allotted or issued after the Latest Practicable Date and before the Final Closing Date (or such earlier date or dates as the Offeror may decide) including any shares issued or allotted pursuant to the exercise of the Linmark Share Options or otherwise;
"Linmark Share Options"	the outstanding options granted pursuant to the Linmark Share Option Scheme which are not yet exercised or lapsed as at the Final Closing Date;
"Linmark Share Option Scheme"	the share option scheme adopted by Linmark pursuant to a resolution of the then sole Linmark Shareholder passed on 22 April 2002, as amended;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Megastar"	Megastar Holdings Limited, a company incorporated in the British Virgin Islands and is wholly-owned by Mr. Wang;
"Mr. Wang"	Mr. WANG Lu Yen, a director of the Offeror, who is also the chairman of the Board of both Roly and Linmark;
"Offer Period"	the period from Tuesday, 12 December 2006, being the date of the Announcement, until 4:00 p.m. on the First Closing Date or, if the Offers are extended as permitted by the Executive in accordance with the Takeovers Code, the Final Closing Date;
"Offeror"	RI Special Holdings Bermuda Limited, a company incorporated in Bermuda with limited liability;

"Offeror Group"	the Offeror, Mr. Wang, APGF V, the members of the executive committee in charge of the management of APGF V (being Mr. KUO Ming Jian, Andrew, Mr. Ta-lin HSU, Mr. Peter Pil Jae KO, Mr. Shigeaki KOGA, Mr. Robert Yi-fong SHEN and Mr. Jarlon TSANG), CFM Investments, Titan I Venture Capital, FAT Capital Management and its shareholders, and their respective Concert Parties;
"Offers"	the Share Offer and the Option Offer;
"Option Offer"	the mandatory unconditional cash offer to cancel all Linmark Share Options not already owned by the Offeror Group at the Option Offer Price;
"Option Offer Price"	the cash amount of HK$0.001 payable by the Offeror to the Independent Linmark Optionholders for cancellation of each Linmark Share Option accepted under the Option Offer;
"Overseas Linmark Shareholders"	Linmark Shareholders whose registered addresses as shown on the register of members of Linmark as at the Latest Practicable Date were outside Hong Kong;
"Peacock Agreement"	the sale and purchase agreement dated 16 August 2005 entered into among Benchmark Profits Limited (a wholly-owned subsidiary of Linmark) as the purchaser, Mr. Ray NUGENT as the vendor and Dowry Peacock Group Limited as the target company in relation to the sale and purchase of 60% of the issued share capital of Dowry Peacock Group Limited;
"**PINK** Form of Acceptance"	the form of acceptance and cancellation of Linmark Share Options in **PINK** in respect of the Option Offer which accompanies this document;
"Pre-Conditions"	the pre-conditions to the making of the Offers as set out in the Announcement and the "Letter from ABN AMRO" on pages 16 to 24 of this document;
"Registrar"	Standard Registrars Limited, being the Hong Kong branch share registrar of Linmark which is located at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong;
"Relevant Period"	the period between Monday, 12 June 2006, being the date falling on the six months before the date of the Announcement, and the Latest Practicable Date (both dates inclusive);
"RI Holdings"	RI Holdings Bermuda Limited, an exempted company incorporated in Bermuda with limited liability;
"RI Investment"	RI Investment Holdings, Ltd., a company incorporated in the Cayman Islands with limited liability and wholly-owned by APGF V;
"RIIH Bermuda"	RI Investment Holdings Bermuda Limited, an exempted company incorporated in Bermuda with limited liability;

"Roly"	Roly International Holdings Ltd., a company incorporated in Bermuda with limited liability, the shares of which are listed on the Singapore Stock Exchange;
"Roly Group"	Roly, its subsidiaries and/or each entity in which Roly or any of its subsidiaries holds an interest from time to time;
"Roly Option Proposal"	has the meaning as ascribed to it under the paragraph headed "Proposed delisting of the controlling shareholder" in the "Letter from the Board of Linmark" on page 8 of this document;
"Roly Share(s)"	the existing issued share(s) of US$0.10 each in Roly;
"Roly Share Injection"	the transfers to the Offeror of all the Roly Shares held or controlled by Mr. Wang, his spouse, Megastar and RI Investment;
"Roly Shareholder(s)"	shareholder(s) of Roly;
"Second Facility Agreement"	the facility agreement dated 26 March 2007 entered into between, among others, the Offeror and ABN AMRO Bank N.V. in relation to the Facilities for the purposes of, among others, funding the Exit Offer and the Offers;
"SFC"	the Securities and Futures Commission of Hong Kong;
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
"Singapore Stock Exchange"	the Singapore Exchange Securities Trading Limited;
"Share Offer"	the mandatory unconditional cash offer to acquire all Linmark Shares not already owned by the Offeror Group at the Share Offer Price;
"Share Offer Price"	the cash amount of HK$1.05 payable by the Offeror to the Independent Linmark Shareholders for each Linmark Share accepted under the Share Offer;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"subsidiaries"	has the meaning given to it in section 2 of the Companies Ordinance;
"substantial shareholder"	has the meaning given to it in the Listing Rules;
"S$"	Singapore dollars, the lawful currency of Singapore;
"Takeovers Code"	the Code on Takeovers and Mergers of Hong Kong as in force from time to time;
"Titan I Venture Capital"	Titan I Venture Capital Co., Ltd, a venture capital fund established under the laws of Taiwan, with over 20 institutional investors, the largest of which held not more than 16% of the fund as at the Latest Practicable Date;
"United States" or "US"	the United States of America;
"US$"	United States dollars, the lawful currency of the United States;

"**WHITE** Form of Acceptance"	the form of acceptance and transfer of Linmark Shares in **WHITE** in respect of the Share Offer which accompanies this document; and
%	per cent.

Note: the figures in US$ are converted into HK$ at the rate of US$1 = HK$7.77 (which was the exchange rate as at the Last Trading Day) throughout this document for indication purposes only.

	2007
Opening date of the Offers	Friday, 30 March
Latest time for acceptance of the Offers, if not extended	4:00 p.m. on Friday, 20 April
First Closing Date of the Offers *(Note 1)*	Friday, 20 April
Announcement of the results of the Offers as at 4:00 p.m. on the First Closing Date posted on the Stock Exchange's website	not later than 7:00 p.m. on Friday, 20 April
Announcement of the results of the Offers as at 4:00 p.m. on the First Closing Date published in newspapers in Hong Kong *(Note 2)*	Monday, 23 April
Latest date for despatch of remittances for the amounts due under the Offers in respect of valid acceptances received on or before 4:00 p.m. on the First Closing Date *(Note 3)*	Monday, 30 April

Notes:

1. The Offers, which are unconditional, will close at 4:00 p.m. on Friday, 20 April 2007 unless the Offeror revises or extends the Offers in accordance with the Takeovers Code. The Offeror will post an announcement on the Stock Exchange's website by 7:00 p.m. on Friday, 20 April 2007 to state the results of the Offers and whether the Offers have been revised or extended or have expired or in relation to any extension of the Offers, to state also either the next closing date or that the Offers will remain open until further notice. Such an announcement will be published in newspapers in Hong Kong on the next Business Day thereafter. In the event that the Offeror decides that the Offers will remain open until further notice, at least 14 days' notice in writing will be given before the Offers are closed to those Independent Linmark Shareholders and Independent Linmark Optionholders who have not accepted the Offers.

2. An announcement of the results of the Offers as at the First Closing Date, and in the event of an extension or revision of the Offers, either the next closing date or that the Offers will remain open until further notice, will be published in newspapers in Hong Kong on Monday, 23 April 2007, being the next Business Day after the First Closing Date.

3. The consideration payable for the Linmark Shares tendered under the Share Offer and the Linmark Share Options tendered under the Option Offer will be paid as soon as possible but in any event within 10 days of the date of the receipt of all the valid requisite documents by, in the case of the Share Offer, the Registrar from the accepting Linmark Shareholders or, in the case of the Option Offer, the company secretary of Linmark from the accepting Linmark Optionholders.

All references to time and dates contained in this document refer to Hong Kong local time and dates.

If the level of acceptances on or before the first closing date of the Offers as indicated in the expected timetable above, being 20 April 2007 (or such other date as extended in accordance with the Takeovers Code) reaches the prescribed level for exercising a compulsory acquisition under the Bermudan Companies Act and satisfies the requirements under Rule 2.11 of the Takeovers Code, the Offeror may elect to proceed with the privatisation of Linmark pursuant to Rule 6.15 of the Listing Rules. By then, dealings in the Linmark Shares will be suspended from the business day immediately after the closing date of the Offers up to the withdrawal of listing of Linmark Shares from the Stock Exchange. The prescribed level of acceptance under Rule 2.11 of the Takeovers Code is 90% of the Linmark Shares not being owned by the Offeror Group.

In the event that a right of compulsory acquisition is not available to the Offeror Group and the Offers close, the Offeror has indicated that it will use its reasonable endeavours to maintain the listing of Linmark on the Stock Exchange and to ensure that minimum public float is maintained in accordance with the Listing Rules as soon as possible following the closing of the Offers in compliance with the Listing Rules.

LINMARK GROUP LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 915

Executive Directors:
WANG Lu Yen *(Chairman)*
Peter Loris SOLOMON
(Chief Executive Officer)
FU Jin Ming, Patrick
WONG Wai Ming
KHOO Kim Cheng

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

Registered office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head office and principal place of business in Hong Kong:
1101–1108
Hong Kong International Trade & Exhibition Centre
1 Trademart Drive
Kowloon Bay
Kowloon
Hong Kong

30 March 2007

To the Independent Linmark Shareholders and the Independent Linmark Optionholders

Dear Sir or Madam,

Mandatory unconditional cash offers by ABN AMRO Asia Corporate Finance Limited on behalf of RI Special Holdings Bermuda Limited to acquire all outstanding shares of and to cancel all outstanding share options of LINMARK GROUP LIMITED not already owned by RI Special Holdings Bermuda Limited and parties acting in concert with it

INTRODUCTION

Reference is made to the Announcement. As stated in the Announcement, subject to the Delisting Proposal being approved in accordance with the laws and regulations in Singapore, the Roly Share Injection would take place and the Offeror would acquire a statutory control of Roly and a control of Linmark upon completion of the Roly Share Injection. As a result, pursuant to the "Chain Principle" referred to in Note 8 to Rule 26.1 of the Takeovers Code, ABN AMRO would make the Offers on behalf of the Offeror to the Linmark Shareholders and the Linmark Optionholders for the acquisition of all Linmark Shares and cancellation of all Linmark Share Options not already owned by the Offeror Group. Details of the Offers are set out in the "Letter from ABN AMRO" on pages 16 to 24 of this document, Appendix I to this document and the accompanying Forms of Acceptance.

The Independent Board Committee, comprising the three independent non-executive directors of Linmark, namely Mr. WANG Arthur Minshiang, Dr. WOON Yi Teng, Eden and Mr. TSE Hau Yin, Aloysius, who are independent of, and have no direct or indirect interest in, the Offers save that all of them being Linmark Optionholders and Mr. WANG Arthur Minshiang being a Linmark Shareholder, has been formed to advise the Independent Linmark Shareholders and the Independent Linmark Optionholders in respect of the Offers. Quam Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee as to whether or not the Offers are fair and reasonable so far as the Independent Linmark Shareholders and the Independent Linmark Optionholders are concerned. The appointment of Quam Capital as the Independent Financial Adviser has been approved by the Independent Board Committee.

The primary purpose of this document is to provide you with information relating to, among other matters, the Linmark Group and the Offers and to set out the reasons for the recommendation of the Independent Board Committee and the advice of the Independent Financial Adviser, in each case, regarding the Offers.

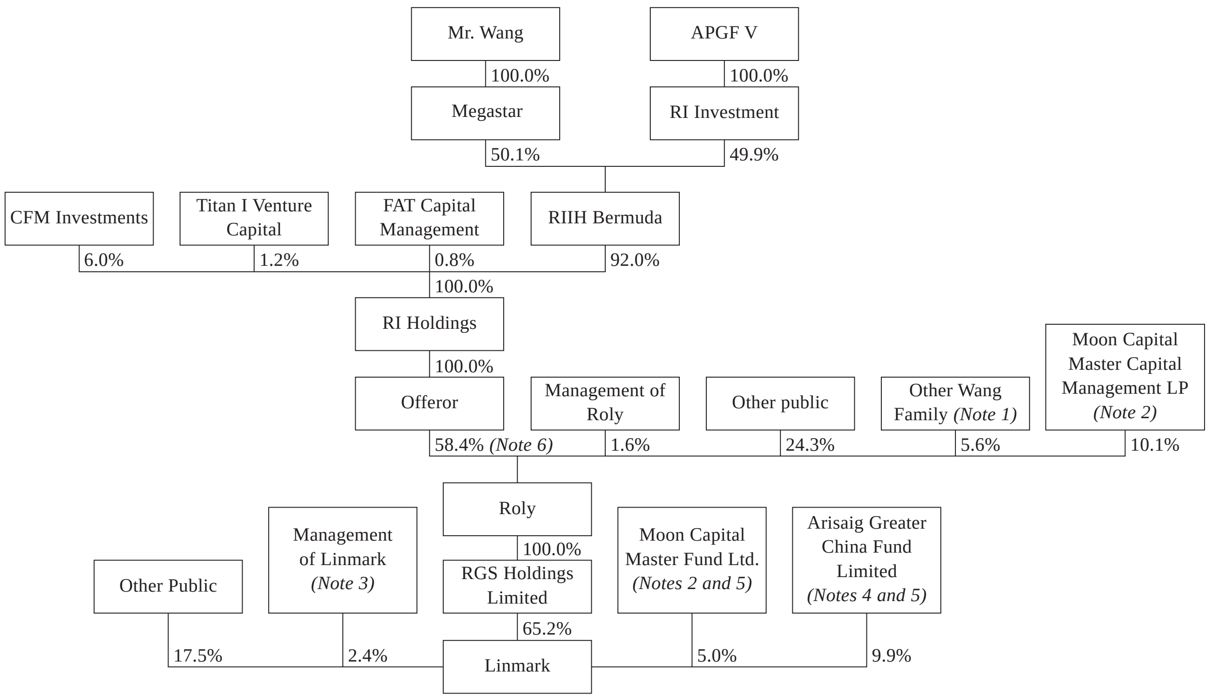
PROPOSED DELISTING OF THE CONTROLLING SHAREHOLDER

As stated in the Announcement, Linmark was notified by Roly, its controlling shareholder, that the Board of Roly had received the Delisting Proposal from the Offeror to seek a voluntary delisting of Roly from the Singapore Stock Exchange. The Offeror is a company newly established in Bermuda, for purposes of implementing the Delisting Proposal and the Offers, and is wholly-owned by RI Holdings which is in turn directly or indirectly held or controlled by Mr. Wang, APGF V, CFM Investments, Titan I Venture Capital and FAT Capital Management. According to the applicable laws in Singapore, the Delisting Proposal is required to be approved by the Roly Shareholders in a special general meeting.

As announced by Linmark and the Offeror in the joint announcement dated 26 March 2007, the Board of Linmark had been informed by Roly that the Delisting Proposal was approved by the Roly Shareholders in accordance with the laws in Singapore. As further announced by Linmark and the Offeror in the joint announcement dated 28 March 2007, the Roly Share Injection had been completed. As such, the Offeror has acquired a statutory control of Roly and, taking into account of the Roly Shares accepted under the Exit Offer, was interested in approximately 58.4% of the total issued share capital of Roly as at the Latest Practicable Date. Since Roly is the controlling shareholder of Linmark, the Offeror has also acquired a control (as defined in the Takeovers Code) of Linmark as a result.

In connection with the Delisting Proposal, the Offeror has made the Exit Offer for (i) all the outstanding Roly Shares, other than those already owned, controlled or agreed to be acquired by the Offeror, RI Investment and Mr. Wang and (ii) outstanding warrants of Roly (other than those owned, controlled or agreed to be acquired, directly or indirectly, by Mr. Wang and parties acting in concert with him (within the meaning of the Singapore Code on Take-overs and Mergers)). In addition, the Offeror has also made a proposal ("**Roly Option Proposal**") to pay to the holders of the outstanding options (other than those options which Mr. Wang has an interest, directly or indirectly) issued by Roly an amount calculated in accordance with the formula set out in Roly's circular dated 9 March 2007 in consideration of the holders of such outstanding options agreeing (i) not to exercise all or any of their options into new Roly Shares and (ii) not to exercise any of their rights as holders of such outstanding options.

The shareholding structure of Linmark as at the Latest Practicable Date was as follows:



Notes:

1. Other Wang Family refers to Mr. WANG Lu Wei, Robert, a brother of Mr. Wang, and the trusts of which the two sons of Mr. WANG Lu Wei, Robert are the beneficiaries.

2. These Shares are held by Moon Capital Master Fund Ltd. which is managed by Moon Capital Management LP. According to the corporate substantial shareholder notices filed by Moon Capital Master Fund Ltd., Moon Capital Global Equity Fund LP and Moon Capital Global Equity Offshore Fund Ltd., (i) Moon Capital Master Fund Ltd. is owned as to one-third by Moon Capital Global Equity Fund LP and two-third by Moon Capital Global Equity Offshore Fund Ltd.; and (ii) Moon Capital Master Fund Ltd. and Moon Capital Global Equity Offshore Fund Ltd. are incorporated in the Cayman Islands while Moon Capital Global Equity Fund LP is incorporated in the United States of America.

3. Management of Linmark includes Mr. Wang (who held 620,000 Linmark Shares or 0.1% of the total issued share capital of Linmark as at the Latest Practicable Date).

4. According to the corporate substantial shareholder notice filed by Arisaig Partners (Mauritius) Limited and the individual shareholder notice filed by Mr. Lindsay William Ernest COOPER, (i) Arisaig Partners (Mauritius) Limited and Arisaig Greater China Fund Limited are incorporated in Mauritius; (ii) Arisaig Partners (Mauritius) Limited is the fund manager of Arisaig Greater China Fund Limited; and (iii) 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.

5. Each of Arisaig Greater China Fund Limited and Moon Capital Master Fund Ltd. is a member of public.

6. This included the Roly Shares accepted under the Exit Offer on or prior to the Latest Practicable Date.

MANDATORY UNCONDITIONAL CASH OFFERS IN RESPECT OF LINMARK SHARES AND LINMARK SHARE OPTIONS

As a result of the Roly Share Injection, the Offeror has acquired a statutory control of Roly and thereby a control (as defined in the Takeovers Code) of Linmark. Pursuant to the "Chain Principle" referred to in Note 8 to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional offer for all the Linmark Shares not already owned by the Offeror or its Concert Parties. Pursuant to Rule 13 of the Takeovers Code, the Offeror is obliged to make a comparable offer for all the Linmark Share Options not already owned by the Offeror or its Concert Parties.

THE OFFERS

(1) Consideration for the Offers

The Offers are made by ABN AMRO, on behalf of the Offeror, on the following basis:

For each Linmark Share . . . . HK$1.05 in cash

For cancellation of each Linmark Share Option. . . . . .HK$0.001 in cash

(2) Comparisons of value

The Share Offer

The Share Offer Price is equivalent to the "see-through" price which is calculated by reference to the offer price of Roly Shares payable by the Offeror under the Exit Offer and the net profit contributions of Linmark to Roly.

The Share Offer Price represents:

(i) a premium of approximately 12.9% over the closing price of HK$0.93 per Linmark Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a premium of approximately 10.5% over the closing price of HK$0.95 per Linmark Share as quoted on the Stock Exchange on the trading day immediately prior to the Last Trading Day;

(iii) a premium of approximately 8.2% over the average closing price of HK$0.97 per Linmark Share as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Last Trading Day;

(iv) a premium of approximately 6.1% over the average closing price of HK$0.99 per Linmark Share as quoted on the Stock Exchange for the 90 trading days immediately prior to and including the Last Trading Day;

(v) a premium of approximately 1.9% over the closing price of HK$1.03 per Linmark Share as quoted on the Stock Exchange as at the Latest Practicable Date;

(vi) a premium of approximately 19.3% over the Linmark Group's audited consolidated net assets attributable to the Linmark Shareholders of approximately HK$0.88 per Linmark Share calculated based on the Linmark Group's audited consolidated net assets attributable to the Linmark Shareholders as at 30 April 2006 of approximately HK$584.6 million and 670,920,009 Linmark Shares in issue as at the Latest Practicable Date; and

(vii) a premium of approximately 15.4% over the Linmark Group's unaudited consolidated net assets attributable to the Linmark Shareholders of approximately HK$0.91 per Linmark Share calculated based on the Linmark Group's unaudited consolidated net assets attributable to the Linmark Shareholders as at 31 January 2007 of approximately HK$610.5 million and 670,920,009 Linmark Shares in issue as at the Latest Practicable Date.

* *All the share prices stated in the above paragraphs are rounded to two decimal places and calculation of the premium is based on these rounded figures.*

The Option Offer

The Option Offer Price is determined by reference to the exercise prices of the Linmark Share Options which range between HK$1.60 and HK$2.975 per Linmark Share and the fact that these Linmark Share Options are all out-of-the-money.

(3) Total consideration for the Offers

As at the Latest Practicable Date, Linmark had 670,920,009 outstanding Linmark Shares (of which 438,340,000 Linmark Shares were owned or controlled by the Offeror Group) and 34,628,000 Linmark Share Options. On the basis of the Share Offer Price and the Option Offer Price, the maximum amount payable by the Offeror to meet full acceptance of the Share Offer and the Option Offer will be approximately HK$244.2 million and HK$0.035 million, respectively.

(4) Financial resources available for the Offers

ABN AMRO has been appointed as the financial adviser to the Offeror in respect of the Offers. ABN AMRO is satisfied that sufficient financial resources are available to the Offeror to meet full acceptance of the Offers on the basis of the Share Offer Price of HK$1.05 per Linmark Share and the Option Offer Price of HK$0.001 per Linmark Share Option.

(5) Unconditional Offers

The Offers are unconditional in all respects.

(6) Settlement of Consideration for the Offers

Settlement of the consideration for the Offers will be made within 10 days of the date on which valid Forms of Acceptance and the relevant documents of title are received for acceptance of the Offers. Further details of the Offers including, among other things, the terms and conditions of the Offers and the procedures for acceptance are set out in the "Letter from ABN AMRO" on pages 16 to 24 of this document, Appendix I to this document and the accompanying Forms of Acceptance.

INFORMATION ON THE OFFEROR AND INTENTIONS IN RELATION TO LINMARK

Your attention is drawn to the section headed "Information on the Offeror" and the section headed "Intentions in relation to Linmark" in the "Letter from ABN AMRO" on pages 16 to 24 of this document.

INFORMATION ON LINMARK

(1) General information about Linmark

Linmark was incorporated in Bermuda with limited liability and the Linmark Shares have been listed on the Main Board of the Stock Exchange since 2002. The Linmark Group is principally engaged in the sourcing of apparel and accessories, hardgoods and electronic consumer goods as well as other related business.

The audited consolidated profit attributable to Linmark Shareholders for the years ended 30 April 2005 and 30 April 2006 were approximately US$14.8 million and US$10.4 million, respectively. The audited consolidated net asset value attributable to Linmark Shareholders as at 30 April 2005 and 30 April 2006 were US$65.3 million and US$75.2 million, respectively.

Further financial information on the Linmark Group is set out in Appendix II to this document.

As at the Latest Practicable Date, approximately 32.4% of the Linmark Shares were held by the public.

(2) Linmark Share Option Scheme

Linmark has outstanding options granted pursuant to the Linmark Share Option Scheme. As at the Latest Practicable Date, there were 34,628,000 Linmark Share Options and the total number of Linmark Shares that may be issued upon exercise of such Linmark Share Options was 34,628,000 Linmark Shares.

Other than the Linmark Shares and the Linmark Share Options, Linmark does not have any other outstanding equity securities (including equity related convertible securities, or warrants, options or subscription rights in respect of any equity share capital of Linmark (including nontransferable options)).

As at the Latest Practice Date, none of the Offeror or its Concert Parties had received any irrevocable commitment to or not to accept the Offers.

(3) Other arrangements and agreements in relation to the Linmark Shares

Pursuant to the Peacock Agreement, Linmark, on 1 February 2007, allotted and issued an aggregate 4,074,635 Linmark Shares to satisfy part of the remaining consideration payable for such acquisition. Details of the Peacock Agreement are set out in Linmark's circular dated 30 September 2005. The allotment and issue of the above Linmark Shares constitutes a frustration action under Rule 4 of the Takeovers Code. Linmark has applied for, and the Executive has granted, a waiver of the requirement of a shareholders' meeting in connection with the allotment and issue of the above Linmark Shares under note 1 to Rule 4 of the Takeovers Code. Linmark confirms that save for such allotment of new Linmark Shares, no further Linmark Shares will be required to be allotted and issued pursuant to the Peacock Agreement prior to the First Closing Date, and that there are no other arrangements (whether by way of option, indemnity or otherwise) in relation to Linmark Shares and which might be material to the Offers.

GENERAL

Compulsory acquisition and withdrawal of listing

The Offeror has indicated that it intends to exercise any right to compulsorily acquire those Linmark Shares not already owned or acquired by the Offeror pursuant to the Offers that may be available to it under the Bermudan Companies Act if the Offeror has received acceptances representing not less than 90% of Disinterested Linmark Shares within four months of the posting of this document as required under Rule 2.11 of the Takeovers Code. On completion of such compulsory acquisition, it is intended that Linmark will become a wholly-owned subsidiary of the Offeror and an application will be made for the withdrawal of the listing of the Linmark Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

If the level of acceptances reaches the prescribed level under the Bermudan Companies Act and Rule 2.11 of the Takeovers Code permits a compulsory acquisition and the Offeror proceeds with the privatisation of Linmark, dealings in the Linmark Shares will be suspended from the business day immediately after the closing date of the Offers up to the withdrawal of listing of Linmark Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

Maintaining the listing of the Linmark Shares

In the event that a right of compulsory acquisition is not available to the Offeror Group and the Offers close, the Offeror has indicated that it will use its reasonable endeavors to maintain the listing of Linmark on the Stock Exchange and to ensure that minimum public float is maintained in accordance with the Listing Rules as soon as possible following the closing of the Offers in compliance with the Listing Rules.

The Stock Exchange has stated that if, at the closing of the Offers, less than 25% of the Linmark Shares are held by the public or if the Stock Exchange believes that:

— a false market exists or may exist in the trading of the Linmark Shares; or

— there are insufficient Linmark Shares in public hands to maintain an orderly market,

then it will consider exercising its discretion to suspend trading in the Linmark Shares. In this connection, it should be noted that upon completion of the Offers, there may be insufficient public float for the Linmark Shares and therefore, trading in the Linmark Shares may be suspended until a prescribed level of public float is attained.

RECOMMENDATIONS

Your attention is drawn to the "Letter from the Independent Board Committee" which sets out its recommendation to you as set out on pages 25 to 26 of this document, your attention is also drawn to the letter of advice from the Independent Financial Adviser which contains, among other matters, its advice to the Independent Board Committee in relation to the Offers and the principal factors considered by it in arriving at its recommendation. The "Letter from the Independent Financial Adviser" is set out on pages 27 to 44 of this document.

RECENT DEVELOPMENT

As announced by Linmark in its announcement dated 22 February 2007, the Linmark Group, in the first week of January 2007, received from the tax authority in India certain assessment orders ("Assessment Orders") all dated 28 December 2006 in respect of the operation of the Linmark Group's liaison office in India ("India Office") in assessment years 1999–2000 to 2004–2005, charging the Linmark Group for a tax of approximately US$10.5 million.

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

As stated in its announcement dated 22 February 2007, Linmark will instruct its professional advisers to undertake a review of the tax position of the Linmark Group's operation in India. If it is finally established that additional tax provision is required to be made by the Linmark Group, the financial position of the Linmark Group may be adversely affected. Given that such review has yet to commence, Linmark was not in a position to quantify the extent of the financial impact of any additional tax liability on it as at the Latest Practicable Date.

ADDITIONAL INFORMATION

Your attention is drawn to the "Letter from ABN AMRO" as set out on pages 16 to 24 of this document which contains further details of the Offers.

You are recommended to read this document and the accompanying Forms of Acceptance for details of the Offers. Your attention is also drawn to the information set out in the appendices to this document.

In considering what action to take in connection with the Offers, you should consider your own tax positions and, if you are in any doubt, you should consult your professional advisers.

Yours faithfully,
For and on behalf of
Linmark Group Limited
WONG Wai Ming
Director

ABN AMRO Asia Corporate Finance Limited
40/F Cheung Kong Center
2 Queen's Road Central
Hong Kong

30 March 2007

To the Independent Linmark Shareholders and the Independent Linmark Optionholders

Dear Sir or Madam

**Mandatory unconditional cash offers
by ABN AMRO Asia Corporate Finance Limited
on behalf of RI Special Holdings Bermuda Limited
to acquire all outstanding shares of and
to cancel all outstanding share options of
LINMARK GROUP LIMITED
not already owned by RI Special Holdings Bermuda Limited
and parties acting in concert with it**

1. BACKGROUND

On 12 December 2006, Linmark, the Offeror and Byford jointly announced that the Board of Roly, the controlling shareholder of Linmark and Byford, had received the Delisting Proposal from the Offeror. Pursuant to such Delisting Proposal, the Offeror would, subject to obtaining the necessary approvals from the Roly Shareholders, make the Exit Offer for (i) all the Roly Shares (other than those already owned, controlled or agreed to be acquired, directly or indirectly, by the Offeror, RI Investment and Mr. Wang) and (ii) all outstanding warrants of Roly (other than those owned, controlled or agreed to be acquired, directly or indirectly, by Mr. Wang and parties acting or deemed to be acting in concert with him (within the meaning of the Singapore Code on Take-overs and Mergers)). The Offeror would also make the Roly Option Proposal in relation to the outstanding options of Roly (other than those options which Mr. Wang has an interest, directly or indirectly). Immediately after the Delisting Proposal has been approved by the Roly Shareholders, Mr. Wang, his spouse, Megastar and RI Investment would transfer their respective Roly Shares to the Offeror upon which the Offeror would acquire a statutory control of Roly. Since Roly is the controlling shareholder of Linmark, the Offeror would also acquire control (as defined in the Takeovers Code) of Linmark.

Accordingly, upon the fulfilment of the following Pre-Conditions, the Offeror would be required, pursuant to the "Chain Principle" referred to in Note 8 to Rule 26.1 of the Takeovers Code, to make a mandatory unconditional cash offer for all Linmark Shares, and pursuant to Rule 13 of the Takeovers Code, make a comparable offer for all the Linmark Share Options, not already owned by the Offeror Group:

(i) the Roly Shareholders approving, at a special general meeting of such shareholders convened for that purpose (or of any adjournment thereof), such resolutions as may be necessary to implement the Delisting Proposal; and

(ii) the completion of the Roly Share Injection within three business days following the approval of the Roly Shareholders as set out in sub-paragraph (i) above.

