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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 2010

INTERIM RESULTS HIGHLIGHTS:

- Shipment value amounted to approximately US\$145.7 million (equivalent to HK\$1,136.5 million), a decrease of approximately 18.7% as compared to approximately US\$179.2 million (equivalent to HK\$1,397.8 million) for the corresponding period last year.
- Revenue increased by approximately 2.7% to approximately US\$51.3 million (equivalent to HK\$400.1 million) as compared to approximately US\$49.9 million (equivalent to HK\$389.2 million) for the corresponding period last year.
- Profit for the period under review amounted to approximately US\$621,000 (equivalent to HK\$4.8 million) as compared to approximately US\$442,000 (equivalent to HK\$3.4 million) for the corresponding period last year.
- The directors of the Company have declared an interim dividend of 0.31 HK cent per ordinary share in respect of the six months ended 31 October 2010, which should be payable on or about 14 January 2011 in cash to shareholders whose names appear on the register of members of the Company on 6 January 2011.

UNAUDITED INTERIM RESULTS

The board (“Board”) of directors (“Directors”) of Linmark Group Limited (“Company” or “Linmark”) announces the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (together, the “Group”) for the six months ended 31 October 2010, 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	
		2010	2009
		(Unaudited)	(Unaudited)
	Note	US\$'000	US\$'000
Revenue	3	51,272	49,929
Cost of sales		<u>(39,592)</u>	<u>(35,008)</u>
Gross profit		11,680	14,921
Other income		578	474
General and administrative expenses		(11,561)	(13,772)
Loss on deregistration of branches		–	(1,036)
Share of loss of a jointly-controlled entity		<u>(1)</u>	<u>(2)</u>
Profit before tax	4	696	585
Income tax expense	5	<u>(75)</u>	<u>(143)</u>
Profit for the period attributable to owners of the Company		<u>621</u>	<u>442</u>
Dividends	6	<u>272</u>	<u>651</u>
Earnings per share attributable to owners of the Company (expressed in US cent)			
– Basic	7	<u>0.1</u>	<u>0.1</u>
– Diluted		<u>0.1</u>	<u>0.1</u>

Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended

31 October

2010

2009

(Unaudited)

(Unaudited)

US\$'000

US\$'000

Profit for the period	<u>621</u>	<u>442</u>
Exchange differences:		
– on translation of foreign operations	(62)	(560)
– reclassification adjustment for loss on deregistration of branches included in the consolidated income statement	<u>–</u>	<u>1,036</u>
Other comprehensive income for the period, net of tax	<u>(62)</u>	<u>476</u>
Total comprehensive income for the period, net of tax	<u>559</u>	<u>918</u>

Condensed Consolidated Interim Statement of Financial Position

		31 October 2010 (Unaudited) US\$'000	30 April 2010 (Audited) US\$'000
	<i>Note</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	8	477	786
Intangible assets		26,333	26,333
Available-for-sale financial asset		84	84
Investment in a jointly-controlled entity		14	15
Deferred tax assets		109	94
		<hr/>	<hr/>
Total non-current assets		27,017	27,312
		<hr/>	<hr/>
CURRENT ASSETS			
Inventories		141	69
Trade receivables	9	8,425	5,324
Prepayments, deposits and other receivables		2,240	7,422
Cash and cash equivalents		17,065	20,953
		<hr/>	<hr/>
Total current assets		27,871	33,768
		<hr/>	<hr/>
CURRENT LIABILITIES			
Trade payables	10	7,953	5,371
Accruals and other payables		6,998	10,410
Balance of consideration payable for acquisitions of subsidiaries	11	–	1,149
Tax payable		1,753	1,771
		<hr/>	<hr/>
Total current liabilities		16,704	18,701
		<hr/>	<hr/>
NET CURRENT ASSETS		11,167	15,067
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		38,184	42,379
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Post-employment benefits		1,208	1,254
		<hr/>	<hr/>
Total non-current liabilities		1,208	1,254
		<hr/>	<hr/>
NET ASSETS		36,976	41,125
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Issued capital		13,581	13,500
Reserves		23,395	27,625
		<hr/>	<hr/>
TOTAL EQUITY		36,976	41,125
		<hr/> <hr/>	<hr/> <hr/>

Notes:

1. Basis of preparation

The condensed consolidated interim financial statements of the Group for the six months ended 31 October 2010 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 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 2010.

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 2010, except for the adoption of the new and revised International Financial Reporting Standards (“IFRSs”) and International Financial Reporting Interpretations Committee (“IFRIC”) interpretations as noted below.

