
THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offers, this Composite Document and/or the accompanying Form(s) of Acceptance or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Linmark Group Limited, you should at once hand this Composite Document and the accompanying Form(s) of Acceptance to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

This Composite Document should be read in conjunction with the accompanying Form(s) of Acceptance, the contents of which form part of the terms and conditions of the Offers contained in this Composite Document.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the accompanying Form(s) of Acceptance, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Form(s) of Acceptance.

**DAOHE GLOBAL
INVESTMENT HOLDING
LIMITED**
道和環球投資控股有限公司
*(Incorporated in the Republic of Seychelles with
limited liability)*


LINMARK GROUP LIMITED
林麥集團有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 915)

**COMPOSITE OFFER AND RESPONSE DOCUMENT RELATING TO
THE UNCONDITIONAL MANDATORY CASH OFFERS BY
CHINA GALAXY INTERNATIONAL SECURITIES (HONG KONG) CO., LIMITED
FOR AND ON BEHALF OF THE OFFEROR
FOR ALL THE ISSUED SHARES IN THE COMPANY
(OTHER THAN THOSE SHARES ALREADY OWNED
AND/OR AGREED TO BE ACQUIRED BY THE OFFEROR
AND PARTIES ACTING IN CONCERT WITH IT)
AND FOR THE CANCELLATION OF
ALL OUTSTANDING OPTIONS OF THE COMPANY**

Financial Adviser to the Offeror



Independent Financial Adviser to the Independent Board Committee



A letter from China Galaxy containing, amongst other things, details of the terms and conditions of the Offers is set out on pages 7 to 18 of this Composite Document. A letter from the Board is set out on pages 19 to 24 of this Composite Document. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders and the Option Holders in respect of the Offers is set out on pages 25 to 26 of this Composite Document. A letter from Centurion containing its advice and recommendation to the Independent Board Committee in respect of the Offers is set out on pages 27 to 58 of this Composite Document.

The procedures for acceptance and settlement of the Offers are set out in Appendix I to this Composite Document and in the accompanying Form(s) of Acceptance.

Acceptances of the Offers should be received by the Registrar (in respect of the Share Offer) or the Company (in respect of the Option Offer) by no later than 4:00 p.m. on Monday, 23 February 2015 or such later time and/or date as the Offeror may determine and announce with the consent of the Executive, in accordance with the Takeovers Code.

Capitalized terms used in this cover page shall have the same meanings as those defined in the section headed "DEFINITIONS" in this Composite Document.

* *For identification purpose only*

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EXPECTED TIMETABLE

The timetable set out below is indicative and is subject to change. Any changes to the timetable will be jointly announced by the Offeror and the Company. All the time and date references contained in this Composite Document refer to Hong Kong time and dates.

Despatch date of this Composite Document and
the accompanying Form(s) of Acceptance and
commencement of the Offers (*Note 1*) Monday,
23 February 2015

Latest time and date for acceptance
of the Offers (*Note 2*) 4:00 p.m. on Monday,
23 February 2015

Closing Date of the Offers (*Note 2*) Monday,
23 February 2015

Announcement of the results of the Offers
on the website of the Stock Exchange (*Note 2*) by 7:00 p.m. on Monday,
23 February 2015

Latest date of posting of remittances in respect of
valid acceptances received under the Offers (*Note 3*) Wednesday,
4 March 2015

Notes:

- (1) The Offers, which are unconditional in all respects, are made on 2 February 2015, the date of this Composite Document, and are capable of acceptance on and from that date until the Closing Date.
- (2) The Offers must remain open for acceptance for at least 21 days following the date on which this Composite Document is posted. The Offers will be closed at 4:00 p.m. on the Closing Date unless the Offeror revises or extends the Offers in accordance with the Takeovers Code. An announcement will be jointly issued by the Company and the Offeror through the website of the Stock Exchange by 7:00 p.m. on the Closing Date stating the results of the Offers and whether the Offers have been revised or extended or have expired. In the event that the Offeror decides that the Offers will remain open, the announcement will state the next closing date of the Offers or that the Offers will remain open until further notice. In the latter case, at least 14 days' notice in writing will be given, before the Offers are closed, to those Independent Shareholders and Option Holders who have not accepted the Offers. If there is a tropical cyclone warning signal number 8 or above or a black rainstorm warning signal in force on the Closing Date and (i) not cancelled in time for trading on the Stock Exchange to resume in the afternoon, the time and date of the close of the Offers will be postponed to 4:00 p.m. on the next Business Day which does not have either of those warnings in force in Hong Kong or such other day as the Executive may approve; or (ii) cancelled in time for trading on the Stock Exchange to resume in the afternoon, the time and date of the close of the Offers will be the same day, i.e. 4:00 p.m. on the Closing Date.
- (3) Remittances in respect of acceptance of the Offers (after deducting the seller's Hong Kong ad valorem stamp duty in the case of Share Offer) will be made as soon as possible but in any event within seven (7) Business Days of the date on which the duly completed acceptance of the Offers and the relevant documents of title of the Shares or the Options (as the case may be) in respect of such acceptance are received by the Registrar or for the Offeror to render each such acceptance of any of the Share Offer and the Option Offer complete and valid. Remittances in respect of acceptance of the Offers will be despatched to the accepting Independent Shareholders or Option Holders by ordinary post at their own risk.

DEFINITIONS

In this Composite Document, unless the context otherwise requires, the following expressions have the following meanings:

“acting in concert”	has the meaning defined in the Takeovers Code;
“Adviser Appointment Letter”	means the letter of appointment entered into between the Company and Mr. Wang at Completion in connection with the appointment of Mr. Wang as the honorary chairman of the Company from the date of his resignation as a Director of the Company until one year from the Completion Date;
“associate(s)”	has the meaning ascribed thereto under the Takeovers Code;
“Board”	means the board of Directors;
“Business Day(s)”	means a day on which the Stock Exchange is open for the transaction of business;
“BVI”	means the British Virgin Islands;
“CCASS”	means the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited;
“China Galaxy”	means China Galaxy International Securities (Hong Kong) Co., Limited, a corporation licensed by the SFC to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and the financial adviser to the Offeror in respect of the Offers;
“Closing Date”	means 23 February 2015, being the closing date of the Offers which is not less than 21 days following the date on which this Composite Document was posted (or such other date as revised or extended in accordance with the Takeovers Code);
“Company”	means Linmark Group Limited, a company incorporated in Bermuda with limited liability and its Shares are listed on the Main Board of the Stock Exchange (stock code: 915);
“Completion”	means the completion of the Sale and Purchase Agreement;
“Completion Date”	means 26 January 2015, being the date on which Completion took place;

DEFINITIONS

“Composite Document”	means this composite offer and response document dated 2 February 2015 jointly issued by the Offeror and the Company to all Independent Shareholders and Option Holders in accordance with the Takeovers Code in connection with the Offers;
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules;
“Deed of Indemnity”	means the deed of indemnity entered into by the Vendors at Completion in favour of the Offeror in respect of certain tax liabilities of the Group;
“Director(s)”	means the director(s) of the Company;
“Encumbrances”	means a mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption, third-party right or interest, other encumbrance or security interest of any kind, or another type of preferential arrangement (including, without limitation, a title transfer or retention arrangement) having similar effect;
“Executive”	means the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director;
“Forms of Acceptance”	means the WHITE Form of Share Offer Acceptance and the PINK Form of Option Offer Acceptance (accompanying this Composite Document), and “Form of Acceptance” means either of them;
“Group”	means collectively, the Company and its subsidiaries from time to time;
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC;