On 26 March 2007, Linmark and the Offeror jointly announced that a special general meeting of the Roly Shareholders had been held on 26 March 2007 at which the Delisting Proposal had been approved by the Roly Shareholders. On 28 March 2007, the Roly Shares then owned or controlled by Mr. Wang, his spouse, Megastar and RI Investment had been transferred to the Offeror and the Pre-Conditions had been fulfilled. As at the Latest Practicable Date, taking into account of the Roly Shares accepted under the Exit Offer, the Offeror was interested in 239,601,683 Roly Shares, representing approximately 58.4% of the total issued share capital of Roly, which in turn, through RGS Holdings Limited, held 437,720,000 Linmark Shares, representing approximately 65.2% of the total issued share capital of Linmark. Together with the Linmark Shares held by Mr. Wang, the Offeror Group was interested in approximately 65.3% of the total issued share capital of Linmark as at the Latest Practicable Date.

The Pre-Conditions have now been fulfilled, and consequently, ABN AMRO is hereby making the Offers on behalf of the Offeror for all the Linmark Shares and Linmark Share Options not already owned or controlled by the Offeror Group. This letter sets out details of the Offers, together with information regarding the Offeror and its intentions in relation to the Linmark Group. The terms of the Offers are set out in this letter, Appendix I to this document and the accompanying Forms of Acceptance.

2. THE OFFERS

(1) Consideration for the Offers

The Offers are made by ABN AMRO, on behalf of the Offeror, on the following basis:

For each Linmark Share .... HK$1.05 in cash

For cancellation of each Linmark Share Option................. HK$0.001 in cash

(2) Comparisons of value

The Share Offer

With the consent of the Executive in accordance with the Takeovers Code, the Share Offer Price is equivalent to the "see-through" price which is calculated by reference to the offer price of Roly Shares payable by the Offeror under the Exit Offer and the net profit contributions of Linmark to Roly.

The Share Offer Price represents:

(i) a premium of approximately 12.9% over the closing price of HK$0.93 per Linmark Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a premium of approximately 10.5% over the closing price of HK$0.95 per Linmark Share as quoted on the Stock Exchange on the trading day immediately prior to the Last Trading Day;

(iii) a premium of approximately 8.2% over the average closing price of HK$0.97 per Linmark Share as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Last Trading Day;

(iv) a premium of approximately 6.1% over the average closing price of HK$0.99 per Linmark Share as quoted on the Stock Exchange for the 90 trading days immediately prior to and including the Last Trading Day;

(v) a premium of approximately 1.9% over the closing price of HK$1.03 per Linmark Share as quoted on the Stock Exchange as at the Latest Practicable Date;

(vi) a premium of approximately 19.3% over the Linmark Group's audited consolidated net assets attributable to the Linmark Shareholders of approximately HK$0.88 per Linmark Share calculated based on the Linmark Group's audited consolidated net assets attributable to the Linmark Shareholders as at 30 April 2006 of approximately HK$584.6 million and 670,920,009 Linmark Shares in issue as at the Latest Practicable Date; and

(vii) a premium of approximately 15.4% over the Linmark Group's unaudited consolidated net assets attributable to the Linmark Shareholders of approximately HK$0.91 per Linmark Share calculated based on the Linmark Group's unaudited consolidated net assets attributable to the Linmark Shareholders as at 31 January 2007 of approximately HK$610.5 million and 670,920,009 Linmark Shares in issue as at the Latest Practicable Date.

During the Relevant Period, the highest closing price of Linmark Shares as quoted on the Stock Exchange was HK$1.41 on 12 and 13 June 2006, and the lowest closing price of Linmark Shares as quoted on the Stock Exchange was HK$0.93 on 11 December 2006.

* *All the share prices stated in the above paragraphs are rounded to two decimal places and calculation of the premium is based on these rounded figures.*

The Option Offer

The Option Offer Price is determined by reference to the exercise prices of the Linmark Share Options which range between HK$1.60 and HK$2.975 per Linmark Share and the fact that these Linmark Share Options are all out-of-the-money.

(3) Total consideration for the Offers

As at the Latest Practicable Date, Linmark had 670,920,009 outstanding Linmark Shares (of which 438,340,000 Linmark Shares were owned or controlled by the Offeror Group) and 34,628,000 Linmark Share Options. On the basis of the Share Offer Price and the Option Offer Price, the maximum amount payable by the Offeror to meet full acceptance of the Share Offer and the Option Offer will be approximately HK$244.2 million and HK$0.035 million, respectively.

(4) Financial resources available for the Offers

RI Investment, FAT Capital Management, CFM Investments and Titan I have invested an aggregate of US$22.0 million (equivalent to approximately HK$170.9 million) in cash into the Offeror to finance the Exit Offer and the Offers. The Offeror has also obtained the Facilities, of which up to US$35.0 million (equivalent to approximately HK$272.0 million) will be used to finance the Offers. Pursuant to the Second Facility Agreement, the Roly Shares (including those Roly Shares to be acquired under the Exit Offer) held or controlled by the Offeror and the Linmark Shares to be acquired by the Offeror under the Share Offer will be charged as part of the security for the Facilities. The

Offeror will be entitled to continue to exercise, among other rights, all voting rights attaching to these Roly Shares and Linmark Shares until the relevant charge becomes enforceable in accordance with its terms.

ABN AMRO, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to meet full acceptance of the Offers on the basis of the Share Offer Price of HK$1.05 per Linmark Share and the Option Offer Price of HK$0.001 per Linmark Share Option.

(5) Unconditional Offers

The Offers are unconditional in all respects. Unless the Offers are otherwise extended, the latest time for acceptance is 4:00 p.m. on Friday, 20 April 2007.

(6) Overseas Linmark Shareholders

As the making of the Share Offer to Overseas Linmark Shareholders may be affected by the laws of the relevant jurisdictions, Overseas Linmark Shareholders should inform themselves about and observe any applicable legal requirements.

It is the responsibility of each Overseas Linmark Shareholder who wishes to accept the Share Offer to satisfy themselves as to the full observance of the laws of the relevant jurisdiction, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with any other necessary formalities or legal requirements. Any such Overseas Linmark Shareholder will be responsible for any such issue, transfer or other taxes by whomsoever payable and Linmark, the Offeror Group, ABN AMRO and any person acting on their behalf shall be entitled to be fully indemnified and held harmless by such Overseas Linmark Shareholder for any such issue, transfer or other taxes as such person may be required to pay.

The Offeror reserves the right to notify any matter in relation to the Share Offer to Overseas Linmark Shareholders by announcement or by advertisement in a newspaper which may not be circulated in the jurisdictions in which the Overseas Linmark Shareholders are resident. The notice will be deemed to have been sufficiently given, despite any failure by an Overseas Linmark Shareholder to receive or see that notice, if it is displayed at the head office and principal place of business of Linmark in Hong Kong.

Linmark Shareholders, including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this document and, or, the Forms of Acceptance to any jurisdiction outside of Hong Kong, should read the details in this regard which are contained in paragraph 6 of Appendix I to this document before taking any action.

(7) Effect of acceptance of the Offers

Acceptance of the Share Offer by any Linmark Shareholder will be deemed to constitute a warranty by such person that all the Linmark Shares sold by such person under the Share Offer are free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date of the Announcement, other than the dividend of HK$0.018 per Linmark Share in respect of the six months ended 31 October 2006 declared on 12 December 2006 and paid on 11 January 2007.

Acceptance of the Option Offer by any Linmark Optionholder will be deemed to constitute a warranty by such person that all the Linmark Share Options surrendered by such person under the Option Offer are free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them.

The Share Offer extends to Linmark Shares issued and unconditionally allotted while the Offers remain open for acceptance, including any Linmark Shares allotted or issued pursuant to the exercise of the Linmark Share Options or otherwise.

3. INTENTIONS IN RELATION TO LINMARK

It is the intention of the Offeror that the Linmark Group, if the Offers are completed, will in the near term continue to carry on its current business. The Offeror has no plan to introduce any material changes to the existing business of the Linmark Group, to redeploy its fixed assets, to inject assets or to discontinue the employment of the existing employees of the Linmark Group. The Offers, together with the Delisting Proposal, are part of a restructuring effort, to reduce costs of and enhance efficiency in managing the Linmark Group and the Roly Group by consolidating and rationalising its assets. This includes facilitating the integration of the sourcing platforms of the Linmark Group and the Roly Group and greater flexibility for management of the Linmark Group and the Roly Group to introduce new services and products to their customers.

4. COMPULSORY ACQUISITION AND WITHDRAWAL OF LISTING

The Offeror intends to exercise any right to compulsorily acquire those Linmark Shares not already owned or acquired by the Offeror pursuant to the Offers that may be available to it under the Bermudan Companies Act if the Offeror has received acceptances representing not less than 90% of Disinterested Linmark Shares within four months of the posting of this document as required under Rule 2.11 of the Takeovers Code. On completion of such compulsory acquisition, it is intended that Linmark will become a wholly-owned subsidiary of the Offeror and an application will be made for the withdrawal of the listing of the Linmark Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

If the level of acceptances reaches the prescribed level under the Bermudan Companies Act and Rule 2.11 of the Takeovers Code permits a compulsory acquisition and the Offeror proceeds with the privatisation of Linmark, dealings in the Linmark Shares will be suspended from the business day immediately after the closing date of the Offers up to the withdrawal of listing of Linmark Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

In the event that a right of compulsory acquisition is not available to the Offeror Group and the Offers close, the Offeror will use its reasonable endeavors to maintain the listing of Linmark on the Stock Exchange and to ensure that minimum public float is maintained in accordance with the Listing Rules as soon as possible following the closing of the Offers in compliance with the Listing Rules.

The Stock Exchange has stated that if, at the closing of the Offers, less than 25% of the Linmark Shares are held by the public or if the Stock Exchange believes that:

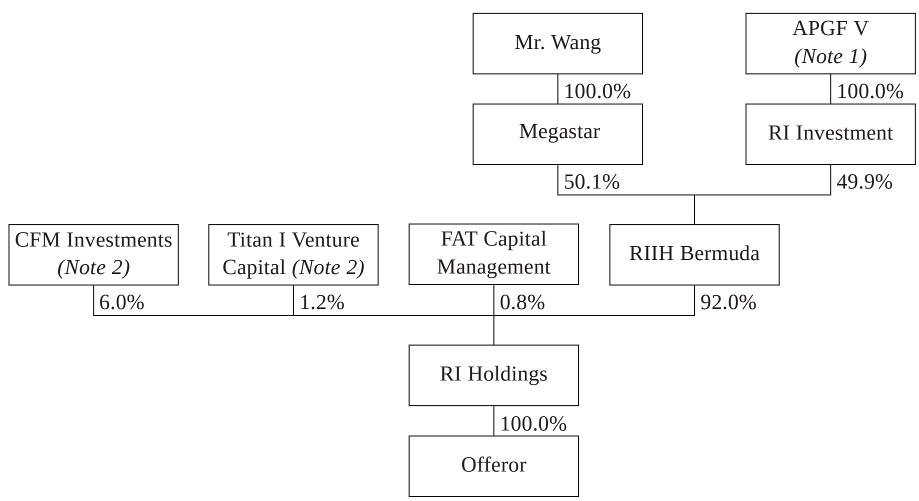
— a false market exists or may exist in the trading of the Linmark Shares; or

— there are insufficient Linmark Shares in public hands to maintain an orderly market, then it will consider exercising its discretion to suspend trading in the Linmark Shares. In this connection, it should be noted that upon completion of the Offers, there may be insufficient public float for the Linmark Shares and therefore, trading in the Linmark Shares may be suspended until a prescribed level of public float is attained.

5. INFORMATION ON THE OFFEROR

The Offeror was incorporated in Bermuda with limited liability for the purposes of implementing the Delisting Proposal and the Offers. The Offeror is a wholly-owned subsidiary of RI Holdings which is in turn owned by RIIH Bermuda, CFM Investments, Titan I Venture Capital and FAT Capital Management as to 92.0%, 6.0%, 1.2% and 0.8% respectively. RIIH Bermuda is in turn held by Megastar (wholly-owned by Mr. Wang) and RI Investment (wholly-owned by APGF V) as to 50.1% and 49.9% respectively. The directors of the Offeror are Mr. Wang, Mr. Simon HSU, Mr. Gregory LEONG and Mr. KUO Ming Jian, Andrew.

The shareholding structure of the Offeror is as follows:



Note 1: APGF V is a private equity fund professionally managed by an executive committee comprising of Mr. KUO Ming Jian, Andrew, Mr. Ta-lin HSU, Mr. Peter Pil Jae KO, Mr. Shigeaki KOGA, Mr. Robert Yi-fong SHEN and Mr. Jarlon TSANG.

Note 2: CFM Investments and Titan I Venture Capital are private equity funds managed by FAT Capital Management.

The members of the Offeror Group include the Offeror, Mr. Wang, APGF V, the members of the executive committee in charge of the management of APGF V (being Mr. KUO Ming Jian, Andrew, Mr. Ta-lin HSU, Mr. Peter Pil Jae KO, Mr. Shigeaki KOGA, Mr. Robert Yi-fong SHEN and Mr. Jarlon TSANG), CFM Investments and its directors (being Ms. Joyce C. LIN, Mr. Jack C. CHANG and Ms. Connie M. LIN), Titan I Venture Capital and its directors (being Mr. TSUEI Jung, Mr. HU Dingwu, Mr. CHEN Shangqun, Mr. DENG Qinshiang, Mr. LIAO Guorong, Ms. CHEN Juanwei, Mr. YE Yinfu, Mr. YE Yihao, Mr. QIAN Dekai, Ms. CHEN Qiulan and Mr. CHEN Yicheng), FAT Capital Management and its directors (being Mr. TSUEI Jung, Mr. HU Dingwu and Mr. CHEN Shangqun) and shareholders (being FAT Asset Management Co. Ltd., Ferndale Associates Limited, Mr. HU Dingwu, Mr. TSUEI Jung and Mr. CHEN Shangqun), and their respective Concert Parties.

6. HONG KONG STAMP DUTY

An ad valorem stamp duty arising in connection with the acceptance of the Share Offer will be payable by each Linmark Shareholder accepting the Share Offer at a rate of HK$1.00 for every HK$1,000 (or part of HK$1,000) of the greater of (i) the consideration for the acceptance of the Share Offer; and (ii) the value of the Linmark Shares, and will be deducted from the amount payable to the Linmark Shareholders who accept the Share Offer. The Offeror will arrange payment of such seller's ad valorem stamp duty on behalf of the accepting Linmark Shareholders and will pay the buyer's ad valorem stamp duty in respect of the Linmark Shares accepted under the Share Offer.

7. ACCEPTANCE AND SETTLEMENT

(1) Procedures for acceptance of the Offers

The Share Offer

To accept the Share Offer, you should complete the accompanying **WHITE** Form of Acceptance in accordance with the instructions printed thereon, which forms part of the terms and conditions of the Share Offer.

The completed **WHITE** Form of Acceptance should be forwarded, together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for not less than the number of Linmark Shares in respect of which you intend to accept the Share Offer, by post or by hand to the Registrar at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in an envelope marked "**Linmark Share Offer**" as soon as practicable after receipt of the **WHITE** Form of Acceptance but in any event so as to reach the Registrar no later than 4:00 p.m. on the First Closing Date or such later time and/or date as the Offeror shall determine and announce with the consent of the Executive. No acknowledgement of receipt of any **WHITE** Form of Acceptance, share certificate(s), transfer receipt(s) and/or other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) of Linmark Shares will be given. Your attention is drawn to Appendix I to this document and the **WHITE** Form of Acceptance which set out further details regarding the procedures for acceptance.

The Option Offer

To accept the Option Offer, you should complete the accompanying **PINK** Form of Acceptance in accordance with the instructions printed thereon, which forms part of the terms and conditions of the Option Offer.

The completed **PINK** Form of Acceptance should be forwarded, together with the relevant option certificate(s) for the number of Linmark Share Option(s) in respect of which you intend to accept the Option Offer, by post or by hand to Ms. Brenda CHEUNG, the company secretary of Linmark at the branch office of Linmark in Hong Kong at Suites 401–409, Jardine House, 1 Connaught Place, Central, Hong Kong in an envelope marked "**Linmark Option Offer**" as soon as practicable after receipt of the **PINK** Form of Acceptance but in any event so as to reach the company secretary of Linmark no later than 4:00 p.m. on the First Closing Date or such later time and/or date as the Offeror shall determine and announce with the consent of the Executive. No acknowledgement of receipt of any **PINK** Form of Acceptance and/or the option certificate(s) of the Linmark Share Options (if any) will be given. Your attention is drawn to Appendix I to this document and the **PINK** Form of Acceptance which set out further details regarding the procedures for acceptance.

(2) Settlement of the Offers

The Share Offer

Provided that a valid **WHITE** Form of Acceptance and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) of Linmark Shares are complete and in good order and have been received by the Registrar no later than the latest time for acceptance, a cheque for the amount due to each Linmark Shareholder less seller's ad valorem stamp duty in respect of the Linmark Shares tendered by them under the Share Offer will be despatched to the Linmark Shareholders by ordinary post at their own risk within 10 days of the date on which all the relevant documents are received by the Registrar to render such acceptance complete and valid.

The Option Offer

Provided that a valid **PINK** Form of Acceptance and the relevant option certificate(s) of the Linmark Share Options are complete and in good order and have been received by the company secretary of Linmark no later than the latest time for acceptance, a cheque for the amount due to each Linmark Optionholder in respect of the Linmark Share Options surrendered by him/her under the Option Offer will be despatched to the Linmark Optionholders by ordinary post at his/her own risk within 10 days of the date on which all the relevant documents are received by the company secretary of Linmark to render such acceptance complete and valid.

Settlement of the consideration to which any Linmark Shareholder or Linmark Optionholder is entitled under the Offers will be implemented in full in accordance with the terms of the Offers without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Linmark Shareholder or Linmark Optionholder, as the case may be.

8. GENERAL

In order for the beneficial owners of Linmark Shares, whose investments are registered in nominee's names, to accept the Share Offer, it is essential for the beneficial owners of Linmark Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Share Offer. To ensure equality of treatment of all Linmark Shareholders, those Linmark Shareholders who hold Linmark Shares as nominee for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately.

All documents and remittances sent by or to the Linmark Shareholders and/or the Linmark Optionholders through post will be sent by or to them at their own risk. Such documents and remittances will be sent to the Linmark Shareholders and/or the Linmark Optionholders at their respective addresses as stated on the relevant Form(s) of Acceptance or if no such address is stated, as they appear in the register of members of Linmark or the register of optionholders of Linmark (as the case may be) or in the case of joint Linmark Shareholders, to the Linmark Shareholder whose name appears first in the register of members of

Linmark, as applicable. None of Linmark, the Offeror Group, ABN AMRO or any of their respective directors or any other person involved in the Offers will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

9. ADDITIONAL INFORMATION

Your attention is drawn to the Forms of Acceptance, further terms of the Offers and other additional information set out in the appendices, which form part of this document.

Yours faithfully,
For and on behalf of
ABN AMRO Asia Corporate Finance Limited
Richard GRIFFITHS
Executive Director

The following is a full text of the letter from the Independent Board Committee prepared for the purpose of inclusion in this document:

LINMARK GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 915)

30 March 2007

To the Independent Linmark Shareholders and the Independent Linmark Optionholders

Dear Sir or Madam

Mandatory unconditional cash offers by
ABN AMRO Asia Corporate Finance Limited
on behalf of RI Special Holdings Bermuda Limited
to acquire all outstanding shares of and
to cancel all outstanding share options of
LINMARK GROUP LIMITED
not already owned by RI Special Holdings Bermuda Limited
and parties acting in concert with it

We refer to the composite offer and response document dated 30 March 2007 jointly issued by Linmark and the Offeror to the Independent Linmark Shareholders and the Independent Linmark Optionholders ("**Document**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Document unless the context otherwise requires.

We have considered: (i) whether the terms of the Share Offer are fair and reasonable so far as the Independent Linmark Shareholders are concerned; and (ii) whether the terms of the Option Offer are fair and reasonable so far as the Independent Linmark Optionholders are concerned. Quam Capital has been appointed as the Independent Financial Adviser to advise us (the members of the Independent Board Committee) in respect of the above.

Having taken into account the advice of the Independent Financial Adviser, we consider that the terms of the Share Offer and the Option Offer are fair and reasonable so far as the Independent Linmark Shareholders and the Independent Linmark Optionholders, respectively, are concerned. Accordingly, we recommend that the Independent Linmark Shareholders and the Independent Linmark Optionholders accept the Share Offer and the Option Offer respectively.

However, if the net proceeds from the sale of the Linmark Shares in the open market after deducting all transaction cost would exceed the net amount receivable under the Share Offer, Independent Linmark Shareholders should consider selling their Linmark Shares in the market and the Independent Linmark Optionholders should consider exercising the outstanding Linmark Share Options and selling the resulting new Linmark Shares in the market, rather than accepting the Offers.

The letter from the Independent Financial Adviser containing its recommendations to us and the principal factors and reasons taken into account by it in arriving at such recommendations is set out on pages 27 to 44 of the Document.

Yours faithfully,
The Independent Board Committee
WANG Arthur Minshiang **WOON Yi Teng, Eden** **TSE Hau Yin, Aloysius**
Independent Non-executive Directors

The following is the text of the letter from the Independent Financial Adviser setting out its advice to the Independent Board Committee in relation to the Offers for inclusion in this document.

Quam Financial Services Group

Quam Capital Limited 華富嘉洛企業融資有限公司

A Member of The Quam Group

30 March 2007

To the Independent Board Committee
Linmark Group Limited
1101–1108
Hong Kong International Trade & Exhibition Centre
1 Trademart Drive
Kowloon Bay
Kowloon
Hong Kong

Dear Sirs,

**MANDATORY UNCONDITIONAL CASH OFFERS
BY
RI Special Holdings Bermuda Limited
to acquire all outstanding shares of and
to cancel all outstanding share options of
LINMARK GROUP LIMITED
not already owned by RI Special Holdings Bermuda Limited
and parties acting in concert with it**

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee in relation to the Offers, details of which are contained in this composite offer and response document dated 30 March 2007 to the Independent Linmark Shareholders and the Independent Linmark Optionholders of which this letter forms part (the "**Composite Offer Document**"). Terms used in this letter shall have the same meanings as defined in the Composite Offer Document unless the context requires otherwise.

The Board of Linmark comprises five executive directors and three independent non-executive directors. The Independent Board Committee, comprising the three independent non-executive directors, namely Mr. WANG Arthur Minshiang, Dr. WOON Yi Teng, Eden and Mr. TSE Hau Yin, Aloysius, has been established to consider and to make recommendation to the Independent Linmark Shareholders and Independent Linmark Optionholders on the terms of the Offers. Each of Mr. WANG Arthur Minshiang, Dr. WOON Yi Teng, Eden and Mr. TSE Hau Yin, Aloysius who are independent of, and have no direct or indirect interest in the Offers, save that all of them being Linmark Optionholders and Mr. WANG Arthur Minshiang being a Linmark Shareholder. Based on such confirmation, we consider that all three independent non-executive directors are eligible to be members of the Independent Board Committee.

In our capacity as the Independent Financial Adviser to the Independent Board Committee, our role is to provide the Independent Board Committee with an independent opinion and recommendation as to whether the terms of the Offers are fair and reasonable so far as the Independent Linmark Shareholders and the Independent Linmark Optionholders are concerned. We are independent from, and not associated or connected with any of Linmark, Roly, the Offeror, their respective substantial shareholders and any party acting, or presumed to be acting, in concert with any of them and, accordingly, we are considered eligible to give independent advice in respect of the Offers. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from Linmark, Roly, the Offeror, their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them.

In formulating our advice and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the directors and management of Linmark, which we have assumed to be true, accurate and complete as at the date of the Composite Offer Document. We have reviewed the published information on Linmark, including its annual reports for the three financial years ended 30 April 2006, the unaudited interim results for the six months ended 31 October 2006 and the unaudited results for the nine months ended 31 January 2007. We have also reviewed the trading performance of the Linmark Shares on the Stock Exchange and have considered the future intention of the Offeror regarding Linmark.

We have been advised by the directors of Linmark that no material facts have been withheld or omitted from the information provided and opinions expressed by them to us in connection with the Offers. We consider that the information which we have reviewed is sufficient for us to reach our advice and recommendation as set out in this letter and to justify our reliance on such information. We are not aware of, nor do we suspect that, any facts or circumstances which would render the information provided and the representations made to us untrue, inaccurate or misleading in any material respects.

The directors of Linmark have jointly and severally accepted full responsibility for the accuracy of the information contained in the Composite Offer Document (other than that relating to the Offeror) and, having made all reasonable enquiries, have confirmed that to the best of their knowledge and belief there are no other facts that the omission of which would make any statement in the Composite Offer Document misleading. The directors of the Offeror have all declared in a responsibility statement set out in Appendix III "General Information" of the Composite Offer Document that they are jointly and severally fully responsible for the accuracy of the information contained in the Composite Offer Document (other than information relating to the Linmark Group).

We have not independently verified such information but, nevertheless, have made such enquiry and exercised such judgment as we deemed necessary and we found no reason to doubt the reliability of the information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation regarding the Offers, we have considered the following principal factors and reasons:

1. Background to the Offers

On 12 December 2006 the Offeror, Linmark and Byford jointly announced that the Board of Roly, the controlling shareholder of Linmark and Byford, had received the Delisting Proposal from the Offeror. Pursuant to such Delisting Proposal, the Offeror would, subject to obtaining the necessary approvals from the Roly Shareholders, make the Exit Offer for all the Roly Shares (other than those already owned, controlled or agreed to be acquired, directly or indirectly, by the Offeror, RI Investment and Mr. Wang) and all outstanding warrants of Roly (other than those owned, controlled or agreed to be acquired by, directly or indirectly Mr. Wang and parties acting or deemed to be acting in concert with him (within the meaning of the Singapore Code on Take-overs and Mergers)) in accordance with the rules of the Singapore Code on Take-overs and Mergers.

Since the Delisting Proposal is required to be approved by the Roly Shareholders, it was contemplated that immediately after the necessary approval having been obtained, Mr. Wang, his spouse, Megastar and RI Investment would transfer their respective Roly Shares to the Offeror. Upon completion of the Roly Share Injection, the Offeror would acquire a statutory control of Roly. Since Roly is the controlling shareholder of Linmark, the Offeror would also acquire a control (as defined in the Takeovers Code) of Linmark. In addition, the Offeror would make a proposal ("**Roly Option Proposal**") in relation to the outstanding options of Roly (other than those options which Mr. Wang has an interest, directly or indirectly) an amount calculated in accordance with the formula set out in Roly's circular dated 9 March 2007 in consideration of the holders of such outstanding options agreeing (i) not to exercise all or any of their options into new Roly Shares and (ii) not to exercise any of their rights as holders of such outstanding options.

On 26 March 2007, Linmark and the Offeror jointly announced that a special general meeting of the Roly Shareholders had been held on 26 March 2007 in which the Delisting Proposal had been approved by the Roly Shareholders. On 28 March 2007, the Roly Shares then owned or controlled by Mr. Wang, his spouse, Megastar and RI Investment had been transferred to the Offeror and the Pre-Conditions had been fulfilled. As at the Latest Practicable Date, the Offeror held 239,601.683 Roly Shares, representing approximately 58.4% of the total issued share capital of Roly, which in turn, through RGS Holdings Limited, held 437,720,000 Linmark Shares, representing approximately 65.2% of the total issued share capital of Linmark. Together with the Linmark Shares held by Mr. Wang, the Offeror Group was interested in approximately 65.3% of the total issued share capital of Linmark as at the Latest Practicable Date.

As a result of the Roly Share Injection, the Offeror has acquired a statutory control of Roly and thereby a control (as defined in the Takeovers Code) of Linmark. Pursuant to the "Chain Principle" referred to in Note 8 to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional offer for all the Linmark Shares not already owned by the Offeror or its Concert Parties. In addition, pursuant to Rule 13 of the Takeovers Code, the Offeror is obliged to make a comparable offer for all the Linmark Share Options not already owned by the Offeror or its Concert Parties.

As at the Latest Practicable Date, there were 670,920,009 Linmark Shares in issue (of which 438,340,000 Linmark Shares were owned or controlled by the Offeror Group) and 34,628,000 Linmark Share Options. Other than the Linmark Shares and the Linmark Share Options, Linmark does not have any other outstanding equity securities (including equity related convertible securities, or warrants, options or subscription rights in respect of any equity share capital of Linmark (including non-transferable options)).

ABN AMRO is making the Offers on behalf of the Offeror, subject to the terms set out in the Composite Offer Document (including, without limitations, those in Appendix I) and in the accompanying Forms of Acceptance, to acquire all the issued Linmark Shares not already owned by the Offeror Group, at the Share Offer Price, and to offer to pay a cash amount to the Independent Linmark Optionholders for each Linmark Share Option held by them in consideration of their agreeing to cancel their Linmark Share Options, on the following basis:

For each Linmark Share . . . . HK$1.05 in cash

For cancellation of each Linmark Share Option . . . . HK$0.001 in cash

The Share Offer Price of HK$1.05 per Linmark Share is the "see-through" price which is calculated by reference to the offer price of Roly Shares payable by the Offeror under the Exit Offer and the net profit contributions of Linmark to Roly.

The Option Offer Price is determined by reference to the exercise prices of the Linmark Share Options which range between HK$1.60 and HK$2.975 per Linmark Share and the fact that these Linmark Share Options are all out-of-the-money.

Further terms and conditions of the Offers, including the procedures for acceptances, are set out in the "Letter from ABN AMRO" in the Composite Offer Document.

2. Business overview and financial performance of the Linmark Group

The following is a summary of the financial results of the Linmark Group for the three years ended 30 April 2006, the six months ended 31 October 2006 and the nine months ended 31 January 2007:

	Nine months ended 31 January		Six months ended 31 October		Year ended 30 April		
	2007	**2006**	**2006**	**2005**	**2006**	**2005**	**2004**
	(unaudited) *(USD'000)*		*(unaudited)* *(USD'000)*		*(audited)* *(USD'000)*		
Turnover	313,020	209,469	193,680	98,377	288,322	89,837	44,338
Profit from operations	9,699	14,867	5,750	11,492	13,876	15,668	14,772
Profit before taxation	8,734	14,533	5,149	11,351	13,278	15,634	14,768
Net profit	6,877	13,131	4,277	10,543	10,515	14,754	14,625
Net assets including minority interest and intangible assets	110,833	105,101	107,952	106,102	104,777	65,319	56,647
Intangible assets	117,864	111,252	115,736	110,639	113,415	45,460	19,195
Dividend	Nil	Nil	1.80 HK cents	2.70 HK cents	(Final) 2.90 HK cents (Interim) 2.70 HK cents	(Final) 4.80 HK cents (Interim) 2.63 HK cents	(Final) 4.50 HK cents (Interim) 2.50 HK cents

Source: Annual reports, interim reports and quarterly results announcements of Linmark

Linmark is a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange. The Linmark Group is a global supply chain management solutions provider which principally engaged in the sourcing of apparel and accessories, hardgoods and electronic consumer goods as well as other related business on a worldwide basis in five main geographical locations, including Europe, Australia, Africa, North America and Hong Kong. The Linmark Group's business is divided into two main business segments: sales of merchandise and provision of services. It offers full range of sourcing services including, factory and product sourcing, product development and design, factory evaluation, management system certification and social compliance auditing, sampling, quality control inspections, shipping coordination and trim and packaging services.