IFRS 1 (Revised)	<i>First-time Adoption of International Financial Reporting Standards</i> ¹
IFRS 1 Amendments	<i>Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards – Additional Exemptions for First-time Adopters</i> ²
IFRS 2 Amendments	<i>Amendments to IFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions</i> ²
IFRS 3 (Revised)	<i>Business Combinations</i> ¹
IAS 27 (Revised)	<i>Consolidated and Separate Financial Statements</i> ¹
IAS 32 Amendment	<i>Amendment to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues</i> ³
IAS 39 Amendment	<i>Amendment to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items</i> ¹
IFRIC 17	<i>Distributions of Non-cash Assets to Owners</i> ¹
Amendments to IFRS 5 included in <i>Improvements to IFRSs</i> issued in May 2008	<i>Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary</i> ¹

Apart from the above, the International Accounting Standards Board has issued *Improvements to IFRSs 2009* which set out amendments to a number of IFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments in the *Improvements to IFRSs 2009* are effective for annual periods beginning on or after 1 July 2009, except for the amendments to IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36 and IAS 39, which are effective for annual periods beginning on or after 1 January 2010.

¹ Effective for annual periods beginning on or after 1 July 2009

² Effective for annual periods beginning on or after 1 January 2010

³ Effective for annual periods beginning on or after 1 February 2010

The adoption of these new 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.

3. Operating segment information

For management purposes, the Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

- (a) sales of merchandise (garments, labels and consumer electronic products); and
- (b) provision of services (procurement service and value-added services relating to the procurement agency business).

Management monitors the operating results of its business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

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 2010 and 2009.

	Sales of merchandise (Unaudited) US\$'000	2010 Provision of services (Unaudited) US\$'000	Total (Unaudited) US\$'000
Segment revenue:			
Revenue from external customers	<u>43,688</u>	<u>7,584</u>	<u>51,272</u>
Segment results	<u>243</u>	<u>572</u>	<u>815</u>
Interest income			51
Gain on disposal of a subsidiary			13
Share of loss of a jointly-controlled entity			(1)
Corporate and other unallocated expenses			<u>(182)</u>
Profit before tax			696
Income tax expense			<u>(75)</u>
Profit for the period			<u>621</u>
Other segment information:			
Depreciation	107	136	243
Capital expenditures	35	26	61
Impairment of trade receivables	-	134	<u>134</u>

	Sales of merchandise (Unaudited) <i>US\$'000</i>	2009 Provision of services (Unaudited) <i>US\$'000</i>	Total (Unaudited) <i>US\$'000</i>
Segment revenue:			
Revenue from external customers	40,124	9,805	49,929
Segment results	874	1,134	2,008
Interest income			24
Loss on deregistration of branches			(1,036)
Share of loss of a jointly-controlled entity			(2)
Corporate and other unallocated expenses			(409)
Profit before tax			585
Income tax expense			(143)
Profit for the period			442
Other segment information:			
Depreciation	124	325	449
Amortisation of intangible assets	30	84	114
Capital expenditures	200	173	373
Impairment of trade receivables	25	25	50

4. Profit before tax

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

	For the six months ended	
	31 October	
	2010	2009
	(Unaudited)	(Unaudited)
	<i>US\$'000</i>	<i>US\$'000</i>
Depreciation	243	449
Amortisation of intangible assets	–	114
Gain on disposal of a subsidiary	(13)	–
(Gain)/loss on disposal of items of property, plant and equipment	(193)	37
Loss on deregistration of branches	–	1,036

5. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 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	
	2010	2009
	(Unaudited)	(Unaudited)
	US\$'000	US\$'000
Current		
– Hong Kong	81	111
– Outside Hong Kong	41	56
Overprovision in prior years	(32)	(24)
Deferred	(15)	–
	<hr/>	<hr/>
Total tax charge for the period	75	143
	<hr/> <hr/>	<hr/> <hr/>

6. Dividends

On 14 January 2010, a dividend of 0.75 HK cent per ordinary share was paid to shareholders of the Company as the interim dividend in respect of the six months ended 31 October 2009.

On 8 September 2010, a final dividend of 0.75 HK cent per ordinary share and a special dividend of 6 HK cents per ordinary share in respect of the year ended 30 April 2010 were paid to shareholders of the Company.

The directors of the Company have declared an interim dividend of 0.31 HK cent per ordinary share in respect of the six months ended 31 October 2010, which should be payable on or about 14 January 2011 in cash to shareholders whose names appear on the register of members of the Company on 6 January 2011.

7. Earnings per share

The calculation of basic earnings per share for the period is based on the profit attributable to owners of the Company of approximately US\$621,000 (2009: US\$442,000), and the weighted average number of 678,781,397 (2009: 674,994,644) ordinary shares in issue during the period.

