LINMARK GROUP LIMITED

林麥集團有限公司*

(Incorporated in Bermuda with limited liability)

Stock Code: 915

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 30 APRIL 2014

FINAL RESULTS HIGHLIGHTS:

- Shipment value amounted to approximately US$262.6 million (equivalent to HK$2,048.3 million), a drop of approximately 4.7% as compared to approximately US$275.5 million (equivalent to HK$2,148.9 million) for the last year.

- Revenue decreased by approximately 6.0% to approximately US$103.4 million (equivalent to HK$806.5 million) as compared to approximately US$110.0 million (equivalent to HK$858.0 million) for the last year.

- Profit for the year amounted to approximately US$4.5 million (equivalent to HK$35.1 million). For the last year, the Group's profit was approximately US$5.3 million (equivalent to HK$41.3 million) which included Indian tax refunds of approximately US$0.8 million (equivalent to HK$6.3 million). Excluding the Indian tax refunds, the Group's profit for the last year would have amounted to approximately US$4.5 million (equivalent to HK$35.1 million).

- The Directors recommend the payment of a final dividend of 1.21 HK cents per ordinary share for the year ended 30 April 2014.

AUDITED FINAL RESULTS

The board ("**Board**") of directors ("**Directors**") of Linmark Group Limited ("**Company**") announces the audited condensed consolidated financial information of the Company and its subsidiaries (together, the "**Group**" or "**Linmark**") for the year ended 30 April 2014, together with comparative figures for the previous year, as follows:

CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Condensed Consolidated Statement of Profit or Loss

	Note	**2014** *US$'000*	2013 *US$'000*
REVENUE	*3*	**103,397**	110,047
Cost of sales		**(76,427)**	(82,459)
Gross profit		**26,970**	27,588
Other income		**1,353**	1,078
General and administrative expenses		**(23,329)**	(23,543)
Loss on dissolution of a subsidiary		**(138)**	–
Loss on deregistration of a branch		**–**	(193)
Share of loss of a joint venture		**(1)**	(1)
PROFIT BEFORE TAX	*4*	**4,855**	4,929
Income tax (expense)/credit	*5*	**(399)**	403
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**4,456**	5,332
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (expressed in US cent)	*7*		
– Basic		**0.7**	0.8
– Diluted		**0.7**	0.8

Details of the dividends and distribution to shareholders of the Company are set out in Note 6.

Condensed Consolidated Statement of Comprehensive Income

	2014	2013
	US$'000	*US$'000*
		(Restated)
PROFIT FOR THE YEAR	**4,456**	5,332
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified subsequently to profit or loss:		
Exchange differences:		
Translation of foreign operations	**172**	46
Reclassification adjustments		
– loss on dissolution of a subsidiary	**138**	–
– loss on deregistration of a branch	**–**	193
Other comprehensive income to be reclassified subsequently to profit or loss	**310**	239
Other comprehensive (loss)/income not to be reclassified subsequently to profit or loss:		
Remeasurements from defined benefit plan	**(44)**	18
OTHER COMPREHENSIVE INCOME FOR THE YEAR	**266**	257
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**4,722**	5,589

Condensed Consolidated Statement of Financial Position

	Note	**30 April 2014 US$'000**	30 April 2013 US$'000 (Restated)	1 May 2012 US$'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment	*8*	**459**	1,041	998
Goodwill		**26,333**	26,333	26,333
Available-for-sale financial asset		**84**	84	84
Investment in a joint venture		**10**	11	12
Deferred tax assets		**9**	19	113
Total non-current assets		**26,895**	27,488	27,540
CURRENT ASSETS				
Trade receivables	*9*	**6,221**	5,456	5,367
Prepayments, deposits and other receivables	*11(b)*	**2,422**	3,728	3,120
Tax recoverable		**566**	418	212
Bank deposit with initial term of over three months		**–**	–	1,997
Cash and cash equivalents		**14,611**	24,335	17,816
Total current assets		**23,820**	33,937	28,512
CURRENT LIABILITIES				
Trade payables	*10*	**5,682**	5,526	5,997
Accruals and other payables		**9,675**	10,488	8,574
Tax payable		**1,636**	1,686	1,468
Total current liabilities		**16,993**	17,700	16,039
NET CURRENT ASSETS		**6,827**	16,237	12,473
TOTAL ASSETS LESS CURRENT LIABILITIES		**33,722**	43,725	40,013
NON-CURRENT LIABILITY				
Post-employment benefits		**1,005**	979	1,014
Total non-current liability		**1,005**	979	1,014
NET ASSETS		**32,717**	42,746	38,999
EQUITY				
Issued capital		**13,671**	13,661	13,661
Reserves		**19,046**	29,085	25,338
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**32,717**	42,746	38,999