For the financial year ended 30 April 2005

The Linmark Group recorded turnover of approximately US$89.8 million, representing an increase of about 102.6% over the previous financial year. The increase was principally due to the additional turnover from the Linmark Group's newly acquired business of Tamarind International Limited ("Tamarind"), an integrated sourcing services provider, with offices in China, operating under a trading model. We note that the reason for the acquisition is to diversify Linmark Group's reliance on North American markets by providing access to the Australian and South African markets and boosting sales in Europe.

It should be noted that turnover of Tamarind is recognised on a trading basis, by recording both sales and cost of sales associated with each transaction. Turnover for Linmark, on the other hand, for the period prior to the acquisition of Tamarind and Dowry Peacock (as defined below) was mainly recorded on a commission received basis. As such, the year-to-year net profit should reflect the performance of the Linmark Group more accurately than turnover.

Apart from the acquisition of the business and assets of Tamarind, the Linmark Group also managed to increase its value-added services, such as design and social compliance auditing service, to about 36.2% of the Linmark Group's net profit after tax compared to about 25.3% for the previous financial year.

However, operating expenses including finance costs increased approximately US$8.3 million to approximately US$35.1 million. The additional operating expenses of approximately US$3.2 million were incurred by the newly acquired businesses. Less that related to the acquisitions, the additional staff costs of the Linmark Group, including costs associated with hiring more professionals in China and the Indian Sub-continent and for the five marketing offices in North America and Europe, increased by approximately US$3.5 million. Business performance of Linmark Group in the second half of the year was also undermined by the weakened consumer demand in the North American markets. Temporary changes in the buying strategy of the Linmark Group's customers resulted in order delays or in some cases cancellation due to uncertainty caused by China's WTO accession.

As such, the Linmark Group's profit after tax only recorded a slight increase of about 0.9% to approximately US$14.8 million for the year ended 30 April 2005 from approximately US$14.6 million for the previous fiscal year.

For the financial year ended 30 April 2006

Turnover for the year increased by about 220.9% to approximately US$288.3 million from approximately US$89.8 million for the previous fiscal year. The significant increase was principally attributable to the acquisition of a 60.0% interest in Dowry Peacock Group Limited ("Dowry Peacock"), a UK based consumer electronic products brand owner and supply chain management company which is principally engaged in the business of consultancy, design, sourcing, planning, procurement, quality inspection, brand and warranty management of home entertainment and consumer electronic products. The management is of the view that the acquisition brings to the Linmark Group a list of new customers with whom the Linmark Group can explore cross-selling opportunities.

It should be noted that, similar to the case of Tamarind, Dowry Peacock operates on a trading model and its turnover is recorded on a trading basis, by recording both sales and cost of sales associated with each transaction. Turnover for Linmark, on the other hand, is mainly recorded on a commission received basis. As such, the year-to-year net profit should reflect the performance of the Linmark Group more accurately than turnover.

During the year under review, there were two senior executive appointments. The new management reviewed the Group's structure and marketing strategies and considered a restructuring appropriate. The management has carried out a series of restructuring plans in an effort to cut costs and encourage sales growth by enabling cross-selling.

Operating expenses including finance costs for the year increased to approximately US$51.1 million from US$35.1 million in the previous fiscal year. This was mainly due to the additional costs associated with the acquisition of Dowry Peacock, additional operating expenses associated with the newly acquired subsidiaries and business, costs associated with the restructuring and the increase in provision made for impairment of trade and other receivables. In addition, the performance of Dowry Peacock was affected by the weak GBP against USD and volatility in the consumer electronic sector in the European market. Revenue generated from the provision of services was also affected by rising interest rates, escalating oil prices and appreciation of the Renminbi.

As a result, the net profit for the year amounted to approximately US$10.5 million, an about 28.7% decrease from the previous fiscal year. During the year under review, the Linmark Group recorded a one-time non-cash income of approximately US$3.4 million, representing the excess of interest in fair value of acquired subsidiaries' net assets over cost of investment in relation to the acquisition of Dowry Peacok. Excluding this one-time non-cash income, the net profit was further reduced to approximately US$7.1 million or a decline of about 52.0% from that of the previous fiscal year.

For the six months ended 31 October 2006 (Unaudited)

Turnover for the period amounted to approximately US$193.7 million, representing an increase of about 96.9% against the same period of last year principally due to the acquisition of Dowry Peacock in October 2005. The Linmark Group's net profit for the period amounted to approximately US$4.3 million, a decrease of about 59.4% as compared to the corresponding period in the previous fiscal year. The decrease in net profit was mainly due to the departure of a major customer in North America which decided to consolidate its retail and sourcing functions in Asia during the previous financial year and the increased operating cost including finance costs by about 14.3% to approximately US$23.8 million. The increase was mainly attributable to the acquisition of Dowry Peacock, costs associated with the Linmark Group's restructuring of approximately US$1.0 million, and provision for doubtful debts of approximately US$1.8 million.

For the nine months ended 31 January 2007 (Unaudited)

Turnover for the period amounted to approximately US$313.0 million, representing an increase of about 49.4% against the corresponding period of last year attributed mainly to the acquisition of Dowry Peacock. The Linmark Group's net profit for the period amounted to approximately US$6.9 million, a decrease of about 47.6% as compared to the corresponding period of last year. The decrease in net profit was mainly attributable to the departure of a key customer in North America, restructuring costs incurred and increase in provision commanded by tightened credit policy. By removing the one-time non-cash income of approximately US$3.4 million, the excess of interest in fair value of acquired subsidiaries' net assets over cost of investment in relation to the acquisition of Dowry Peacok, the decrease in net profit would be about 29.2%.

Operating expenses including finance costs for the period increased by about 4.5% to approximately US$34.6 million. The increase was mainly due to the acquisition of Dowry Peacock, costs associated with the Linmark Group's restructuring amounted to approximately US$1.2 million and provision for doubtful debts of approximately US$1.6 million.

Recent Development

As announced by Linmark in its announcement dated 22 February 2007, the Linmark Group, in the first week of January 2007, received from the tax authority in India certain assessment orders (the "**Assessment Orders**") all dated 28 December 2006 in respect of the operation of the Linmark Group's liaison office in India (the "**India Office**") in assessment years 1999–2000 to 2004–2005, charging the Linmark Group for a tax of approximately US$10.5 million.

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

Linmark will instruct its professional advisers to undertake a review of the tax position of the Linmark Group's operation in India. Based on the information available as at the Latest Practicable Date, Quam Capital is unable and is not in a position to form an opinion with respect to the likely impact of any additional tax liability on the Linmark Group. However, it is noted in the Letter from the Board of Linmark, if it is finally established that additional tax provision is required to be made by the Linmark Group, the financial position of the Linmark Group may be adversely affected. For details, please refer to the Letter from the Board of Linmark to the Composite Document.

Gearing and Cash Flow Position

The Linmark Group's financial position was healthy for the period under review with cash and cash equivalents, excluding the pledged bank deposits, of approximately US$22.3 million, US$30.6 million and US$31.8 million and US$26.5 million as at 30 April 2005, 30 April 2006, 31 October 2006 and 31 January 2007 respectively.

During the period under review, current ratio of the Linmark Group was about the range of 1.1 to 2.0. The gearing ratio was low at 0.04, 0.1, 0.1 and 0.1 as at 30 April 2005, 30 April 2006, 31 October 2006 and 31 January 2007 respectively. In addition, the Linmark Group has total banking facilities of approximately US$41.7 million, US$60.5 million, US$67.5 million and US$61.8 million as at 30 April 2005, 30 April 2006, 31 October 2006 and 31 January 2007 respectively.

Conclusion

Having reviewed the financial performance of the Linmark Group in the last three financial years ended 30 April 2006, the six months ended 31 October 2006 and the nine months ended 31 January 2007, growth in sales is mainly being generated from acquisitions whereas the net profit resulted in a slight increase of about 0.9% from approximately US$14.6 million for the financial year ended 30 April 2004 to approximately US$14.8 million for the financial year ended 30 April 2005 and a decrease of about 28.7% to approximately US$10.5 million for the financial year ended 30 April 2006.

By removing the one-time non-cash income of approximately US$3.4 million, an excess of fair value of the acquired net assets over cost of investment in Dowry Peacock, the net profit for the financial year ended 30 April 2006 is approximately US$7.1 million or a decrease of about 52.0% from the net profit for the financial year ended 30 April 2005. The lack of profit growth during the period is mainly due to the increased operating expenses associated with (i) the acquisitions of Tamarind and Dowry Peacock; (ii) the increased sales generated from Tamarind and Dowry Peacock; and (iii) the restructuring aimed to encourage cross-selling and reduce costs.

Although it is the intention that the acquisitions and the restructuring undertaken in the past would broaden and diversify the Linmark Group's client base, enhance efficiencies, reduce cost, and increase profitability, it takes time for the implementation of the new business plans and the expected positive contribution or performance of these arrangements has yet to be fully reflected in the net profit.

3. Share Offer Price

(i) *Historical market price of Linmark Shares*

The table below illustrates the monthly highest, lowest and average closing prices and the closing price of Linmark Shares as quoted on the Stock Exchange on the trading day of each month during the last 12 months and including the Last Trading Day (the "**Pre-Announcement Period**") and from the day after the date of the Announcement to and including the Latest Practicable Date (the "**Post-Announcement Period**") (together the "**Review Period**").

Month/Period	**Highest closing price of the month/ period** *(HK$)*	**Lowest closing price of the month/ period** *(HK$)*	**Month/ period ended closing price** *(HK$)*	**Average daily closing price of the month/ period** *(HK$)*
2005				
December	2.275	2.075	2.125	2.14
2006				
January	2.25	2.125	2.175	2.17
February	2.2	2.075	2.1	2.12
March	2.125	1.78	1.8	1.94
April	1.86	1.53	1.53	1.77
May	1.55	1.38	1.4	1.48
June	1.5	1.23	1.23	1.37
July	1.21	1.12	1.12	1.16
August	1.06	0.98	1	1.01
September	1.1	0.97	0.98	1.01
October	1.02	0.97	0.97	0.99
November	1	0.94	0.96	0.97
December *(Note)*	1.04	0.93	1.01	0.99

Month/Period	Highest closing price of the month/ period *(HK$)*	Lowest closing price of the month/ period *(HK$)*	Month/ period ended closing price *(HK$)*	Average daily closing price of the month/ period *(HK$)*
2007				
January	1.04	1.01	1.02	1.03
February	1.05	1.01	1.01	0.98
March (up to the Latest Practicable Date)	1.03	0.95	1.03	0.98

Source: Website of the Stock Exchange

Note: Trading of Linmark Shares was suspended on 12 December 2006.

The following table sets out the reference between the Share Offer Price and the closing price of the Linmark Shares as at various different dates during the Review Period.

Closing prices of the Linmark Shares	Price *(HK$)*	Premium/Discount of the Share Offer Price to the market price of the Linmark Shares
Highest during the Pre-Announcement Period (recorded on 14 December 2005)	2.275	Discount of 53.9%
Lowest during the Pre-Announcement Period (recorded on 11 December 2006)	0.93	Premium of 12.9%
30-day average price for Pre-Announcement Period	0.97	Premium of 8.3%
60-day average price for the Pre-Announcement Period	0.94	Premium of 11.7%
90-day average price for the Pre-Announcement Period	0.99	Premium of 6.1%
Last Trading Day	0.93	Premium of 12.9%
First trading day in the Post-Announcement Period on 13 December 2006	1.03	Premium of 1.9%
Highest during the Post-Announcement Period	1.05	N/A
Lowest during the Post-Announcement Period	0.95	Premium of 10.2%
Latest Practicable Date	1.03	Premium of 1.9%

Source: Website of the Stock Exchange

As shown in the tables above, the closing prices of the Linmark Shares had been moving downwards steadily from its highest closing price of HK$2.275 on 14 December 2005 to its lowest closing price of HK$0.93 on 11 December 2006 over the Review Period. In fact, the average daily closing price of Linmark Shares had been below the Share Offer Price since August 2006. We also note that the Share Offer Price represents a premium of 1.9% over the closing price per Linmark Share of HK$1.03 on the first trading day of the Post-Announcement Period and the Linmark Shares have been trading in a narrow range of HK$0.95 and HK$1.05 during the Post-Announcement Period. Given that the trading price of Linmark Shares has been moving generally downwards during the

Review Period and has been trading in a narrow range below the Share Offer Price during the Post-Announcement Period, we consider that the Share Offer Price is fair and reasonable so far as the Independent Linmark Shareholders are concerned.

(ii) *Liquidity of the Linmark Shares*

The following table sets out the trading volume of the Linmark Shares during the Review Period.

Month/Period	**Total trading volume** *(Shares)*	**Average daily trading volume** *(Shares)* *(Note 1)*	**Percentage of average daily trading volume to total number of Linmark Shares in issue as at the Latest Practicable Date** *(in %)*	**Percentage of average daily trading volume to total number of Linmark Shares held by public shareholders as at the Latest Practicable Date** *(in %)* *(Note 2)*
2005				
December	33,329,750	1,666,488	0.3%	0.8%
2006				
January	30,810,000	1,621,579	0.2%	0.8%
February	18,190,000	909,500	0.1%	0.4%
March	50,614,800	2,200,643	0.3%	1.0%
April	18,940,000	1,114,118	0.2%	0.5%
May	15,812,000	790,600	0.1%	0.4%
June	11,562,000	525,545	0.1%	0.2%
July	8,044,000	383,048	0.1%	0.2%
August	42,271,000	1,837,870	0.3%	0.9%
September	22,130,000	1,053,810	0.2%	0.5%
October	43,892,000	2,194,600	0.3%	1.0%
November	14,356,000	652,545	0.1%	0.3%
December *(Note 3)*	29,378,000	1,632,111	0.2%	0.8%
2007				
January	11,412,000	518,727	0.1%	0.2%
February	16,703,681	927,982	0.1%	0.4%
March (up to the Latest Practicable Date)	35,327,699	1,766,385	0.3%	0.8%

Source: Website of the Stock Exchange

Notes:

(1) Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days during the month/period which exclude any trading day on which trading of the Linmark Shares on the Stock Exchange were suspended for the whole trading day.

(2) Based on approximately 217,373,000 Linmark Shares held by public shareholders as at the Latest Practicable Date, being the total number of the Linmark Shares in issue as at the Latest Practicable Date less the number of the Linmark Shares in which the Offeror and parties acting in concert with it were interested and the shares held by directors of Linmark and of its subsidiaries as at the Latest Practicable Date.

(3) Trading of the Linmark Shares was suspended on 12 December 2006.

As shown in the above table, the average daily trading volume of Linmark Shares during the Pre-Announcement Period ranged from approximately 383,048 Linmark Shares to approximately 2,200,643 Linmark Shares, representing less than 1.0% of the total number of Linmark Shares in issue as at the Latest Practicable Date and a range of approximately 0.2% to approximately 1.0% of the total number of the Linmark Shares held by public shareholders as at the Latest Practicable Date.

For the Post-Announcement Period, the trading volume of the Linmark Shares remained fairly inactive. Thus, given the relatively low level of liquidity of the Linmark Shares over the Review Period, the Linmark Shareholders would unlikely be able to sell a significant number of their Linmark Shares in the market without depressing the market price of the Linmark Shares. The Share Offer as such represents an attractive alternative exit for the Linmark Shareholders.

(iii) *Price to earnings multiple ("**PE**")*

We consider that PE is regarded as the most common valuation method to value a company with recurrent income base. It illustrates the ratio of the market price of a company's shares relatives to its historical consolidated basic earnings per share.

Based on the net profit attributable to the Linmark Shareholders of approximately US$10.4 million and weighted average number of about 661,534,000 Linmark Shares in issue for the financial year ended 30 April 2006, the earnings per share of the Linmark Group for the financial year ended 30 April 2006 was about US$0.016 (or about HK$12.4 cents) ("**EPS**"). Based on EPS and the closing price of the Linmark Shares of about HK$1.03 as at the Latest Practicable Date, the Linmark Group had PE of about 8.3 times. Based on EPS of Linmark for the financial year ended 30 April 2006, the Share Offer Price represents a PE of about 8.5 times.

In order to access the fairness and reasonableness of the Share Offer Price, we have compared the valuation statistics of Linmark with selected comparable companies. To perform a relevant comparison, Linmark would ideally be compared with companies listed on the Stock Exchange which are principally engaged in the sourcing of apparel and accessories, hardgoods and electronic consumer goods having market capitalisation of below HK$2,000 million which we consider to be of a similar size range to Linmark in the past 12 months prior to the Latest Practicable Date. However, we could not find any company listed on the Stock Exchange that is principally engaged in the sourcing of apparel and accessories, hardgoods and electronics consumer goods. Alternatively, based on our best knowledge, we have identified two companies (the "**Comparable Companies**") which their business activities include some of the Linmark Group's principal business activities and having market capitalization of below HK$2,000 million. After taking into consideration of the business scope and the size of market capitalization, we consider the following comparison relevant:

Name of the companies *(stock code)*	**Principal business activities**	**Closing share price** *(HK$)* *(Note 1)*	**Market capitalisation** *(HK$ million)*	**PE** *(times)*
Hembly International Holdings Limited ("Hembly") (3989)	Provision of supply chain services for companies involved in the supply of apparel and accessories to international brand apparel makers, distribution and retailing of apparel and footwear	2.7	683.4	11.7 *(Note 2)*
SAS Dragon Holdings Limited ("SAS") (1184)	Distribution of electronic goods and sports products	0.85	206.2	5.2 *(Note 3)*
The Company		1.05	691.0	8.5 *(Note 4)* or Adjusted PE of 12.6 *(Note 5)*

Source: Annual reports of the Comparable Companies and website of the Stock Exchange

Notes:

(1) Being the closing share prices for the respective companies as at the Latest Practicable Date, except that the corresponding figures of Linmark is the Share Offer Price.

(2) Based on the net profit attributable to shareholders of Hembly of approximately HK$58.2 million for the year ended 31 December 2005 and 253,100,000 shares in issue as at 28 February 2007, the EPS of Hembly was about HK$23.0 cents. Based on the EPS of Hembly and the closing shares price of Hembly of about HK$2.7 as at the Latest Practicable Date, Hembly had PE of about 11.7 times.

(3) Based on the net profit attributable to shareholders of SAS of approximately HK$40.1 million and 242,540,720 shares in issue as at 28 February 2007. EPS of SAS for the year ended 31 December 2005 was about HK$16.5 cents. Based on the EPS of SAS and the closing shares price of SAS of about HK$0.85 as at the Latest Practicable Date, SAS had PE of about 5.2 times.

(4) Based on the net profit attributable to the Linmark Shareholders of approximately US$10.4 million and weighted average number of about 661,534,000 Linmark Shares in issue for the financial year ended 30 April 2006, the EPS of the Linmark Group for the financial year ended 30 April 2006 was about US$0.016 (or about HK$12.4 cents). Based on the EPS of the Linmark Group and the Share Offer Price, Linmark has PE of about 8.5 times.

(5) According to the annual report of the Linmark Group for the financial year ended 30 April 2006, the Linmark Group's profit for the year included a one-time non-cash income of approximately US$3.4 million, representing the excess of interest in fair value of acquired subsidiaries' net assets over cost of investment in relation to the acquisition of 60% interest in Dowry Peacock. By excluding such one-off non-cash income, the net profit after tax of Linmark Group reported a decline and adjusted to approximately US$7.1 million and accordingly the PE is adjusted to about 12.6 times (the "**Adjusted PE**").

As shown in the above table, the PE multiples of the Comparable Companies are 5.2 and 11.7 times. The PE of Linmark of about 8.5 times implied by the Share Offer Price is within the range of the PE of the Comparable Companies. However, the Adjusted PE of 12.6 times is above the high-end of the range of the Comparable Companies. By considering that the Adjusted PE can reflect the ordinary business operation of Linmark more clearly by excluding the one-off item included in the profit for the year, the comparison between the Adjusted PE with PE of the Comparable Companies provide a more relevant analysis.

Given the above, we consider that the valuation of Linmark based on the Share Offer Price, with reference to the Adjusted PE, is favourable when compared to the PE of the Comparable Companies so far as the Independent Linmark Shareholders are concerned.

(iv) *Comparable recent deals*

We have identified from publicly available sources *(Note 1)* transactions announced in the last 24 months which involved acquisitions of sourcing companies (the "**Comparable Deals**") by Hong Kong listed companies, and reviewed the available information from the sources for all the Comparable Deals as summarized below:

Subject company	**Date of announcement**	**Consideration**	**PE** *(times)*
Li & Fung Limited ("Li & Fung") *(Note 2)*	10 February 2007	HK$1,933 million	8.0
Li & Fung *(Note 3)*	30 September 2006	HK$594 million	5.6

Notes:

(1) Website of the Stock Exchange

(2) On 10 February 2007, Li & Fung announced the acquisition of the sourcing assets including certain assets, properties, rights and claims in connection with the operation of the business of identifying, conducting negotiation with and forming supply agreements with vendors for the manufacture of apparel and accessories and monitoring the quality of such production of Tommy Hilfiger (Eastern Hemosphere) Limited, Tommy HK, New Bauhinia and Wellrose ("Tommy"). The consideration represented a PE of approximately 8 times of the adjusted earnings after tax attributable to the Sourcing Assets amounted to HK$242 million for the year ended 31 March 2006. As stated in the circular of such transaction, completion is expected to take place prior to 28 March 2007. Terms used herein shall have the same meanings as those used in the said announcement.

(3) On 30 September 2006, Li & Fung announced the acquisition of the entire share capital of each of KQIS, Alka Italy and Alka Turkey which together comprise the sourcing arm of Karstadtquelle AG., a listed company on the German stock exchange, engaged in the department store and mail order business in Germany. The consideration represented a PE of approximately 5.6 times of the adjusted earnings after tax of KQIS, Alka Italy and Alka Turkey for the year ended 31 March 2006 of approximately HK$105.7 million. Such acquisition was completed as at the Latest Practicable Date. Terms used herein shall have the same meanings as those used in the said announcement.

The Comparable Deals identified involve the acquisition of sourcing companies by Li & Fung. As shown in the table above, the PE represented by the Offer Price is slightly higher than those of the Comparable Deals.

For information purpose, Li & Fung is a buying agency for consumer goods and managing the supply chain for retailers, similar to those of Linmark. As at the Latest Practicable Date, Li & Fung's market capitalization is HK$84,938 million and trading at a PE of 37.1 times based on the share price as at the Latest Practicable Date (Source from the website of the Stock Exchange). Given the size of market capitalization of Li & Fung, we do not consider it is a relevant comparable to Linmark and was not selected as a comparable company when preparing our PE and NAV analysis.

(v) *Net asset value*

Based on the audited consolidated net assets (inclusive of minority interest) (the "**NAV**") of the Linmark Group as at 30 April 2006 of approximately US$104.8 million and 670,920,009 Shares in issue as at the Latest Practicable Date, the net asset value per Linmark Share amounted to approximately US$0.16 (or about HK$1.2). On this basis, the Share Offer Price represents a discount of about 12.5% over the NAV per Linmark Share as at 30 April 2006.

As at 30 April 2006, Linmark recorded intangible assets of approximately US$113.4 million, including goodwill of approximately US$42.4 million, deferred expenditures of approximately US$3.0 million and patents and trademarks of approximately US$68.0 million. Linmark recorded negative consolidated net tangible assets (the "**NTA**") of approximately US$8.63 million by deducting the intangible assets from the NAV.

For the purpose of the Composite Document, consolidated net tangible assets means the aggregate amount paid up on the issued share capital and the consolidated capital and revenue reserves but after deducting the value of intangible assets which may not present earnings prospects and may not have any continuing worth. The directors of Linmark are of the view that the patents and trademarks of Linmark are in anticipation of generating future economic benefits to Linmark for indefinite useful life. As such, we have reassessed Linmark Group with consolidated net tangible assets (the "**Reassessed NTA**") as at 30 April 2006 of approximately US$59.4 million by only deducting the goodwill and deferred expenditures from the NAV. On this basis, the Reassessed NTA per Linmark Share amounted to approximately US$0.09 (or equivalent to about HK$0.7).

The table below illustrates the price to NAV and price to Reassessed NTA of the Comparable Companies based on the latest published net asset value and the closing Linmark Share Price as at the Latest Practicable Date:

Name of the companies (stock code)	**Closing share price** *(HK$)* *(Note 1)*	**Latest NAV per share** *(HK$)*	**Reassessed NTA per share** *(HK$)*	**Premium/discount of closing price over/(to) audited NAV per share** *(in %)*	**Premium/discount of closing price over/ (to) the Reassessed NTA per share** *(in %)*
Hembly International Holdings Limited ("Hembly") (3989)	2.7	0.6 *(Note 2)*	0.6	350.0%	350.0%
SAS Dragon Holdings Limited ("SAS") (1184)	0.85	1.5 *(Note 3)*	1.5 *(Note 4)*	(43.3)%	(43.3)%
The Company	1.05	1.2 *(Note 5)* or 1.3 *(Note 7)*	0.7 *(Note 6)* or N/A *(Note 8)*	(12.5)% or (19.2)%	50.0% or N/A

Source: Website of the Stock Exchange, annual reports of the Comparables Companies and annual report and results announcement of Linmark

Notes:

(1) Being the closing share prices for the respective companies as at the Latest Practicable Date, except that the corresponding figures of Linmark is the Share Offer Price.

(2) Based on the NAV of Hembly as at 31 December 2005 of approximately HK$149.0 million and 553,100,000 shares in issue as at 28 February 2007, the NAV per share of Hembly was about HK$0.6.

(3) Based on the NAV of SAS as at 31 December 2005 of approximately HK$371.1 million and 242,540,720 shares in issue as at 28 February 2007, the NAV per share of SAS was about HK$1.5.

(4) The NTA of SAS amounted to HK$369.7 million, being the NAV of SAS less intangible assets of SAS of HK$1.4 million as at 31 December 2005.

(5) Based on the NAV of Linmark as at 30 April 2006 of approximately US$104.8 million and 670,920,009 shares in issue as at the Latest Practicable Date, the NAV per share of Linmark was about HK$1.2.

(6) The Reassessed NTA of Linmark of US$59.4 million, being the NAV of Linmark less goodwill of approximately US$42.4 million and deferred expenditures of Linmark of approximately US$3.0 million as at 30 April 2006.

(7) Based on the unaudited NAV of Linmark as at 31 January 2007 of approximately US$110.8 million and 670,920,009 shares in issue as at the Latest Practicable Date, the NAV per share of the Company was about HK$1.3.

(8) According to the announcement of unaudited results for the nine months ended 31 January 2007, details of the intangible assets were not disclosed.

As shown in the above, based on the closing price per share of the Comparable Companies as at the Latest Practicable Date, the shares of the Comparable Companies were traded at a level between a premium of about 350.0% over and a discount of about 43.3% to the NAV per share. We consider the discount of 12.5% to the NAV per Linmark Share is within the range to those of the Comparable Companies.

As for the price to Reassessed NTA analysis, based on the closing price per share of the Comparable Companies as at the Latest Practicable Date, the shares of the Comparable Companies were traded at a level between a premium of 350.0% over and a discount of about 43.3% to the Reassessed NTA per share. The Share Offer Price is within the range to those of the Comparable Companies over the Reassessed NTA per Linmark Share. The Reassessed NTA would, in our view, better reflect the underlying strength of the asset backing of the shares. In the context of advice regarding the Share Offer, we consider the sourcing company such as the Linmark Group is more appropriately valued by reference to earnings, but the premium over Reassessed NTA is a very substantial one.

(vi) *Dividend yield*

Linmark declared and paid annual dividends of HK$0.07 and HK$0.0743 per Linmark Share for the two years ended 30 April 2005 respectively. The dividends declared and paid per Linmark Share for the year ended 30 April 2006 was HK$0.056 representing a dividend yield of about 5.3% on the basis of the Share Offer Price. The table below sets out the dividend yield of the Comparable Companies based on the closing share prices as at the Latest Practicable Date and the dividend declared in the latest financial year.

Name of the companies (stock code)	**Closing share price** *(HK$)* *(Note)*	**Dividend/ Share** *(HK$)*	**Dividend yield**
Hembly International Holdings Limited (“Hembly”) (3989)	2.7	0.03	1.1%
SAS Dragon Holdings Limited (“SAS”) (1184)	0.85	0.07	8.2%
The Company	1.05	0.056	5.3%

Source: Website of the Stock Exchange, annual reports of the Comparable Companies and annual report and results announcement of Linmark

Note: Being the closing share prices for the respective companies as at the Latest Practicable Date, except that the corresponding figures of Linmark is the Share Offer Price.

Based on the above table, accordingly, the dividend yield of the Linmark Share based on the Share Offer Price is within the range to the dividend yield of the Comparable Companies. However, please note that there is no assurance that future dividends will be paid at a level similar to that of the previous years.

(vii) *Comparable Offers*

We have attempted to compare the Share Offer with cash offers made over the Review Period for companies listed on the Stock Exchange engaging in sourcing business which we consider to be in similar business scope of Linmark. However, based on our best knowledge, we are unable to identify any such comparables over the Review Period.

(viii) *Option Offer*

Each Linmark Share Option confers on the grantee thereof the right to subscribe for a new Linmark Share at the price ranging from HK$1.60 to HK$2.975. As the exercise price of the Linmark Share Option is higher than the Option Offer Price, the Linmark Share Options have no "see-through" value and hence is set out at a nominal value of HK$0.001 per Linmark Share Option.

The closing price of the Linmark Shares ranged from the lowest of HK$0.95 to highest of 1.05 per Linmark Share during the Post-Announcement Period. As at the Latest Practicable Date, the closing price per Linmark Share was HK$1.03. Given that there is no significant change in the fundamentals of Linmark Group during the Post-Announcement Period, we consider that the Linmark Share price increment within such period was mainly driven by the market speculation after the release of the Announcement. As such, we consider that the basis of determining the Option Offer Price at a nominal value is acceptable to the Independent Linmark Optionholders.

4. Intention of the Offerors and future prospects of the Linmark Group

As set out in the section of the Composite Offer Document headed "Intentions in relation to Linmark" in the Letter from ABN AMRO, the Offeror intends that the Linmark Group, if the Offers are completed, will in the near term continue to carry on its existing principal business. The Offeror has no plan to introduce any material changes to the business of the Linmark Group, to redeploy its fixed assets, to inject assets or to discontinue the employment of the employees of the Linmark Group. As stated in the same section as mentioned above, the Offeror is of the view that the Offers is part of a restructuring effort to reduce costs of and enhance efficiency in managing the Linmark Group and the Roly Group by consolidating and rationalising its assets. This includes facilitating the integration of the sourcing platforms of the Linmark Group and the Roly Group to allow greater flexibility for management of the Linmark Group and introducing new services and products to their customers.

The Linmark Directors are of the view that the global outsourcing trend is expected to continue because of the cost efficiencies outsourcing brings to corporations. Nonetheless, the management is of the opinion that the business environment remains challenging and sees a short term consolidation. However, they are of the view that the long term prospect of its business remains optimistic.

