LINMARK GROUP LIMITED

林麥集團有限公司*

(Incorporated in Bermuda with limited liability)

Stock Code: 915

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 OCTOBER 2013

INTERIM RESULTS HIGHLIGHTS:

- Shipment value was at similar level at approximately US$146.3 million (equivalent to HK$1,141.1 million) as compared to the corresponding period last year.

- Revenue increased by approximately 7.4% to approximately US$58.4 million (equivalent to HK$455.5 million) as compared to approximately US$54.4 million (equivalent to HK$424.3 million) for the corresponding period last year.

- Profit for the period under review amounted to approximately US$3.2 million (equivalent to HK$25.0 million). For the corresponding period last year, the Group's profit was approximately US$3.3 million (equivalent to HK$25.7 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 interim period would have amounted to approximately US$2.5 million (equivalent to HK$19.5 million).

- The Directors have declared the payment of an interim dividend of 1 HK cent per ordinary share in respect of the six months ended 31 October 2013.

UNAUDITED INTERIM RESULTS

The board ("**Board**") of directors ("**Directors**") of Linmark Group Limited ("**Company**") announces the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (together, the "**Group**" or "**Linmark**") for the six months ended 31 October 2013, together with comparative figures for the previous corresponding period, as follows:

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Condensed Consolidated Interim Income Statement

		For the six months ended 31 October	
		2013	2012
		(Unaudited)	(Unaudited)
	Note	***US$'000***	*US$'000*
REVENUE	*3*	**58,423**	54,418
Cost of sales		**(43,259)**	(39,781)
Gross profit		**15,164**	14,637
Other income		**511**	539
General and administrative expenses		**(12,029)**	(12,358)
Loss on dissolution of a subsidiary		**(138)**	–
Share of loss of a jointly-controlled entity		**(1)**	(1)
PROFIT BEFORE TAX	*4*	**3,507**	2,817
Income tax (expense)/credit	*5*	**(355)**	531
PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		**3,152**	3,348
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (expressed in US cent)	*7*		
– Basic		**0.5**	0.5
– Diluted		**0.5**	0.5

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

Condensed Consolidated Interim Statement of Comprehensive Income

	For the six months ended 31 October	
	2013	2012
	(Unaudited)	(Unaudited)
		(Restated)
	US$'000	*US$'000*
PROFIT FOR THE PERIOD	**3,152**	3,348
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent period:		
Exchange differences:		
Translation of foreign operations	**107**	88
Reclassification adjustment		
– loss on dissolution of a subsidiary	**138**	–
Other comprehensive income not to be reclassified to profit or loss in subsequent period:		
Remeasurement gain on defined benefit plan	**–**	18
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	**245**	106
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**3,397**	3,454

Condensed Consolidated Interim Statement of Financial Position

	Note	**31 October 2013 (Unaudited)** *US$'000*	30 April 2013 (Audited) (Restated) *US$'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*8*	**785**	1,041
Goodwill		**26,333**	26,333
Available-for-sale financial asset		**84**	84
Investment in a jointly-controlled entity		**10**	11
Deferred tax assets		**19**	19
Total non-current assets		**27,231**	27,488
CURRENT ASSETS			
Trade receivables	*9*	**6,357**	5,456
Prepayments, deposits and other receivables		**4,190**	3,728
Tax recoverable		**566**	418
Cash and cash equivalents		**14,301**	24,335
Total current assets		**25,414**	33,937
CURRENT LIABILITIES			
Trade payables	*10*	**6,043**	5,526
Accruals and other payables		**11,318**	10,488
Tax payable		**2,013**	1,686
Total current liabilities		**19,374**	17,700
NET CURRENT ASSETS		**6,040**	16,237
TOTAL ASSETS LESS CURRENT LIABILITIES		**33,271**	43,725
NON-CURRENT LIABILITY			
Post-employment benefits		**1,000**	979
Total non-current liability		**1,000**	979
NET ASSETS		**32,271**	42,746
EQUITY			
Issued capital		**13,671**	13,661
Reserves		**18,600**	29,085
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**32,271**	42,746

Notes:

1. Basis of preparation

The condensed consolidated interim financial statements of the Group for the six months ended 31 October 2013 have been prepared in accordance with International Accounting Standard ("**IAS**") 34 *Interim Financial Reporting* and the disclosure requirements of the Rules Governing the Listing of Securities ("**Listing Rules**") on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**").