Notes:

1. Basis of preparation

The condensed consolidated financial statements of the Group for the year ended 30 April 2014 have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") and the disclosure requirements of the Rules Governing the Listing of Securities ("**Listing Rules**") on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**"). They have been prepared under the historical cost convention, except for an available-for-sale financial asset, which has been measured at fair value. These financial statements are presented in United States dollars ("**US$**"), unless otherwise stated.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

2. Significant accounting policies

The principal accounting policies adopted in the preparation of the condensed consolidated financial statements of the Group are consistent with those followed in the preparation of the audited financial statements of the Group for the year ended 30 April 2013, except for the adoption of the following new and revised IFRSs, which comprise standards and interpretations approved by the International Accounting Standards Board ("**IASB**"), and International Accounting Standards ("**IASs**") and interpretations approved by the IASB Interpretations Committee that remain in effect.

IFRS 1 Amendments	Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards – Government Loans*
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
IFRS 10	*Consolidated Financial Statements*
IFRS 11	*Joint Arrangements*
IFRS 12	*Disclosure of Interests in Other Entities*
IFRS 10, IFRS 11 and IFRS 12 Amendments	Amendments to IFRS 10, IFRS 11 and IFRS 12 *Transition Guidance*
IFRS 13	*Fair Value Measurement*
IAS 1 Amendments	Amendments to IAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
IAS 19 Amendments	Amendments to IAS 19 *Employee Benefits*
IAS 27 (Revised)	*Separate Financial Statements*
IAS 28 (Revised)	*Investments in Associates and Joint Ventures*
IAS 36 Amendments	Amendments to IAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets* (early adopted)
IFRIC 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009-2011 Cycle	Amendments to a number of IFRSs issued in May 2012

Other than as further explained below regarding the impact of IAS 1 Amendments and IAS 19 Amendments, the adoption of the new and revised standards, interpretations and amendments has had no significant financial effect on these financial information and there have been no significant changes to the accounting policies applied in these condensed consolidated financial statements.

IAS 1 Amendments change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time are presented separately from items which will never be reclassified. The Group's presentation of other comprehensive income in these financial statements has been modified accordingly.

IAS 19 Amendments change the accounting for defined benefit plans. The revised standard removes the choice to defer the recognition of actuarial gains and losses. All actuarial gains and losses are required to be recognised immediately in other comprehensive income. The interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a net interest amount under IAS 19 Amendments, which is calculated by applying the discount rate to the net defined benefit liability or asset at the start of each annual reporting period. Prior to the adoption of IAS 19 Amendments, the Group elected to recognise actuarial gains or losses as income or expense over the expected average remaining service periods of the employees participating in the defined benefit plan when the net cumulative unrecognised actuarial gains or losses for the plan at the end of the previous period exceeded 10% of the higher of the present value of the defined benefit obligations and the fair value of plan assets at that date. Upon the adoption of IAS 19 Amendments, all actuarial gains and losses are recognised in other comprehensive income immediately. As a result, all deferred actuarial gains and losses as at 1 May 2012 and 30 April 2013 were recognised in other comprehensive income and the actuarial gains and losses recognised in the statement of profit or loss for the year ended 30 April 2013 were adjusted to other comprehensive income. In addition, the interest cost and expected return on plan assets recorded for the year ended 30 April 2013 were replaced by a net interest amount.

The effects of the above change are summarised below:

	2014	2013
	US$'000	*US$'000*
Condensed consolidated statement of comprehensive income		
(Decrease)/increase in actuarial gain on defined benefit obligations and (decrease)/increase in other comprehensive income	**(44)**	18

	30 April 2014	30 April 2013	1 May 2012
	US$'000	*US$'000*	*US$'000*
Condensed consolidated statement of financial position			
Decrease in post-employment benefits and total non-current liabilities	**30**	74	56
Increase in retained earnings	**30**	74	56

The above change in accounting policy has no effect on the statement of cash flows and insignificant effect on earnings per share.