DEFINITIONS

“Independent Board Committee”	means an independent committee of the Board comprising the non-executive Director (being Mr. WONG Wai Ming) and all the independent non-executive Directors (being Mr. WANG Arthur Minshiang, Mr. TSE Hau Yin, Aloysius and Mr. Jakob Jacobus Koert TULLENERS), who have no direct or indirect interest in the Offers save for their interests in the Shares and Options held by them as disclosed in the Joint Announcement and this Composite Document, established on 7 January 2015 for the purpose of advising the Independent Shareholders and Option Holders in respect of the Offers and in particular as to whether the terms of the Offers are fair and reasonable and as to acceptance of the Offers;
“Independent Financial Adviser” or “Centurion”	means Centurion Corporate Finance Limited, a corporation licensed by the SFC to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, and the independent financial adviser to the Independent Board Committee in respect of the Offers;
“Independent Shareholders”	means the Shareholders other than the Offeror, parties acting in concert with it and those who are involved in or interested in the Offers;
“Interim Report”	means the interim report of the Company for the six months ended 31 October 2014;
“Joint Announcement”	means the announcement dated 12 January 2015 jointly issued by the Company and the Offeror, in relation to, among other things, the Sale and Purchase Agreement and the Offers;
“Last Trading Day”	means 17 December 2014, being the last day on which the Shares were traded on the Stock Exchange prior to the suspension of trading in the Shares on 18 December 2014 pending the release of the Joint Announcement;
“Latest Practicable Date”	means 30 January 2015, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein;
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange;

DEFINITIONS

“LOI”	means the letter of intent in relation to the possible acquisition by the Offeror of the Sale Shares entered into between Roly and the Offeror on 20 November 2014 and the extension letter dated 11 December 2014 referred to in the LOI Announcement and the announcement dated 11 December 2014 issued by the Company;
“LOI Announcement”	means the announcement dated 3 December 2014 issued by the Company in relation to, among other things, the LOI (as updated by an announcement dated 11 December 2014 issued by the Company);
“Main Board”	means the main board maintained and operated by the Stock Exchange;
“Mr. Wang”	means Mr. WANG Lu Yen, the chairman and chief executive officer of the Company and an executive Director as at the Latest Practicable Date;
“Mr. Wang Sale Shares”	means 620,000 Shares (representing approximately 0.09% of the issued share capital of the Company as at the Latest Practicable Date), which were sold by Mr. Wang to the Offeror pursuant to the Sale and Purchase Agreement;
“Mr. Wang’s Options”	means the Options held by Mr. Wang to subscribe for up to 500,000 Shares and granted by the Company, which were surrendered and cancelled at Completion;
“Offer Period”	means the period from 3 December 2014, the date of the LOI Announcement until the Closing Date;
“Offeror”	means Daohe Global Investment Holding Limited, an international business company incorporated in the Republic of Seychelles whose registered office is at Second Floor, Capital City, Independence Avenue, P.O. Box 1008, Victoria, Mahé, Republic of Seychelles;
“Offers”	means the Share Offer and Option Offer;
“Option(s)”	means share option(s) granted by the Company pursuant to the share option scheme of the Company adopted on 22 April 2002, which entitle(s) holder(s) thereof to subscribe for the Shares in accordance with the terms and conditions thereof;
“Option Holder(s)”	means holder(s) of the Option(s);

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“Option Offer”	means the unconditional mandatory cash offer to be made by China Galaxy for and on behalf of the Offeror for the cancellation of all outstanding Options held by the Option Holders in accordance with the Takeovers Code as a result of the Completion;
“ PINK Form of Option Offer Acceptance”	means the pink form of acceptance and cancellation of all outstanding Options in respect of the Option Offer;
“PRC”	means the People’s Republic of China;
“Registrar”	means Tricor Standard Limited, the Hong Kong branch share registrar of the Company, situated at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong;
“Relevant Period”	means the period from 3 June 2014, being the date falling six months preceding the commencement of the Offer Period, up to and including the Latest Practicable Date;
“RI Holdings”	means RI Holdings Bermuda Limited, a company incorporated in Bermuda with limited liability and a wholly owned subsidiary of Megastar Holdings Limited, which is in turn a company wholly owned by Mr. Wang;
“RGS”	means RGS Holdings Limited, a company incorporated in the BVI with limited liability and a wholly owned subsidiary of Roly;
“RGS Sale Shares”	means 431,220,000 Shares (representing approximately 63.08% of the issued share capital of the Company as at the Latest Practicable Date), which were sold by RGS to the Offeror pursuant to the Sale and Purchase Agreement;
“Roly”	means Roly International Holdings Ltd., a company incorporated in Bermuda with limited liability and a wholly owned subsidiary of RI Holdings;
“Roly Sale Shares”	means 45,815,619 Shares (representing approximately 6.70% of the issued share capital of the Company as at the Latest Practicable Date), which were sold by Roly to the Offeror pursuant to the Sale and Purchase Agreement;
“Sale and Purchase Agreement”	means the sale and purchase agreement dated 17 December 2014 (as supplemented by a supplemental agreement dated 11 January 2015) entered into by the Vendors as vendors and the Offeror as purchaser of the sale and purchase of the Sale Shares;