This condensed consolidated interim financial information is presented in United States dollars ("**US$**"), unless otherwise stated.

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 30 April 2013.

2. Changes in accounting policy and disclosures

The principal accounting policies adopted in the preparation of the condensed consolidated interim financial statements of the Group are consistent with those followed in the preparation of the audited annual financial statements of the Group for the year ended 30 April 2013, except for the adoption of the new and revised International Financial Reporting Standards ("**IFRSs**"), IAS and interpretations approved by the International Accounting Standards Board Interpretations Committee as noted below:

IFRS 1 Amendments	Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards – Government Loans*[2]
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*[2]
IFRS 10	*Consolidated Financial Statements*[2]
IFRS 11	*Joint Arrangements*[2]
IFRS 12	*Disclosure of Interests in Other Entities*[2]
IFRS 10, IFRS 11 and IFRS 12 Amendments	Amendments to IFRS 10, IFRS 11 and IFRS 12 – *Transition Guidance*[2]
IFRS 13	*Fair Value Measurement*[2]
IAS 1 Amendments	Amendments to IAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*[1]
IAS 19 Amendments	*Employee Benefits*[2]
IAS 27 (Revised)	*Separate Financial Statements*[2]
IAS 28 (Revised)	*Investments in Associates and Joint Ventures*[2]
IFRIC 20	*Stripping Costs in the Production Phase of a Surface Mine*[2]
Annual Improvements 2009-2011 Cycle	Amendments to a number of IFRSs issued in May 2012[2]

1 Effective for annual periods beginning on or after 1 July 2012
2 Effective for annual periods beginning on or after 1 January 2013

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

IAS 1 Amendments changes 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 now have to be 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 amends the accounting for employment benefits. The Group has applied the standard retrospectively in accordance with the transition provisions of the standard. The impact on the Group has been in the following areas:

(i) There is a new term "remeasurements". This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost. They are recognised in other comprehensive income and not recycled to income statement. The "corridor" method and the option to spread or recognise immediately in the income statement are no longer available. The standard also requires the entity to present all actuarial gains and losses previously recognised in profit and loss account in other comprehensive income.

(ii) The standard replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year. There is no change to determining the discount rate; this continues to reflect the yield on high-quality corporate bonds.

The effects of the above change are summarised below:

	For the six months ended 31 October	
	2013	2012
	US$'000	*US$'000*
Condensed consolidated interim statement of comprehensive income		
Increase in actuarial gain on defined benefit obligations and increase in other comprehensive income	**–**	18

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

The effects of the change in accounting policy has no effect on the cash flow statement and immaterial effect on earnings per share.

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, share of loss of a jointly-controlled entity 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.

The following tables present revenue and profit for the Group's reportable segments for the six months ended 31 October 2013 and 2012.

	2013		
	Sales of merchandise (Unaudited) *US$'000*	**Provision of services (Unaudited)** *US$'000*	**Total (Unaudited)** *US$'000*
Segment revenue:			
Revenue from external customers	**49,246**	**9,177**	**58,423**
Segment results	**1,764**	**2,070**	**3,834**
Interest income			**6**
Loss on dissolution of a subsidiary			**(138)**
Share of loss of a jointly-controlled entity			**(1)**
Corporate and other unallocated expenses			**(194)**
Profit before tax			**3,507**
Income tax expense			**(355)**
Profit for the period			**3,152**
Other segment information:			
Depreciation	**147**	**230**	**377**
Capital expenditures	**36**	**87**	**123**
(Reversal of impairment)/Impairment of trade receivables	**(18)**	**62**	**44**