Due to the adoption of IAS 19 Amendments, a statement of financial position as at 1 May 2012 has been presented.

3. Operating segment information

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

(a) sales of merchandise including garments, fashion accessories, hardgoods, consumer electronic products and labels; and

(b) provision of services including procurement and value-added services relating to the procurement agency business.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, loss on dissolution of a subsidiary, loss on deregistration of a branch, share of loss of a joint venture as well as corporate and other unallocated expenses are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Year ended 30 April 2014	**Sales of merchandise** *US$'000*	**Provision of services** *US$'000*	**Total** *US$'000*
Segment revenue:			
Revenue from external customers	**86,811**	**16,586**	**103,397**
Segment results	**2,266**	**3,211**	**5,477**
Interest income			**7**
Loss on dissolution of a subsidiary			**(138)**
Share of loss of a joint venture			**(1)**
Corporate and other unallocated expenses			**(490)**
Profit before tax			**4,855**
Income tax expense			**(399)**
Profit for the year			**4,456**
Other segment information:			
Depreciation	**300**	**456**	**756**
Capital expenditures	**100**	**75**	**175**
(Reversal of impairment)/impairment of trade receivables	**(15)**	**42**	**27**

Year ended 30 April 2013	Sales of merchandise *US$'000*	Provision of services *US$'000*	Total *US$'000*
Segment revenue:			
Revenue from external customers	93,003	17,044	110,047
Segment results	1,775	3,768	5,543
Interest income			55
Loss on deregistration of a branch			(193)
Share of loss of a joint venture			(1)
Corporate and other unallocated expenses			(475)
Profit before tax			4,929
Income tax credit			403
Profit for the year			5,332
Other segment information:			
Depreciation	263	495	758
Capital expenditures	261	540	801
Impairment of trade receivables	2	17	19

Geographical information

(a) ***Revenue from external customers***

	2014	2013
	US$'000	*US$'000*
Australia	**36,823**	35,962
Africa	**23,201**	23,217
Europe	**18,892**	27,833
North America	**16,874**	15,482
Hong Kong	**872**	1,002
Others	**6,735**	6,551
	103,397	110,047

The revenue information above is based on the locations of the customers.

(b) ***Non-current assets***

	2014	2013
	US$'000	*US$'000*
Hong Kong	**26,634**	27,188
Others	**168**	197
	26,802	27,385

The non-current assets information above is based on the locations of assets and excludes an available-for-sale financial asset and deferred tax assets.

Information about major customers

Revenue from major customers, each of them amounted to 10% or more of the Group's revenue is set out below:

	Operating segment	**2014**	2013
		US$'000	*US$'000*
Customer A	Sales of merchandise	**34,578**	32,585
Customer B	Sales of merchandise	**23,201**	23,215
		57,779	55,800

4. Profit before tax

The Group's profit before tax is arrived at after charging/(crediting):

	2014	2013
	US$'000	*US$'000*
Depreciation	**756**	758
Loss on dissolution of a subsidiary	**138**	–
Loss on deregistration of a branch	**–**	193
Gain on disposal of property, plant and equipment	**(1)**	(2)
Impairment of trade receivable	**27**	19

5. Income tax expense/(credit)

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable outside Hong Kong have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2014	2013
	US$'000	*US$'000*
Current		
– Hong Kong	**378**	211
– Outside Hong Kong	**84**	86
Overprovision in prior years	**(73)**	(794)
Deferred	**10**	94
Total tax expense/(credit) for the year	**399**	(403)

As of the date of this announcement, the Group received protective assessments amounting to approximately HK$135,000,000 (equivalent to US$17,308,000) from the Inland Revenue Department of Hong Kong ("**IRD**") in respect of queries on the modus operandi of the Group and the chargeability of the profits for the years of assessment from 2003/2004 to 2007/2008.

In response to enquiries from the IRD with the assistance of an independent tax advisor, certain relevant information has been furnished to the IRD for review and objections have been lodged by the Group against the protective assessments. In addition, Tax Reserve Certificates amounting to HK$5,250,000 (equivalent to US$673,000) (2013: HK$4,400,000 (equivalent to US$564,000)) have been purchased by two subsidiaries of the Company in pursuit of the holdover of tax demanded under the protective assessments for these years.

The tax case is still at an information exchange stage. Despite the uncertainty about its outcome, the Group maintains the view that sufficient tax provision has been made in the financial statements.