CONCLUSIONS AND RECOMMENDATION

In arriving at our recommendation, we have considered the principal factors as summarised below:

Share Offer

- The thin trading volume of Linmark Shares and the downward trend in the closing price of the Linmark Shares over the Review Period;
- The Adjusted PE implied by the Share Offer is above the high-end of the range of the Comparable Companies;

- The PE, NAV per Linmark Share, Reassessed NTA per Linmark Share and Dividend yield implied by the Share Offer are within the range as compared to those of the Comparable Companies;
- The PE implied by the Share Offer is higher as compared to those of the Comparable Deals;
- Management's expectation of the positive contribution from the restructuring and the acquisitions made in the past three years have yet to be fully reflected in the results; and
- The Share Offer Price represents a premium of approximately 1.9% to the closing price of HK$1.03 per Linmark Share as quoted on the Stock Exchange on the Latest Practicable Date.

Option Offer

- The Option Offer Price is set at a nominal value as the Options are currently "out of money" and otherwise such Options would be worthless

OPINION

Based on the above, we are of the view that the Share Offer and Option Offer are fair and reasonable so far as the Independent Linmark Shareholders and Optionholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Linmark Shareholders and Optionholders to accept the Share Offer and Option Offer.

Independent Linmark Shareholders should note that if the market price of the Linmark Shares exceed the Share Offer Price during the Offer Period, and the sales proceeds, net of transaction costs, exceeds the amount receivable from the Offers, Independent Linmark Shareholders should consider selling their Linmark Shares in the market instead of accepting the Share Offer. Furthermore, Linmark Shareholders who believe in the experience of the directors maintained by the Offeror that could possibly be of interest to the Linmark Group and the Linmark Shareholders as a whole, may wish to consider retaining some or all of their interests in Linmark.

Irrespective of the above, if the Linmark Shareholders consider retaining some or all of their Linmark Shares, they are reminded that, the Offeror intends to exercise any right to compulsorily acquire those Linmark Shares not already owned or acquired by the Offeror pursuant to the Offers that may be available to it under the Bermudan Companies Act if the Offeror has received acceptances representing not less than 90% of Disinterested Linmark Shares within four months of the posting of the Composite Document as required under 2.11 of the Takeovers Code.

Yours faithfully,
For and on behalf of
Quam Capital Limited
Sandy Yip
Director

1. FURTHER PROCEDURES FOR ACCEPTANCE OF THE OFFERS

A. The Share Offer

(a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Linmark Shares is/are in your name, and you wish to accept the Share Offer, you must send the duly completed **WHITE** Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for not less than the number of Linmark Shares in respect of which you intend to accept the Share Offer by post or by hand to the Registrar at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

(b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Linmark Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Share Offer in respect of your Linmark Shares, you must either:

(i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Linmark Shares with the nominee company, or other nominee, with instructions authorising it to accept the Share Offer on your behalf and requesting it to deliver the duly completed **WHITE** Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the Linmark Shares to the Registrar; or

(ii) arrange for the Linmark Shares to be registered in your name by Linmark through the Registrar, and send the duly completed **WHITE** Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the Linmark Shares to the Registrar; or

(iii) if your Linmark Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

(iv) if your Linmark Shares have been lodged with your Investor Participant's Account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.

(c) If the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Linmark Shares is/are not readily available and/or is/are lost and you wish to accept the Share Offer in respect of your Linmark Shares, the **WHITE** Form of Acceptance should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for your Linmark Shares or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for your Linmark Shares should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s) for the Linmark Shares, you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

(d) If you have lodged transfer(s) of any of your Linmark Shares for registration in your name and have not yet received your Linmark Share certificate(s), and you wish to accept the Share Offer in respect of your Linmark Shares, you should nevertheless complete the **WHITE** Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to ABN AMRO and/or the Offeror or their respective agent(s) to collect from the Registrar on your behalf the relevant share certificate(s) for the Linmark Shares when issued and to deliver such certificate(s) to the Registrar as if it was/they were delivered to the Registrar with the **WHITE** Form of Acceptance.

(e) Acceptance of the Share Offer will be treated as valid only if the completed **WHITE** Form of Acceptance is received by the Registrar no later than 4:00 p.m. on the First Closing Date or such later time and/or date as the Offeror may determine and announce with the consent of the Executive, and is:

(i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for not less than the number of Linmark Shares in respect of which you intend to accept the Share Offer and, if those share certificate(s) is/are not in your name, such other documents in order to establish your right to become the registered holder of the relevant Linmark Shares; or

(ii) from a registered Linmark Shareholder or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to Linmark Shares which are not taken into account under another sub-paragraph of this paragraph (e)); or

(iii) certified by the Registrar or the Stock Exchange.

If the **WHITE** Form of Acceptance is executed by a person other than the registered Linmark Shareholder, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.

(f) Seller's ad valorem stamp duty for transfer of Linmark Shares registered on the Registrar arising in connection with acceptance of the Share Offer will be payable by each accepting Linmark Shareholder at the rate of HK$1.00 for every HK$1,000 (or part thereof) of the greater of (i) the consideration payable by the Offeror in respect of the relevant acceptance; and (ii) the value of the Linmark Shares, and will be deducted from the cash amount due to such person under the Share Offer. The Offeror will arrange payment of such seller's ad valorem stamp duty on behalf of the accepting Linmark Shareholders and will pay the buyer's ad valorem stamp duty in respect of the Linmark Shares accepted under the Share Offer.

(g) No acknowledgement of receipt of any **WHITE** Form of Acceptance, Linmark Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

(h) If the Share Offer is withdrawn or lapses, the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the share certificate(s) of Linmark Shares lodged with the **WHITE** Form of Acceptance to the relevant Linmark Shareholder.

B. The Option Offer

(a) If you accept the Option Offer, you should complete the **PINK** Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms and conditions of the Option Offer.

(b) The completed **PINK** Form of Acceptance should be forwarded, together with the relevant option certificate(s) of Linmark Share Option stating the number of Linmark Share Options for not less than the number of the Linmark Share Options in respect of which you intend to accept the Option Offer, by post or by hand to Ms. Brenda CHEUNG, the company secretary of Linmark at the branch office of Linmark in Hong Kong at Suites 401–409, Jardine House, 1 Connaught Place, Central, Hong Kong as soon as possible and in any event so as to reach the company secretary of Linmark at the aforesaid address no later than 4:00 p.m. on the First Closing Date or such later time and/or date as the Offeror may determine and announce with the consent of the Executive.

(c) If the Option Offer is withdrawn or lapses, the Offeror shall, as soon as possible, but in any event within 10 days thereof, return by ordinary post the option certificate(s) of Linmark Share Option lodged with the **PINK** Form of Acceptance to the relevant Linmark Optionholder.

(d) No stamp duty will be deducted from the amount paid to the Linmark Optionholders who accept the Option Offer.

(e) No acknowledgement of receipt of any **PINK** Form of Acceptance and/or the option certificate(s) of the Linmark Share Options will be given.

2. ACCEPTANCE PERIOD AND REVISIONS

(a) Unless the Offers have previously been extended with the consent of the Executive, all acceptances must be received by 4:00 p.m. on the First Closing Date in accordance with the instructions printed on the relevant Form(s) of Acceptance and the Offers will be closed on the First Closing Date.

(b) If the Offers are extended or revised, the announcement of such extension or revision will state the next closing date or that the Offers will remain open until further notice. In the latter case, at least 14 days' notice in writing will be given before the Offers are closed to those Independent Linmark Shareholders and those Independent Linmark Optionholders who have not accepted the Offers and an announcement will be published.

If the Offeror revises the terms of the Offers, all Linmark Shareholders and/or Linmark Optionholders, whether or not they have already accepted the Share Offer or the Option Offer (as the case may be), will be entitled to the revised terms. The revised Offers must be kept open for at least 14 days following the date on which the revised offer document is posted.

The execution by or on behalf of any Linmark Shareholder who has previously accepted the Share Offer or any Linmark Optionholder who has previously accepted the Option Offer (as the case may be) shall be deemed to constitute acceptance of the revised Offers unless such holder becomes entitled to withdraw his or her acceptance under the section of this Appendix entitled "Right of Withdrawal" and duly does so.

(c) Except with the consent of the Executive, the Offers shall not be capable of remaining open for acceptance after four months from posting of this document in the event that the Offeror chooses to exercise its power of compulsory acquisition, unless, by that time, the Offeror has become entitled to exercise rights of compulsory acquisition.

(d) If the closing date of the Offers is extended, any reference in this document and in the Form(s) of Acceptance to the closing date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offers so extended.

3. ANNOUNCEMENTS

(a) By 6:00 p.m. on the First Closing Date (or such later time as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Offers. The Offeror must publish an announcement on the Stock Exchange's website by 7:00 p.m. on the First Closing Date stating the results of the Offers and whether the Offers have been revised, extended or have expired. Such announcement must be published in accordance with the requirements set out in item (c) below on the next Business Day.

The announcement must state the following:

(i) the total number of Linmark Shares and rights over Linmark Shares for which acceptances of the Share Offer have been received;

(ii) the total number of Linmark Shares and rights over Linmark Shares held, controlled or directed by the Offeror Group before the Offer Period;

(iii) the total number of Linmark Shares and rights over Linmark Shares acquired or agreed to be acquired by the Offeror Group during the Offer Period;

(iv) the total number of Linmark Share Options for which acceptances of the Option Offer have been received;

(v) the total number of Linmark Share Options held by the Offeror Group before the Offer Period; and

(vi) the total number of Linmark Share Options acquired or agreed to be acquired by the Offeror Group during the Offer Period.

The announcement must specify the percentages of the issued share capital of Linmark and the percentages of voting rights of Linmark represented by these numbers of Linmark Shares and Linmark Share Options.

(b) In computing the total number of Linmark Shares and Linmark Share Options represented by acceptances, only valid acceptances that are complete and in good order and which have been received by the Registrar (as regards the Share Offer) or the company secretary of Linmark (as regards the Option Offer) no later than 4:00 p.m. on the First Closing Date shall be included.

(c) As required under the Takeovers Code and the Listing Rules, any announcement in relation to the Offers, in respect of which the Executive and the Stock Exchange have confirmed that they have no further comments thereon, must be published as a paid announcement in at least one leading English language newspaper and one leading Chinese newspaper, being in each case a newspaper which is published daily and circulated generally in Hong Kong.

4. RIGHT OF WITHDRAWAL

(a) Acceptance of the Offers tendered by the Linmark Shareholders and the Linmark Optionholders, as the case may be, shall be irrevocable and cannot be withdrawn, except in the circumstances set out in (b) below or in compliance with Rule 17 of the Takeovers Code which provides that an acceptor shall be entitled to withdraw his acceptance after 21 days from the First Closing Date, if the Offers have not by then become unconditional as to acceptances. Since the Offers are unconditional, acceptances by the Linmark Shareholders and the Linmark Optionholders under the Offers shall be irrevocable and cannot be withdrawn except in circumstances set out in (b) below.

(b) If the Offeror is unable to comply with the requirements set out in the paragraph headed "Announcements" in this Appendix, the Executive may require that the Linmark Shareholders and the Linmark Optionholders who have tendered acceptances to the Offers, as the case may be, be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

If the Offers are withdrawn with the consent of the Executive in accordance with the Takeovers Code, the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of Linmark Shares lodged with the **WHITE** Form of Acceptance to the relevant Linmark Shareholder(s) or the option certificate(s) of the Linmark Share Option lodged with the **PINK** Form of Acceptance to the relevant Linmark Optionholder(s).

5. SETTLEMENT OF THE OFFERS

(a) The Share Offer

Provided that a valid **WHITE** Form of Acceptance and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) of Linmark Shares are complete and in good order and have been received by the Registrar no later than the latest time for acceptance, a cheque for the amount due to each of the Linmark Shareholders less seller's ad valorem stamp duty in respect of the Linmark Shares tendered by him/her/it under the Share Offer will be despatched to the Linmark Shareholders by ordinary post at his/her/its own risk within 10 days of the date on which all the relevant documents are received by the Registrar to render such acceptance complete and valid.

(b) The Option Offer

Provided that a valid **PINK** Form of Acceptance and the relevant option certificate(s) of Linmark Share Option are complete and in good order and have been received by the company secretary of Linmark no later than the latest time for acceptance, a cheque for the amount due to each of the Linmark Optionholders in respect of the Linmark Share Options surrendered by him/her under the Option Offer will be despatched to the Linmark Optionholders by ordinary post at his/her own risk within 10 days of the date on which all the relevant documents are received by the company secretary of Linmark to render such acceptance complete and valid.

The settlement of the consideration to which any Linmark Shareholder(s) or Linmark Optionholder(s) is/are entitled under the Offers will be implemented in full in accordance with the terms of the Offers without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Linmark Shareholder(s) or Linmark Optionholder(s).

6. OVERSEAS LINMARK SHAREHOLDERS

The making of the Share Offer to Overseas Linmark Shareholders may be prohibited or affected by the laws of the relevant jurisdictions. Overseas Linmark Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of each Overseas Linmark Shareholder wishing to accept the Share Offer to satisfy himself or herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements. Any such Overseas Linmark Shareholder will be responsible for any such issue, transfer or other taxes by whomsoever payable and Linmark, the Offeror Group, ABN AMRO and any person acting on their behalf shall be entitled to be fully indemnified and held harmless by such Overseas Linmark Shareholder for any such issue, transfer or other taxes as such person may be required to pay. Acceptances of the Share Offer by any such person will constitute a warranty by such person that such person is permitted under all applicable laws to receive and accept the Share Offer, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws.

7. GENERAL

(a) All communications, notices, Form(s) of Acceptance, share certificate(s) of Linmark Shares or option certificate(s) of the Linmark Share Options, transfer receipt(s), other document(s) of title or indemnity and remittances to settle the consideration payable under the Offers to be delivered by or sent to or from the Linmark Shareholders and the Linmark Optionholders will be delivered by or sent to or from them, or their designated agents, at their own risk, and none of Linmark, the Offeror Group or any of their respective directors or other parties involved in the Offers or any of their respective agents accepts any liability for any loss in postage or any other liabilities that may arise as a result thereof.

(b) The provisions set out in the Form(s) of Acceptance form part of the terms of the Offers.

(c) The accidental omission to despatch this document and/or Form(s) of Acceptance or any of them to any person to whom the Offers are made will not invalidate the Offers in any way. The deliberate omission, if any, to despatch this document and/or the Form(s) of Acceptance to the Overseas Linmark Shareholders will not invalidate the Share Offer in any way.

(d) The Offers are, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.

(e) Due execution of the Form(s) of Acceptance will constitute an authority to any of the Offeror or such person or persons as the Offeror may direct to complete and execute any document on behalf of the person accepting the Offers and to do any other act that may be necessary or expedient for the purpose of vesting in the Offeror, or such person or persons as it may direct, the Linmark Shares and the Linmark Share Options (as the case may be) in respect of which such person has accepted the Offers.

(f) Acceptance of the Offers by any person or persons will be deemed to constitute a warranty by such person or persons to Linmark and the Offeror:

(i) that the Linmark Shares and the Linmark Share Options acquired under the Offers are sold by any such person or persons free from all liens, charges, options, claims, equities, adverse interests, third party rights or encumbrances whatsoever and together with all rights accruing or attaching thereto as at the date of the Announcement or subsequently becoming attached to them, including, without limitation, in the case of the Linmark Shares, the rights to receive all future dividends or other distributions declared, paid or made, if any, on or after the date of the Announcement, other than the dividend of HK$0.018 per Linmark Share in respect of the six months ended 31 October 2006 declared on 12 December 2006 and paid on 11 January 2007; and

(ii) that if such accepting Linmark Shareholder is an Overseas Linmark Shareholder, he, she or it has observed the laws of all relevant territories, obtained any requisite governmental, exchange control or other consents, complied with all requisite formalities or legal requirements and paid any issue, transfer or other taxes or other required payments due from him, her or it in connection with such acceptance in any territory, that he, she or it has not taken or omitted to take any action which will or may result in Linmark, the Offeror Group, or ABN AMRO or any other person acting in breach of the legal or regulatory requirements of any territory in connection with the Share Offer or his, her, its acceptance thereof, and is permitted under all applicable laws to receive and accept the Share Offer, and any revision thereof, and that such acceptance is valid and binding in accordance with all applicable laws.

(iii) that such Linmark Optionholders will surrender to Linmark all of their existing rights, if any, in respect of their outstanding Linmark Share Options, following which such Linmark Share Options will be cancelled and extinguished.

(g) Acceptance of the Share Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Linmark Shares in respect of which it is indicated in the **WHITE** Form of Acceptance is the aggregate number of Linmark Shares held by such nominee for such beneficial owner who is accepting the Share Offer.

(h) References to the Offers in this document and in the Form(s) of Acceptance shall include any extension or revision thereof.

(i) The English texts of this document and the Form(s) of Acceptance shall prevail over the Chinese texts for the purpose of interpretation.

1. FINANCIAL INFORMATION

A. Summary of financial information for the three years ended 30 April 2006

The following is a summary of the audited financial results of the Linmark Group for each of the three years ended 30 April 2006, as extracted from the audited financial statements of the Linmark Group for the relevant periods.

Condensed consolidated income statement

	Years ended 30 April		
	2006	**2005**	**2004**
	US$'000	*US$'000*	*US$'000*
			(Note 2)
Turnover	288,322	89,837	44,338
Profit before income tax	13,278	15,634	14,768
— Income tax expense	(2,763)	(880)	(143)
Profit for the year	10,515	14,754	14,625
Attributable to:			
— equity holders of Linmark	10,444	14,754	14,625
— minority interest	71	—	—
	10,515	14,754	14,625
Dividends	4,829	6,216	5,872
Dividends per share	5.60 HK cents	7.43 HK cents	7.00 HK cents
Earnings per share (basic)	1.6 US cents	2.3 US cents	2.3 US cents

Notes:

1. For the year ended 30 April 2006, profit attributable to minority interest of approximately US$71,000 was recorded. Save for such minority interest, for each of the three years ended 30 April 2006, no extraordinary item and exceptional item or minority interest was disclosed in the audited financial statements of the Linmark Group of the relevant periods. No qualified opinion has been issued by Linmark's auditors in respect of its financial statements for each of the three years ended 30 April 2006.

2. During the year ended 30 April 2006, the Linmark Group adopted a number of new/revised International Accounting Standards, International Financial Reporting Standards and International Financial Reporting Interpretations Committee Interpretations, details of which are set out in note 2 to the audited financial statements of the Linmark Group for the year ended 30 April 2006 which are set out in paragraph 1(B) in this appendix below. The Linmark Directors consider that such adoptions would not have any material effect on the financial figures for the year ended 30 April 2004 disclosed above.

B. Audited financial statements of the Linmark Group for the year ended 30 April 2006

The following is the full text of the audited financial statements of the Linmark Group for the year ended 30 April 2006 extracted from the annual report of Linmark for the year ended 30 April 2006.

CONSOLIDATED INCOME STATEMENT
For the year ended 30 April 2006

	Notes	**2006** *US$'000*	**2005** *US$'000*
Revenue	5	288,322	89,837
Cost of sales	8	(229,923)	(41,513)
Gross profit		58,399	48,324
Other income	7	2,601	2,443
General and administrative expenses	8	(50,521)	(35,112)
Excess of interest in fair value of acquired subsidiaries' net assets over cost	33	3,397	—
Gain on dissolution of subsidiaries		—	13
Operating profit		13,876	15,668
Finance costs	10	(549)	(22)
Share of loss of a joint venture	17	(49)	(12)
Profit before income tax		13,278	15,634
Income tax expense	11	(2,763)	(880)
Profit for the year		10,515	14,754
Attributable to:			
Equity holders of the Company	12	10,444	14,754
Minority interest		71	—
		10,515	14,754
Dividends	13	4,829	6,216
Earnings per share for profit attributable to equity holders of the Company			
(expressed in US cents per share)			
— Basic	14	1.6	2.3
— Diluted	14	1.6	2.2

The notes are an integral part of these financial statements.

BALANCE SHEETS
As at 30 April 2006

		Group		Company	
		2006	**2005**	**2006**	**2005**
	Notes	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Non-current assets					
Property, plant and equipment	15	3,236	3,119	—	—
Intangible assets	16	113,415	45,460	—	—
Other asset		83	83	—	—
Investments in subsidiaries	35	—	—	41,509	36,305
Investment in a joint venture	17	121	170	—	—
		116,855	48,832	41,509	36,305
Current assets					
Inventories	18	13,540	55	—	—
Trade receivables	19	34,522	20,308	—	—
Prepayments, deposits and other receivables	20	6,746	3,709	3	167
Amounts due from related companies	34(c)	193	—	—	—
Cash and cash equivalents	21	37,609	27,323	7,105	13,075
		92,610	51,395	7,108	13,242
Current liabilities					
Trade payables	22	44,589	9,144	—	—
Accruals and other payables	23	17,173	6,588	17	12
Short-term bank loans	24	8,850	2,300	—	—
Balance of consideration payable for acquisitions of subsidiaries/businesses and assets — due within one year	25	12,286	6,461	—	—
Current income tax liabilities		2,901	1,454	—	—
		85,799	25,947	17	12
Net current assets		6,811	25,448	7,091	13,230
Total assets less current liabilities		123,666	74,280	48,600	49,535
Non-current liabilities					
Balance of consideration payable for acquisitions of subsidiaries/businesses and assets — due after one year	25	17,073	7,192	—	—
Post-employment benefits	26	1,691	1,651	—	—
Deferred income tax liabilities	27	125	118	—	—
		18,889	8,961	—	—
Net assets		104,777	65,319	48,600	49,535
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	28	13,337	13,113	13,337	13,113
Reserves	30	61,907	52,206	35,263	36,422
		75,244	65,319	48,600	49,535
Minority interest		29,533	—	—	—
Total equity		104,777	65,319	48,600	49,535

The notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2006

		Attributable to equity holders of the Company		Minority interest	Total
		Share capital	Reserves		
	Notes	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Balance at 1 May 2004		13,090	43,557	—	56,647
Profit for the year		—	14,754	—	14,754
Currency translation differences		—	(164)	—	(164)
Total recognised gain for the year		—	14,590	—	14,590
		13,090	58,147	—	71,237
Employees share option scheme					
— proceeds from issue of shares	28	61	685	—	746
Repurchase of shares	28	(38)	(641)	—	(679)
Dividends paid		—	(5,985)	—	(5,985)
Balance at 30 April 2005		13,113	52,206	—	65,319
Balance at 1 May 2005		13,113	52,206	—	65,319
Profit for the year		—	10,444	71	10,515
Currency translation differences		—	1,742	1,218	2,960
Total recognised gain for the year		—	12,186	1,289	13,475
		13,113	64,392	1,289	78,794
Employees share option scheme					
— value of employment services	2(a)	—	448	—	448
— proceeds from issue of shares	28	24	224	—	248
Business combination					
— issue of shares	28	200	2,621	—	2,821
— minority interest		—	—	30,903	30,903
Capital contribution from a minority shareholder of a subsidiary	34(b)	—	569	380	949
Dividends paid		—	(6,347)	(3,039)	(9,386)
Balance at 30 April 2006		13,337	61,907	29,533	104,777

The notes are an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 30 April 2006

	Notes	2006 US$'000	2005 US$'000
Cash flows from operating activities			
Cash generated from operations	31(a)	21,107	19,201
Interest paid		(297)	(22)
Income tax paid		(725)	(1,190)
Net cash generated from operating activities		20,085	17,989
Cash flows from investing activities			
Acquisition of subsidiaries/businesses and assets, net of cash acquired	33	(1,411)	(19,753)
Repayment of consideration payable for acquisitions of subsidiaries/businesses and assets		(6,461)	(1,987)
Purchase of property, plant and equipment		(1,414)	(1,413)
Proceeds from disposal of property, plant and equipment		116	134
Increase in investment in a joint venture		—	(182)
Purchase of short-term investment		—	(54)
Proceeds from disposal of short-term investment		—	176
Interest received		814	1,321
Dividend received		—	16
Decrease in bank deposits with original maturity over three months and pledged bank deposits		5,000	7,379
Net cash used in investing activities		(3,356)	(14,363)
Cash flows from financing activities			
Drawdown of short-term bank loans		6,550	2,300
Repayment of finance lease obligations		—	(6)
Proceeds from issue of shares		248	746
Payment on repurchase of shares		—	(679)
Dividends paid to the Company's equity holders		(6,347)	(5,985)
Dividends paid to minority shareholders		(2,090)	—
Net cash used in financing activities		(1,639)	(3,624)
Exchange gains/(losses) on cash and cash equivalents		196	(169)
Net increase in cash and cash equivalents		15,286	(167)
Cash and cash equivalents at beginning of the year		15,323	15,490
Cash and cash equivalents at end of the year	31(d)	30,609	15,323

The notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Linmark Group Limited ("Company") was incorporated and domiciled in Bermuda on 25 January 2002 as an exempted company with limited liability under the Companies Act 1981 of Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 10 May 2002.

The Company is an investment holding company. The principal activities of the Company's subsidiaries are set out in Note 35.

These financial statements are prepared in US dollar, unless otherwise stated.

These financial statements have been approved for issue by the Company's Board of Directors on 28 June 2006.

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 have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial liabilities at fair value through profit or loss, which are carried at fair value.

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. These estimations and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the years. Although those estimates are based on management's best knowledge of event and actions, actual results ultimately may differ from those estimates.

Effect of adopting new/revised IFRS

During the year ended 30 April 2006, the Group adopted the following new/revised International Accounting Standards ("IAS") and IFRS issued by the International Accounting Standards Board and International Financial Reporting Interpretations Committee Interpretations ("IFRIC Interpretations") issued by the International Financial Reporting Interpretations Committee below, which are relevant to its operations. The comparatives as at and for the year ended 30 April 2005 have been amended as required, in accordance with the relevant requirements.

IAS 1	Presentation of Financial Statements
IAS 2	Inventories
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
IAS 10	Events after the Balance Sheet Date
IAS 16	Property, Plant and Equipment
IAS 17	Leases
IAS 21	The Effects of Changes in Foreign Exchange Rates
IAS 24	Related Party Disclosures
IAS 27	Consolidated and Separate Financial Statements
IAS 31	Interests in Joint Ventures
IAS 32	Financial Instruments: Disclosure and Presentation
IAS 33	Earnings per Share
IAS 39	Financial Instruments: Recognition and Measurement
IAS 39 (Amendment)	Transition and Initial Recognition of Financial Assets and Financial Liabilities
IFRS 2	Share-based Payment
SIC Interpretation 12 (Amendment)	Consolidation — Special Purpose Entities

IFRIC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IFRIC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments

The adoption of IAS 1, 2, 8, 10, 16, 17, 21, 24, 27, 31, 32, 33, 39, 39 (Amendment), SIC Interpretation 12 (Amendment), IFRIC Interpretation 1 and 2 did not result in substantial changes to the accounting policies of the Group. In summary:

- IAS 1 has affected the presentation of minority interest and other disclosures.
- IAS 2, 8, 10, 16, 17, 27, 31, 32, 33, 39, 39 (Amendment), SIC Interpretation 12 (Amendment), IFRIC Interpretations 1 and 2 had no material effect on the Group's policies.
- IAS 21 had no material effect on the Group's policies. The functional currency of each of the Group entities has been re-evaluated based on the guidance to the revised standard. All the Group entities have the same functional currency as the presentation currency for respective entity financial statements.
- IAS 24 has extended the identification of related parties and some other related party disclosures.

The adoption of IFRS 2 has resulted in a change in the accounting policy for share-based payment. Until 30 April 2005, the provision of share options to employees did not result in an expense in the income statement. Effective on 1 May 2005, the Group expenses the cost of share options in the income statement. As a transitional provision, the cost of share options granted after 7 November 2002 and had not yet vested on 1 May 2005 was expensed retrospectively in the income statement of the respective years.

All changes in the accounting policies have been made in accordance with the transitional provisions in the respective standards. All standards adopted by the Group require retrospective application other than:

- IAS 16 — the initial measurement of an item of property, plant and equipment acquired in an exchange of assets transaction is accounted at fair value prospectively only to future transactions;
- IAS 39 — does not permit to recognise, derecognise and measure financial assets and liabilities in accordance with this standard on a retrospective basis; and
- IFRS 2 — only retrospective application for all equity instruments granted after 7 November 2002 and not vested at 1 May 2005.

The adoption of IFRS 2 has resulted in:

	2006	**2005**
	US$'000	*US$'000*
Increase in general and administrative expenses	448	—
Increase in share option reserve	448	—
Decrease in retained earnings	448	—
Decrease in basic earnings per share *(US cent)*	0.07	—
Decrease in diluted earnings per share *(US cent)*	0.07	—

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's financial statements in respect of accounting periods beginning on or after 1 January 2006 but which the Group has not early adopted, as follows:

IAS 19 (Amendment)	Employee Benefits
IAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
IAS 39 (Amendment)	The Fair Value Option

IAS 39 (Amendment) and IFRS 4 (Amendment)	Financial Guarantee Contracts
IFRS 1 (Amendment)	First-time Adoption of International Financial Reporting Standards
IFRS 6 (Amendment)	Exploration for and Evaluation of Mineral Resources
IFRS 6	Exploration for and Evaluation of Mineral Resources
IFRS 7	Financial Instruments: Disclosures, and a Complementary Amendment to IAS 1, Presentation of Financial Statements — Capital Disclosures
IFRIC Interpretation 4	Determining Whether an Arrangement Contains a Lease
IFRIC Interpretation 5	Rights to Interest Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IFRIC Interpretation 6	Liabilities Arising from Participating in a Specific Market — Waste Electrical And Electronic Equipment

The Group has already commenced an assessment of the impact of these changes and the Group's management do not expect these changes to have a significant impact on the Group's results of operations and financial position.

(b) Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 30 April.

(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.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator 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) *Transactions with minority interests*

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the differences between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

(iii) *Joint ventures*

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, investments in joint ventures are accounted for by the equity method of accounting and is initially recognised at cost. The Group's share of post-acquisition profits or losses of joint ventures 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 its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the assets transferred.

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

(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"). These financial statements are presented in United States dollar, 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 hyperinflation 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 operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, exchange differences that were recorded in equity 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 or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item 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 period in which they are incurred.

Depreciation of 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 to 5 years
Motor vehicles and yacht	5 to 10 years

The assets' residual values and 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.

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/business at the date of acquisition. Goodwill on acquisitions of subsidiary/business is included in intangible assets. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains 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. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The Group allocates goodwill to each business segment in each country in which it operates.

(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.

(iii) *Patents and trademarks*

Patents and trademarks that have an indefinite useful life are carried at cost less accumulated impairment losses, if any, and are tested annually for impairment.

(g) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and amortisation and are tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that carrying amount may not be recoverable. Assets that are subject to depreciation and amortisation 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). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average 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 variable selling expenses.

(i) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less accumulated impairment losses, if any. A provision for impairment of trade and other receivables is established when there is an objective evidence that the Group will not able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade and other receivable is impaired. 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 effective interest rate. The amount of the provision is recognised in the income statement within general and administrative expenses.

(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 maturity of three months or less, and bank overdraft. Bank overdrafts are shown within borrowings in current liabilities on 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. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(l) Borrowings

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

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 income tax

Deferred income tax 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, a deferred income tax is not accounted for if it 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. Deferred income 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 income tax asset is realised or the deferred income tax liability is settled.

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

Deferred income 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*

Group companies participate in various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds. The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define 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 liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

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 employment costs 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) *Share-based compensation*

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(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 provision for bonuses 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.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Provision for warranties is recognised when the underlying products or services are sold, and is estimated based on historical warranty data.