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“Sale Shares”	means 477,655,619 Shares, being the aggregate of the Mr. Wang Sale Shares, the Roly Sale Shares and the RGS Sale Shares, representing approximately 69.88% of the total issued share capital of the Company as at the Latest Practicable Date, which were sold by the Vendors to the Offeror pursuant to the Sale and Purchase Agreement;
“SFC”	means the Securities and Futures Commission of Hong Kong;
“SFO”	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	means ordinary share(s) of US\$0.02 each in the share capital of the Company;
“Share Offer”	means the unconditional mandatory cash offer to be made by China Galaxy on behalf of the Offeror to acquire all the issued Shares (other than those Shares already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it) in accordance with the Takeovers Code as a result of the Completion;
“Share Offer Price”	means the cash amount of HK\$1.1776 per Share payable by the Offeror in respect of the Share Offer;
“Shareholder(s)”	means holder(s) for the time being of the Share(s);
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed to it in the Takeovers Code;
“Takeovers Code”	means the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time;
“US\$”	means United States dollars, the lawful currency of the United States of America;
“Vendors”	means Roly, RGS and Mr. Wang;
“ WHITE Form of Share Offer Acceptance”	means the white form of acceptance and transfer of Shares in respect of the Share Offer; and
“%”	means per cent.

LETTER FROM CHINA GALAXY



China Galaxy International Securities
(Hong Kong) Co., Limited
Unit 3501-3507, 35/F
Cosco Tower, Grand Millennium Plaza
183 Queen's Road Central
Sheung Wan
Hong Kong

2 February 2015

To the Independent Shareholders and the Option Holders,

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFERS BY
CHINA GALAXY INTERNATIONAL SECURITIES (HONG KONG) CO., LIMITED
FOR AND ON BEHALF OF THE OFFEROR
FOR ALL THE ISSUED SHARES IN THE COMPANY
(OTHER THAN THOSE SHARES ALREADY OWNED
AND/OR AGREED TO BE ACQUIRED BY THE OFFEROR
AND PARTIES ACTING IN CONCERT WITH IT)
AND FOR THE CANCELLATION OF
ALL OUTSTANDING OPTIONS OF THE COMPANY**

INTRODUCTION

Reference is made to the Joint Announcement and the announcement of the Company dated 26 January 2015 in relation to the completion of the Sale and Purchase Agreement. Terms used in this letter shall have the same meanings as defined in this Composite Document unless the context otherwise requires.

On 17 December 2014, the Vendors and the Offeror entered into the Sale and Purchase Agreement (as supplemented by a supplemental agreement dated 11 January 2015), pursuant to which the Vendors conditionally agreed to sell and the Offeror conditionally agreed to acquire the Sale Shares, representing approximately 69.88% of the entire issued share capital of the Company as at the Latest Practicable Date. The consideration paid by the Offeror under the Sale and Purchase Agreement amounted to HK\$562,463,485 (equivalent to HK\$1.1776 per Sale Share (rounded to 4 decimal places)). Completion took place on 26 January 2015. Upon Completion, the Sale Shares (i.e. an aggregate of 477,655,619 Shares) were transferred by the Vendors to three nominees of the Offeror namely, Sino Remittance Holding Limited, Fame City Developments Limited and Oceanic Force Limited, all of which are wholly-owned subsidiaries of the Offeror, such nominees held as to 348,620,332 Shares, 67,673,359 Shares and 61,361,928 Shares respectively.

Immediately prior to entering into the Sale and Purchase Agreement, the Offeror and parties acting in concert with it did not own or have control over any Shares. Immediately following Completion and as at the Latest Practicable Date, the Offeror and parties acting in

LETTER FROM CHINA GALAXY

concert with it were interested in a total of 477,655,619 Shares, representing approximately 69.88% of the entire issued share capital of the Company. Pursuant to Rules 26.1 and 13.5 of the Takeovers Code, the Offeror and parties acting in concert with it are required to make an unconditional mandatory cash offer for all the issued Shares (other than those Shares already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it) and for the cancellation of all outstanding Options (excluding Mr. Wang's Options which were surrendered (at no cost) to the Company for cancellation at Completion).