6. Dividends and distribution

	2014	2013
	US$'000	*US$'000*
Distribution, paid, of 14.64 HK cents (2013: Nil) per ordinary share	**12,863**	–
Interim, paid, of 1.00 HK cent (2013: 1.60 HK cents) per ordinary share	**879**	1,405
Final, proposed, of 1.21 HK cents (2013: 1.20 HK cents) per ordinary share	**1,063**	1,054
	14,805	2,459

A distribution of 14.64 HK cents per ordinary share ("**Distribution**") was paid to shareholders of the Company on 28 June 2013 pursuant to an ordinary resolution passed at a special general meeting on 13 June 2013.

The Directors recommend the payment of a final dividend of 1.21 HK cents per ordinary share in respect of the year ended 30 April 2014. Subject to shareholders' approval at the forthcoming annual general meeting, the final dividend will be paid in cash on or about 12 September 2014 to shareholders whose names appear on the register of members of the Company on 5 September 2014.

7. Earnings per share

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company, and the weighted average number of ordinary shares in issue during the year.

The Group had no dilutive potential ordinary shares in issue for the years ended 30 April 2014 and 2013.

The calculation of the basic and diluted earnings per share is based on:

	2014	2013
Earnings		
Profit attributable to owners of the Company, used in the basic earnings per share calculation *(US$'000)*	**4,456**	5,332
Weighted average number of ordinary shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation *('000)*	**683,504**	683,069

8. Additions in property, plant and equipment

During the year ended 30 April 2014, the Group spent approximately US$175,000 (2013: US$801,000) on acquisition of property, plant and equipment.

9. Trade receivables

The general credit terms granted to customers range from 60 days to 90 days. An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	2014 *US$'000*	2013 *US$'000*
Within 30 days	**3,871**	3,769
31 to 60 days	**1,188**	1,006
61 to 90 days	**737**	481
91 to 365 days	**469**	211
Over 1 year	**342**	456
	6,607	5,923
Impairment	**(386)**	(467)
	6,221	5,456

Note:

The trade receivables aged over 90 days are being carefully monitored by management. Approximately US$0.4 million (2013: US$0.5 million) of these balances was covered by the impairment.

10. Trade payables

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2014	2013
	US$'000	*US$'000*
Within 30 days	**4,190**	3,363
31 to 60 days	**1,234**	1,890
61 to 90 days	**37**	117
91 to 365 days	**146**	91
Over 1 year	**75**	65
	5,682	5,526

11. Related party transactions

(a) During the years ended 30 April 2014 and 2013, the Group had the following significant related party transactions:

	2014	2013
	US$'000	*US$'000*
Rental expenses paid to related companies	**713**	817

Rental expenses were determined based on the market rate and floor area.

(b) Balance with a related party

At 30 April 2014, the Group had prepaid rent and rental deposit of US$24,000 (2013: US$24,000) to a related company.

(c) Compensation of key management personnel of the Group:

	2014	2013
	US$'000	*US$'000*
Short term employee benefits	**1,656**	1,977
Post-employment benefits – defined contribution plans	**72**	70
Equity-settled share option expense	**–**	1
Total compensation paid to key management personnel	**1,728**	2,048

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Overview

The business environment remained erratic during the year ended 30 April 2014, with parts of Europe and the United States ("**US**") showing signs of sporadic economic growth, while geopolitical instability and slowing growth in emerging markets tempered the confidence of a sustained economic recovery. These and other factors led some of the Group's customers to adopt a more cautious approach towards restocking inventory. Despite the efforts made in establishing new business ties and encouraging cross-selling among existing customers, the Group's business momentum was weakened, particularly during the second half of the financial year. As a result, both of its business segments, specifically sales of merchandise and provision of services, experienced a decline in shipment value, with overall shipment volume dropped by approximately 4.7% from approximately US$275.5 million (equivalent to HK$2,148.9 million) last year to approximately US$262.6 million (equivalent to HK$2,048.3 million) this year.

The Group's revenue fell by approximately 6.0% from approximately US$110.0 million (equivalent to HK$858.0 million) last year to approximately US$103.4 million (equivalent to HK$806.5 million) for the reporting year.

Gross profit decreased by roughly 2.2% from approximately US$27.6 million (equivalent to HK$215.3 million) last year to approximately US$27.0 million (equivalent to HK$210.6 million) this year.