(p) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of merchandise and the provision of services in the ordinary course of the Group's activities, net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

Revenue from the sales of merchandise is recognised when the the Group has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

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.

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

Handling fee income is recognised when the related handling services are rendered.

(q) Leases (as the lessee)

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 financial statements in the period in which the dividends are approved by the Company's shareholders.

3. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk, liquidity risk, and cash flow and fair value interest rate risk.

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 major hedging activities are undertaken by management.

(i) *Foreign exchange risk*

The Group's transactions, trade receivables and trade payables are mainly denominated in United States dollar, Hong Kong dollar and Sterling. As the exchange rate of United States dollar and Hong Kong dollar is pegged, management considers the foreign exchange risk in this respect is not significant. Foreign exchange risks from Sterling transactions are managed by the Group's treasury with the use of foreign exchange contracts. 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 United States dollar, Hong Kong dollar and Sterling to ensure that net exposure is kept at an acceptable level.

(ii) *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. It also has policies that limit the amount of credit exposure to any financial institution.

(iii) *Liquidity risk*

The Group maintains sufficient cash and credit lines to meet its liquidity requirements.

(iv) *Cash flow and fair value interest rate risk*

Interest income from cash and cash equivalent is insignificant to the Group's revenue and income. As the Group has no other significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

(b) Fair value estimation

The nominal value less estimated credit adjustments of trade receivables and trade payables are assumed to approximate their fair values.

The fair value of consideration payable for acquisitions of subsidiaries/businesses and assets for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

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) Useful lives of property, plant and equipment and intangible assets

The Group's management determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and intangible assets. These estimates are based on the historical experience of the actual useful lives of property, plant and equipment and intangible assets of similar nature and functioning. Management will increase the depreciation and amortisation charge where useful lives are less than previously estimated lives. They will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable and amortisation lives and therefore depreciation and amortisation expense in the future periods.

(ii) Impairment of property, plant and equipment and intangible assets (other than goodwill)

Property, plant and equipment and intangible assets (other than goodwill) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or market valuations. These calculations require the use of judgements and estimates.

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial position and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the income statement.

(iii) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment. For the purposes of impairment reviews, the recoverable amount of goodwill is determined based on value-in-use calculations. The value-in-use calculations primarily use cash flow projections based on five-year financial budgets approved by management and estimated terminal value at the end of the five-year period. There are a number of assumptions and estimates involved in the preparation of cash flow projections for the period covered by the approved budgets. Key assumptions include the expected growth in revenues and gross margin, timing of future capital expenditures, growth rates and selection of discount rates to reflect the risks involved. Management prepares the financial budgets reflecting actual and prior year performance and market development expectations. Judgement is required to determine key assumptions adopted in the cash flow projections and changes to key assumptions can significantly affect these cash flow projections and therefore the results of the impairment reviews.

(iv) Trade and other receivables

The Group's management determines the provision for impairment of trade and other receivables based on an assessment of the recoverability of the receivables. This assessment is based on the credit history of its customers and other debtors and the current market condition, and requires the use of judgements and estimates. Management reassesses the provision at each balance sheet date.

(v) Income taxes and deferred tax

The Group is subject to income taxes in various jurisdictions. There are certain 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 recognised when management considers it is likely that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectations are different from the original estimates, such differences will impact the recognition of deferred tax assets and income tax charges in the period in which such estimates have been changed.

5. REVENUE

	2006	2005
	US$'000	*US$'000*
Sales of merchandise	249,930	47,496
Commission income	32,540	36,136
Service income	5,852	6,205
	288,322	89,837

Sales of merchandise represents revenue from trading of garment, labels and consumer electronics products. Commission income represents revenue from procurement agency business, and service income represents revenue from provision of value-added services in relation to the procurement agency business (including inspection and social compliance auditing service).

6. SEGMENTAL INFORMATION

(a) Primary reporting format — business segments

At 30 April 2006, the Group is organised on a worldwide basis into two main business segments: (i) sales of merchandise (garment, labels and consumer electronic products); and (ii) provision of services (procurement service, value-added services relating to the procurement agency business).

The segment information for the year ended 30 April 2006 is as follows:

	Sales of merchandise	Provision of services	Total
	US$'000	*US$'000*	*US$'000*
Revenue			
External revenue	249,930	38,392	288,322
Segment result	5,996	4,708	10,704
Interest income			814
Excess of interest in fair value of acquired subsidiaries' net assets over cost			3,397
Finance costs			(549)
Share of loss of a joint venture			(49)
Unallocated corporate expenses			(1,039)
Profit before income tax			13,278
Income tax expense			(2,763)
Profit for the year			10,515
Segment assets	158,885	43,472	202,357
Unallocated corporate assets			7,108
Total assets			209,465

	Sales of merchandise	Provision of services	Total
	US$'000	*US$'000*	*US$'000*
Segment liabilities	78,163	14,632	92,795
Current income tax liabilities			2,901
Deferred income tax liabilities			125
Unallocated corporate liabilities			8,867
Total liabilities			104,688
Capital expenditures	65,953	920	66,873
Depreciation charge	305	1,134	1,439
Impairment of trade and other receivables	104	5,749	5,853

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 result	1,745	13,029	14,774
Interest income			1,321
Gain on dissolution of subsidiaries			13
Finance costs			(22)
Share of loss of a joint venture			(12)
Unallocated corporate expenses			(440)
Profit before income tax			15,634
Income tax expense			(880)
Profit for the year			14,754
Segment assets	42,687	44,299	86,986
Unallocated corporate assets			13,241
Total assets			100,227
Segment liabilities	20,922	10,103	31,025
Current income tax liabilities			1,454
Deferred income tax liabilities			118
Unallocated corporate liabilities			2,311
Total liabilities			34,908
Capital expenditures	27,220	1,341	28,561
Depreciation charge	73	1,115	1,188
Impairment of trade and other receivables	267	414	681

Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, receivables and operating cash attributable to individual business segment. They exclude assets held for corporate use.

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

Capital expenditures comprise additions to property, plant and equipment and intangible assets as set out in Notes 15 and 16, respectively, including additions resulting from the acquisitions through business combinations.

(b) Secondary reporting format — geographical segments

The Group's two business segments operate in five main geographical locations. The following table provides an analysis of the Group's revenue, total assets and capital expenditures by geographical locations.

	Revenue		Total assets		Capital expenditures	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Europe	172,749	22,517	106,070	49	65,550	11
Australia	33,447	11,860	—	—	—	—
Africa	30,531	11,609	52	140	—	13
North America	29,990	28,906	—	—	—	—
Hong Kong	8,753	6,609	99,607	96,224	979	27,984
Others	12,852	8,336	3,736	3,814	344	553
	288,322	89,837	209,465	100,227	66,873	28,561

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

7. OTHER INCOME

	2006	**2005**
	US$'000	*US$'000*
Interest income	814	1,321
Reimbursement income from customers	737	587
Handling fee income	618	372
Dividend income from listed securities	—	16
Others	432	147
	2,601	2,443

8. EXPENSES BY NATURE

	2006	**2005**
	US$'000	*US$'000*
Depreciation of property, plant and equipment	1,439	1,188
Loss on disposal of property, plant and equipment	10	36
Provision for impairment of trade and other receivables	5,853	681
Employment costs including directors' emoluments *(Note 9)*	28,198	22,666
Changes in inventories	(13,485)	(55)
Inventories purchased	231,244	41,055
Provision for warranties	6,772	—
Freight charges	3,751	292
Other direct cost of sales	1,641	221
Operating lease payment in respect of		
— office premises and staff quarters	1,805	1,452
— furniture and equipment	145	198
Net foreign exchange losses/(gains)	1,499	(46)
Auditors' remuneration *(Note 8a)*	189	138
Other expenses	11,383	8,799
Total cost of sales and general and administrative expenses	280,444	76,625

(a) Auditors' remuneration

The remuneration to the auditors for audit and non-audit services is as follows:

	2006	2005
	US$'000	*US$'000*
Audit services	189	138
Non-audit services		
— financial due diligence review on acquisitions	309	129
Total remuneration to auditors	498	267
Less: non-audit service fee capitalised	(309)	(129)
Net remuneration to auditors charged to income statement	189	138

Note: Of the above audit and non-audit services fees of US$189,000 (2005: US$114,000) and US$309,000 (2005: US$73,000) respectively are payable to the Company's auditors.

9. EMPLOYMENT COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	2006	2005
	US$'000	*US$'000*
Salaries, bonus and allowances	24,444	20,011
Pension costs		
— defined contribution plans *(Note (a))*	329	592
— defined benefit plans *(Note 26)*	531	567
Share options, value of employment services	448	—
Staff welfare and benefits	2,446	1,496
	28,198	22,666

(a) The Group has arranged for its Hong Kong employees to join the Hong Kong Mandatory Provident Fund Scheme ("the MPF Scheme"), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, each of the Group and its Hong Kong employees makes monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. Both the Group's and the employees' contributions are subjected to a cap of HK$1,000 per month.

As stipulated by rules and regulations in certain overseas countries, the Group contributes to defined contribution retirement plans for its employees in the respective locations. The Group and its employees contribute approximately 5% to 13% and 5% to 20%, respectively, of the employees' salary as specified by the local jurisdiction, and the Group has no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions.

During the year ended 30 April 2006, the aggregate amount of the Group's contributions to the aforementioned pension schemes were approximately US$329,000 (2005: US$592,000). As at 30 April 2006, the Group was not entitled to any forfeited contributions to reduce the Group's future contributions (2005: Nil).

(b) The number of persons employed at the end of the year

	2006	2005
Full time	981	1,065
Part time	25	36
	1,006	1,101

(c) Directors' emoluments

The emoluments of every director for the year ended 30 April 2006 is set out below:

Name of director	Fees	Salaries and allowances	Discretionary bonus	Other benefits	Employer's contribution to pension scheme	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Executive directors						
Wang Lu Yen	—	366	—	—	10	376
Peter Loris Solomon (i)	—	61	42	12	6	121
Fu Jin Ming, Patrick	—	309	10	36	13	368
Wong Wai Ming (ii)	33	—	—	12	—	45
Khoo Kim Cheng	—	100		50	5	155
Kwok Chi Kueng (iii)	—	150	10	—	7	167
Steven Julien Feniger (iv)	—	1,310	112	—	18	1,440(v)
Independent non-executive directors						
Wang Arthur Minshiang	33	—	—	3	—	36
Woon Yi Teng, Eden	33	—	—	3	—	36
Tse Hau Yin, Aloysius (vi)	32	—	—	3	—	35
	131	2,296	174	119	59	2,779

(i) Appointed on 28 February 2006.

(ii) Redesignated from an independent non-executive director to an executive director on 18 May 2005.

(iii) Resigned on 24 January 2006.

(iv) Resigned on 28 February 2006.

(v) This amount included the payment in lieu of notice period.

(vi) Appointed on 18 May 2005.

The emoluments of every director for the year ended 30 April 2005 is set out below:

Name of director	Fees	Salaries and allowances	Discretionary bonus	Employer's contribution to pension scheme	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Executive directors					
Wang Lu Yen	—	366	—	10	376
Fu Jin Ming, Patrick	—	307	—	13	320
Khoo Kim Cheng	—	100	—	5	105
Kwok Chi Kueng	—	185	10	9	204
Steven Julien Feniger	—	511	75	20	606
Independent non-executive directors					
Wang Arthur Minshiang	33	—	—	—	33
Woon Yi Teng, Eden	32	—	—	—	32
Wong Wai Ming	33	—	—	—	33
	98	1,469	85	57	1,709

Other benefits include the amortisation to the income statement of the fair value of share options measured at the respective grant dates, regardless of whether the share options would be exercised or not.

None of the directors waived or agreed to waive any emoluments during the year ended 30 April 2006 (2005: Nil).

(d) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2005: three) directors whose emoluments are reflected in the analysis above. The emoluments paid/payable to the remaining two (2005: two) individuals during the year are as follows:

	2006	2005
	US$'000	*US$'000*
Salaries and allowances	628	521
Discretionary bonus	83	33
Pension costs		
— defined contribution plans	2	13
Share options, value of employment services	89	—
	802	567

The emoluments fell within the following bands:

	2006	2005
HK$1,500,001 to HK$2,000,000 (equivalent to US$192,308 to US$256,410)	—	1
HK$2,000,001 to HK$2,500,000 (equivalent to US$256,411 to US$320,513)	—	1
HK$3,000,001 to HK$3,500,000 (equivalent to US$384,616 to US$448,718)	2	—
	2	2

(e) 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.

10. FINANCE COSTS

	2006	2005
	US$'000	*US$'000*
Interest expense		
— short-term bank loan	297	21
— Amortisation of balance of consideration payable for acquisitions of subsidiaries/businesses and assets	252	—
— finance lease obligations	—	1
	549	22

11. INCOME TAX EXPENSE

	2006	2005
	US$'000	*US$'000*
Current income tax		
— Hong Kong profits tax	1,624	665
— Overseas taxation	1,139	118
Deferred income tax	—	97
	2,763	880

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% (2005: 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 profits at the rates of taxation prevailing in the countries in which the Group operates.

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the group companies as follows:

	2006	2005
	US$'000	*US$'000*
Profit before income tax	13,278	15,634
Tax calculated at domestic tax rates applicable to profits in the respective places/ countries	2,986	2,742
Income not subject to tax	(3,492)	(3,961)
Expenses not deductible for tax	1,068	952
Tax losses for which no deferred tax asset was recognised	1,632	1,141
Utilisation of unrecognised tax losses	(48)	—
Under-provision in prior years	617	6
Tax expense	2,763	880

The weighted average applicable tax rate was 22.5% (2005: 17.5%). The change is mainly caused by a change in the distribution of the profit among group companies in different tax jurisdictions.

12. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of approximately US$1,895,000 (2005: US$4,506,000).

13. DIVIDENDS

	2006	2005
	US$'000	*US$'000*
Interim, paid, of 2.7 HK cents (2005: 2.63 HK cents) per ordinary share	2,350	2,208
Final, proposed, of 2.9 HK cents (2005: 4.8 HK cents) per ordinary share	2,479	4,008
	4,829	6,216

At a meeting held on 28 June 2006, the Company's directors proposed a final dividend of 2.9 HK cents per ordinary share in respect of the year ended 30 April 2006. 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 2007.

14. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2006	2005
Profit attributable to equity holders of the Company (US$'000)	10,444	14,754
Weighted average number of ordinary shares in issue ('000)	661,534	654,593
Basic earnings per share (US cents)	1.6	2.3

(b) Diluted

Diluted earnings per share is 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 is done to determine the number of shares that could have been acquired at fair value (determined as the average annual quoted 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 is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2006	2005
Profit attributable to equity holders of the Company (US$'000)	10,444	14,754
Weighted average number of ordinary shares in issue ('000)	661,534	654,593
Adjustment for share options ('000)	3,475	9,393
Weighted average number of ordinary shares for diluted earnings per share ('000)	665,009	663,986
Diluted earnings per share (US cents)	1.6	2.2

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements *US$'000*	Furniture and equipment *US$'000*	Motor vehicles and yacht *US$'000*	Total *US$'000*
At 1 May 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
Year ended 30 April 2005				
Opening net book amount	375	1,660	141	2,176
Exchange differences	3	2	—	5
Additions	490	923	—	1,413
Acquisition of businesses and assets *(Note 33)*	36	497	350	883
Disposals	(26)	(142)	(2)	(170)
Depreciation charge	(168)	(952)	(68)	(1,188)
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
Year ended 30 April 2006				
Opening net book amount	710	1,988	421	3,119
Exchange differences	—	(12)	—	(12)
Additions	369	788	257	1,414
Acquisition of subsidiaries *(Note 33)*	116	163	1	280
Disposals	—	(105)	(21)	(126)
Depreciation charge	(421)	(906)	(112)	(1,439)
Closing net book amount	774	1,916	546	3,236
At 30 April 2006				
Cost	1,533	6,033	797	8,363
Accumulated depreciation	(759)	(4,117)	(251)	(5,127)
Net book amount	774	1,916	546	3,236

Depreciation charge has been expensed in general and administrative expenses.

16. INTANGIBLE ASSETS

	Goodwill	Deferred expenditures	Patents and trademarks	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
At 1 May 2004				
Cost	16,560	3,014	—	19,574
Accumulated amortisation	(379)	—	—	(379)
Net book amount	16,181	3,014	—	19,195
Year ended 30 April 2005				
Opening net book amount	16,181	3,014	—	19,195
Acquisition of businesses and assets *(Note 33)*	26,265	—	—	26,265
Closing net book amount	42,446	3,014	—	45,460
At 30 April 2005				
Cost/Net book amount	42,446	3,014	—	45,460
Year ended 30 April 2006				
Opening net book amount	42,446	3,014	—	45,460
Exchange differences	—	—	2,776	2,776
Acquisition of subsidiaries *(Note 33)*	—	—	65,179	65,179
Closing net book amount	42,446	3,014	67,955	113,415
At 30 April 2006				
Cost/Net book amount	42,446	3,014	67,955	113,415

During the year ended 30 April 2005, upon adoption of IFRS 3, accumulated amortisation of goodwill of US$379,000 at 1 May 2004 has been eliminated against the cost of goodwill.

Deferred expenditures comprise mainly amount incurred for renewing a buying agency agreement, which is to be amortised over a three-year period of the buying agency agreement, in which the related benefits are expected to be realised.

Impairment tests for intangible assets

Intangible assets are allocated to the Group's cash-generating units identified according to country/place of operation and business segment.

A segment-level summary of the allocation of intangible assets is presented below.

	2006			2005		
	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*
Goodwill						
— Hong Kong	26,265	16,181	42,446	26,265	16,181	42,446
Deferred expenditures						
— Hong Kong	—	3,014	3,014	—	3,014	3,014
Patents and trademarks						
— United Kingdom	67,955	—	67,955	—	—	—
	94,220	19,195	113,415	26,265	19,195	45,460

The recoverable amount of a cash-generating unit is determined based on value-in-use calculations. The value-in-use calculations of goodwill and deferred expenditures are calculated using cash flow projections based on financial budgets approved by management covering a five-year period and a three-year period, respectively. The value-in-use calculation of patents and trademarks is calculated using cash flow projections based on financial budgets approved by management covering a five-year period, and cash flows beyond the five-year period are extrapolated using estimated growth rate of 3%.

Management determined financial budgets based on past performance and its expectations for the market development. The pre-tax discount rate used in the value-in-use calculations of goodwill and deferred expenditures is approximately 5.8% and the pre-tax discount rate used in the value-in-use calculations of patents and trademarks is 10.4%, which reflect specific risks relating to the relevant segment.

17. INVESTMENT IN A JOINT VENTURE

	2006	**2005**
	US$'000	*US$'000*
At beginning of the year	170	—
Investment in a joint venture	—	182
Share of loss of a joint venture	(49)	(12)
At end of the year	121	170

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

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

18. INVENTORIES

	2006	**2005**
	US$'000	*US$'000*
Finished goods	13,540	55

The cost of inventories recognised as expense and included in cost of sales amounted to US$217,759,000 (2005: US$41,000,000).

No provision for inventory obsolescence was made during the year ended 30 April 2006 (2005: Nil).

19. TRADE RECEIVABLES

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

	2006	**2005**
	US$'000	*US$'000*
0 to 30 days	22,687	13,237
31 to 60 days	8,116	3,453
61 to 90 days	2,205	578
Over 90 days	7,091	3,649
	40,099	20,917
Less: Provision for impairment of trade receivables	(5,577)	(609)
	34,522	20,308

During the year, the Group recognised a loss of US$5,749,000 (2005: US$681,000) for impairment of its trade receivables. The loss has been included in general and administrative expenses.

Trade receivables are denominated in the following currencies:

	2006	**2005**
	US$'000	*US$'000*
United States dollar	34,389	18,423
Sterling (United Kingdom)	5,000	2,105
Euro	309	—
New Taiwan dollar	275	259
Hong Kong dollar	5	55
Others	121	75
	40,099	20,917

The carrying amounts of trade receivables approximate their fair values.

Concentrations of credit risk with respect to trade receivables are limited due to the Group's large number of customers, who are geographically and industry dispersed. Due to these factors, management believes that no additional significant credit risk beyond amounts provided for impairment (collection losses) is inherent in the Group's trade receivables.

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		**Company**	
	2006	**2005**	**2006**	**2005**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Prepayments	1,136	567	3	21
Rental deposits	454	705	—	—
Interest receivable	—	146	—	146
Other receivables	5,156	2,291	—	—
	6,746	3,709	3	167

During the year, the Group recognised a loss of US$104,000 (2005: Nil) for the impairment of its other receivables. The loss has been included in general and administrative expenses.

21. CASH AND CASH EQUIVALENTS

	Group		Company	
	2006	2005	2006	2005
	US$'000	*US$'000*	*US$'000*	*US$'000*
Bank deposits with original maturity				
— Under 3 months	6,330	5,562	50	1,009
— Over 3 months	—	7,000	—	7,000
Pledged bank deposits *(Note 24)*	7,000	5,000	7,000	5,000
Other bank balances and cash	24,279	9,761	55	66
	37,609	27,323	7,105	13,075

The effective interest rate on bank deposits was approximately 2.1% (2005: 3.4%) per annum. These deposits have an average maturity of four years (2005: five years). They are included as current assets as there is an early termination clause. Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2006	2005	2006	2005
	US$'000	*US$'000*	*US$'000*	*US$'000*
United States dollar	28,277	23,574	7,077	13,026
Sterling (United Kingdom)	7,190	1,280	—	—
Hong Kong dollar	1,437	1,998	28	49
Others	705	471	—	—
	37,609	27,323	7,105	13,075

22. TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	2006	2005
	US$'000	*US$'000*
0 to 30 days	20,002	6,547
31 to 60 days	15,485	759
61 to 90 days	5,093	227
Over 90 days	4,009	1,611
	44,589	9,144

Trade payables are denominated in the following currencies:

	2006	2005
	US$'000	*US$'000*
United States dollar	28,360	6,210
Sterling (United Kingdom)	9,589	—
Euro	4,910	—
Hong Kong dollar	1,727	2,918
Others	3	16
	44,589	9,144

The carrying amounts of trade payables approximate their fair values.

23. ACCRUALS AND OTHER PAYABLES

	Group		Company	
	2006	**2005**	**2006**	**2005**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Provision for bonuses	1,014	977	—	—
Provision for warranties	2,358	—	—	—
Accrued expenses	2,045	2,069	4	—
Other payables	11,756	3,542	13	12
	17,173	6,588	17	12

24. SHORT-TERM BANK LOANS

Short-term bank loans are denominated in United States dollar, bore interest at 4.8% (2005: 3.0%) per annum, and are secured by bank deposits of US$7,000,000 (2005: US$5,000,000) (Note 21).

The carrying amounts of short-term bank loans approximate their fair value.

The Group has total banking facilities of approximately US$60.5 million (2005: US$41.7 million) including borrowing facilities of approximately US$9.1 million (2005: US$4.8 million).

At 30 April 2006, there was a fixed and floating debenture over the assets of a 60%-owned subsidiary of the Company amounted to US$7,208,000 (2005: Nil) to cover a banking facility in the ordinary course of business.

25. BALANCE OF CONSIDERATION PAYABLE FOR ACQUISITIONS OF SUBSIDIARIES/BUSINESSES AND ASSETS

	2006	**2005**
	US$'000	*US$'000*
Balances payable:		
Within one year	12,286	6,461
Between one and two years	10,299	4,590
Between two and five years	7,697	2,602
	30,282	13,653
Less: Amount representing interest element	(923)	—
Present value of consideration payable	29,359	13,653
Less: Current portion (included in current liabilities)	(12,286)	(6,461)
	17,073	7,192

At 30 April 2006, the fair value of the consideration payable for acquisitions of subsidiaries/businesses and assets was approximately US$29,359,000. The fair value is calculated based on cash flows discounted using a rate based on the Group's average borrowing rate of approximately 4.3% per annum.

26. 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:

	2006			2005		
	Taiwan	**Others**	**Total**	**Taiwan**	**Others**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
	Note (a)			*Note (a)*		
At beginning of the year	1,107	544	1,651	953	319	1,272
Exchange differences	(19)	(13)	(32)	58	23	81
Acquisition of businesses and assets *(Note 33)*	—	—	—	—	131	131
Amounts charged to the income statement						
— Pension costs — other post-employment benefits	—	48	48	—	55	55
— Pension costs — defined benefit plans *(Note 9)*	200	331	531	165	402	567
Payments made during the year	(158)	(349)	(507)	(69)	(386)	(455)
At end of the year	1,130	561	1,691	1,107	544	1,651

Note:

(a) According to laws and regulations in Taiwan, the Group is obliged to pay its employees in Taiwan, upon retirement, disability or death, post-employment benefits based on the number of years of services and final average salary. The Group carried out an actuarial valuation in April 2006 of its obligation for post-employment benefits payable to employees in Taiwan.

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

	2006	**2005**
	US$'000	*US$'000*
Present value of obligations	1,049	1,088
Unrecognised actuarial gains	81	19
Liability in the consolidated balance sheet	1,130	1,107

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

	2006	**2005**
	US$'000	*US$'000*
Current service cost	139	70
Interest cost	61	31
Net actuarial losses recognised during the year	—	64
	200	165

The charge for the year has been included in general and administrative expenses.

The principal actuarial assumptions used were as follows:

	2006	**2005**
Discount rate	3.5%	3.5%
Expected rate of salary increases	1.5%	2.0%

27. DEFERRED INCOME TAX

Deferred income 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 income taxes related to the same fiscal authority. The offset amounts are as follows:

	2006	**2005**
	US$'000	*US$'000*
Deferred liabilities to be settled after more than 12 months	125	118

The gross movements on the deferred income tax account, which arise from accelerated/decelerated tax depreciation, are as follow:

	Deferred income tax assets		**Deferred income tax liabilities**		**Total**	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At beginning of the year	(2)	—	120	21	118	21
Acquisition of subsidiaries *(Note 33)*	—	—	7	—	7	—
(Credited)/charged to the income statement *(Note 11)*	(2)	(2)	2	99	—	97
At end of the year	(4)	(2)	129	120	125	118

Deferred income tax assets are recognised for tax losses carry forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of approximately US$6,039,000 (2005: US$4,455,000) in respect of losses amounting to US$34,509,000 (2005: US$25,455,000) that can be carried forward against future taxable income. These tax losses have no expiry date.

28. SHARE CAPITAL

	2006	2005
	US$'000	*US$'000*
Authorised:		
2,000,000,000 ordinary shares of US$0.02 each	40,000	40,000

	Nominal value	Number of shares
	US$'000	*'000*
Issued and fully paid:		
At 1 May 2004	13,090	654,477
Issue of shares upon exercise of share options *(Note (a))*	61	3,059
Repurchase of shares *(Note (c))*	(38)	(1,902)
At 30 April 2005	13,113	655,634
Issue of shares upon exercise of share options *(Note (a))*	24	1,210
Issue of shares upon acquisition of subsidiaries *(Note (b))*	200	10,001
At 30 April 2006	13,337	666,845

Notes:

(a) During the year ended 30 April 2006, 1,210,000 (2005: 3,059,000) share options were exercised at an exercise price of HK$1.60 (2005: ranging from HK$1.60 to HK$2.55) per share to subscribe for 1,210,000 (2005: 3,059,000) shares of US$0.02 each. Proceeds from such issue amounted to approximately US$248,000 (2005: US$746,000).

(b) On 19 October 2005, 10,001,000 shares of US$0.02 each of the Company were issued at a price of approximately HK$2.20 (equivalent to US$0.28) per share as part of the consideration for the acquisition of subsidiaries (Note 33).

(c) During the year ended 30 April 2005, 1,902,000 ordinary shares of US$0.02 each were repurchased by the Company at prices ranging from HK$2.500 to HK$2.975 per share, for a total consideration of approximately US$679,000. These shares were subsequently cancelled.

During the year ended 30 April 2006, there was no purchase, sales or redemption of the Company's shares by the Company or any of its subsidiaries.

29. SHARE OPTIONS

The Company's share option scheme ("the Share Option 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. The Share Option Scheme will remain in force for a period of 10 years up to 2012. Under the Scheme, the Company's Board of Directors or a committee thereof may grant options to eligible persons to subscribe for shares in the Company at a price per share of not less than the highest of (i) the nominal value of a share; (ii) the closing price of a share as stated in the daily quotation sheets issued by The Stock Exchange of Hong Kong Limited on the date of the offer of the relevant option; and (iii) the average closing price of the shares as stated in the daily quotation sheets issued by The Stock Exchange of Hong Kong Limited for the five business days immediately preceding the date of offer. A consideration of HK$1 is payable on acceptance of the grant of options. The maximum number of shares which may be issued upon the exercise of all outstanding options granted under the Share Option Scheme and any other scheme to be adopted by the Company from time to time must not in aggregate exceed 30% of the share capital of the Company in issue from time to time. The Company has no legal or constructive obligation to repurchase or settle the share options in cash.

Movements in the number of shares options outstanding and their related weighted average exercise prices are as follows:

	2006		2005	
	Average exercise price per share	**Options**	**Average exercise price per share**	**Options**
	HK$	*'000*	*HK$*	*'000*
At beginning of the year	2.411	63,834	2.395	68,075
Granted	2.315	10,500	—	—
Forfeited	—	—	—	—
Exercised	1.600	(1,210)	1.904	(3,059)
Lapsed	2.411	(27,860)	2.834	(1,182)
At end of the year	2.404	45,264	2.411	63,834

All the outstanding options at 30 April 2006 are exercisable. Options exercised during the year ended 30 April 2006 resulted in 1,210,000 (2005: 3,059,000) shares issued at a weighted average price of HK$1.60 (2005: HK$1.904) per share. The related weighted average price at the time of exercise was HK$2.34 (2005: HK$2.93) per share.

