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LINMARK GROUP LIMITED

林麥集團有限公司*

(Incorporated in Bermuda with limited liability)

Stock Code: 915

CONTINUING CONNECTED TRANSACTION: LEASE OF PROPERTY

On 15 April 2011, the Tenant entered into the Tenancy Agreement with the Landlord in relation to the lease of the Premises for a term of 24 months commencing on 1 May 2011.

The Tenant is a wholly-owned subsidiary of the Company. As at the date of this announcement, the entire issued share capital of the Landlord is owned as to 50% by Mr. Wang, an executive Director, the chairman and the chief executive officer of the Company and a director of the Tenant, and as to 50% by his spouse. Accordingly, the Landlord is an associate of Mr. Wang and a connected person of the Company under the Listing Rules, and the tenancy arrangement as contemplated under the Tenancy Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

The annual rent (exclusive of rates and government rent) payable by the Tenant under the Tenancy Agreement will be HK\$2,400,000 (equivalent to approximately US\$308,483) and the applicable percentage ratios (as prescribed under Chapter 14 of the Listing Rules) exceed 0.1% but are less than 5%. Accordingly, the tenancy arrangement as contemplated under the Tenancy Agreement will only be subject to the reporting and announcement requirements as set out in Rules 14A.45 to 14A.47 of the Listing Rules and is exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

On 15 April 2011, the Tenant entered into the Tenancy Agreement with the Landlord in relation to the lease of the Premises for a term of 24 months commencing on 1 May 2011.

TENANCY AGREEMENT

Date: 15 April 2011

Parties: **Tenant:** Linmark (HK) Limited, a wholly-owned subsidiary of the Company

Landlord: Sky Fame Group Limited, a company owned as to 50% by Mr. Wang, an executive Director, the chairman and the chief executive officer of the Company and a director of the Tenant, and as to 50% by his spouse.

Premises:

Flat 85 on 9/F. and Flat 85 on 10/F., Tower 15, Hong Kong Parkview (on a fully-furnished basis) and Carpark Space Nos. 1026 and 1040 of Entrance 1 (Level 6), 88 Tai Tam Reservoir Road, Hong Kong.

Term:

24 months commencing on 1 May 2011, provided that both the Landlord and the Tenant has an option to terminate the Tenancy Agreement by giving two months' notice to the other party in writing.

Use:

The Premises can only be used as the staff quarters of Mr. Wang.

Rent:

As agreed under the Tenancy Agreement, the monthly rent (exclusive of rates and government rent) is HK\$200,000 (equivalent to approximately US\$25,707). The monthly rent was determined by reference to the rent payable for premises of comparable size and nature in the same area.

The annual amount of the rent payable by the Tenant under the Tenancy Agreement is HK\$2,400,000 (equivalent to approximately US\$308,483) which is payable in cash in advance on the first day of each calendar month.

The annual cap of the rent payable by the Tenant under the Tenancy Agreement for the two financial years ending 30 April 2013 is HK\$2,400,000 (equivalent to approximately US\$308,483).

The payment of rent will be funded by internal resources of the Group.

REASONS FOR THE TRANSACTION

The Tenancy Agreement was entered into by the Tenant and the Landlord after arm's length negotiations. The provision of staff quarters to Mr. Wang constitutes part of the remuneration package of Mr. Wang under the service agreement entered into with him by the Company as reviewed by the remuneration committee of the Board from time to time. The Company considers it appropriate to compensate Mr. Wang, who is a member of the key management of the Group, by way of such non-cash benefit.

The Directors (including independent non-executive Directors) are of the opinion that:

- (i) the terms (including the rent) of the Tenancy Agreement are on normal commercial terms that are fair and reasonable;
- (ii) the annual rent payable by the Tenant under the Tenancy Agreement is fair and reasonable; and
- (iii) the continuing connected transaction constituted under the Tenancy Agreement is and will be conducted in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole.

Mr. Wang, being an executive Director, is considered to have a material interest in the Tenancy Agreement, and therefore he has abstained from voting on the board resolution approving the Tenancy Agreement.

GENERAL

The Company is an investment holding company and its subsidiaries are principally engaged in sales of merchandise and provision of procurement and value-added services. The Tenant is a wholly-owned subsidiary of the Company and is principally engaged in investment holding and procurement agency business.

The Landlord is principally engaged in property investment. As at the date of this announcement, the entire issued share capital of the Landlord is owned as to 50% by Mr. Wang, an executive Director, the chairman and the chief executive officer of the Company and a director of the Tenant, and as to 50% by his spouse. Accordingly, the Landlord is an associate of Mr. Wang and a connected person of the Company under the Listing Rules and the tenancy arrangement as contemplated under the Tenancy Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

The annual rent (exclusive of rates and government rent) payable by the Tenant under the Tenancy Agreement will be HK\$2,400,000 (equivalent to approximately US\$308,483) and the applicable percentage ratios (as prescribed under Chapter 14 of the Listing Rules) exceed 0.1% but are less than 5%. Accordingly, the tenancy arrangement as contemplated under the Tenancy Agreement will only be subject to the reporting and announcement requirements as set out in Rules 14A.45 to 14A.47 of the Listing Rules and is exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“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
“Director(s)”	the director(s) of the Company
“Group”	collectively, the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China

“Landlord”	Sky Fame Group Limited, a company incorporated in Hong Kong and owned as to 50% by Mr. Wang and as to 50% by his spouse
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wang”	Mr. WANG Lu Yen, an executive Director, the chairman and the chief executive officer of the Company and a director of the Tenant
“Premises”	Flat 85 on 9/F. and Flat 85 on 10/F., Tower 15, Hong Kong Parkview and Carpark Space Nos. 1026 and 1040 of Entrance 1 (Level 6), 88 Tai Tam Reservoir Road, Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement dated 15 April 2011 and entered into between the Tenant and the Landlord
“Tenant”	Linmark (HK) Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

All amounts in US\$ have been translated in HK\$ at a rate of US\$1 = HK\$7.78 in this announcement for illustration purpose only. The exchange rate does not constitute representations that any amount has been, could have been, or may be exchanged at this or any other rates at all.

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

Hong Kong, 15 April 2011

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.

* *For identification purpose only*