On the cost side, general and administrative expenses decreased slightly from approximately US$23.5 million (equivalent to HK$183.3 million) last year to approximately US$23.3 million (equivalent to HK$181.7 million) this year.

For the year ended 30 April 2014, the Group recorded a profit of approximately US$4.5 million (equivalent to HK$35.1 million). The Group's profit last year was approximately US$5.3 million (equivalent to HK$41.3 million), which included Indian tax refunds of approximately US$0.8 million (equivalent to HK$6.3 million). Excluding the Indian tax refunds, the Group achieved a profit level comparable with the preceding year.

Segmental Analysis

Operating Segmentation

The Group's business comprises two operating segments: (i) sales of merchandise including garments, fashion accessories, hardgoods, consumer electronic products and labels; and (ii) provision of services including procurement and value-added services relating to the procurement agency business.

	Shipment value For the year ended 30 April	
	2014	2013
	US$' million	*US$' million*
Provision of services	**175.8**	182.5
Sales of merchandise	**86.8**	93.0
Total	**262.6**	275.5

Shipment value from the provision of services fell by approximately 3.7% to approximately US$175.8 million (equivalent to HK$1,371.2 million), accounting for roughly 66.9% of the Group's total shipment value.

Shipment value from sales of merchandise declined by approximately 6.7% to approximately US$86.8 million (equivalent to HK$677.0 million), contributing to around 33.1% of the Group's total shipment value. The drop was attributable to a decrease in orders from certain European customers in the second half of the financial year.

Geographical Segmentation

	Shipment value For the year ended 30 April	
	2014	2013
	US$' million	*US$' million*
North America	**131.8**	138.5
Europe	**69.3**	76.1
Others	**61.5**	60.9
Total	**262.6**	275.5

During the year under review, shipments to North America dropped by approximately 4.8% to approximately US$131.8 million (equivalent to HK$1,028.0 million). The drop was mainly attributable to fewer orders placed by certain US-based customers whose businesses were affected by the weak retail environment. Nevertheless, North America remained the largest market of the Group, accounting for approximately 50.2% of the Group's total shipment value.

Shipments to Europe decreased by approximately 8.9% to approximately US$69.3 million (equivalent to HK$540.5 million), mainly due to the decline in business of certain customers in the second half of the financial year. Shipments to Europe accounted for approximately 26.4% of the Group's total shipment value.

Shipments grouped under "Others", comprising mainly shipments to the southern hemisphere, remained relatively stable. Shipments increased by approximately 1.0% to approximately US$61.5 million (equivalent to HK$479.7 million). Others represented approximately 23.4% of the Group's total shipment value.

Hong Kong Tax Case

As of the date of this announcement, the Group received protective assessments amounting to approximately HK$135,000,000 (equivalent to US$17,308,000) from the IRD in respect of queries on the modus operandi of the Group and the chargeability of profits for the years of assessment from 2003/2004 to 2007/2008.

In response to enquiries from the IRD with the assistance of an independent tax advisor, certain relevant information has been furnished to the IRD for review and objections have been lodged by the Group against the protective assessments. In addition, Tax Reserve Certificates amounting to HK$5,250,000 (equivalent to US$673,000) have been purchased by two subsidiaries of the Company in pursuit of the holdover of tax demanded under protective assessments for these years.

The tax case is still at an information exchange stage. Despite the uncertainty about its outcome, the Group maintains the view that sufficient tax provision has been made in the financial statements.

Financial Review

The Group's financial position remains healthy with cash and cash equivalents of approximately US$14.6 million (equivalent to HK$113.9 million) as at 30 April 2014. In addition, the Group has total banking facilities of approximately US$20.8 million (equivalent to HK$162.2 million), including borrowing facilities of approximately US$0.4 million (equivalent to HK$3.1 million) as at 30 April 2014.

The Group has a current ratio of approximately 1.4 and a gearing ratio of zero, based on no interest-bearing borrowings and total equity of approximately US$32.7 million (equivalent to HK$255.1 million) as at 30 April 2014. There has not been any material change in the Group's borrowings since 30 April 2014.

Trade receivables increased from approximately US$5.5 million (equivalent to HK$42.9 million) as at 30 April 2013 to approximately US$6.2 million (equivalent to HK$48.4 million) as at 30 April 2014. Gross trade receivables aged over 90 days, which amounted to approximately US$0.8 million (equivalent to HK$6.2 million), are being carefully monitored by management. Approximately US$0.4 million (equivalent to HK$3.1 million) of these balances were covered by the impairment.