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

	Exercise price per share	**Shares**	
		2006	**2005**
	HK$	*'000*	*'000*
Expiry date			
20 May 2008	2.550	15,644	27,734
26 June 2008	2.220	—	1,660
5 November 2008	1.600	6,510	12,780
29 May 2009	2.125	3,560	6,350
29 March 2010	2.975	9,050	15,310
13 October 2011	2.315	10,500	—
	2.404	45,264	63,834

The fair value of share options granted by the Company of approximately US$710,000 was determined by using the Black-Scholes valuation model. The significant inputs to the model were:

Date of grant	**30 March 2004**	**14 October 2005**
Share price at date of grant (HK$)	2.975	2.275
Exercise price (HK$)	2.975	2.315
Annualised volatility	43.03%	37.40%
Annual risk-free interest rate	2.22%	4.13%
Life of share options (years)	4 to 4.5	3.5 to 4.5
Dividend yield	2.13%	2.85%

30. RESERVES

(a) Group

	Share premium US$'000	Share option reserve US$'000	Special reserve US$'000	Capital redemption reserve US$'000	Capital reserve US$'000	Translation reserve US$'000	Retained earnings US$'000	Total US$'000
At 1 May 2004	16,607	—	184	10	—	(693)	27,449	43,557
Profit for the year	—	—	—	—	—	—	14,754	14,754
Premium arising on issue of shares upon exercise of share options	685	—	—	—	—	—	—	685
Repurchase of shares	(641)	—	—	38	—	—	(38)	(641)
Exchange differences	—	—	—	—	—	(164)	—	(164)
Dividend paid	—	—	—	—	—	—	(5,985)	(5,985)
At 30 April 2005	16,651	—	184	48	—	(857)	36,180	52,206
Profit for the year	—	—	—	—	—	—	10,444	10,444
Employee share option scheme, value of employment services	—	448	—	—	—	—	—	448
Premium arising on issue of shares upon								
— exercise of share options *(Note 28)*	224	—	—	—	—	—	—	224
— acquisitions of subsidiaries *(Notes 28 and 33)*	2,621	—	—	—	—	—	—	2,621
Exchange differences	—	—	—	—	—	1,742	—	1,742
Capital contribution from a minority shareholder of a subsidiary *(Note 34(b))*	—	—	—	—	569	—	—	569
Dividend paid	—	—	—	—	—	—	(6,347)	(6,347)
At 30 April 2006	19,496	448	184	48	569	885	40,277	61,907
Representing:								
2006 final dividend proposed							2,479	
Others							37,798	
							40,277	

(b) Company

	Share premium *US$'000*	Share option reserve *US$'000*	Capital redemption reserve *US$'000*	Contributed surplus *US$'000*	Retained earnings *US$'000*	Total *US$'000*
At 1 May 2004	16,607	—	10	9,946	11,294	37,857
Profit for the year	—	—	—	—	4,506	4,506
Premium arising on issue of shares upon exercise of share options	685	—	—	—	—	685
Repurchase of shares	(641)	—	38	—	(38)	(641)
Dividend paid	—	—	—	—	(5,985)	(5,985)
At 30 April 2005	16,651	—	48	9,946	9,777	36,422
Profit for the year	—	—	—	—	1,895	1,895
Employee share option scheme, value of employment services	—	448	—	—	—	448
Premium arising on issue of shares upon						
— exercise of share options *(Note 28)*	224	—	—	—	—	224
— acquisitions of subsidiaries *(Notes 28 and 33)*	2,621	—	—	—	—	2,621
Dividend paid	—	—	—	—	(6,347)	(6,347)
At 30 April 2006	19,496	448	48	9,946	5,325	35,263
Representing:						
2006 final dividend proposed					2,479	
Others					2,846	
					5,325	

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.

Under the Companies Act 1981 of Bermuda, the contributed surplus account of the Company is distributable to equity holders. 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.

31. CASH FLOW STATEMENT

(a) Cash generated from operations

	2006	**2005**
	US$'000	*US$'000*
Profit for the year	10,515	14,754
Adjustments for:		
Income tax expense	2,763	880
Share of loss of a joint venture	49	12
Interest expense	549	22
Interest income	(814)	(1,321)
Dividend income	—	(16)
Excess of interest in fair value of acquired subsidiaries' net assets over cost	(3,397)	—
Depreciation of property, plant and equipment	1,439	1,188
Loss on disposal of property, plant and equipment	10	36
Gain on disposal of short-term investment	—	(13)
Share options, value of employment services	448	—
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):		
Inventories	(9,241)	(55)
Trade receivables	9,090	(24)
Prepayments, deposits and other receivables	(2,802)	2,953
Amounts due from related companies	1,545	—
Trade payables	6,311	(2,039)
Accruals and other payables	4,602	2,576
Post-employment benefits	40	248
Cash generated from operations	21,107	19,201

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

	2006	**2005**
	US$'000	*US$'000*
Net book amount *(Note 15)*	126	170
Loss on disposal of property, plant and equipment	(10)	(36)
Proceeds from disposal of property, plant and equipment	116	134

(c) The principal non-cash transaction was the issue of shares as consideration for the acquisition of subsidiaries (Note 33).

(d) For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise:

	2006	**2005**
	US$'000	*US$'000*
Bank balances and cash	37,609	27,323
Less: Fixed bank deposits with original maturity over 3 months and pledged bank deposits *(Note 21)*	(7,000)	(12,000)
Cash and cash equivalents	30,609	15,323

32. COMMITMENTS

(a) Operating lease commitments — where the Group is the lessee

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**	
	2006	**2005**	**2006**	**2005**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Not later than one year	1,581	1,081	127	132
Later than one year but not later than five years	1,558	1,176	213	299
Later than five years	493	326	—	15
	3,632	2,583	340	446

(b) Capital commitments

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

	2006	**2005**
	US$'000	*US$'000*
Contracted for but not provided for in the financial statements	280	484
Authorised but not contracted for	13	109
	293	593

33. BUSINESS COMBINATIONS

On 19 October 2005, the Group acquired a 60% equity interest in Dowry Peacock Group Limited, a company incorporated in the United Kingdom. This transaction is accounted for using the purchase method of accounting. The acquired business contributed revenues of US$107,973,000 and net profit of US$177,000 to the Group for the period from 19 October 2005 to 30 April 2006. If the acquisition had occurred on 1 May 2005, the Group's revenue for the year ended 30 April 2006 would have been US$364,853,000 and profit for the year would have been US$11,228,000.

Dowry Peacock Group Limited and its subsidiaries are principally engaged in the design and procurement of consumer electronics products, supplying supermarkets and mass merchandise retailers in the United Kingdom.

Details of net assets acquired, fair value of purchase consideration and the net cash outflow in respect of the acquisition are as follow:

	US$'000
Fair value of net assets acquired (shown as below)	77,257
Less: Minority interest	(30,903)
	46,354
Fair value of purchase consideration:	
Consideration shares	
— issued on 19 October 2005 *(Note 28)*	2,821
— to be issued	3,447
Cash consideration	35,506
Direct costs relating to the acquisition	1,183
	42,957
Excess of interest in fair value of acquired subsidiaries' net assets over cost	3,397

The consideration shares to be issued will be issued during the period from July 2006 to July 2008 subject to the terms and conditions of the relevant sale and purchase agreement.

An analysis of the net cash outflow in respect of the acquisition is as follows:

	US$'000
Fair value of purchase consideration	42,957
Less: Consideration shares issued	(2,821)
Outstanding purchase consideration payable	(21,915)
Cash and cash equivalents acquired	(16,810)
	1,411

The details of assets and liabilities acquired are as follows:

	Fair value	**Acquiree's carrying amount**
	US$'000	*US$'000*
Property, plant and equipment	280	280
Patents and trademarks	65,179	1,564
Inventories	4,244	4,244
Trade receivables	23,304	23,304
Prepayments, deposits and other receivables	235	235
Loan to a related company	1,432	1,432
Amounts due from related companies	306	306
Tax recoverable	591	591
Cash and cash equivalents	16,810	16,810
Trade payables	(29,134)	(29,134)
Accruals and other payables	(5,983)	(5,983)
Deferred income tax liabilities	(7)	(7)
	77,257	13,642

On 31 December 2004, the Group completed its acquisition of the businesses and certain related 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 net assets acquired, fair value of purchase consideration and net cash outflow in respect of the acquisitions are as follows:

	US$'000
Fair value of net assets acquired (shown as below)	3,206
Fair value of purchase consideration:	
Cash consideration	29,051
Direct costs relating to the acquisition	420
	29,471
Goodwill *(Note 16)*	26,265

An analysis of net cash outflow in respect of the acquisitions is as follows:

	US$'000
Fair value of purchase consideration	29,471
Less: Outstanding purchase consideration payable	(9,679)
Cash and cash equivalents acquired	(39)
	19,753

The details of assets and liabilities acquired are as follows:

	Fair value	**Acquiree's carrying amount**
	US$'000	*US$'000*
Property, plant and equipment	883	883
Trade receivables	9,749	9,749
Prepayments, deposits and other receivables	4,460	4,460
Cash and cash equivalents	39	39
Trade payables	(10,260)	(10,260)
Accruals and other payables	(1,534)	(1,534)
Post-employment benefits	(131)	(131)
	3,206	3,206

The goodwill is attributable to the high profitability of the acquired businesses and the significant synergies expected to arise after the Group's acquisition of Tamarind International Limited.

34. RELATED PARTY TRANSACTIONS

During the year ended 30 April 2006, the Company was approximately 65.6% to 66.7% owned by RGS Holdings Limited, a company incorporated in the British Virgin Islands. The Company's directors regard Roly International Holdings Ltd., a company incorporated in Bermuda and listed on the Main Board of the Singapore Exchange Securities Trading Limited, as being the ultimate holding company.

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

(a) The Group had the following material related party transactions:

Identity of related parties	**Nature of transactions**		**2006**	**2005**
		Note	*US$'000*	*US$'000*
Subsidiaries of Roly International Holdings Ltd.	Rental expense	(i)	95	67
Turmar Limited	Rental expense	(i)	130	131
Ken Ball Limited	Rental expense	(i)	108	—
Premier Consultants Limited	Consultancy fee	(ii)	73	31

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

Turmar Limited is 100% owned by Mr. WANG Lu Yen, a director of the Company, and his spouse.

Ken Ball Limited is 100% owned by Mr. Peter Loris SOLOMON, a director of the Company.

Premier Consultants Limited is 100% owned by Mr. Barry Richard PETTITT, a director of ISO International (Holdings) Limited, a wholly-owned subsidiary of the Company.

Notes:

(i) Rental expense was determined based on market rate and floor area.

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

(b) During the year, a minority shareholder of a subsidiary waived his entitlement of dividends of US$949,000 declared by that subsidiary (2005: Nil).

(c) **Balances with related parties**

The amounts due from related companies were unsecured, non-interest bearing and repayable within one year.

(d) **Key management compensation**

	2006	**2005**
	US$'000	*US$'000*
Salaries, bonus and allowances	2,601	1,652
Pension costs — defined contribution plans	59	57
Share options — value of employment services	119	—
	2,779	1,709

35. SUBSIDIARIES

	2006	2005
	US$'000	*US$'000*
Unlisted shares, at cost	9,987	9,987
Amounts due from subsidiaries	31,522	26,318
	41,509	36,305

The amounts due from subsidiaries are unsecured, non-interest bearing and without pre-determined repayment terms.

Particulars of the Company's subsidiaries as at 30 April 2006 are as follows:

Name of subsidiaries	Place of incorporation/ establishment/principal place of operations	Issued and fully paid share capital/ registered capital	Principal activities	Percentage of attributable equity interest
Benchmark Profits Limited (i)	British Virgin Islands	Ordinary share US$1	Investment holding	100%
CU Packaging & Design (BVI) Limited (i)	British Virgin Islands	Ordinary share US$1	Investment holding	100%
CU Packaging & Design Limited	Hong Kong	Ordinary shares HK$2	Trading of merchandise and procurement agent	100%
Dowry Peacock Group Limited	United Kingdom	Ordinary shares GBP300	Investment holding	60%
eServices (BVI) Limited (i)	British Virgin Islands	Ordinary share US$1	Inactive	100%
eServices Limited	Hong Kong	Ordinary shares HK$100,000	Inactive	100%
Ever Eagle Limited (i)	British Virgin Islands	Ordinary share US$1	Investment holding	100%
Golden Rules Enterprises Limited (i)	Hong Kong	Ordinary share HK$1	Investment holding	100%
IGCS Group Limited (i)	British Virgin Islands	Ordinary share US$1	Investment holding	100%
IGCS International Limited	British Virgin Islands	Ordinary share US$1	Provision of social compliance services	100%
IGCS Limited	Hong Kong	Ordinary shares HK$2	Provision of social compliance services	100%
Inspire World Limited	Hong Kong	Ordinary share HK$1	Inactive	100%
International Laboratory Services Limited	Hong Kong	Ordinary share HK$1	Provision of laboratory services	100%
ISO International (BVI) Limited	British Virgin Islands	Ordinary share US$1	Investment holding	100%

Name of subsidiaries	Place of incorporation/ establishment/principal place of operations	Issued and fully paid share capital/ registered capital	Principal activities	Percentage of attributable equity interest
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	100%
ISO Marketing Services (Macao Commercial Offshore) Limited	Macao	Ordinary shares MOP$100,000	Trading of merchandise	100%
Linmark Agency (BVI) Limited	British Virgin Islands	Ordinary shares US$50,000	Investment holding and procurement agent	100%
Linmark Agency (Hong Kong) Limited	Hong Kong	Ordinary shares HK$10,000	Procurement agent	100%
Linmark Agency (Mauritius) Ltd	Republic of Mauritius	Ordinary shares US$2	Procurement agent	100%
Linmark Development (BVI) Limited	British Virgin Islands	Ordinary share US$1	Procurement agent	100%
Linmark Electronics Limited (formerly known as Schneider United Kingdom Limited)	United Kingdom	Ordinary shares GBP12,500	Design and procurement of entertainment and customer electronic products	60%
Linmark (HK) Limited	Hong Kong	Ordinary shares HK$2	Investment holding and procurement agent	100%
Linmark International (Bangladesh) Ltd.	Bangladesh	Ordinary shares Taka20,000	Procurement agent	100%
Linmark International (Hong Kong) Limited	Hong Kong	Ordinary shares HK$200,000	Investment holding, procurement agent and trading of merchandise	100%
Linmark Merchandise Consultancy (Shenzhen) Limited (ii)	Mainland China	Registered capital RMB1,500,000	Provision of marketing consultancy and product development services	100%
Linmark (UK) Limited	United Kingdom	Ordinary shares GBP100	Provision of market trend consultancy services	100%
Linmark Westman Investments Limited (i)	British Virgin Islands	Ordinary shares US$11	Investment holding	100%
Market Asia Limited	Hong Kong	Ordinary share HK$1	Inactive	100%
Merchandise Creative, Inc.	British Virgin Islands	Ordinary share US$1	Inactive	100%

Name of subsidiaries	Place of incorporation/ establishment/principal place of operations	Issued and fully paid share capital/ registered capital	Principal activities	Percentage of attributable equity interest
Merchandise Creative Limited	Hong Kong	Ordinary shares HK$10,000	Procurement agent	100%
Pacific Technologies Limited	United Kingdom	Ordinary shares GBP45,000	Inactive	60%
Power Path Limited	Hong Kong	Ordinary share HK$1	Inactive	100%
Tamarind Agency Limited	British Virgin Islands	Ordinary share US$1	Inactive	100%
Tamarind International Holdings Limited (i)	British Virgin Islands	Ordinary share US$1	Investment holding	100%
Tamarind International Limited	Hong Kong	Ordinary share HK$1	Investment holding and trading of merchandise	100%
Trend Xpress (Bangladesh) Ltd.	Bangladesh	Ordinary shares Taka20,000	Provision of market trend consultancy services	100%
Trend Xpress, Inc. (i)	British Virgin Islands	Ordinary share US$1	Investment holding and provision of market trend consultancy services	100%
Trend Xpress Limited	Hong Kong	Ordinary shares HK$2	Investment holding, provision of market trend consultancy services and trading of merchandise	100%
Trend Xpress (S) Pte. Limited	Singapore	Ordinary shares S$2	Provision of market trend consultancy services	100%
Westman Linmark (Thailand) Ltd.	Thailand	Ordinary shares Baht5,880,000 Preference shares Baht6,120,000 (iii)	Procurement agent	100%
Westman (Singapore) Private Limited	Singapore	Ordinary shares S$200,000	Procurement agent	100%
Westown Limited	Hong Kong	Ordinary shares HK$100,000	Procurement agent	100%

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 Group has beneficial interest in these preference shares which are held by nominees through a scheme of arrangements. Holders of the preference shares are entitled to a dividend equivalent to 3.5% of the paid-up value of the preference shares, before any dividend could be distributed to the holders of the ordinary shares. Each of these preference share carries one-tenth of the voting right (when compared to ordinary share) in the company's general meetings.

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

C. Unaudited financial statements of the Linmark Group for the three months ended 31 July 2006

The principal accounting policies applied in the preparation of the unaudited consolidated quarterly financial statements are consistently applied to all the periods presented.

The following is the full text of the consolidated financial statements comprising the condensed consolidated income statement and the condensed consolidated balance sheet and the notes to such financial statements, in each case, as extracted from the results announcement of Linmark for the three months ended 31 July 2006.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Income Statement

		For the three months ended 31 July	
		2006	**2005**
		(Unaudited)	*(Unaudited)*
	Notes	*US$'000*	*US$'000*
Revenue	2	83,909	40,828
Cost of sales		(71,897)	(29,131)
Gross profit		12,012	11,697
Other income		1,043	551
General and administrative expenses		(11,269)	(9,810)
Operating profit	3	1,786	2,438
Finance costs		(245)	(30)
Share of loss of a joint venture		(19)	(14)
Profit before income tax		1,522	2,394
Income tax expense	4	(469)	(313)
Profit for the period		1,053	2,081
Attributable to:			
Equity holders of the Company		1,220	2,081
Minority interest		(167)	—
		1,053	2,081
Earnings per share *(US cents)*	5		
— Basic		0.2	0.3
— Diluted		0.2	0.3

Consolidated Balance Sheet

	Notes	At 31 July 2006 (Unaudited) US$'000	At 30 April 2006 (Audited) US$'000
NON-CURRENT ASSETS			
Property, plant and equipment	6	2,912	3,236
Intangible assets		114,581	113,415
Other asset		83	83
Investment in a joint venture		102	121
		117,678	116,855
CURRENT ASSETS			
Inventories		14,655	13,540
Trade receivables	7	35,110	34,522
Prepayments, deposits and other receivables		6,183	6,746
Amount due from related companies		94	193
Cash and cash equivalents		31,918	37,609
		87,960	92,610
CURRENT LIABILITIES			
Trade payables	8	42,384	44,589
Accruals and other payables		15,334	17,173
Short-term bank loans		8,850	8,850
Balance of consideration payable for acquisitions of subsidiaries/businesses and assets — due within one year		12,286	12,286
Current income tax liabilities		3,251	2,901
		82,105	85,799
NET CURRENT ASSETS		5,855	6,811
TOTAL ASSETS LESS CURRENT LIABILITIES		123,533	123,666
NON-CURRENT LIABILITIES			
Balance of consideration payable for acquisitions of subsidiaries/businesses and assets — due after one year		14,597	17,073
Post-employment benefits		1,412	1,691
Deferred income tax liabilities		134	125
		16,143	18,889
NET ASSETS		107,390	104,777
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		13,337	13,337
Reserves		64,073	61,907
		77,410	75,244
Minority interest		29,980	29,533
TOTAL EQUITY		107,390	104,777

NOTES:

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards.

The consolidated financial statements have been prepared under the historical cost convention except for the revaluation of certain financial liabilities and the principal accounting policies applied in the preparation of these consolidated financial information are consistent with those applied in the preparation of annual financial statements as at and for the year ended 30 April 2006.

2. SEGMENTAL INFORMATION

An analysis of the Group's segmental information for the three months ended 31 July 2006 and the previous corresponding period by business and geographical segments is as follows:

Primary reporting format — business segments

At 31 July 2006, the Group is organised on a worldwide basis into two main business segments: (i) sales of merchandise (garment, labels and consumer electronic products); and (ii) provision of services (garment-related procurement services, value-added services relating to the procurement agency business and project-based services).

The segment information for the three months ended 31 July 2006 is as follows:

	Unaudited For the three months ended 31 July 2006		
	Sales of merchandise	**Provision of services**	**Total**
	US$'000	*US$'000*	*US$'000*
REVENUE			
External revenue	77,151	6,758	83,909
SEGMENT RESULTS	1,483	197	1,680
Interest income			231
Finance costs			(245)
Share of loss of a joint venture			(19)
Unallocated corporate expenses			(125)
Profit before income tax			1,522
Income tax expense			(469)
Profit for the period			1,053

	Unaudited For the three months ended 31 July 2005 Sales of merchandise *US$'000*	 Provision of services *US$'000*	 Total *US$'000*
REVENUE			
External revenue	32,865	7,963	40,828
SEGMENT RESULTS	1,218	1,161	2,379
Interest income			193
Finance costs			(30)
Share of loss of a joint venture			(14)
Unallocated corporate expenses			(134)
Profit before income tax			2,394
Income tax expense			(313)
Profit for the period			2,081

Secondary reporting format — geographical segments

The Group's two business segments operate in five main geographical locations. The following table provides an analysis of the Group's revenue by geographical locations of customers.

	For the three months ended 31 July 2006 *(Unaudited)* *US$'000*	 2005 *(Unaudited)* *US$'000*
Europe	55,796	16,206
Australia	8,553	7,720
Africa	7,607	6,054
North America	5,772	5,395
Hong Kong	2,284	2,685
Others	3,897	2,768
	83,909	40,828

3. OPERATING PROFIT

Operating profit has been arrived at after (crediting)/charging:

	For the three months ended 31 July 2006 *(Unaudited)* *US$'000*	 2005 *(Unaudited)* *US$'000*
Interest income	(231)	(193)
Reimbursement income from customers	(28)	(44)
Depreciation of property, plant and equipment	338	311
Amortisation of intangible assets *(Note)*	251	—

Note: Amortisation of expenses incurred for renewing a buying agency agreement.

4. INCOME TAX EXPENSE

	For the three months ended 31 July	
	2006	2005
	(Unaudited)	*(Unaudited)*
	US$'000	*US$'000*
Current income tax		
— Hong Kong profits tax	475	248
— overseas taxation	(6)	67
Deferred income tax	—	(2)
	469	313

Hong Kong profits tax is calculated at 17.5% (2005: 17.5%) of the estimated assessable profit for the period.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

5. EARNINGS PER SHARE

The calculation of the basic earnings per share for the three months ended 31 July 2006 was based on the profit attributable to equity holders of the Company of approximately US$1,220,000 (2005: US$2,081,000) and on the weighted average number of approximately 666,845,000 (2005: 655,634,000) shares in issue during the period under review.

There was no difference between basic and diluted earnings per share as there were no potentially dilutive shares outstanding during the three months ended 31 July 2006.

The calculation of the diluted earnings per share for the three months ended 31 July 2005 was based on the profit attributable to equity holders of approximately US$2,081,000 and on the weighted average number of approximately 660,890,000 shares issued and issuable, comprising the weighted average number of approximately 655,634,000 shares in issue during the financial period and the weighted average number of approximately 5,256,000 shares as adjusted for the dilutive effect of share options outstanding during the period under review.

6. ADDITIONS IN PROPERTY, PLANT AND EQUIPMENT

During the three months ended 31 July 2006, the Group spent approximately US$53,000 (2005: US$364,000) on acquisition of property, plant and equipment.

7. TRADE RECEIVABLES

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

	At 31 July	At 30 April
	2006	2006
	(Unaudited)	*(Audited)*
	US$'000	*US$'000*
0–30 days	21,680	22,687
31–60 days	7,665	8,116
61–90 days	1,844	2,205
Over 90 days *(Notes (i) and (ii))*	10,071	7,091
	41,260	40,099
Less: Provision for impairment of trade receivables	(6,150)	(5,577)
	35,110	34,522

Notes:

(i) As at the date of this announcement, approximately US$1.3 million (as at 30 April 2006: US$1.1 million) of this balance has subsequently been settled since 31 July 2006.

(ii) Approximately US$3.0 million (as at 30 April 2006: US$1.6 million) of this balance relates to customers which have credit terms of 90 days or more.

8. TRADE PAYABLES

The aging analysis of trade payables is as follows:

	At 31 July 2006	**At 30 April 2006**
	(Unaudited)	*(Audited)*
	US$'000	*US$'000*
0–30 days	19,292	20,002
31–60 days	17,551	15,485
61–90 days	817	5,093
Over 90 days	4,724	4,009
	42,384	44,589

D. Unaudited financial statements of the Linmark Group for the six months ended 31 October 2006

The principal accounting policies applied in the preparation of the unaudited consolidated interim financial statements are consistently applied to all the periods presented.

The following is the full text of the condensed consolidated interim income statement, the condensed consolidated interim balance sheet, the condensed consolidated interim statement of changes in equity, the condensed consolidated interim cash flow statement and the notes to each of the foregoing statements, in each case, as extracted from the interim report of Linmark for the six months ended 31 October 2006. References to page number under this paragraph are references to page number in the interim report of Linmark for the six months ended 31 October 2006.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
For the six months ended 31 October 2006

		For the six months ended 31 October	
		2006	**2005**
		(Unaudited)	*(Unaudited)*
	Notes	*US$'000*	*US$'000*
Revenue	4	193,680	98,377
Cost of sales		(166,922)	(70,790)
Gross profit		26,758	27,587
Other income	5	2,197	1,172
General and administrative expenses		(23,205)	(20,695)
Excess of interest in fair value of acquired subsidiaries' net assets over cost		—	3,428
Operating profit	6	5,750	11,492
Finance costs	7	(573)	(110)
Share of loss of a joint venture		(28)	(31)
Profit before income tax		5,149	11,351
Income tax expense	8	(872)	(808)
Profit for the period		4,277	10,543
Attributable to:			
Equity holders of the Company		4,403	10,492
Minority interest		(126)	51
		4,277	10,543
Dividends	9	1,529	2,350
Earnings per share for profit attributable to equity holders of the Company (expressed in US cent per share)	10		
— Basic		0.7	1.6
— Diluted		0.7	1.6

The notes on pages 8 to 33 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET
At 31 October 2006

	Notes	At 31 October 2006 (Unaudited) US$'000	At 30 April 2006 (Audited) US$'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	4,043	3,236
Intangible assets	11	115,736	113,415
Other asset		83	83
Investment in a joint venture		93	121
		119,955	116,855
CURRENT ASSETS			
Inventories		18,564	13,540
Trade receivables	12	36,933	34,522
Prepayments, deposits and other receivables		10,122	6,746
Amounts due from related companies	21(b)	335	193
Cash and cash equivalents	13	38,811	37,609
		104,765	92,610
CURRENT LIABILITIES			
Trade payables	14	42,216	44,589
Accruals and other payables		27,501	17,173
Short-term bank loans	15	8,850	8,850
Trust receipts bank loans	15	5,585	—
Balance of consideration payable for acquisitions of subsidiaries/businesses and assets — due within one year	16	12,841	12,286
Current income tax liabilities		2,636	2,901
		99,629	85,799
NET CURRENT ASSETS		5,136	6,811
TOTAL ASSETS LESS CURRENT LIABILITIES		125,091	123,666
NON-CURRENT LIABILITIES			
Balance of consideration payable for acquisitions of subsidiaries/businesses and assets — due after one year	16	15,781	17,073
Post-employment benefits		1,222	1,691
Deferred income tax liabilities		136	125
		17,139	18,889
NET ASSETS		107,952	104,777

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET
At 31 October 2006

	Notes	At 31 October 2006 (Unaudited) US$'000	At 30 April 2006 (Audited) US$'000
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	17	13,337	13,337
Reserves	19	64,020	61,907
		77,357	75,244
Minority interest		30,595	29,533
TOTAL EQUITY		107,952	104,777

The notes on pages 8 to 33 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
For the six months ended 31 October 2006

	Attributable to equity holders of the Company			
	Share capital	**Reserves**	**Minority interest**	**Total**
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
	US$'000	*US$'000*	*US$'000*	*US$'000*
Balance at 1 May 2006	13,337	61,907	29,533	104,777
Profit for the period	—	4,403	(126)	4,277
Currency translation differences	—	90	1,188	1,278
Total recognised gain for the period	—	4,493	1,062	5,555
	13,337	66,400	30,595	110,332
Employee share option scheme				
— value of employment services	—	99	—	99
Dividend paid	—	(2,479)	—	(2,479)
Balance at 31 October 2006	13,337	64,020	30,595	107,952
Balance at 1 May 2005	13,113	52,206	—	65,319
Profit for the period	—	10,492	51	10,543
Currency translation differences	—	204	—	204
Total recognised gain for the period	—	10,696	51	10,747
	13,113	62,902	51	76,066
Employee share option scheme				
— value of employment services	—	221	—	221
— proceeds from issue of shares	13	118	—	131
Business combination				
— issue of share capital	200	2,621	—	2,821
— minority interest	—	—	30,903	30,903
Dividend paid	—	(4,040)	—	(4,040)
Balance at 31 October 2005	13,326	61,822	30,954	106,102

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT
For the six months ended 31 October 2006

	For the six months ended 31 October	
	2006	**2005**
	(Unaudited)	*(Unaudited)*
	US$'000	*US$'000*
Net cash generated from operating activities	1,974	14,652
Net cash (used in)/generated from investing activities	(3,948)	3,323
Net cash generated from/(used in) financing activities	3,106	(2,469)
Exchange gains on cash and cash equivalents	70	204
Net increase in cash and cash equivalents	1,202	15,710
Cash and cash equivalents at beginning of the period	30,609	15,323
Cash and cash equivalents at end of the period	31,811	31,033
Analysis of cash and cash equivalents:		
Bank balances and cash	38,811	38,033
Less: Pledged bank deposits	(7,000)	(7,000)
	31,811	31,033

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

Linmark Group Limited (the "Company") is an investment holding company and its subsidiaries (together with the Company, collectively referred to as the "Group") are principally engaged in the trading and procurement of apparel, fashion accessories and consumer electronic products.

The Company was incorporated and domiciled in Bermuda on 25 January 2002 as an exempted company with limited liability under the Companies Act 1981 of Bermuda. 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.

This condensed consolidated interim financial information is prepared in US dollars ("US$"), unless otherwise stated.

This condensed consolidated interim financial information was approved for issue on 12 December 2006.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information of the Group for the six months ended 31 October 2006 has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB").

The unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements as at and for the year ended 30 April 2006.

3. ACCOUNTING POLICIES

The accounting policies are consistent with those as described in the Group's annual financial statements for the year ended 30 April 2006, except that the Group has changed certain of its accounting policies following its adoption of the new/revised IAS, International Financial Reporting Standards ("IFRS") issued by the IASB and International Financial Reporting Interpretations Committee Interpretation ("IFRIC-Int") issued by the International Financial Reporting Interpretations Committee ("IFRIC"), which are effective from accounting periods beginning on or after 1 January 2006 and relevant to its operations. The changes to the Group's accounting policies and the effect of adopting these new policies are set out below.

- IAS 39 and IFRS 4 (Amendments), "Financial guarantee contracts". These amendments require issued financial guarantees, other than those previously asserted by the entity to be insurance contracts, to be initially recognised at their fair value, and subsequently measured at the higher of (a) the unamortised balance of the related fees received and deferred, and (b) the expenditure required to settle the commitment at the balance sheet date. There is no financial guarantee contract issued at the Group level.

The following new standards, amendments to standards and interpretations have been issued but are not effective for the year ending 30 April 2007 and have not been early adopted.

- IFRIC-Int 9, "Reassessment of Embedded Derivatives", effective for annual periods beginning on or after 1 June 2006. Management believes that this interpretation should not have a significant impact on the reassessment of embedded derivatives as the Group already assess if embedded derivative should be separated using principles consistent with IFRIC-Int 9.

- IFRS 7, "Financial Instruments: Disclosures", effective for annual periods beginning on or after 1 January 2007. IAS 1, "Amendments to capital disclosures", effective for annual periods beginning on or after 1 January 2007. The Group assessed the impact of IFRS 7 and the amendment to IAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and capital disclosures required by the amendment of IAS 1. The Group will apply IFRS 7 and the amendment to IAS 1 from financial year/period beginning 1 May 2007.

4. SEGMENTAL INFORMATION

An analysis of the Group's segmental information for the six months ended 31 October 2006 and the previous corresponding period by business and geographical segments is as follows:

(a) Primary reporting format — business segments

At 31 October 2006, the Group is organised on a worldwide basis into two main business segments: (i) sales of merchandise (garment, labels and consumer electronic products); and (ii) provision of services (garment-related procurement services and value-added services relating to the procurement agency business).

