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LINMARK GROUP LIMITED

林麥集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 915)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE AND RESUMPTION OF TRADING

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that on 1 June 2015, the Company and the Subscribers entered into the Subscription Agreement pursuant to which the Company has conditionally agreed to allot and issue and the Subscribers have conditionally agreed to subscribe for the Subscription Shares (i.e. 20,000,000 Shares) at the Subscription Price of HK\$3.21 per Share pursuant to the terms and conditions of the Subscription Agreement.

The Subscription Shares represent approximately 2.92% of the total issued share capital of the Company as at the date of this announcement, and approximately 2.84% of the total issued share capital of the Company as enlarged by the Subscription Shares.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscribers with reference to the recent trading performance of the Shares. The Subscription Price of HK\$3.21 per Share represents (i) a discount of 19.75% to the closing price of HK\$4.0 per Share as quoted on the Stock Exchange on the last trading day immediately prior to the date of the Subscription Agreement; and (ii) a premium of approximately 7.94% over the average closing price of approximately HK\$2.974 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of this announcement.

The Subscription is conditional upon, among other things, the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, all the Subscription Shares.

Assuming all the Subscription Shares are fully subscribed, the maximum gross proceeds from the Subscription will be HK\$64,200,000. The net proceeds, after deducting the all relevant costs and expenses, will be approximately HK\$64,000,000, representing a net subscription price of approximately HK\$3.2 per Share. The Company intends to use the net proceeds from the Subscription to enlarge its capital base and prepare for any development opportunities as and when they arise.

The Subscription Shares will be issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the AGM. The allotment and issue of the Subscription Shares are not subject to any additional Shareholders' approval.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 1 June 2015 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 2 June 2015.

The Subscription Agreement may be terminated pursuant to the termination provisions contained therein. In addition, Completion of the Subscription is subject to fulfilment of the conditions precedent under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that on 1 June 2015, the Company and the Subscribers entered into the Subscription Agreement pursuant to which the Company has conditionally agreed to allot and issue and the Subscribers have conditionally agreed to subscribe for the Subscription Shares (i.e. 20,000,000 Shares) at the Subscription Price of HK\$3.21 per Share pursuant to the terms and conditions of the Subscription Agreement.

Set out below is a summary of the principal terms of the Subscription Agreement:

THE SUBSCRIPTION AGREEMENT

Date: 1 June 2015

Parties: (a) The Company
(b) The Subscribers

As at the date of this announcement, Neo Vantage Developments Limited, Bountiful Links Limited and Full Eminent Trading Limited hold 5,000,000 Shares, 4,500,000 Shares and 4,500,000 Shares, respectively, representing approximately 0.73%, 0.66% and 0.66% of the total issued share capital of the Company, respectively. Save as aforesaid, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Subscribers and their respective ultimate beneficial owners are independent of the Company and its connected persons.

The Subscribers and number of Subscription Shares

The Subscription Shares will be issued to the Subscribers as follows:

Subscribers	Number of Subscription Shares
New Chain Global Limited	4,000,000 Shares
Exalt Spirit International Limited	4,000,000 Shares
New Paradise Investments Limited	4,000,000 Shares
Neo Vantage Developments Limited	4,000,000 Shares
Bountiful Links Limited	3,500,000 Shares
Full Eminent Trading Limited	500,000 Shares

The Subscription Shares represent approximately 2.92% of the total issued share capital of the Company as at the date of this announcement, and approximately 2.84% of the total issued share capital of the Company as enlarged by the Subscription Shares. None of the Subscribers will become a substantial shareholder of the Company after Completion.

The aggregate nominal value of the Subscription Shares is US\$0.4 million (equivalent to approximately HK\$3.1 million).

Subscription Price

The Subscription Price of HK\$3.21 per Share represents (i) a discount of 19.75% to the closing price of HK\$4.0 per Share as quoted on the Stock Exchange on the last trading day immediately prior to the date of the Subscription Agreement; and (ii) a premium of approximately 7.94% over the average closing price of approximately HK\$2.974 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of this announcement.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscribers with reference to the recent trading performance of the Shares.

Ranking of Subscription Shares

The Subscription Shares, when issued and credited as fully paid up, will rank *pari passu* in all respects with all other Shares in issue on the date of allotment and issue of the Subscription Shares.

General Mandate

The Subscription Shares will be issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the AGM to allot, issue and otherwise deal with securities of the Company not exceeding 20% of the issued share capital of the Company as at the date of the AGM. Under the General Mandate, the Company is authorized to issue up to 136,713,855 new Shares. As at the date of this announcement, no new securities of the Company have been issued under the General Mandate. The allotment and issue of the Subscription Shares are not subject to any additional Shareholders' approval.

Conditions of the Subscription

Completion of the Subscription is conditional *inter alia* upon the satisfaction of the following conditions precedent:

- (a) the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in the Subscription Shares and such approval not having been revoked prior to Completion;
- (b) all other necessary approvals and consents by the government and regulatory authorities in respect of the Subscription Agreement and the transactions contemplated thereunder having been obtained; and
- (c) none of the warranties under the Subscription Agreement having become untrue, inaccurate or misleading at any time before Completion and no fact or circumstances having arisen and nothing having been done or omitted to be done which would render any of such warranties untrue, inaccurate in any material respect if it was repeated as at Completion.