This letter sets out, among other things, the principal terms of the Offers, together with information on the Offeror and the Offeror's intentions regarding the Group. Further details of the terms of the Offers and procedures of acceptance and settlement are set out in Appendix I to this Composite Document and the accompanying Forms of Acceptance. Your attention is also drawn to the letter from the Board as well as the letter from the Independent Board Committee and the letter from Centurion in respect of the Offers, as contained in this Composite Document.

UNCONDITIONAL MANDATORY CASH OFFERS

As at the Latest Practicable Date, there were 683,569,279 Shares in issue and 2,358,500 outstanding Options (excluding Mr. Wang's Options, which were surrendered (at no cost) to the Company for cancellation at Completion). Assuming that none of the 2,358,500 outstanding Options is exercised prior to the close of the Offers and there is no change in the issued share capital of the Company up to the close of the Offers, a total of 205,913,660 Shares will be subject to the Share Offer and a total of 2,358,500 Options will be subject to the Option Offer. Assuming that all the outstanding 2,358,500 Options are fully exercised prior to the close of the Offers, and further assuming that there is no other change in the issued share capital of the Company up to the close of the Offers, a total of 208,272,160 Shares will be subject to the Share Offer (and no Option will be subject to the Option Offer).

Save for the outstanding Options, there are no outstanding warrants, options, derivatives or securities convertible into Shares and the Company has not entered into any agreement for the issue of such securities, options, derivatives or warrants of the Company as at the Latest Practicable Date.

Principal Terms of the Offers

China Galaxy is making the Offers for and on behalf of the Offeror to all the Independent Shareholders for all the issued Shares (other than those Shares already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it) and to the Option Holders for the cancellation of all outstanding Options in compliance with Rules 26.1 and 13.5 of the Takeovers Code on the following basis:

The Share Offer
for each Share **HK\$1.1776**

The Option Offer
for cancellation of each outstanding Option (Note) **HK\$0.4776**

LETTER FROM CHINA GALAXY

Note: Details of the outstanding Options are set out in the following table:

Date of grant	Exercise period	Exercise price per Share	Number of new Shares to be issued upon exercise	Offer price per Option
25 August 2009	25 August 2010 to 24 August 2015	HK\$0.7	2,358,500	HK\$0.4776

The Share Offer Price of HK\$1.1776 for each Share under the Share Offer is the same as the price per Sale Share of HK\$1.1776 (rounded to 4 decimal places) at which the Sale Shares were acquired by the Offeror pursuant to the Sale and Purchase Agreement.

Pursuant to Rule 13 of the Takeovers Code and Practice Note 6 of the Takeovers Code, the offer price for the outstanding Options will normally represent the difference between the exercise price of the outstanding Options and the Share Offer Price. Under the Option Offer, since the exercise price to subscribe for each Share under the outstanding Options is HK\$0.7 and the Share Offer Price is HK\$1.1776 per Share, the offer price for each outstanding Option is HK\$0.4776.

Comparison of value

The Share Offer Price of HK\$1.1776 per Share represents:

- (i) a premium of approximately 86.92% to the closing price of HK\$0.63 per Share as quoted on the Stock Exchange on 28 November 2014, being the last Business Day on which the Shares were traded on the Stock Exchange prior to the commencement of the Offer Period;
- (ii) a premium of approximately 14.33% to the closing price of HK\$1.03 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 26.62% to the average closing price of HK\$0.93 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 39.36% to the average closing price of HK\$0.845 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;
- (v) a premium of approximately 84.0% to the average closing price of approximately HK\$0.64 per Share as quoted on the Stock Exchange for the last thirty consecutive trading days up to and including the Last Trading Day;
- (vi) a premium of approximately 198.88% over the unaudited consolidated net asset value of the Company of approximately HK\$0.394 per Share as at 31 October 2014 as set out in the Interim Report; and

LETTER FROM CHINA GALAXY

(vii) a discount of approximately 5.79% to the closing price of HK\$1.25 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Highest and lowest Share prices

The highest closing price of the Share as quoted on the Stock Exchange during the Relevant Period was HK\$1.26 per Share on 28 January 2015. The lowest closing price of the Shares as quoted by the Stock Exchange during the Relevant Period was HK\$0.40 on 24 July 2014 and 11 August 2014 (and various other dates between such period).