The Group's net asset value as at 30 April 2014 was approximately US$32.7 million (equivalent to HK$255.1 million).

The Group had no material contingent liability as at 30 April 2014 and there has been no material change since then.

The majority of the Group's transactions during the year under review were denominated in US dollars and Hong Kong dollars. To minimise exchange risks, sales and purchases are generally transacted in the same currency.

Remuneration Policy and Staff Development Scheme

As at 30 April 2014, the Group had 407 staff (2013: 422 staff). Total staff costs for the year under review amounted to approximately US$16.1 million (equivalent to HK$125.6 million) (2013: US$16.0 million (equivalent to HK$124.8 million)). The Group offers competitive remuneration schemes to its employees based on industry practices, along with individual and the Group's performance. In addition, share options and discretionary bonuses are also granted to eligible staff based on his or her individual performance and that of the Group.

Update on the Creditors' Voluntary Liquidation of Linmark Electronics Limited ("LEL")

Reference is made to the disclosure on pages 10 to 13 of the Company's 2013 annual report for the year ended 30 April 2013 in relation to the creditors' voluntary liquidation of LEL ("**Liquidation**").

During the year under review, a third and final dividend of 0.18 pence in the pound on the unsecured claim filed by the Group was declared by LEL and the Group was entitled to the third and final dividend payment of GBP162.55. Together with the dividends received in previous financial year, the total dividend received amounted to approximately GBP47,000 (equivalent to US$74,000 or HK$576,000). According to the liquidators' report and confirmation received by the Group, LEL will be dissolved in about three months' time after the final meetings held on 25 June 2014.

As disclosed in the interim report of the Company for the six months ended 31 October 2009, the unaudited total net liabilities of LEL included in the consolidated statement of financial position of the Group amounted to approximately US$5.3 million (equivalent to HK$41.3 million). Upon the commencement of the Liquidation, a non-cash profit of approximately US$5.3 million (equivalent to HK$41.3 million) was recognised in the consolidated statement of profit or loss for the year ended 30 April 2010 of the Group as a gain on liquidation of a subsidiary. Save for the gain on liquidation of a subsidiary and dividend income as disclosed before, the Board does not expect the Liquidation to have any other material impact on the Group.

Prospects

The business environment is expected to remain uncertain in the coming year and confidence among several of the Group's customers is expected to be weak, leading to the adoption of a conservative approach in replenishing inventory and keeping their purchase prices low.

With rising labour costs and stringent industry demands on social compliance looming, management anticipates mounting pressure on the Group's margin in the coming financial year. In tandem with managing costs and bolstering efficiency, the Group will continue to investigate opportunities for expanding its customer base and explore more production locations that are competitive and able to fulfill the evolving needs of its customers.

Moreover, management will continue to seek mergers and acquisitions opportunities that can broaden the Group's product offerings and scope of services.

Going forward, even though the Group may experience pressure in achieving near-term growth, management remains optimistic about the Group's long-term prospects given its solid foundation and development measures that are being implemented.

DIVIDENDS AND DISTRIBUTION

The Distribution of 14.64 HK cents per ordinary share was approved by shareholders at the special general meeting held on 13 June 2013 and paid to shareholders on 28 June 2013.

An interim dividend of 1.00 HK cent per ordinary share in respect of the six months ended 31 October 2013 was paid on 14 January 2014.

The Directors recommend the payment of a final dividend of 1.21 HK cents per ordinary share in respect of the year ended 30 April 2014. Subject to shareholders' approval at the forthcoming annual general meeting, the final dividend will be paid in cash on or about 12 September 2014 to shareholders whose names appear on the register of members of the Company on 5 September 2014.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting is expected to be held on Thursday, 28 August 2014. For the purpose of ascertaining the shareholders' rights of attending and voting at the forthcoming annual general meeting, the register of members of the Company will be closed from Tuesday, 26 August 2014 to Thursday, 28 August 2014, both days inclusive. In order to be entitled to attend the annual general meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar of the Company, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4.30 p.m. on Monday, 25 August 2014.