The segment information for the six months ended 31 October 2006 is as follows:

	For the six months ended 31 October 2006		
	Sales of merchandise	**Provision of services**	**Total**
	(Unaudited)	*(Unaudited)*	*(Unaudited)*
	US$'000	*US$'000*	*US$'000*
REVENUE			
External revenue	178,689	14,991	193,680
SEGMENT RESULTS	4,079	2,603	6,682
Interest income			428
Finance costs			(573)
Share of loss of a joint venture			(28)
Unallocated corporate expenses *(Note)*			(1,360)
Profit before income tax			5,149
Income tax expense			(872)
Profit for the period			4,277
Capital expenditures	55	1,746	1,801
Depreciation charge	178	521	699
Amortisation of deferred expenditures	—	419	419
Impairment of trade receivables	1,038	742	1,780

Note: Approximately US$1.0 million of these expenses are associated with the Group's restructuring.

	For the six months ended 31 October 2005		
	Sales of merchandise	**Provision of services**	**Total**
	(Unaudited)	*(Unaudited)*	*(Unaudited)*
	US$'000	*US$'000*	*US$'000*
REVENUE			
External revenue	78,888	19,489	98,377
SEGMENT RESULTS	2,978	5,132	8,110
Interest income			424
Excess of interest in fair value of acquired subsidiaries' net assets over cost			3,428
Finance costs			(110)
Share of loss of a joint venture			(31)
Unallocated corporate expenses			(470)
Profit before income tax			11,351
Income tax expense			(808)
Profit for the period			10,543
Capital expenditures	65,803	475	66,278
Depreciation charge	123	503	626
Impairment of trade receivables	125	326	451

The segment assets and liabilities at 31 October 2006 are as follow:

	Sales of merchandise	**Provision of services**	**Total**
	(Unaudited)	*(Unaudited)*	*(Unaudited)*
	US$'000	*US$'000*	*US$'000*
Segment assets	167,857	49,632	217,489
Unallocated corporate assets			7,231
Total assets			224,720
Segment liabilities	85,286	19,738	105,024
Current income tax liabilities			2,636
Deferred income tax liabilities			136
Unallocated corporate liabilities			8,972
Total liabilities			116,768

The segment assets and liabilities at 30 April 2006 are as follow:

	Sales of merchandise	Provision of services	Total
	(Audited)	*(Audited)*	*(Audited)*
	US$'000	*US$'000*	*US$'000*
Segment assets	158,885	43,472	202,357
Unallocated corporate assets			7,108
Total assets			209,465
Segment liabilities	78,163	14,632	92,795
Current income tax liabilities			2,901
Deferred income tax liabilities			125
Unallocated corporate liabilities			8,867
Total liabilities			104,688

Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, receivables and operating cash attributable to individual business segment. They exclude assets held for corporate use.

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

Capital expenditures comprise additions to property, plant and equipment, goodwill, patents and trademarks, including additions resulting from the acquisitions of subsidiaries/businesses and assets.

(b) Secondary reporting format — geographical segments

The Group's two business segments operate in five main geographical locations. The following table provides an analysis of the Group's revenue, total assets and capital expenditures by geographical locations:

	Revenue For the six months ended 31 October		Total assets		Capital expenditures For the six months ended 31 October	
			As at 31 October	As at 30 April		
	2006	**2005**	**2006**	**2006**	**2006**	**2005**
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Audited)*	*(Unaudited)*	*(Unaudited)*
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Europe	130,703	40,184	112,295	106,070	23	65,459
Australia	19,258	18,097	—	—	—	—
Africa	17,778	14,064	29	52	—	1
North America	12,188	15,765	—	—	—	—
Hong Kong	4,385	4,178	108,683	99,607	1,770	567
Others	9,368	6,089	3,713	3,736	8	251
	193,680	98,377	224,720	209,465	1,801	66,278

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

5. OTHER INCOME

	For the six months ended 31 October	
	2006	**2005**
	(Unaudited)	*(Unaudited)*
	US$'000	*US$'000*
Interest income	428	424
Reimbursement income from customers	481	243
Handling fee income	314	229
Compensation income	602	—
Others	372	276
	2,197	1,172

6. EXPENSES BY NATURE

	For the six months ended 31 October	
	2006	**2005**
	(Unaudited)	*(Unaudited)*
	US$'000	*US$'000*
Depreciation of property, plant and equipment	699	626
Amortisation of deferred expenditures *(Note)*	419	—
Loss/(gain) on disposal of property, plant and equipment	273	(13)

Note: Amortisation of deferred expenditures are incurred for renewing a buying agency agreement.

7. FINANCE COSTS

	For the six months ended 31 October	
	2006	**2005**
	(Unaudited)	*(Unaudited)*
	US$'000	*US$'000*
Interest expenses:		
— short-term bank loans	270	110
— trust receipts bank loans	42	—
— amortisation of balance consideration payable for acquisitions of subsidiaries/businesses and assets	261	—
	573	110

8. INCOME TAX EXPENSE

	For the six months ended 31 October	
	2006	**2005**
	(Unaudited)	*(Unaudited)*
	US$'000	*US$'000*
Current income tax		
— Hong Kong profits tax	842	614
— overseas taxation	29	196
Deferred income tax	1	(2)
	872	808

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 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 profits at the rates of taxation prevailing in the countries in which the Group operates.

9. DIVIDENDS

	For the six months ended 31 October	
	2006	**2005**
	(Unaudited)	*(Unaudited)*
	US$'000	*US$'000*
Proposed interim dividend of 1.8 HK cents (2005: 2.70 HK cents) per ordinary share	1,529	2,350

At a meeting held on 12 December 2006, the Company's directors ("Directors") proposed an interim dividend of 1.8 HK cents per ordinary share for the six months ended 31 October 2006. This proposed dividend is not reflected as dividend payable in this condensed consolidated interim financial information as at and for the six months ended 31 October 2006, but will be reflected as an appropriation of retained earnings for the year ending 30 April 2007.

10. EARNINGS PER SHARE

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

	For the six months ended 31 October	
	2006	**2005**
	(Unaudited)	*(Unaudited)*
Profit attributable to equity holders of the Company (US$'000)	4,403	10,492
Weighted average number of ordinary shares in issue ('000)	666,845	656,523
Basic earnings per share (US cent)	0.7	1.6

Diluted earnings per share is 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 is done to determine the number of shares that could have been acquired at fair value (determined as the average annual quoted 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 is compared with the number of shares that would have been issued assuming the exercise of the share options.

	For the six months ended 31 October	
	2006	2005
	(Unaudited)	*(Unaudited)*
Profit attributable to equity holders of the Company *(US$'000)*	4,403	10,492
Weighted average number of ordinary shares in issue *('000)*	666,845	656,523
Adjustment for share options *('000)*	—	4,960
Weighted average number of ordinary shares for diluted earnings per share *('000)*	666,845	661,483
Diluted earnings per share *(US cent)*	0.7	1.6

11. CAPITAL EXPENDITURES

	Property, plant and equipment	Goodwill	Deferred expenditures	Patents and trademarks
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
	US$'000	*US$'000*	*US$'000*	*US$'000*
Six months ended 31 October 2006				
Opening net book amount at 1 May 2006	3,236	42,446	3,014	67,955
Additions	1,801	—	—	—
Disposals	(301)	—	—	—
Depreciation charge	(699)	—	—	—
Amortisation	—	—	(419)	—
Currency exchange differences	6	—	—	2,740
Closing net book amount at 31 October 2006	4,043	42,446	2,595	70,695
Six months ended 31 October 2005				
Opening net book amount at 1 May 2005	3,119	42,446	3,014	—
Acquisition of a subsidiary	280	—	—	65,179
Additions	819	—	—	—
Disposals	(84)	—	—	—
Depreciation charge	(626)	—	—	—
Currency exchange differences	(34)	—	—	—
Closing net book amount at 31 October 2005	3,474	42,446	3,014	65,179

12. TRADE RECEIVABLES

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

	At 31 October 2006 *(Unaudited)* *US$'000*	At 30 April 2006 *(Audited)* *US$'000*
0–30 days	24,018	22,687
31–60 days	8,298	8,116
61–90 days	1,968	2,205
91–365 days *(Notes)*	5,199	4,644
Over 1 year *(Notes)*	3,283	2,447
	42,766	40,099
Less: Provision for impairment of trade receivables	(5,833)	(5,577)
	36,933	34,522

The carrying amounts of trade receivables approximate their fair values.

Notes:

(i) As of the date of this interim financial report, approximately US$0.7 million of these balances has subsequently been settled since 31 October 2006.

(ii) Approximately US$3.0 million (as at 30 April 2006: US$2.1 million) of these balances relates to customers which have credit terms of 90 days or more.

13. CASH AND CASH EQUIVALENTS

	At 31 October 2006 *(Unaudited)* *US$'000*	At 30 April 2006 *(Audited)* *US$'000*
Fixed bank deposits with original maturity below three months	9,576	6,330
Pledged bank deposits *(Note 15)*	7,000	7,000
Other bank balances and cash	22,235	24,279
	38,811	37,609

14. TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	At 31 October 2006 *(Unaudited)* *US$'000*	At 30 April 2006 *(Audited)* *US$'000*
0–30 days	18,830	20,002
31–60 days	9,155	15,485
61–90 days	10,473	5,093
91–365 days	3,077	4,009
Over 1 year	681	—
	42,216	44,589

The carrying amounts of trade payables approximate their fair values.

15. BANK LOANS

	At 31 October 2006 *(Unaudited)* *US$'000*	At 30 April 2006 *(Audited)* *US$'000*
Short-term bank loans	8,850	8,850
Trust receipts bank loans	5,585	—
	14,435	8,850

The effective interest rates at the balance sheet date are as follows:

	At 31 October 2006 *(Unaudited)*	At 30 April 2006 *(Audited)*
Short-term bank loans	6.1%	4.8%
Trust receipts bank loans	5.8%	—

	At 31 October 2006 *(Unaudited)* *US$'000*	At 30 April 2006 *(Audited)* *US$'000*
Denominated in:		
United States dollar	8,850	8,850
Sterling	5,585	—
	14,435	8,850

The carrying amounts of the Group's borrowings approximate their fair values.

As at 31 October 2006, short-term bank loans were secured by the Group's bank deposits of approximately US$7,000,000 (30 April 2006: US$7,000,000).

The Group has total banking facilities of approximately US$67.5 million (30 April 2006: US$60.5 million), including borrowing facilities of approximately US$12.1 million (30 April 2006: US$9.1 million).

At 31 October 2006, there was a fixed and floating debenture over the assets of a 60%-owned subsidiary amounting to approximately US$6,484,000 (30 April 2006: US$7,208,000) to secure certain of the Group's banking facilities.

16. BALANCE OF CONSIDERATION PAYABLE FOR ACQUISITIONS OF SUBSIDIARIES/BUSINESSES AND ASSETS

	At 31 October 2006	At 30 April 2006
	(Unaudited)	*(Audited)*
	US$'000	*US$'000*
Balances payable:		
Within one year	12,841	12,286
Between one and two years	16,443	10,299
Between two and five years	—	7,697
	29,284	30,282
Less: Amount representing interest element	(662)	(923)
Present value of consideration payable	28,622	29,359
Less: Current portion (included in current liabilities)	(12,841)	(12,286)
	15,781	17,073

At 31 October 2006, the fair value of the consideration payable for acquisitions of subsidiaries/businesses and assets was approximately US$28,622,000 (30 April 2006: US$29,359,000). The fair value is calculated based on cash flows discounted using a rate based on the Group's average borrowing rate of approximately 4.3% (30 April 2006: 4.3%) per annum.

17. SHARE CAPITAL

	Number of shares	Nominal Value
	'000	*US$'000*
Authorised ordinary shares of US$0.02 each:		
At 1 May 2006 and 31 October 2006	2,000,000	40,000
Issued and fully paid ordinary shares of US$0.02 each:		
At 1 May 2006 and 31 October 2006	666,845	13,337

At no time during the six months ended 31 October 2006 was there any purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's shares.

18. SHARE OPTIONS

The Company's share option scheme ("Share Option 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. The Share Option Scheme will remain in force for a period of 10 years up to 2012. Under the Scheme, the Company's board of Directors ("Board") or a committee thereof may grant options to eligible persons to subscribe for shares in the Company at a price per share of not less than the highest of (i) the nominal value of a share; (ii) the closing price of a share as stated in the daily quotation sheets issued by the Stock Exchange on the date of the offer of the relevant option; and (iii) the average closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of offer. A consideration of HK$1 is payable on acceptance of the grant of options. The maximum number of shares which may be issued upon the exercise of all outstanding options granted under the Share Option Scheme and any other scheme to be adopted by the Company from time to time must not in aggregate exceed 30% of the share capital of the Company in issue from time to time. The Company has no legal or constructive obligation to repurchase or settle the share options in cash.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	For the six months ended 31 October			
	2006		2005	
	Average exercise price per share	Options	Average exercise price per share	Options
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
	HK$	*'000*	*HK$*	*'000*
At beginning of period	2.404	45,264	2.411	63,834
Granted	—	—	2.315	10,500
Exercised	—	—	1.600	(640)
Lapsed	2.526	(7,284)	2.584	(3,274)
At end of period	2.388	37,980	2.396	70,420

19. RESERVES

	(Unaudited)							
	Share premium	Share option reserve	Special reserve	Capital redemption reserve	Capital reserve	Translation reserve	Retained Earnings	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Balance at 1 May 2006	19,496	448	184	48	569	885	40,277	61,907
Profit for the period	—	—	—	—	—	—	4,403	4,403
Employee share option scheme — value of employment services	—	99	—	—	—	—	—	99
Currency translation differences	—	—	—	—	—	90	—	90
Dividend paid	—	—	—	—	—	—	(2,479)	(2,479)
Balance at 31 October 2006	19,496	547	184	48	569	975	42,201	64,020
Representing:								
2006 Interim dividend proposed							1,529	
Others							40,672	
							42,201	
Balance at 1 May 2005	16,651	—	184	48	—	(857)	36,180	52,206
Profit for the period	—	—	—	—	—	—	10,492	10,492
Employee share option scheme — value of employment services	—	221	—	—	—	—	—	221
Premium arising on issue of shares upon								
— exercise of share options	118	—	—	—	—	—	—	118
— acquisitions of subsidiaries	2,621	—	—	—	—	—	—	2,621
Currency translation differences	—	—	—	—	—	204	—	204
Dividend paid	—	—	—	—	—	—	(4,040)	(4,040)
Balance at 31 October 2005	19,390	221	184	48	—	(653)	42,632	61,822

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.

20. COMMITMENTS

(a) Operating lease commitments

The Group leases various office premises, staff quarters and 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**	
	At 31 October 2006	**At 30 April 2006**	**At 31 October 2006**	**At 30 April 2006**
	(Unaudited)	*(Audited)*	*(Unaudited)*	*(Audited)*
	US$'000	*US$'000*	*US$'000*	*US$'000*
Not later than one year	1,547	1,581	145	127
Later than one year but not later than five years	1,770	1,558	489	213
Later than five years	346	493	—	—
	3,663	3,632	634	340

(b) Capital commitments

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

	At 31 October 2006	**At 30 April 2006**
	(Unaudited)	*(Audited)*
	US$'000	*US$'000*
Contracted for but not provided in the financial statements	73	280
Authorised but not contracted for	11	13
	84	293

21. RELATED PARTY TRANSACTIONS

During the six months ended 31 October 2006, the Company was approximately 65.6% owned by RGS Holdings Limited, a company incorporated in the British Virgin Islands. The Directors regard Roly International Holdings Ltd. ("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.

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

(a) During the six months ended 31 October 2006, the Group had the following material related party transactions:

Identity of related parties	Notes	Nature of transactions	For the six months ended 31 October 2006 (Unaudited) US$'000	2005 (Unaudited) US$'000
Subsidiaries of Roly International	(i)	Rental expense	16	47
Turmar Limited	(i)	Rental expense	64	65
Ken Ball Limited	(i)	Rental expense	54	54
Premier Consultants Limited	(ii)	Consultancy fee	15	58

Subsidiaries of Roly International are fellow subsidiaries of the Company.

Turmar Limited is 100% owned by Mr. WANG Lu Yen, a director of the Company, and his spouse. Ken Ball Limited is 100% owned by Mr. Peter Loris SOLOMON, a director of the Company.

Premier Consultants Limited is 100% owned by Mr. Barry Richard PETTITT, a director of ISO International (Holdings) Limited, a wholly-owned subsidiary of the Company.

Notes:

(i) Rental expense was determined based on market rate and floor area.

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

(b) The amounts due from related companies were unsecured, non-interest bearing and repayable within one year.

(c) Key management compensation:

	For the six months ended 31 October 2006 (Unaudited) US$'000	2005 (Unaudited) US$'000
Salaries, bonuses and allowances	771	1,109
Pension costs — defined contribution plans	33	30
Share options — value of employment services	26	63
	830	1,202

22. SEASONALITY OF INTERIM OPERATIONS

The effect of seasonal fluctuation on the Group's interim operations was immaterial.

E. Unaudited financial statements of the Linmark Group for the nine months ended 31 January 2007

The principal accounting policies applied in the preparation of the unaudited consolidated quarterly financial statements are consistently applied to all the periods presented.

The following is the full text of the consolidated financial statements comprising the condensed consolidated income statement and the condensed consolidated balance sheet and the notes to such financial statements, in each case, as extracted from the results announcement of Linmark for the nine months ended 31 January 2007.

CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Condensed Consolidated Income Statement

		For the nine months ended 31 January	
		2007	**2006**
		(Unaudited)	*(Unaudited)*
	Notes	*US$'000*	*US$'000*
Revenue	3	313,020	209,469
Cost of sales		(272,018)	(167,086)
Gross profit		41,002	42,383
Other income		2,422	1,931
General and administrative expenses		(33,725)	(32,861)
Excess of interest in fair value of acquired subsidiaries' net assets over cost		—	3,414
Operating profit	4	9,699	14,867
Finance costs		(924)	(293)
Share of loss of a joint venture		(41)	(41)
Profit before income tax		8,734	14,533
Income tax expense	5	(1,857)	(1,402)
Profit for the period		6,877	13,131
Attributable to:			
Equity holders of the Company		6,386	12,941
Minority interest		491	190
		6,877	13,131
Earnings per share for profit attributable to equity holders of the Company			
(expressed in US cent per share)	6		
— Basic		1.0	2.0
— Diluted		1.0	2.0

Condensed Consolidated Balance Sheet

		At 31 January 2007 *(Unaudited)* *US$'000*	At 30 April 2006 *(Audited)* *US$'000*
NON-CURRENT ASSETS			
Property, plant and equipment	7	3,902	3,236
Intangible assets		117,864	113,415
Other asset		83	83
Investment in a joint venture		79	121
		121,928	116,855
CURRENT ASSETS			
Inventories		11,338	13,540
Trade receivables	8	37,216	34,522
Prepayments, deposits and other receivables		13,619	6,746
Amounts due from related companies		128	193
Cash and cash equivalents		33,501	37,609
		95,802	92,610
CURRENT LIABILITIES			
Trade payables	9	34,221	44,589
Accruals and other payables		35,815	17,173
Short-term bank loans		8,850	8,850
Trust receipts bank loans		521	—
Balance of consideration payable for acquisitions of subsidiaries/businesses and assets — due within one year		6,213	12,286
Current income tax liabilities		3,420	2,901
		89,040	85,799
NET CURRENT ASSETS		6,762	6,811
TOTAL ASSETS LESS CURRENT LIABILITIES		128,690	123,666
NON-CURRENT LIABILITIES			
Balance of consideration payable for acquisitions of subsidiaries/businesses and assets — due after one year		16,424	17,073
Post-employment benefits		1,296	1,691
Deferred income tax liabilities		137	125
		17,857	18,889
NET ASSETS		110,833	104,777
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		13,337	13,337
Reserves		65,231	61,907
		78,568	75,244
Minority interest		32,265	29,533
TOTAL EQUITY		110,833	104,777

NOTES:

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial information of the Group for the nine months ended 31 January 2007 has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB").

The unaudited condensed consolidated financial information should be read in conjunction with the annual financial statements as at and for the year ended 30 April 2006.

2. ACCOUNTING POLICIES

The accounting policies are consistent with those as described in the Group's annual financial statements for the year ended 30 April 2006, except that the Group has changed certain of its accounting policies following its adoption of the new/revised IAS, International Financial Reporting Standards ("IFRS") issued by the IASB and International Financial Reporting Interpretations Committee Interpretation ("IFRIC-Int") issued by the International Financial Reporting Interpretations Committee ("IFRIC"), which are effective from accounting periods beginning on or after 1 January 2006 and relevant to its operations. The changes to the Group's accounting policies and the effect of adopting these new policies are set out below.

- IAS 39 and IFRS 4 (Amendments), "Financial guarantee contracts". These amendments require issued financial guarantees, other than those previously asserted by the entity to be insurance contracts, to be initially recognised at their fair value, and subsequently measured at the higher of (a) the unamortised balance of the related fees received and deferred, and (b) the expenditure required to settle the commitment at the balance sheet date. There is no financial guarantee contract issued at the Group level.

The following new standards, amendments to standards and interpretations have been issued but are not effective for the year ending 30 April 2007 and have not been early adopted.

- IFRIC-Int 9, "Reassessment of Embedded Derivatives", effective for annual periods beginning on or after 1 June 2006. Management believes that this interpretation should not have a significant impact on the reassessment of embedded derivatives as the Group already assess if embedded derivative should be separated using principles consistent with IFRIC-Int 9.

- IFRS 7, "Financial Instruments: Disclosures", effective for annual periods beginning on or after 1 January 2007. IAS 1, "Amendments to capital disclosures", effective for annual periods beginning on or after 1 January 2007. The Group assessed the impact of IFRS 7 and the amendment to IAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and capital disclosures required by the amendment of IAS 1. The Group will apply IFRS 7 and the amendment to IAS 1 from financial year/period beginning 1 May 2007.

- IFRIC 11, "IFRS 2 — Group and treasury share transactions", effective for annual periods beginning on or after 1 March 2007. This interpretation addresses how to apply IFRS 2 to share-based payment arrangements in an entity, rather than a group, involving an entity's own equity instruments or equity instruments of another entity in the same group. The Group anticipate that the application of this interpretation will have no material impact on the results and the financial position at the Group level.

3. SEGMENTAL INFORMATION

An analysis of the Group's segmental information for the nine months ended 31 January 2007 and the previous corresponding period by business and geographical segments is as follows:

Primary reporting format — business segments

At 31 January 2007, the Group is organised on a worldwide basis into two main business segments: (i) sales of merchandise (garment, labels and consumer electronic products); and (ii) provision of services (garment-related procurement services and value-added services relating to the procurement agency business).

The segment information for the nine months ended 31 January 2007 is as follows:

	Unaudited For the nine months ended 31 January 2007		
	Sales of merchandise	**Provision of services**	**Total**
	US$'000	*US$'000*	*US$'000*
REVENUE			
External revenue	291,990	21,030	313,020
SEGMENT RESULTS	8,217	2,530	10,747
Interest income			689
Finance costs			(924)
Share of loss of a joint venture			(41)
Unallocated corporate expenses *(Note)*			(1,737)
Profit before income tax			8,734
Income tax expense			(1,857)
Profit for the period			6,877

Note: Approximately US$1.2 million of these expenses were associated with the Group's restructuring.

	Unaudited For the nine months ended 31 January 2006		
	Sales of merchandise	**Provision of services**	**Total**
	US$'000	*US$'000*	*US$'000*
REVENUE			
External revenue	182,024	27,445	209,469
SEGMENT RESULTS	5,832	5,882	11,714
Interest income			628
Excess of interest in fair value of acquired subsidiaries' net assets over cost			3,414
Finance costs			(293)
Share of loss of a joint venture			(41)
Unallocated corporate expenses			(889)
Profit before income tax			14,533
Income tax expense			(1,402)
Profit for the period			13,131

Secondary reporting format — geographical segments

The Group's two business segments operate in five main geographical locations. The following table provides an analysis of the Group's revenue by geographical locations of customers.

	For the nine months ended 31 January	
	2007	**2006**
	(Unaudited)	*(Unaudited)*
	US$'000	*US$'000*
Europe	222,452	119,619
Australia	26,472	26,681
Africa	26,454	24,834
North America	17,746	22,671
Hong Kong	5,585	6,512
Others	14,311	9,152
	313,020	209,469

4. OPERATING PROFIT

Operating profit has been arrived at after (crediting)/charging:

	For the nine months ended 31 January	
	2007	**2006**
	(Unaudited)	*(Unaudited)*
	US$'000	*US$'000*
Interest income	(689)	(628)
Reimbursement income from customers	(591)	(553)
Depreciation of property, plant and equipment	1,131	984
Amortisation of intangible assets *(Note)*	670	—

Note: Amortisation of intangible assets incurred for renewing a buying agency agreement.

5. INCOME TAX EXPENSE

	For the nine months ended 31 January	
	2007	**2006**
	(Unaudited)	*(Unaudited)*
	US$'000	*US$'000*
Current income tax		
— Hong Kong profits tax	1,205	1,021
— overseas taxation	651	383
Deferred income tax	1	(2)
	1,857	1,402

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 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 profits at the rates of taxation prevailing in the countries in which the Group operates.

6. EARNINGS PER SHARE

The calculation of the basic earnings per share for the nine months ended 31 January 2007 was based on the profit attributable to equity holders of the Company of approximately US$6,386,000 (2006: US$12,941,000) and on the weighted average number of approximately 666,845,000 (2006: 659,821,000) shares in issue during the period under review.

There was no difference between basic and diluted earnings per share as there were no potentially dilutive shares outstanding during the nine months ended 31 January 2007.

The calculation of the diluted earnings per share for the nine months ended 31 January 2006 was based on the profit attributable to equity holders of the Company of approximately US$12,941,000 and on the weighted average number of approximately 664,237,000 shares issued and issuable, comprising the weighted average number of approximately 659,821,000 shares in issue during the financial period and the weighted average number of approximately 4,416,000 shares, as adjusted for the dilutive effect of share options outstanding during the period under review.

7. ADDITIONS IN PROPERTY, PLANT AND EQUIPMENT

During the nine months ended 31 January 2007, the Group spent approximately US$2,083,000 (2006: US$1,271,000) on acquisition of property, plant and equipment.

8. TRADE RECEIVABLES

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

	At 31 January 2007	**At 30 April 2006**
	(Unaudited)	*(Audited)*
	US$'000	*US$'000*
0–30 days	21,043	22,687
31–60 days	8,507	8,116
61–90 days	4,156	2,205
91–365 days *(Notes)*	5,434	4,644
Over 1 year *(Notes)*	3,697	2,447
	42,837	40,099
Less: Provision for impairment of trade receivables	(5,621)	(5,577)
	37,216	34,522

Notes:

(i) As of the date of this announcement, approximately US$1.0 million of these balances has subsequently been settled since 31 January 2007.

(ii) Approximately US$3.0 million (as at 30 April 2006: US$2.1 million) of these balances relates to customers which have credit terms of 90 days or more.

9. TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	At 31 January 2007	At 30 April 2006
	(Unaudited)	*(Audited)*
	US$'000	*US$'000*
0–30 days	14,431	20,002
31–60 days	13,426	15,485
61–90 days	2,926	5,093
91–365 days	2,711	4,009
Over 1 year	727	—
	34,221	44,589

2. INDEBTEDNESS

Borrowings

As at the close of business on 31 December 2006, being the latest practicable date for the purpose of this indebtedness statement, the Linmark Group had outstanding borrowings of approximately US$33,079,000, comprising short-term bank loans of approximately US$8,850,000, trust receipts bank loans of approximately US$1,080,000 and balance of consideration payable for acquisitions of subsidiaries/businesses and assets (the "Consideration Payable") of approximately US$23,158,000 (of which approximately US$14,685,000 were due within one year and of approximately US$8,473,000 were due in the second year).

The Consideration Payable comprises, among others, amounts payable based on the consolidated net profit after tax of certain subsidiaries for the year ended 30 April 2006 and management's estimate of the amounts payable based on future consolidated net profit after tax of certain subsidiaries/businesses for the years ending 30 April 2007 and 2008.

Collateral

As at the close of business on 31 December 2006, being the latest practicable date for the purpose of this indebtedness statement, bank borrowings of approximately US$9,930,000 of the Linmark Group were secured by:

(1) the Linmark Group's bank deposits of approximately US$7,000,000; and

(2) fixed and floating debenture over the assets of Linmark Electronics Limited, a 60%-owned subsidiary of Linmark, amounting to approximately US$43,154,000.

Contingent liabilities

As at 31 December 2006, the Group had no contingent liabilities except those disclosed under the section headed "Recent Development" of the "Letter from the Board of Linmark".

Disclaimers

Save as aforesaid and apart from intra-group liabilities, the Linmark Group did not have outstanding indebtedness at the close of business on 31 December 2006 or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchases commitments, guarantees or other contingent liabilities.

For the purpose of the above statement of indebtedness, foreign currency amounts have been translated into US Dollars at the rates of exchange percentage at the close of business on 31 December 2006.

3. MATERIAL CHANGE

The Board of Linmark confirms that it is not aware of any material changes in the financial or trading position or outlook of the Linmark Group since 30 April 2006, being the date the latest audited consolidated financial statements of the Linmark Group to which was made up.

1. RESPONSIBILITY STATEMENT

The information in this document (other than those in relation to the Offeror Group) have been supplied by the directors of Linmark, who jointly and severally accept full responsibility for the accuracy of the information contained in this document (other than those in relation to the Offeror Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this document (other than those in relation to the Offeror Group) have been arrived at after due and careful consideration and there are no other facts not contained in this document (other than those in relation to the Offeror Group) the omission of which would make any statement contained herein misleading.

The information contained in this document (other than those in relation to the Roly Group and the Linmark Group) have been supplied by the directors of the Offeror, who jointly and severally accept full responsibility for the accuracy of the information contained in this document (other than those in relation to the Roly Group and the Linmark Group), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this document (other than that in relation to the Roly Group and the Linmark Group) have been arrived at after due and careful consideration and there are no other facts not contained in this document (other than those in relation to the Roly Group and the Linmark Group) the omission of which would make any statement contained herein misleading.

2. SHARE CAPITAL OF LINMARK

The authorised and issued share capitals of Linmark as at the Latest Practicable Date were as follows:

Authorised:		*US$*
2,000,000,000	Linmark Shares	40,000,000.00
Issued:		
670,920,009	Linmark Shares	13,418,400.18

All the existing issued Linmark Shares are fully paid up and rank pari passu in all respects including all rights as to dividends, voting rights and capital.

Since 30 April 2006, the date to which the latest audited financial statement of Linmark was made up, and up to the Latest Practicable Date, an aggregate of 4,074,635 Linmark Shares have been issued by Linmark to Mr. Ray NUGENT, being the vendor named in the Peacock Agreement, pursuant to the Peacock Agreement. Save as disclosed above, no Linmark Shares have been issued by Linmark since 30 April 2006 and up to the Latest Practicable Date.