Total value of the Offers

At Completion, Mr. Wang surrendered (at no cost) to the Company for cancellation all the 500,000 Options held by him and waived all rights in relation thereto. As at the Latest Practicable Date, there were 2,358,500 outstanding Options.

Assuming that none of the 2,358,500 outstanding Options is exercised prior to the close of the Offers and there is no change in the issued share capital of the Company up to the close of the Offers, there would be 683,569,279 Shares in issue upon the close of the Offers. On the basis of the Share Offer Price of HK\$1.1776 per Share, the issued share capital of the Company upon the close of the Offers would be valued at approximately HK\$804,971,183.

Assuming that all of the 2,358,500 outstanding Options are fully exercised prior to the close of the Offers and there is no other change in the issued share capital of the Company up to the close of the Offers, there would be 685,927,779 Shares in issue upon the close of the Offers. On the basis of the Share Offer Price of HK\$1.1776 per Share, the issued share capital of the Company upon the close of the Offers would be valued at approximately HK\$807,748,553.

Based on the respective offer prices for the Shares and the outstanding Options as referred to in the paragraph headed "Principal Terms of the Offers" above, assuming that none of the 2,358,500 outstanding Options subject to the Option Offer is exercised prior to the close of the Offers and there is no change in the issued share capital of the Company up to the close of the Offers, a total of 205,913,660 Shares will be subject to the Share Offer and a total of 2,358,500 Options will be subject to the Option Offer. On the basis of full acceptance of the Offers, the cash consideration payable by the Offeror under the Share Offer and the Option Offer would be approximately HK\$242,483,926 and approximately HK\$1,126,420 respectively, amounting to a total of approximately HK\$243,610,346.

Assuming that all of the 2,358,500 outstanding Options subject to the Option Offer are exercised in full prior to the close of the Offers, an aggregate of 2,358,500 new Shares would be issued by the Company. On such basis, further assuming that there is no other change in the issued share capital of the Company up to the close of the Offers, a total of 208,272,160 Shares will be subject to the Share Offer (and no Option will be subject to the Option Offer), and on the basis of full acceptance of the Share Offer, the cash consideration payable by the Offeror under the Share Offer would amount to approximately HK\$245,261,296.

LETTER FROM CHINA GALAXY

The Offeror has nominated Winning Port International Limited, a wholly-owned subsidiary of the Offeror, to hold any Shares which are to be acquired pursuant to the Share Offer.

Financial resources available for the Offers

The Offeror would finance the consideration payable for the Offers from its internal resources. No external financing will be arranged.

China Galaxy, the financial adviser to the Offeror in respect of the Offers, is satisfied that sufficient financial resources are available to the Offeror to satisfy payment of the consideration in respect of the full acceptance of the Offers.

Effect of accepting the Offers

By validly accepting the Share Offer, Independent Shareholders would sell their tendered Shares to the Offeror free from all Encumbrances whatsoever and together with all rights attaching to them, including the rights to receive in full all dividends and other distributions, if any, declared, made or paid by reference to a record date on or after the date on which the Share Offer is made, that is, the date of the posting of this Composite Document.

By validly accepting the Option Offer, Option Holders would agree to the cancellation of their tendered Options and all rights attached thereto with effect from the date on which the Option Offer is made, that is, the date of the posting of this Composite Document.

Acceptance of the Offers by any Independent Shareholder or Option Holder (as the case may be) will be deemed to constitute a warranty by such person that all Shares or Options sold by such person under the Offers are free from all Encumbrances whatsoever and together with all rights accruing or attaching thereto, including, without limitation, the rights to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offers are made.

The Offers are unconditional in all respects and will remain open for acceptance from the date of this Composite Document until 4:00 p.m. on the Closing Date. Acceptance of the Offers would be irrevocable and would not be capable of being withdrawn, subject to the provisions of the Takeovers Code.