If any of the above condition precedent is not fulfilled or waived (in respect of condition (c) above) by the Subscribers on or before 30 September 2015 (or such later date as may be agreed by the Company and the Subscribers in writing), the Subscription Agreement shall lapse and become null and void and the parties shall be released from all obligations under the Subscription Agreement, save for any liability arising out of any antecedent breaches thereof.

The Board is not aware of any circumstances which may render the conditions precedent not to be fulfilled as at the date of this announcement.

Completion

Subject to the fulfilment (or, in respect of condition (c) above, waiver) of the conditions precedent set out above, Completion shall take place within three Business Days after the last of the conditions precedent has been satisfied unless otherwise agreed between the parties and which shall no later than 30 September 2015.

Termination

The Subscribers shall be entitled to terminate the Subscription Agreement at any time on or prior to the completion of the Subscription Agreement if:

- (a) any breach of any of the warranties under the Subscription Agreement which in the reasonable opinion of the Subscribers arrived at in good faith is material in the context of its subscription for the Subscription Shares comes to the knowledge of the Subscribers or any event occurs or matter arises on or after the date of the Subscription Agreement and prior to the date of Completion which if it had occurred or arisen before the date of the Subscription Agreement would have rendered any of the warranties under the Subscription Agreement untrue or incorrect when given or by reference to the facts and circumstances then subsisting or there has been a breach of any provision of the Subscription Agreement;

- (b) there shall have been such a change or development involving a prospective change in national or international financial, political or economic conditions or currency exchange rates or exchange controls or any event or series of events (including any local, national or international outbreak or escalation of disaster, hostility, insurrection, armed conflict, act of terrorism, act of God or epidemic) which may materially and adversely the ability of the Company to perform its obligations under the Subscription Agreement or the business, assets and liabilities, conditions (financial or otherwise), results of operations or prospects of the Company or the Group as a whole;
- (c) there having come into effect any new law or regulation or there being any change or development involving a prospective change in existing laws or regulations or the interpretation or application thereof by any court or other competent authority which in the reasonable opinion of the Subscribers may materially and adversely affect the ability of the Company to perform its obligations under the Subscription Agreement or the business, assets and liabilities, condition (financial or otherwise), results of operations or prospects of the Company or the Group as a whole;
- (d) generally, trading in securities on the Stock Exchange has been suspended for more than 30 Business Days, or minimum or maximum prices for trading have been required, by the Stock Exchange or by order of any governmental authority; or
- (e) a moratorium on commercial banking activities has been declared or exchange controls imposed by authorities in Hong Kong.

In the event that the Subscribers terminate the Subscription Agreement pursuant to the above provisions in the Subscription Agreement, all the respective obligations of the Subscribers and the Company under the Subscription Agreement shall cease and determine. The Board is not aware of the occurrence of any such termination events as at the date of this announcement.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Group is principally engaged in sales of merchandise and provision of procurement and value-added services.

Assuming all the Subscription Shares are fully subscribed, the gross proceeds from the Subscription will be HK\$64,200,000. The maximum net proceeds, after deducting the all relevant costs and expenses, will be approximately HK\$64,000,000, representing a net subscription price of approximately HK\$3.2 per Share. The Company intends to use the net proceeds from the Subscription to enlarge its capital base and prepare for any development opportunities as and when they arise.

The Directors are of the view that the Subscription will provide a good opportunity to raise additional funds to strengthen the financial position and broaden the shareholder and capital base of the Group so as to facilitate its future development. Accordingly, the Board considers that the terms of the Subscription Agreement are fair and reasonable and the Subscription is in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITY DURING THE PAST TWELVE MONTHS

The Company has not conducted any other fund raising exercises in the past twelve months immediately before the date of this announcement.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is a summary of the shareholding in the Company as at the date of this announcement and, for illustrative purposes only, upon completion of the Subscription, assuming there being no other changes in the issued share capital and the shareholding structure of the Company after the date of this announcement.