As at the Latest Practicable Date, Linmark had issued Linmark Share Options entitling the Linmark Optionholders to subscribe for up to 34,628,000 Linmark Shares at an exercise price ranging from HK$1.6 to HK$2.975 per Linmark Share. These Linmark Share Options were held as to 17,700,000 by the directors of Linmark and 16,928,000 by the employees of the Linmark Group and the subsidiaries of Roly (other than the directors of Linmark), not being members of the Offeror Group.

Save for the Linmark Share Options disclosed above, there were no outstanding warrants, options or securities convertible into Linmark Shares as at the Latest Practicable Date.

3. MARKET PRICES

The table below shows the closing price of the Linmark Shares on the Stock Exchange on (i) the last day on which trading took place in each of the six calendar months immediately preceding 12 December 2006, the date of the Announcement; (ii) 11 December 2006, being the Last Trading Day and (iii) the Latest Practicable Date:

Date	Closing price per Linmark Share *(HK$)*
30 June 2006	1.23
31 July 2006	1.12
31 August 2006	1.00
29 September 2006	0.98
31 October 2006	0.97
30 November 2006	0.96
11 December 2006, being the Last Trading Day	0.93
Latest Practicable Date	1.03

The highest and lowest closing prices per Linmark Share recorded on the Stock Exchange during the Relevant Period were HK$1.41 on 12 and 13 June 2006 and HK$0.93 on 11 December 2006 respectively.

4. DISCLOSURE OF INTERESTS

(A) Interests of the Offeror, its directors and parties acting in concert with it in Linmark

The followings are details of the interests in Linmark (including Linmark Shares or options, warrants, derivatives or securities convertible into Linmark Shares) owned or controlled by the Offeror Group as at the Latest Practicable Date:

The Offeror

As at the Latest Practicable Date, taking into account of the Roly Shares accepted under the Exit Offer, the Offeror was interested in approximately 58.4% of the total issued share capital of Roly, which in turn directly or indirectly held 437,720,000 Linmark Shares, representing approximately 65.2% of the total issued share capital of Linmark.

Directors of the Offeror

Mr. Wang is a director of the Offeror and also the chairman of the Board of both Roly and Linmark. As at the Latest Practicable Date, Mr. Wang held 620,000 Linmark Shares and together with his deemed interests in Linmark (through his indirect interests in the Offeror) by virtue of Part XV of the SFO, owned or controlled an aggregate of 438,340,000 Linmark Shares, representing approximately 65.3% of the total issued share capital of Linmark. Please refer to section (B) "Interests of directors of Linmark in Linmark and its associated corporations" below for details of his interests in Linmark.

Save as disclosed above, none of the directors of the Offeror owned or controlled any Linmark Shares, or options, warrants, derivatives or securities convertible into Linmark Shares as at the Latest Practicable Date.

Other Concert Parties of the Offeror

As at the Latest Practicable Date, APGF V and RI Investment, through their direct or indirect 49.9% interests in RIIH Bermuda, held 92.0% interests in RI Holdings, which in turn, through the Offeror, indirectly controlled approximately 65.2% of the total issued share capital of Linmark.

As disclosed above, the Offeror Group owned or controlled in aggregate 438,340,000 Linmark Shares as at the Latest Practicable Date. Save as disclosed above, none of the members of the Offeror Group owned or controlled any Linmark Shares, or any options, warrants, derivatives or securities convertible into Linmark Shares as at the Latest Practicable Date.

(B) Interests of directors of Linmark in Linmark and its associated corporations

As at the Latest Practicable Date, the following directors of Linmark and chief executive of Linmark had an interest and short positions in the Linmark Shares, underlying shares or debentures of Linmark or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by Linmark under section 352 of the SFO, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules ("**Model Code**"), to be notified to Linmark and the Stock Exchange:

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

Linmark/Name of associated corporations	**Name of directors of Linmark**	**Capacity**	**Number and class of securities** *(Note 1)*	**Percentage shareholding in the same class of securities**
Linmark	Mr. Wang	Beneficial owner	620,000 Linmark Shares (L)	0.09%
Linmark	Mr. Wang	Interest of controlled corporation *(Note 2)*	437,720,000 Linmark Shares (L)	65.24%
Linmark	Peter Loris SOLOMON	Beneficial owner	350,000 Linmark Shares (L)	0.05%
Linmark	WONG Wai Ming	Beneficial owner	100,000 Linmark Shares (L)	0.01%
Linmark	KHOO Kim Cheng	Beneficial owner	420,000 Linmark Shares (L)	0.06%
Linmark	WANG Arthur Minshiang	Beneficial owner	260,000 Linmark Shares (L)	0.04%
Roly *(Note 3)*	Mr. Wang	Interest of controlled corporation *(Note 2)*	239,601,683 Roly Shares (L)	58.35%

Linmark/Name of associated corporations	Name of directors of Linmark	Capacity	Number and class of securities *(Note 1)*	Percentage shareholding in the same class of securities
Roly *(Note 3)*	FU Jin Ming, Patrick	Beneficial owner	2,000,000 Roly Shares (L)	0.49%
Roly *(Note 3)*	WONG Wai Ming	Beneficial owner	210,000 Roly Shares (L)	0.05%
Byford *(Note 4)*	Mr. Wang	Interest of controlled corporation *(Note 5)*	134,709,990 ordinary shares (L)	67.35%
Westman Linmark (Thailand) Ltd. *(Note 6)*	Mr. Wang	Beneficial owner	2 preference shares (L)	0.07%
Westman Linmark (Thailand) Ltd. *(Note 6)*	Peter Loris SOLOMON	Beneficial owner	1 preference share (L)	0.03%
Westman Linmark (Thailand) Ltd. *(Note 6)*	FU Jin Ming, Patrick	Beneficial owner	1 preference share (L)	0.03%
Westman Linmark (Thailand) Ltd. *(Note 6)*	WONG Wai Ming	Beneficial owner	1 preference share (L)	0.03%
Westman Linmark (Thailand) Ltd. *(Note 6)*	KHOO Kim Cheng	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 through his wholly-owned subsidiary, Megastar, held 50.1% of the issued share capital of RIIH Bermuda which in turn held 92.0% of the issued shares of RI Holdings which owned the entire issued share capital of the Offeror. The Offeror, taking into account the Roly Shares accepted under the Exit Offer, was interested in approximately 58.4% of the issued shares of Roly. Mr. Wang is thus deemed, by virtue of the SFO, to be interested in all the shares of Linmark in which Roly is interested. The shareholding interest of Roly in Linmark is set out in note 3 below.

(3) As at the Latest Practicable Date, Roly, a holding company of Linmark, through RGS Holdings Limited, held 437,720,000 Linmark Shares, representing 65.24% of the issued share capital of Linmark. As at the Latest Practicable Date, the issued share capital of Roly was US$41,059,476.4 divided into 410,594,764 shares of US$0.10 each.

(4) As at the Latest Practicable Date, Roly, the ultimate holding company of Linmark, through Pacific Genius Group Limited ("PGGL"), held 134,709,990 shares of Byford, representing 67.35% of the issued share capital of Byford. By virtue of Mr. Wang's interest and deemed interest in Roly as more particularly

described in Note 2 above, Mr. Wang is deemed, by virtue of the SFO, to be interested in all the shares of Byford in which Roly is interested. As at the Latest Practicable Date, the issued share capital of Byford was HK$2,000,000 divided into 200,000,000 shares of HK$0.01 each.

(5) These shares in Byford were held by PGGL, the entire issued share capital of which is owned by Roly. Mr. Wang's interest in Roly is set out in note 2 above.

(6) Westman Linmark (Thailand) Ltd. is a subsidiary of Linmark. As at the Latest Practicable Date, the issued share capital of Westman Linmark (Thailand) Ltd. was 12,000,000 Baht divided into 2,940 ordinary shares of 2,000 Baht each and 3,060 preference shares of 2,000 Baht each.

Save as disclosed above, as at the Latest Practicable Date, none of the directors and chief executive of Linmark had an interest and short positions in the shares of Linmark, underlying shares or debentures of Linmark or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by Linmark under section 352 of the SFO, or were required, pursuant to the Model Code, to be notified to Linmark and the Stock Exchange.

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

(i) *Interests in the underlying shares of Linmark comprised in the Linmark Share Options*

Name of directors of Linmark	**Capacity**	**Number of underlying Linmark Shares comprised in the Linmark Share Options**	**Exercise period**	**Exercise price per Linmark Share** *HK$*
Peter Loris SOLOMON	Beneficial owner	1,000,000	14/10/2006–13/10/2011	2.315
FU Jin Ming, Patrick	Beneficial owner	4,200,000	21/05/2003–20/05/2008	2.550
		600,000	06/11/2003–05/11/2008	1.600
		830,000	30/05/2004–29/05/2009	2.125
		1,000,000	30/03/2005–29/03/2010	2.975
WONG Wai Ming	Beneficial owner	1,000,000	14/10/2006–13/10/2011	2.315
KHOO Kim Cheng	Beneficial owner	3,800,000	21/05/2003–20/05/2008	2.550
		2,200,000	06/11/2003–05/11/2008	1.600
		920,000	30/05/2004–29/05/2009	2.125
		1,400,000	30/03/2005–29/03/2010	2.975
WANG Arthur Minshiang	Beneficial owner	250,000	14/10/2006–13/10/2011	2.315
WOON Yi Teng, Eden	Beneficial owner	250,000	14/10/2006–13/10/2011	2.315
TSE Hau Yin, Aloysius	Beneficial owner	250,000	14/10/2006–13/10/2011	2.315

(ii) *Interests in the underlying shares of Roly comprised in the options granted by Roly ("Roly Options")*

Name of directors of Linmark	Capacity	Number of underlying Roly Shares comprised in the Roly Options	Exercise period	Exercise price per share *US$*
Mr. Wang	Beneficial owner	1,600,000	23/08/2005–22/08/2010	0.248
Peter Loris SOLOMON	Beneficial owner	200,000	11/11/2006–10/11/2011	0.165
WONG Wai Ming	Beneficial owner	1,000,000	11/11/2006–10/11/2011	0.165
KHOO Kim Cheng	Beneficial owner	1,800,000	07/03/2004–06/03/2010	0.130
		1,500,000	22/11/2003–21/11/2008	0.138
		2,000,000	09/05/2004–08/05/2009	0.151
		1,200,000	30/03/2005–29/03/2010	0.321

Note: Under the Roly Option Proposal, the Offeror has proposed that, subject to the relevant Roly Options continuing to be valid and exercisable into new Roly Shares, the Offeror would pay holders of Roly Options an amount calculated in accordance with the formula set out in Roly's circular dated 9 March 2007 in consideration of holders of such Roly Options agreeing: (i) not to exercise all or any of their Roly Options into new Roly Shares; and (ii) not to exercise any of their rights as holders of such Roly Options, in each case from the date of their acceptance of the Options Proposal to the respective dates of expiry of their Roly Options. Further, optionholders who have accepted the Roly Option Proposal will also be required to surrender all of their Roly Options for cancellation. If the Exit Offer lapses or is withdrawn or if the relevant options cease to be exercisable into new Roly Shares, the Roly Option Proposal will lapse accordingly.

(iii) *Interests in the underlying shares of Roly under the warrants issued by Roly ("Roly Warrants")*

Name of directors of Linmark	Capacity	Number of Roly Shares under the Roly Warrants *(Note 1)*
Mr. Wang	Beneficial owner	5,050,000
	Interest of spouse *(Note 2)*	87,500
	Interest of a controlled corporation *(Note 3)*	30,310,875
FU Jin Ming, Patrick	Beneficial owner	750,000

Notes:

(1) On 29 April 2004, Roly issued bonus warrants carrying the right to subscribe for new ordinary shares of US$0.10 each in the capital of Roly to its shareholders whose names were on the register of members of Roly as at 26 April 2004 on the basis of one bonus warrant for every four existing ordinary shares of Roly held by them. Each bonus warrant entitles the holder to subscribe for one new share 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.

(2) These Roly Warrants in Roly were held by Mrs. WANG LIAW Bin Bin, the wife of Mr. Wang.

(3) These Roly Warrants in Roly were held by Megastar, the entire issued share capital of which is owned by Mr. Wang. Mr. Wang is a director of Megastar.

(4) Under the Exit Offer, the Offeror has offered to acquire all the outstanding Roly Warrants (other than those owned, controlled or agreed to be acquired, directly or indirectly, by Mr. Wang and parties acting or deemed to be acting in concert (within the meaning of the Singapore Code on Take-overs and Mergers) with him) at a price of S$0.001 for each Roly Share comprised in that Roly Warrant.

Save as disclosed above, as at the Latest Practicable Date, none of the directors and chief executive of Linmark had an interest and short positions in the underlying shares of Linmark or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by Linmark under section 352 of the SFO, or were required, pursuant to the Model Code, to be notified to Linmark and the Stock Exchange.

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

As at the Latest Practicable Date, none of the directors and chief executive of Linmark had interests or short positions in the debentures of Linmark and its associated corporations as recorded in the register required to be kept by Linmark under section 352 of the SFO, or, were required, pursuant to the Model Code, to be (within the meaning of Part XI of the SFO) notified to Linmark and the Stock Exchange.

(C) Interests of substantial shareholders and other persons in Linmark

As at the Latest Practicable Date, so far as is known to the directors of Linmark, save as disclosed in sub-paragraphs (A) and (B) above, the following persons had an interest or short position in the Linmark Shares and underlying Linmark Shares which would fall to be disclosed to Linmark under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name	Capacity	Number of Linmark Shares *(Note 1)*	Approximate percentage of Linmark's issued share capital
RGS Holdings Limited	Beneficial owner	437,720,000 (L)	65.24%
Roly *(Note 2)*	Interest of controlled corporation	437,720,000 (L)	65.24%
Offeror	Interest of controlled corporations	437,720,000 (L)	65.24%
RI Holdings	Interest of controlled corporations	437,720,000 (L)	65.24%
RIIH Bermuda	Interest of controlled corporations	437,720,000 (L)	65.24%
Megastar	Interest of controlled corporations	437,720,000 (L)	65.24%
RI Investment	Interest of controlled corporations	437,720,000 (L)	65.24%
APGF V	Interest of controlled corporations	437,720,000 (L)	65.24%
Arisaig Greater China Fund Limited	Beneficial owner	66,469,000 (L)	9.91%
Arisaig Partners (Mauritius) Limited *(Note 3)*	Investment manager	66,469,000 (L)	9.91%
Lindsay William Ernest COOPER *(Note 4)*	Interest of controlled corporation	66,469,000 (L)	9.91%
Moon Capital Master Fund Ltd.	Beneficial owner	33,595,845 (L)	5.01%
Moon Capital Global Equity Offshore Fund Ltd.	Interest of a controlled corporation *(Note 5)*	33,595,845 (L)	5.01%
Moon Capital Global Equity Fund LP	Interest of a controlled corporation *(Note 5)*	33,595,845 (L)	5.01%

Notes:

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

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

(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.

(5) The subject controlled corporation is Moon Capital Master Fund Ltd., the issued share capital of which is owned as to 66.67% by Moon Capital Global Equity Offshore Fund Ltd. and 33.33% by Moon Capital Global Equity Fund LP.

As at the Latest Practicable Date, so far as is known to the directors of Linmark, save as disclosed in sub-paragraphs (A) and (B) above and in this sub-paragraph (C), no other person had an interest or short position in the Linmark Shares and underlying Linmark Shares which would fall to be disclosed to Linmark and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(D) Interest in the Offeror

(a) As at the Latest Practicable Date, the Linmark Group did not have any beneficial interest in the share capital of the Offeror.

(b) As at the Latest Practicable Date, Mr. Wang, being the Chairman and an executive director of Linmark, through his wholly-owned subsidiary, Megastar, held 50.1% of the issued share capital of RIIH Bermuda which in turn held 92.0% of the issued shares of RI Holdings which owned the entire issued share capital of the Offeror. Save as disclosed above, none of the directors of Linmark had any shareholding in the Offeror as at the Latest Practicable Date.

(E) Dealings in securities of Linmark and the Offeror

(a) ***Dealings in securities of Linmark by the Offeror and others***

None of the member of the Offeror Group or the directors of the Offeror had dealt in any Linmark Shares or any options, warrants, derivatives or securities convertible into Linmark Shares (including the Linmark Share Options) during the Relevant Period.

(b) ***Dealings in securities of Linmark by the directors of Linmark***

Dealings in securities of Linmark by the directors of Linmark during the Relevant Period were as follows:

Name of directors of Linmark	**Date** *(dd/mm/yyyy)*	**Type of transaction**	**Number of Linmark Shares**	**Price paid per Linmark Share** *HK$*
WONG Wai Ming	03/07/2006	Acquisition of Linmark Shares	100,000	1.16
KHOO Kim Cheng	04/07/2006	Acquisition of Linmark Shares	100,000	1.18
	04/07/2006	Acquisition of Linmark Shares	50,000	1.20
	12/07/2006	Acquisition of Linmark Shares	14,000	1.15
	13/07/2006	Acquisition of Linmark Shares	86,000	1.15

Save as disclosed above, none of the directors of Linmark had dealt in any Linmark Shares or securities convertible into Linmark Shares (including the Linmark Share Options) during the Relevant Period.

(c) *Dealings in securities of Linmark by others*

None of the subsidiaries of Linmark, any pension fund of Linmark and/or its subsidiaries, any adviser to Linmark as specified in class (2) of the definition of associate in the Takeovers Code, any persons who had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with Linmark or with any person who is an associate of Linmark by virtue of classes (1), (2), (3) and (4) of the definition of associate in the Takeovers Code, any fund manager connected with Linmark who managed the shareholdings in Linmark on a discretionary basis had dealt in any securities of Linmark during the Relevant Period.

(d) *Dealings in securities of the Offeror by Linmark and the directors of Linmark*

On 7 December 2006, 120,000 nil-paid shares in the Offeror were allotted and issued to RI Holdings. On 11 December 2006, 7,200 nil-paid shares, 1,440 nil-paid shares and 960 nil-paid shares in RI Holdings were transferred by RIIH Bermuda to CFM Investments, Titan I Venture Capital, FAT Capital Management respectively. On 4 December 2006, 120,000 nil-paid shares in RIIH Bermuda were allotted and issued to RI Investment. On 11 December 2006, 60,120 nil paid shares in RIIH Bermuda were transferred to Megastar. All of the above nil paid shares were credited as fully paid upon completion of the Roly Share Injection. Save in respect of the above, none of Linmark and the directors of Linmark had dealt in any securities of the Offeror during the Relevant Period.

(F) Service contracts

Mr. Peter Loris SOLOMON and the Linmark Group have entered into three letters of appointment ("**Service Contracts**") pursuant to which Mr. Solomon has been appointed as chief executive officer and executive director of Linmark, managing director of Linmark (H.K.) Limited and managing director of Linmark Development (BVI) Limited for an initial term of two years commencing on 1 May 2006, during or after which either party may terminate the appointment at any time by giving to the other no less than twelve months' notice in writing or payment of twelve months' salary in lieu of notice.

Pursuant to the Service Contracts, Mr. Solomon is entitled to:

(a) aggregate salary of US$600,000 per annum (subject to annual review and is subject to increment if predetermined performance target is met);

(b) discretionary bonus agreed by Linmark from time to time on a case to case basis;

(c) performance related bonus (comprising cash and/or shares) for each of the three financial years ending 30 April 2009, which will be calculated by reference to the consolidated profit after provision of all taxation ("**NPAT**") for a specific financial year and the minimum target amount of NPAT ("**NPAT Target Amount**") for the corresponding financial year agreed (for financial year ending 30 April 2007 ("**FY 2007**")) or to be agreed (in case for the two financial years ending 30 April 2009 ("**FY 2008 & 2009**")) by the parties.

It is provided in the Service Contracts that, (1) if the NPAT for FY 2007 exceeds the predetermined NPAT Target Amount for FY 2007, Mr. Solomon will be entitled to cash award of US$300,000 and shares award with value of US$300,000 (calculated on the basis of average closing price of five business days from 1 May 2006); (2) if the NPAT for FY 2007 is equal to or not less than 90% of NPAT Target Amount for FY 2007, Mr. Solomon will be entitled to cash award of US$100,000 only; (3) the NPAT Target and the amount of cash award and share award for FY 2008 & 2009 would be agreed upon by the parties.

As at the Latest Practicable Date, save as disclosed above, there was no existing or proposed service contract entered into between any company comprising the Linmark Group or any associated companies of Linmark and any director of Linmark, which are continuous contracts with a notice period of twelve months or more, or which are fixed term contracts with more than twelve months to run irrespective of the notice period. In addition, no service contract, between any company comprising the Linmark Group or any associated companies of Linmark and any director of Linmark, had been entered into or amended within the Relevant Period.

(G) Miscellaneous

(a) Megastar, RI Investment, RIIH Bermuda and FAT Capital Management had on 11 December 2006 entered into a memorandum of understanding. Pursuant to such memorandum of understanding, prior to the Delisting Proposal, it is intended that (a) Megastar and RI Investment will enter into a legally binding shareholders agreement in relation to their shareholdings in RIIH Bermuda and (b) RIIH Bermuda and FAT Capital Management will enter into a legally binding shareholders agreement in relation to their shareholdings in RI Holdings. Save in respect of the above, the First Facility Agreement and the Second Facility Agreement, as at the Latest Practicable Date, there was no other agreement, arrangement or understanding (including any compensation arrangement) between any member of the Offeror Group and any of the directors of Linmark, recent directors of Linmark, Linmark Shareholders or recent Linmark Shareholders or any other person which are conditional upon the outcome of the Offers or otherwise connected with or depend upon the Offers.

(b) Save as disclosed in sub-paragraph (a) above, as at the Latest Practicable Date, there was no agreement or arrangement between any of the directors of Linmark and any other person which is conditional on or dependent upon the outcome of the Offers or otherwise connected with the Offers.

(c) As at the Latest Practicable Date, no benefit had been given or will be given to any directors of Linmark as compensation for loss of office or otherwise in connection with the Offers.

(d) As at the Latest Practicable Date, there was no shareholding in Linmark owned or controlled by any persons who, prior to the posting of this document, have irrevocably committed themselves to accept or reject the Offers and there was no person who had irrevocably committed to accepting or rejecting the Offers.

(e) Save in respect of the First Facility Agreement and Second Facility Agreement, as at the Latest Practicable Date, there was no other shareholding in Linmark owned or controlled by a person with whom the Offeror Group has an arrangement or indemnity of the kind as described in Note 8 to Rule 22 of the Takeovers Code.

(f) No shareholding in Linmark was owned or controlled by a subsidiary of Linmark, or by a pension fund of any member of the Linmark Group, or by any advisers to Linmark as specified in class (2) of the definition of associate in the Takeovers Code as at the Latest Practicable Date.

(g) None of Linmark or any person who is an associate of Linmark by virtue of classes (1), (2), (3) and (4) of the definition of associate in the Takeovers Code had any arrangement or indemnity of the kind as described in Note 8 to Rule 22 of the Takeovers Code as at the Latest Practicable Date.

(h) No shareholding in Linmark was managed on a discretionary basis by fund managers connected with Linmark as at the Latest Practicable Date.

(i) Mr. Wang is a member of the Offeror Group, whose interests in the securities of Linmark are set out in paragraph 4(B) above in this Appendix.

Mr. Peter Loris SOLOMON, Mr. WONG Wai Ming, Mr. KHOO Kim Cheng and Mr. WANG Arthur Minshiang were interested in Linmark Shares as at the Latest Practicable Date as set out in paragraph 4(B) above in this Appendix. Each of Mr. Peter Loris SOLOMON, Mr. WONG Wai Ming, Mr. KHOO Kim Cheng and Mr. WANG Arthur Minshiang has confirmed that it is his intention not to accept the Share Offer.

Mr. Peter Loris SOLOMON, Mr. FU Jin Ming, Patrick, Mr. WONG Wai Ming, Mr. KHOO Kim Cheng, Mr. WANG Arthur Minshiang, Dr. WOON Yi Teng, Eden and Mr. TSE Hau Yin, Aloysius were interested in Linmark Share Options as at the Latest Practicable Date as set out in paragraph 4(B) above in this Appendix. Each of Mr. Peter Loris SOLOMON, Mr. FU Jin Ming, Patrick, Mr. WONG Wai Ming, Mr. KHOO Kim Cheng, Mr. WANG Arthur Minshiang, Dr. WOON Yi Teng, Eden and Mr. TSE Hau Yin, Aloysius has confirmed that it is his intention not to accept the Option Offer.

Save as disclosed in this paragraph 4, none of the directors of Linmark was interested in any Linmark Shares or Linmark Share Options as at the Latest Practicable Date and none of them is expected to participate in the Offers.

(j) No material contracts have been entered into by the Offeror in which any director of Linmark has a material personal interest.

(k) As at the Latest Practicable Date, there were no agreements or arrangements to which the Offeror was a party which relate to the circumstances in which it may or may not invoke or seek to invoke a condition to the Offers.

5. LITIGATION

As at the Latest Practicable Date, no member of the Linmark Group was engaged in any litigation or claim of material importance and no litigation or claim of material importance is known to the directors of Linmark to be pending or threatened against any members of the Linmark Group.

6. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Linmark Group on or after 12 December 2004, being two years immediately preceding 12 December 2006 (i.e. the date of the Announcement), and up to the Latest Practicable Date and are or may be material:

(a) A conditional sale and purchase agreement dated 16 August 2005 entered into among Benchmark Profits Limited (a wholly-owned subsidiary of Linmark) as purchaser, Mr. Ray NUGENT as vendor and Dowry Peacock Group Limited for the sale and purchase of the 60% of the issued share capital of Dowry Peacock Group Limited at a total consideration of GBP24,001,200 (approximately HK$338.4 million) (subject to adjustments).

(b) A loan agreement dated 16 April 2005 between Schneider United Kingdom Limited (now known as Linmark Electronics Limited, a wholly-owned subsidiary of Dowry Peacock Group Limited) and DGC GmbH (formerly known as Nordmende GmbH) (a company in which Mr. Ray NUGENT has a 64% shareholding interest) in respect of borrowings by DGC GmbH from Schneider United Kingdom Limited (now known as Linmark Electronics Limited) of a sum of 1,663,704 Euro (approximately HK$16,078,000) to finance the working capital of the start-up of DGC GmbH's business at an interest rate of 1% per annum above the UK borrowing rate of Schneider United Kingdom Limited (now known as Linmark Electronics Limited) 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.

(c) An oral express agreement between Dowry Peacock Group Limited as the buyer and Mr. Ray NUGENT and Paramount Consolidated Limited as the sellers on or around 1 June 2005 whereby Dowry Peacock Group Limited purchased from Mr. Ray NUGENT all the issued shares in Schneider United Kingdom Limited (now known as Linmark Electronics Limited), all the shares held by Mr. Ray NUGENT in Pacific Technologies Limited, constituting 50% of the issued share capital of Pacific Technologies Limited, and all the shares held by Paramount Consolidated Limited in Pacific Technologies Limited, constituting 50% of the issued share capital of Pacific Technologies Limited, in consideration for which Dowry Peacock Group Limited issued a total of 192 shares, being 64% interest in Dowry Peacock Group Limited.

Save as disclosed above, there are no other contracts, not being contracts entered into the ordinary course of business, which were entered into by the Linmark Group on or after 12 December 2004, being two years immediately preceding 12 December 2006, the date of the Announcement and up to the Latest Practicable Date and are or may be material.

7. GENERAL

(a) The registered office of the Offeror is Clarendon House, 2 Church Street, Hamilton HM 11 Bermuda and its correspondence address in Hong Kong is c/o H&Q Asia Pacific, Suite 2018 Hutchison House, 10 Harcourt Road, Central, Hong Kong.

(b) The registered address of ABN AMRO is at 40th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.

(c) The registered addresses of each of RI Investment and APGF V is c/o Walkers SPV Limited, Walker House, Mary Street, PO Box 908 GT, George Town, Grand Cayman, Cayman Islands, and their correspondence address in Hong Kong is c/o H&Q Asia Pacific, Suite 2018 Hutchison House, 10 Harcourt Road, Central, Hong Kong.

(d) The registered addresses of CFM Investments, Titan I Venture Capital and FAT Capital Management are PO Box 513 GT, Strathwale House, North Church Street, George Town, Grand Cayman, Cayman Islands, 10/F, No. 6, Tun Hwa N. Road, Taipei, Taiwan and No. 5, Alley 123, Lane 405 Tun Hwa N. Road, Taipei, Taiwan, respectively. Their correspondence address in Hong Kong is c/o H&Q Asia Pacific, Suite 2018 Hutchison House, 10 Harcourt Road, Central, Hong Kong.

(e) The address of the head office and principal place of business in Hong Kong of Linmark is at 1101–1108, Hong Kong International Trade & Exhibition Centre, 1 Trademart Drive, Kowloon Bay, Kowloon, Hong Kong.

(f) As at the Latest Practicable Date, the five executive directors of Linmark were Mr. Wang, Mr. Peter Loris SOLOMON, Mr. FU Jin Ming, Patrick, Mr. WONG Wai Ming, Mr. KHOO Kim Cheng and the three independent non-executive directors of Linmark were Mr. WANG Arthur Minshiang, Dr. WOON Yi Teng, Eden and Mr. TSE Hau Yin, Aloysius.

(g) The English text of this document, and of the Forms of Acceptance shall prevail over the Chinese text for the purpose of interpretations.

8. CONSENTS AND QUALIFICATIONS

The following is the qualification of the experts contained in this document:

Name	Qualification
ABN AMRO	A licensed corporation for type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and the financial adviser to the Offeror in relation to the Offers
Quam Capital	A corporation licensed to carry on type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser to the Independent Board Committee in relation to the Offers

ABN AMRO and Quam Capital have given and have not withdrawn their respective written consents to the issue of this document with the inclusion herein of their letters, advice, reports (as the case may be) and the reference to their names, in the form and context in which they respectively appear.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) during normal business hours from 9:30 a.m. to 5:00 p.m. (other than Saturdays, Sundays and public holidays) at the branch office of Linmark at Suites 401–409, Jardine House, 1 Connaught Place, Central, Hong Kong, (ii) on the website specially set up for this purpose http://www.hklistco.com/915.htm, and (iii) on the website of the SFC (www.sfc.hk), from the date of this document until the end of the Offer Period:

(a) the memorandum of association and the bye-laws of each of Linmark and the Offeror;

(b) the annual reports of Linmark for the two years ended 30 April 2006;

(c) a copy of the "Letter from the Board of Linmark" as set out on pages 8 to 15 of this document;

(d) a copy of the "Letter from ABN AMRO" containing details of the Offers as set out on pages 16 to 24 of this document;

(e) a copy of the "Letter from the Independent Board Committee" containing the recommendations of the Independent Board Committee to the Independent Linmark Shareholders and the Independent Linmark Optionholders regarding the Offers as set out on pages 25 to 26 of this document;

(f) a copy of the "Letter from the Independent Financial Adviser" to the Independent Board Committee as set out on pages 27 to 44 of this document;

(g) a copy of each of the Service Contracts referred to in the sub-paragraph headed "Service contracts" under the paragraph headed "Disclosure of interests" in this Appendix;

(h) copies of the letters of consent from ABN AMRO and Quam Capital referred to in the paragraph headed "Consents and qualifications" in this Appendix; and

(i) the contracts referred to in the paragraph headed "Material contracts" in this Appendix.