CLOSURE OF REGISTER OF MEMBERS FOR FINAL DIVIDEND

For the purpose of determining the entitlement to the final dividend in respect of the year ended 30 April 2014, the register of members of the Company will be closed from Wednesday, 3 September 2014 to Friday, 5 September 2014, both days inclusive. In order to qualify for the proposed final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar of the Company, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4.30 p.m. on Tuesday, 2 September 2014.

SHARE PREMIUM REDUCTION AND DISTRIBUTION

At the special general meeting of the Company held on 13 June 2013, a special resolution was passed to approve the reduction of US$12,800,000 (equivalent to approximately HK$100,000,000) standing to the credit of the share premium account of the Company and the transfer of the credit arising therefrom to the contributed surplus account of the Company ("**Share Premium Reduction**") and an ordinary resolution was passed to approve the Distribution. The Share Premium Reduction became effective on 14 June 2013 and the credit transferred to the contributed surplus account of the Company was then applied to pay the Distribution on 28 June 2013. Details of the Share Premium Reduction and the Distribution are contained in the circular of the Company dated 21 May 2013.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the year ended 30 April 2014.

REVIEW OF RESULTS

The audit committee, comprising the three independent non-executive Directors referred to below, has reviewed with management and the Company's external auditors the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the report prepared by the external auditors to the audit committee in respect of the audit of the financial statements of the Group for the year ended 30 April 2014.

The audit committee has also reviewed the terms and conditions of the connected transactions of the Company that took place during the year under review.

CORPORATE GOVERNANCE

The Company has adopted the Code Provisions ("**Code Provisions**") as stated in the Corporate Governance Code ("**CG Code**") contained in Appendix 14 to the Listing Rules as the Corporate Governance Code of the Company.

Currently, there are four Board committees, namely, audit committee, remuneration committee, nomination committee and executive committee.

On 30 August 2013, the Company adopted a Board Diversity Policy in order to comply with Code Provision A.5.6 in the revised CG Code which took effect from 1 September 2013. In conformity to the revised CG Code and the Board Diversity Policy, the Board also reviewed and amended the terms of reference of the nomination committee during the year under review.

During the year under review, save for the deviation from Code Provision A.2.1, the Company fully complied with the Code Provisions in the CG Code.

Code Provision A.2.1

Mr. WANG Lu Yen, the chairman of the Company, is also the chief executive officer of the Company. Such practice deviates from Code Provision A.2.1 of the CG Code which stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

In view of Mr. WANG Lu Yen's extensive experience in the industry and in-depth knowledge of the Group's operation and business, the Board believes that Mr. Wang is instrumental in formulating and implementing the Group's strategies. The Board expects that the Group will benefit from a unified chairman and chief executive officer position that provides clarity of leadership and allows efficient decision-making in strategic matters as well as the Group's day-to-day business. However, as the corporate needs of the Group may change from time to time, the Board will review regularly the Board composition and division of responsibilities to ensure balance of power and corporate governance practices appropriate for the size and structure of the Group's business.

A corporate governance report of the Company with details of the policies and practices on corporate governance will be set out in the Company's 2014 annual report.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix 10 to the Listing Rules as its model code for securities transactions by the Directors. Having made specific enquiries, all the Directors confirmed that they have complied with the Model Code during the year under review and up to the date of this announcement.

The Company has also established written guidelines on no less exacting terms than the Model Code ("**Employees Written Guidelines**") for securities transactions by relevant employees who are likely to be in possession of unpublished inside information in relation to the Company and its securities. No incident of non-compliance of the Employees Written Guidelines by the relevant employees was noted by the Company during the year under review and up to the date of this announcement.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises two executive Directors, being Mr. WANG Lu Yen (Chairman and Chief Executive Officer) and Mr. WONG Hing Lin, Dennis (Chief Financial Officer), one non-executive Director, being Mr. WONG Wai Ming and three independent non-executive Directors, being Mr. WANG Arthur Minshiang, Mr. TSE Hau Yin, Aloysius and Mr. Jakob Jacobus Koert TULLENERS.

PUBLICATION OF THE RESULTS AND ANNUAL REPORT

The results announcement is published on the designated website of the Stock Exchange for news dissemination at www.hkexnews.hk and on the Company's website at www.linmark.com. The Company's 2014 annual report will be despatched to the shareholders and available on the same websites on or about 29 July 2014.

By Order of the Board
WANG Lu Yen
Chairman & Chief Executive Officer

Hong Kong, 15 July 2014

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* *For identification purpose only*