Name of the Shareholders	As at the date of this announcement		Number of Subscription Shares	Upon completion of the Subscription	
	Number of Shares	%		Number of Shares	%
Substantial Shareholders					
Sino Remittance Holding Limited ^(Note 1)	341,500,000	49.88	–	341,500,000	48.46
Fame City Developments Limited ^(Note 1)	39,793,691	5.81	–	39,793,691	5.65
Oceanic Force Limited ^(Note 1)	61,361,928	8.96	–	61,361,928	8.71
Winning Port International Limited ^(Note 1)	92,000	0.01	–	92,000	0.01
Directors					
WONG Hing Lin, Dennis	2,500,000	0.37	–	2,500,000	0.35
WANG Arthur Minshiang	260,000	0.04	–	260,000	0.04
Directors of the Company's subsidiaries	10,111,374	1.48	–	10,111,374	1.43
Public Shareholders (including the Subscribers)					
New Chain Global Limited ^(Note 2)	–	–	4,000,000	4,000,000	0.57
Exalt Spirit International Limited ^(Note 2)	–	–	4,000,000	4,000,000	0.57
New Paradise Investments Limited ^(Note 2)	–	–	4,000,000	4,000,000	0.57
Neo Vantage Developments Limited ^(Note 2)	5,000,000	0.73	4,000,000	9,000,000	1.28
Bountiful Links Limited ^(Note 2)	4,500,000	0.66	3,500,000	8,000,000	1.14
Full Eminent Trading Limited ^(Note 2)	4,500,000	0.66	500,000	5,000,000	0.71
Other public Shareholders ^(Note 2)	215,086,286	31.40	–	215,086,286	30.51
Total:	684,705,279	100.00	20,000,000	704,705,279	100.00

Notes:

- Each of Sino Remittance Holding Limited, Fame City Developments Limited, Oceanic Force Limited and Winning Port International Limited is wholly-owned by Daohe Global Investment Holding Limited, which is in turn 80%-owned by Mr. ZHOU Xijian, a non-executive Director and the chairman of the Company and 20%-owned by Mr. ZHANG Qi, an executive Director and the chief executive officer of the Group.
- Immediately after Completion, the public Shareholders will hold an aggregate of 249,086,286 Shares, representing approximately 35.35% of the issued share capital of the Company and therefore the Company will be able to satisfy with the public float requirement under the Listing Rules.

3. In case of the occurrence of any sub-division, consolidation or re-classification of the Shares taking effect after the date of the Subscription Agreement and on or prior to Completion hereunder, the number of Shares issued to the Subscribers shall be adjusted to represent such shareholding in the Company each Subscriber agrees to subscribe as at the date of the Subscription Agreement.

APPLICATION FOR LISTING

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

GENERAL

The Subscription is not subject to Shareholders' approval as the Subscription Shares will be issued under the General Mandate.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 1 June 2015 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 2 June 2015.

The Subscription Agreement may be terminated pursuant to the termination provisions contained therein. In addition, Completion of the Subscription is subject to fulfilment of the conditions precedent under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

Unless the context requires otherwise, the following expressions shall have the following meanings in this announcement:

“AGM”	the annual general meeting of the Company held on 28 August 2014 at which, among other things, a resolution for the grant of the General Mandate to the Directors was duly passed by the Shareholders
“Board”	the board of Directors
“Business Day(s)”	any day (excluding Saturday, Sunday and public holidays in Hong Kong and the PRC) on which banks in Hong Kong and the PRC are open for business
“Company”	Linmark Group Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 915)
“Completion”	completion of the Subscription in accordance with the terms and conditions set out in the Subscription Agreement

“connected person(s)”	has the same meaning as ascribed to this term under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by a resolution of the Shareholders passed at the AGM to allot, issue and otherwise deal with securities of the Company not exceeding 20% of the issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) of US\$0.02 each in the share capital of the Company
“Shareholder(s)”	holder(s) for the time being of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	New Chain Global Limited, Exalt Spirit International Limited, New Paradise Investments Limited, Neo Vantage Developments Limited, Bountiful Links Limited and Full Eminent Trading Limited, being third parties independent of the Company and its connected persons
“Subscription”	the subscription for the Subscription Shares by the Subscribers pursuant to the Subscription Agreement
“Subscription Agreement”	the agreement dated 1 June 2015 and entered into between the Company and the Subscribers in respect of the Subscription
“Subscription Price”	HK\$3.21 per Subscription Share

“Subscription Shares”	an aggregate of 20,000,000 new Shares or in case of occurrence of any sub-division, consolidation or re-classification of the Shares taking effect after the date of the Subscription Agreement and on or prior to Completion, such number of new Shares representing in aggregate approximately 2.92% of the total issued shares of the Company as at the date of the Subscription Agreement and approximately 2.84% of the total issued shares of the Company as enlarged by the subscription of the Subscription Shares to be subscribed for by the Subscribers and issued by the Company under the Subscription Agreement
“substantial shareholder”	has the same meaning as ascribed to this term under the Listing Rules
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

By order of the Board
Linmark Group Limited
ZHOU Xijian
Chairman and non-executive Director

Hong Kong, 1 June 2015

In this announcement, all amounts denominated in US\$ have been converted into HK\$ at the exchange rate of US\$1 = HK\$7.78 for illustration purposes only.

As at the date of this announcement, the Board comprises one non-executive Director, being Mr. ZHOU Xijian (Chairman); three executive Directors, being Mr. ZHANG Qi (Chief Executive Officer), Mr. WONG Hing Lin, Dennis (President and Chief Financial Officer) and Mr. HWANG Han-Lung, Basil (General Counsel and Head of Development and Investments); and three independent non-executive Directors, being Mr. WANG Arthur Minshiang, Mr. TSE Hau Yin, Aloysius and Mr. Jakob Jacobus Koert TULLENERS.

* *For identification purpose only*