Remittances

Remittances in respect of acceptance of the Offers (after deducting the seller's Hong Kong ad valorem stamp duty in the case of Share Offer) would be made as soon as possible but in any event within seven (7) Business Days of the date on which the duly completed acceptance of the Offers and the relevant documents of title of the Shares or the Options (as the case may be) in respect of such acceptance are received by the Registrar or for the Offeror to render such acceptance of any of the Share Offer and the Option Offer complete and valid. Remittances in respect of acceptance of the Offers will be despatched to the accepting Independent Shareholders or Option Holders by ordinary post at their own risk.

LETTER FROM CHINA GALAXY

Hong Kong stamp duty

The seller's Hong Kong ad valorem stamp duty arising in connection with acceptance of the Share Offer amounting to 0.1% of the amount payable in respect of the relevant acceptance or if higher, the market value of the Shares, would be deducted from the amount payable to Independent Shareholders who accept the Share Offer. The Offeror would bear its own portion of the buyer's Hong Kong ad valorem stamp duty at the rate of 0.1% of the amount payable in respect of the relevant acceptance or, if higher, the market value of the Shares, and would be responsible to account to the Stamp Office of Hong Kong for stamp duty payable for the sale and purchase of the Shares which are validly tendered for acceptance under the Share Offer.

No stamp duty is payable in connection with the acceptance of the Option Offer.

Overseas Shareholders and Option Holders

As the Offers to persons not residing in Hong Kong might be affected by the laws of the relevant jurisdiction in which they are resident, overseas Option Holders, and Shareholders whose addresses as shown in the registers of members of the Company are outside Hong Kong and beneficial owners of the Shares or Option Holders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should obtain information about and observe any applicable legal or regulatory requirements and, where necessary, seek legal advice in respect of the Offers. It is the responsibility of the overseas Option Holders and Shareholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions).

Any acceptance by any overseas Shareholders and Option Holders will be deemed to constitute a representation and warranty from such overseas Option Holders and Shareholders to the Offeror that all applicable local laws, regulations and requirements have been complied with. Overseas Option Holders and Shareholders should consult their professional advisers if in doubt.

Taxation advice

Independent Shareholders and Option Holders are recommended to consult their own professional advisers as to the taxation implications of accepting or rejecting the Offers. The Offeror accepts no responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

Acceptance and settlement

Your attention is drawn to the further details regarding the procedures for acceptance and settlement of the Offers as set out in Appendix I to this Composite Document and the accompanying Forms of Acceptance.

LETTER FROM CHINA GALAXY

Shareholding structure of the Company

The table below sets out the shareholding structure of the Company (based on information received by the Company and notified pursuant to Part XV of the SFO as at the Latest Practicable Date) (i) immediately before Completion; and (ii) immediately after Completion and as at the Latest Practicable Date:

	Immediately before Completion		Immediately after Completion and as at the Latest Practicable Date		Immediately after Completion and as at the Latest Practicable Date (assuming all the 2,358,500 outstanding Options are exercised)	
	Approximate		Approximate		Approximate	
	Number of Shares	percentage (%)	Number of Shares	percentage (%)	Number of Shares	percentage (%)
The Vendors						
RGS	431,220,000	63.09	–	–	–	–
Roly	45,815,619	6.70	–	–	–	–
Mr. Wang (Note 1)	620,000	0.09	–	–	–	–
Sub-Total:	477,655,619	69.88	–	–	–	–
The Offeror (and parties acting in concert with it)	–	–	477,655,619	69.88	477,655,619	69.64
Mr. WONG Hing Lin, Dennis (Note 1)	2,500,000	0.37	2,500,000	0.37	2,500,000	0.36
Mr. WONG Wai Ming (Note 2)	100,000	0.01	100,000	0.01	600,000	0.09
Mr. WANG Arthur Minshiang (Note 3)	260,000	0.04	260,000	0.04	572,500	0.08
Mr. Jakob Jacobus Koert TULLENERS (Note 3)	–	–	–	–	312,500	0.05
Directors of the subsidiaries of the Group	13,571,374	1.99	13,571,374	1.99	13,671,374	1.99
Other Option Holders	–	–	–	–	1,133,500	0.17
Public Shareholders	189,482,286	27.71	189,482,286	27.71	189,482,286	27.62
Total:	683,569,279	100.00	683,569,279	100.00	685,927,779	100.00

Notes:

- Mr. Wang and Mr. WONG Hing Lin, Dennis are executive Directors.
- Mr. WONG Wai Ming is a non-executive Director.
- Mr. WANG Arthur Minshiang and Mr. Jakob Jacobus Koert TULLENERS are independent non-executive Directors.