The calculation of diluted earnings per share for the six months ended 31 October 2010 is based on the profit attributable to owners of the Company of approximately US\$621,000 (2009: US\$442,000). The weighted average number of ordinary shares used in the calculation was the 678,781,397 (2009: 674,994,644) ordinary shares in issue during the period, as used in the basic earnings per share calculation; and approximately 13,237,000 (2009: 7,683,000) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options.

8. Additions in property, plant and equipment

During the six months ended 31 October 2010, the Group spent approximately US\$61,000 (2009: US\$373,000) 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 2010 (Unaudited) US\$'000	30 April 2010 (Audited) US\$'000
Within 30 days	5,686	3,535
31 to 60 days	1,612	1,132
61 to 90 days	653	474
91 to 365 days	628	440
Over 1 year	1,138	994
	<hr/>	<hr/>
	9,717	6,575
Impairment	(1,292)	(1,251)
	<hr/>	<hr/>
	8,425	5,324
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Note:

The trade receivables aged over 90 days are being carefully monitored by the management. Approximately US\$1.3 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 2010 (Unaudited) US\$'000	30 April 2010 (Audited) US\$'000
Within 30 days	5,649	3,170
31 to 60 days	1,791	1,496
61 to 90 days	163	350
91 to 365 days	59	74
Over 1 year	291	281
	<hr/>	<hr/>
	7,953	5,371
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11. Balance of consideration payable for acquisitions of subsidiaries

At 30 April 2010, the balance of consideration payable of approximately US\$1,149,000 represented the estimated amounts payable for the acquisition of Dowry Peacock Group Limited and its subsidiaries (collectively referred to as "Dowry Peacock"). On 14 May 2010, 4,074,635 ordinary shares of US\$0.02 each of the Company were issued at a price of HK\$2.284 (equivalent to US\$0.29) per share to settle the balance consideration for the acquisition of 60% equity interest in Dowry Peacock.

12. Related party transactions

- (a) During the six months ended 31 October 2010, the Group had the following related party transactions:

		For the six months ended 31 October	
		2010	2009
		(Unaudited)	(Unaudited)
	<i>Note</i>	<i>US\$'000</i>	<i>US\$'000</i>
Rental expense paid to a related company	(i)	64	126
Commission income from a related company	(ii)	21	–

Notes:

- (i) Rental expense was determined based on the market rate and floor area.
- (ii) Commission income was received based on the terms agreed by both parties.
- (b) Compensation of key management personnel of the Group:

	For the six months ended 31 October	
	2010	2009
	(Unaudited)	(Unaudited)
	<i>US\$'000</i>	<i>US\$'000</i>
Short term employee benefits	586	537
Post-employment benefits – defined contribution plans	32	32
Share-based payments	26	29
Total compensation paid to key management personnel	644	598

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Overview

For the six months ended 31 October 2010, shipment value amounted to approximately US\$145.7 million (equivalent to HK\$1,136.5 million), a decline of approximately 18.7% as compared to the corresponding period last year. This was mainly due to the loss of volume from a key customer in North America, as announced in the interim report of the Company for the six months ended 31 October 2009. The Group recorded a year-on-year increase in revenue by approximately 2.7% to approximately US\$51.3 million (equivalent to HK\$400.1 million). Profit for the period amounted to approximately US\$621,000 (equivalent to HK\$4.8 million) as compared to approximately US\$442,000 (equivalent to HK\$3.4 million) for the corresponding period last year, which included a non-cash expense item of approximately US\$1.0 million (equivalent to HK\$7.8 million) exchange loss arising from deregistration of overseas branches.

General and administration expenses fell by approximately 16.1% year-on-year to approximately US\$11.6 million (equivalent to HK\$90.5 million) as compared to the corresponding period last year. The decline in expenses reflected the effectiveness of the Group's restructuring plan and cost control measures.

Segmental Analysis

The table below shows the shipment value to different markets during the period under review as compared to amounts in the previous corresponding period:

	Shipment value For the six months ended 31 October	
	2010 (Unaudited) <i>US\$' million</i>	2009 (Unaudited) <i>US\$' million</i>
North America	69.6	100.2
Europe	35.7	39.4
Others	40.4	39.6
Total	<u>145.7</u>	<u>179.2</u>

In terms of market segments, shipment to North America fell by approximately 30.5% year-on-year to approximately US\$69.6 million (equivalent to HK\$542.9 million).

Shipment to Europe decreased by approximately 9.4%, and it now accounts for approximately 24.5% of the Group's total shipment value.