	2012		
	Sales of merchandise (Unaudited) *US$'000*	Provision of services (Unaudited) *US$'000*	Total (Unaudited) *US$'000*
Segment revenue:			
Revenue from external customers	45,339	9,079	54,418
Segment results	1,171	1,784	2,955
Interest income			33
Share of loss of a jointly-controlled entity			(1)
Corporate and other unallocated expenses			(170)
Profit before tax			2,817
Income tax credit			531
Profit for the period			3,348
Other segment information:			
Depreciation	138	250	388
Capital expenditures	236	540	776
(Reversal of impairment)/Impairment of trade receivables	(14)	36	22

4. Profit before tax

The Group's profit before tax is arrived at after charging:

	For the six months ended 31 October	
	2013	2012
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
Depreciation	**377**	388
Loss on dissolution of a subsidiary	**138**	–
Impairment of trade receivables	**44**	22

5. Income tax expense/(credit)

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable outside Hong Kong have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	For the six months ended 31 October	
	2013	2012
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
Current		
– Hong Kong	**338**	241
– Outside Hong Kong	**15**	23
Underprovision/(Overprovision) in prior years		
– Indian tax refunds	**–**	(806)
– Others	**2**	11
Total tax expense/(credit) for the period	**355**	(531)

As of the date of this announcement, the Group received protective assessments amounting to approximately HK$106,000,000 (equivalent to US$13,590,000) from the Inland Revenue Department in 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 2006/2007.

In response to enquiries from the IRD with the assistance of the 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$4,400,000 (equivalent to US$564,000) (2012: HK$3,250,000 (equivalent to US$417,000)) 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 its financial statements.

6. **Dividends and distribution**

On 15 January 2013, a dividend of 1.60 HK cents per ordinary share was paid to shareholders of the Company as interim dividend in respect of the six months ended 31 October 2012.

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.

On 9 September 2013, a final dividend of 1.20 HK cents per ordinary share in respect of the year ended 30 April 2013 was paid to shareholders of the Company.

The Directors have declared the payment of an interim dividend of 1 HK cent per ordinary share in respect of the six months ended 31 October 2013 and such interim dividend will be paid in cash on or about 14 January 2014 to shareholders whose names appear on the register of members of the Company on 8 January 2014.

7. **Earnings per share**

The calculation of basic earnings per share is based on the profit for the period attributable to owners of the Company of approximately US$3,152,000 (2012: US$3,348,000), and the weighted average number of 683,438,844 (2012: 683,069,279) ordinary shares in issue during the period.

The Group had no dilutive potential ordinary shares in issue for the periods ended 31 October 2013 and 2012.

8. **Additions in property, plant and equipment**

During the six months ended 31 October 2013, the Group spent approximately US$123,000 (2012: US$776,000) on acquisition of items 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:

	31 October 2013 (Unaudited) ***US$'000***	30 April 2013 (Audited) *US$'000*
Within 30 days	**3,198**	3,769
31 to 60 days	**1,708**	1,006
61 to 90 days	**651**	481
91 to 365 days	**878**	211
Over 1 year	**330**	456
	6,765	5,923
Impairment	**(408)**	(467)
	6,357	5,456

The trade receivables aged over 90 days are being carefully monitored by the management. Approximately US$0.4 million (30 April 2012: 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:

	31 October 2013 (Unaudited)	30 April 2013 (Audited)
	US$'000	*US$'000*
Within 30 days	**4,242**	3,363
31 to 60 days	**1,091**	1,890
61 to 90 days	**550**	117
91 to 365 days	**83**	91
Over 1 year	**77**	65
	6,043	5,526

11. Related party transactions

(a) During the six months ended 31 October 2013, the Group had the following significant related party transactions:

	For the six months ended 31 October	
	2013 (Unaudited)	2012 (Unaudited)
	US$'000	*US$'000*
Rental expenses paid to related companies	**409**	409

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

(b) Balance with a related party

At 31 October 2013, the Group had prepaid rent and rental deposit of US$24,000 (30 April 2013: US$24,000) to a related company.

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

	For the six months ended 31 October	
	2013 (Unaudited)	2012 (Unaudited)
	US$'000	*US$'000*
Short term employee benefits	**744**	647
Post-employment benefits – defined contribution plans	**36**	35
Equity-settled share option expense	**–**	1
Total compensation paid to key management personnel	**780**	683

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Overview

Despite that the global environment remained challenging, the Group managed to maintain the shipment at similar level as the same period last year at approximately US$146.3 million (equivalent to HK$1,141.1 million).

Revenue grew by approximately 7.4% to approximately US$58.4 million (equivalent to HK$455.5 million) from approximately US$54.4 million (equivalent to HK$424.3 million) for the same period last year. The growth was largely attributable to the change in sales mix, with a higher portion of sales generated from merchandise as compared to the same period last year.

Gross profit increased by around 3.6% from approximately US$14.6 million (equivalent to HK$113.9 million) for the same period last year to approximately US$15.2 million (equivalent to HK$118.6 million), and was the result of the Group's increased focus on higher margin business.

With effective cost controls, the general and administrative expenses for the period decreased by around 2.7% to approximately US$12.0 million (equivalent to HK$93.6 million), compared with approximately US$12.4 million (equivalent to HK$96.7 million) for the same period last year.

For the six months ended 31 October 2013, the Group recorded a profit of approximately US$3.2 million (equivalent to HK$25.0 million). For the corresponding period last year, the Group's profit was approximately US$3.3 million (equivalent to HK$25.7 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 would have amounted to approximately US$2.5 million (equivalent to HK$19.5 million).

When a comparison is made between the profits of the Group for the review period and corresponding period last year, where the one-time Indian tax refunds are excluded in the latter period, the Group achieved an increase in profit of approximately 24.0%.

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 six months ended 31 October	
	2013	2012
	(Unaudited)	(Unaudited)
	US$' million	*US$' million*
Provision of services	**97.1**	100.9
Sales of merchandise	**49.2**	45.3
Total	**146.3**	146.2

During the period under review, shipment value from the provision of services declined by approximately 3.8% to approximately US$97.1 million (equivalent to HK$757.4 million), accounting for roughly 66.4% of the Group's total shipment value. The drop was mainly attributable to fewer orders placed by certain US customers whose businesses slowed down by the unstable retail environment.

Shipment value from sales of merchandise increased by approximately 8.6% to approximately US$49.2 million (equivalent to HK$383.8 million), contributing to around 33.6% of the Group's total shipment value. The growth was mainly attributable to business from new customers.

Geographical Segmentation

	Shipment value For the six months ended 31 October	
	2013	2012
	(Unaudited)	(Unaudited)
	US$' million	*US$' million*
North America	**72.6**	75.9
Europe	**41.6**	39.1
Others	**32.1**	31.2
Total	**146.3**	146.2

During the period under review, shipments to North America decreased by approximately 4.3% to approximately US$72.6 million (equivalent to HK$566.3 million), accounting for approximately 49.6% of the Group's total shipment value. The decline was mainly due to fewer orders placed by certain US customers whose businesses were affected by the unstable retail environment.

Shipments to Europe increased by approximately 6.4% to approximately US$41.6 million (equivalent to HK$324.5 million), and was mainly due to business from new customers. Consequently, the European market accounted for approximately 28.4% of the Group's total shipment value.

Shipments grouped under "Others", comprising mainly shipments to the southern hemisphere, rose by approximately 2.9% to approximately US$32.1 million (equivalent to HK$250.4 million), and was mainly attributable to the organic growth of certain customers.

Hong Kong Tax Case

As of the date of this announcement, the Group received protective assessments amounting to approximately HK$106,000,000 (equivalent to US$13,590,000) from the 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 2006/2007.

In response to enquiries from the IRD with the assistance of the 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$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 its financial statements.

Financial Review

The Group's financial position remains healthy with cash and cash equivalents of approximately US$14.3 million (equivalent to HK$111.5 million) as at 31 October 2013. 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 31 October 2013.

The Group has a current ratio of approximately 1.3 and a gearing ratio of zero, based on no interest-bearing borrowings and total equity of approximately US$32.3 million (equivalent to HK$251.9 million) as at 31 October 2013. There has not been any material change in the Group's borrowings since 31 October 2013.