Shipment grouped under "Others", consisting of shipment to the southern hemisphere, registered growth of approximately 2.0% to approximately US\$40.4 million (equivalent to HK\$315.1 million).

Update on Indian Tax Case

In November 2010, the Income Tax Appellate Tribunal (“ITAT”) in India issued an order (“Order”) regarding the tax appeals lodged by the Group. The Order held that only 50% of the commission income was attributed to the India operations of Linmark International (Hong Kong) Limited (“Linmark HK”), a subsidiary of the Company. Consequently, Linmark HK is not liable to pay tax and related interest in respect of its India operations for the years 1999/2000 to 2005/2006.

According to the advice of the Group’s tax adviser, the Order of ITAT may be subject to further appeal by the tax authority in India against the issues decided in favour of Linmark HK. In view of the uncertainty, the Group will not recognise a tax credit in the profit and loss accounts until the refund of tax previously paid is confirmed.

In addition, in relation to the penalty demand raised by the tax authority in India in March 2010, the Group maintains its view that there are sufficient grounds for pursuing the appeals and therefore no provision has been made in the financial statements as at 31 October 2010 in this respect.

Hong Kong Tax Case

In response to the enquiries received from the Inland Revenue Department in Hong Kong (“IRD”) on the modus operandi of the Group and the chargeability of the profits thereof, an independent tax adviser has been engaged to handle this case and relevant information has been furnished to the IRD. Consequent upon these enquiries, the Group purchased a Tax Reserve Certificate from the IRD during the period under review for HK\$700,000 regarding holdover of the tax demanded under the protective assessment on one of the Company’s subsidiaries in Hong Kong. Taking into account the advice given by the independent tax adviser, the Group is of the view that there are sufficient grounds to support the tax filings for the years of assessment in question.

Financial Review

The Group’s financial position remains healthy with cash and cash equivalents of approximately US\$17.1 million (equivalent to HK\$133.4 million) as at 31 October 2010. In addition, the Group has total banking facilities of approximately US\$32.9 million (equivalent to HK\$256.6 million) including borrowing facilities of approximately US\$0.3 million (equivalent to HK\$2.3 million) as at 31 October 2010.

The Group has a current ratio of 1.7 and a gearing ratio of zero, based on no interest-bearing borrowings and total equity of approximately US\$37.0 million (equivalent to HK\$288.6 million) as at 31 October 2010. There has not been any material change in the Group’s borrowings since 31 October 2010.

Trade receivables increased from approximately US\$5.3 million (equivalent to HK\$41.3 million) as at 30 April 2010 to approximately US\$8.4 million (equivalent to HK\$65.5 million) as at 31 October 2010. Trade receivables aged over 90 days, which amounted to approximately US\$1.8 million (equivalent to HK\$14.0 million), are being carefully monitored by management. Approximately US\$1.3 million (equivalent to HK\$10.1 million) of these balances was covered by the impairment.

The Group’s net asset value as at 31 October 2010 was approximately US\$37.0 million (equivalent to HK\$288.6 million).

The Group has no material contingent liability as at 31 October 2010, and there has been no material change since then.

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

Remuneration Policy and Staff Development Scheme

As at 31 October 2010, the Group had 484 staff. The total staff costs for the period under review amounted to approximately US\$7.9 million (equivalent to HK\$61.6 million) (2009: US\$9.2 million (equivalent to HK\$71.8 million)). The Group offers competitive remuneration schemes to its employees based on industry practices, individual and the Group's performance. In addition, share options and discretionary bonuses are also granted to eligible staff based on both the Group's as well as individual performance.

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

On 28 July 2009, LEL, a company incorporated in the United Kingdom ("UK") and a 60% subsidiary of the Company, filed a notice of appointment of administrators in the UK ("Administration"), pursuant to which joint administrators ("Administrators") of LEL were appointed ("Appointment") pursuant to paragraph 22 of Schedule B1 to the Insolvency Act 1986 of the UK. Upon the Appointment, the legal control of business of LEL was transferred from the directors of LEL to the Administrators. Since then, the Company has lost control over the financial and operating policies of LEL and therefore, the financial results of LEL have ceased to be consolidated with those of the Group upon the Appointment.

As stated in the announcement of the Company dated 27 January 2010, according to the Administrators, on 25 January 2010 (UK time), LEL moved from Administration to creditors' voluntary liquidation ("Liquidation") and the Administrators were appointed the liquidators ("Liquidators") pursuant to paragraph 83 of Schedule B1 to the Insolvency Act 1986 of the UK and as approved by the creditors of LEL.