Affected by the seasonality of the Group's business, with higher revenue generated during the first half of the financial year than in the second half year, trade receivables increased from approximately US$5.5 million (equivalent to HK$42.9 million) as at 30 April 2013 to approximately US$6.4 million (equivalent to HK$49.9 million) as at 31 October 2013. Trade receivables aged over 90 days, which amounted to approximately US$1.2 million (equivalent to HK$9.4 million), have been 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 31 October 2013 was approximately US$32.3 million (equivalent to HK$251.9 million).

The Group had no material contingent liability as at 31 October 2013 and there has been no material change since then.

The majority of the Group's transactions during the period 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 31 October 2013, the Group had 420 staff members (as at 31 October 2012: 408 staff members). Total staff costs for the period under review amounted to approximately US$8.5 million (equivalent to HK$66.3 million) (2012: US$8.5 million (equivalent to HK$66.3 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 ("**2013 Annual Report**") in relation to the creditors' voluntary liquidation of LEL ("**Liquidation**").

The liquidators notified the Group by a letter dated 31 October 2013 that a third and final dividend of 0.18 pence in the pound on the unsecured claim filed by the Group had been declared and the Group is entitled to the third and final dividend payment of GBP162.55. The liquidators will proceed with the dissolution of LEL as soon as the procedure relating to the payment of the said dividend has been completed.

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 income statement 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 second half of the financial year is expected to remain challenging for the Group as the global economy will continue to be impacted by uncertainties hovering over several major economies. With economic growth in Europe remaining stagnant while only a modest pace of growth has been registered in the US, the near-term development of both regions remain clouded. This instability will continue to affect consumer confidence, and in turn the retail markets.

Against this backdrop, the Group has already seen certain of its customers taking tighter reins on inventory control, preferring to maintain lower stocks. Such protective measures will invariably affect the Group's business during the remaining financial period.

Despite the less than upbeat environment, the Group will continue to employ measures that help sustain its competitiveness. This will include bolstering ties with existing customers by enhancing services, while efforts will concurrently be made to attract new customers to the fold. It will also seek to promote cross-selling activities that benefit the Group's two operating segments. Having made progress on controlling costs, the Group will continue to closely monitor different operational aspects for further enhancement on efficiencies.

Through the aforementioned strategies, management is cautiously optimistic about the Group's full year performance.

INTERIM DIVIDEND

The Directors have declared the payment of an interim dividend of 1 HK cent per ordinary share in respect of the six months ended 31 October 2013 and such interim dividend will be paid in cash on or about 14 January 2014 to shareholders whose names appear on the register of members of the Company on 8 January 2014.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement to the interim dividend for the period under review, the register of members of the Company will be closed from Monday, 6 January 2014 to Wednesday, 8 January 2014, both days inclusive. In order to qualify for the interim 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 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 3 January 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 period under review.

REVIEW OF RESULTS

The unaudited condensed consolidated interim financial information of the Group for the six months ended 31 October 2013 have been reviewed by Ernst & Young, the external auditors of the Company, in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board. The audit committee, comprising the three independent non-executive Directors referred to below, has reviewed with the 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 review of the Group's unaudited condensed consolidated interim financial information for the six months ended 31 October 2013. There was no disagreement by the external auditors or the audit committee with the accounting treatment adopted by the Company.

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

CORPORATE GOVERNANCE

A corporate governance report has been published and included in the 2013 Annual Report, in which the Company reported the adoption of the code provisions ("**Code Provisions**") as stated in the Corporate Governance Code and Corporate Governance Report ("**CG Code**") contained in Appendix 14 to the Listing Rules as the Corporate Governance Code of the Company.

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 period under review.

During the period 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.

Save as disclosed above, the corporate governance practices adopted by the Company during the period under review are in line with those practices set out in the 2013 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 period 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 period 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 INTERIM 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 2014 interim report will be despatched to the shareholders and available on the same websites on or about 23 December 2013.

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

Hong Kong, 16 December 2013

Head Office and Principal Place of Business in Hong Kong:
1123, Kowloonbay International Trade & Exhibition Centre
1 Trademart Drive
Kowloon Bay, Kowloon
Hong Kong

* *For identification purpose only*