The Liquidators will adjudicate creditor claims, following which they anticipate paying a dividend to creditors of LEL. The level of dividend will not be known until all creditor claims have been agreed, asset realisations finalised and the costs of the Liquidation provided for. Following this process, the Liquidators will take steps to dissolve LEL.

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 as mentioned above and the dividend payment from LEL (the quantum of which, if any, is uncertain), at present, the Board does not expect the Liquidation to have any other material impact on the Group.

Prospects

The difficult business environment continues due to persistently high unemployment rates and low consumer confidence, particularly in North America and Europe, making customers wary about placing orders.

Other unfavourable factors, notably soaring raw material prices, rising labour costs in China and the appreciation of the Renminbi have led to higher production costs, which have reduced margins as well as business growth. Overall, customers remain conservative in buying and maintain high pressure on keeping prices low. Management expects these trends to continue for the rest of this financial year.

Addressing these trends and improving its competitive position, the Group will explore other more cost-effective locations for sourcing and shift more of its production outside of China or to other areas of China offering reduced overhead.

Management will continue to raise the standard of customer service to current customers and boost efforts to acquire new accounts. At the same time, management will continue to streamline operations and reduce expenses to mitigate the impact of the lower shipment volume. The Group will also explore strategic partnership and merger and acquisition opportunities to diversify and strengthen its product line to customers in both existing and new markets.

Although management sees challenges in the short term, it maintains an overall positive view on the Group's long term prospects.

INTERIM DIVIDEND

The Directors have declared the payment of an interim dividend of 0.31 HK cent per ordinary share in respect of the six months ended 31 October 2010 and such interim dividend will be paid in cash on or about 14 January 2011 to shareholders whose names appear on the register of members of the Company on 6 January 2011.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement to the interim dividend for the period under review, the register of members of the Company will be closed from Tuesday, 4 January 2011 to Thursday, 6 January 2011, 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 Monday, 3 January 2011.

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 2010 have been reviewed by Ernst & Young, the external auditors of the Company, in accordance with the International Standard on Review Engagements No. 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 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 2010.

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 annual report of the Company for the year ended 30 April 2010, in which the Company reported the adoption of most of the Code Provisions (“Code Provisions”) as stated in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange as the Code on Corporate Governance Practices (“Code”) of the Company, save for the modifications made to Code Provision B.1.3. For the period under review, save for the deviation from Code Provision A.2.1 and the modifications made to Code Provision B.1.3, the Company has fully complied with the Code Provisions of the Code.

Code Provision A.2.1

Following the resignation of Mr. Michel BOURLON as chief executive officer and executive director of the Company with effect from 8 October 2010, Mr. WANG Lu Yen, the chairman of the Company, has also taken up the post of chief executive officer of the Company. Such practice deviates from Code Provision A.2.1 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.

Code Provision B.1.3

The terms of reference of the remuneration committee were in compliance with the Code Provisions except that Code Provisions B.1.3(a) and B.1.3(b) have been combined and modified such that the remuneration committee has the power to do such things and to approve all matters in relation to compensation regarding all the directors and the senior management of the Group in accordance with the terms and conditions of their respective agreement/contract with the Company,

or as the case may be, the relevant subsidiary of the Company. In addition, the remuneration committee is also delegated with the authority to exercise all the powers of the Board in relation to the share option scheme of the Company.

Management considers that the remuneration committee can better serve its functions under the modified terms (“Modified Terms”) of reference of the remuneration committee set out above as its duties under the Modified Terms are more extensive and onerous than those prescribed in the Code Provisions. The Company therefore proposes that the remuneration committee shall continue to abide by the provisions of the Modified Terms in the future. The Board will review the terms regularly and make appropriate changes if necessary.

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.

CHANGE OF THE ADDRESS OF THE PRINCIPAL PLACE OF BUSINESS

Due to the change in name of the office tower where the Company’s head office and principal place of business in Hong Kong is situated at (“Address”), the Address will be changed from 1123, Hongkong International Trade & Exhibition Centre, 1 Trademart Drive, Kowloon Bay, Kowloon, Hong Kong to 1123, Kowloonbay International Trade & Exhibition Centre, 1 Trademart Drive, Kowloon Bay, Kowloon, Hong Kong with effect from 1 January 2011.

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 2011 interim report will be despatched to the shareholders and available on the same websites on or about 21 December 2010.

By Order of the Board

WANG Lu Yen

Chairman & Chief Executive Officer

Hong Kong, 14 December 2010

Head Office and Principal Place of Business in Hong Kong:

1123, Hongkong International Trade & Exhibition Centre

1 Trademart Drive

Kowloon Bay, Kowloon

Hong Kong

* *For identification purpose only*