LETTER FROM CHINA GALAXY

Immediately prior to Completion, the Vendors held an aggregate of 477,655,619 Shares, representing approximately 69.88% of the issued share capital of the Company as at Completion. Immediately after Completion, the Vendors do not hold any Shares.

INFORMATION ON THE GROUP

Your attention is drawn to the details of the information of the Group as set out under the section headed “INFORMATION ON THE GROUP” in the “LETTER FROM THE BOARD” and in Appendices II and III to this Composite Document.

INFORMATION ON THE OFFEROR

The Offeror is an international business company incorporated in the Republic of Seychelles on 21 October 2014 and legally and beneficially owned as to 80% by Mr. ZHOU Xijian (周希儉先生) and as to 20% by Mr. ZHANG Qi (張琦先生). The Offeror is an investment holding company that has not engaged in any business since its formation, other than to enter into the Sale and Purchase Agreement.

As at the Latest Practicable Date, the directors of the Offeror are Mr. ZHOU Xijian (周希儉先生) and Mr. ZHANG Qi (張琦先生).

Mr. ZHOU Xijian (周希儉先生), aged 39, has over 20 years of business experience. He is the President of 廣東道和投資產業集團有限公司 (Guangdong Daohe Investment Group LLC*). 廣東道和投資產業集團有限公司 (Guangdong Daohe Investment Group LLC*) is a multi-industry company which is engaged in a wide range of businesses including but not limited to liquor, drinking water, film and television, catering and Internet technology. Mr. Zhou obtained a master's degree in business administration from the Business School of Nanjing Normal University (南京師範大學) in 2011.

Mr. ZHANG Qi (張琦先生), aged 40, has over 16 years of business experience, and is currently the Global Executive President of 南京中脈科技發展有限公司 (Nanjing Joymain Sci & Tech Development Co., Ltd.*). 南京中脈科技發展有限公司 (Nanjing Joymain Sci & Tech Development Co., Ltd.*) is principally engaged in the research and development, production, sale and service of healthcare products. Mr. Zhang obtained a master's degree in business administration from the Business School of Nanjing Normal University (南京師範大學) in 2011.

* For identification purpose only

LETTER FROM CHINA GALAXY

INTENTION OF THE OFFEROR REGARDING THE GROUP

The Offeror intends to continue the existing principal activities of the Group. Following completion of the Offers, the Offeror will conduct a review of the business operations and financial position of the Group for the purpose of formulating suitable business plans and strategies for the future long term business development of the Group. Subject to the results of the review, and should suitable investment or business opportunities arise, the Offeror may consider further development of the Group's existing business, or acquisition of assets and/or business by the Group in order to enhance its profitability. In view of the aforesaid, the Offeror is of the view that the Offers are in the Group's long-term commercial interest. As at the Latest Practicable Date, the Offeror has no plan for any acquisition or disposal of the existing assets or business of the Group. The Offeror will keep the Shareholders informed by further announcement if it decides on anything that requires disclosure pursuant to the Takeovers Code, the Listing Rules or the SFO.

As at the Latest Practicable Date, the Offeror has no intention to (i) discontinue the employment of any employees of the Group, save for Mr. Wang who has agreed to resign as disclosed below; or (ii) to dispose of or redeploy any fixed assets of the Group other than in its ordinary and usual course of business.

PROPOSED CHANGE OF BOARD COMPOSITION

As at the Latest Practicable Date, the Board comprises six Directors in total, with two executive Directors, namely Mr. WANG Lu Yen (Chairman and Chief Executive Officer) and Mr. WONG Hing Lin, Dennis (Chief Financial Officer), one non-executive Director, namely Mr. WONG Wai Ming, and three independent non-executive Directors, namely Mr. WANG Arthur Minshiang, Mr. TSE Hau Yin, Aloysius and Mr. Jakob Jacobus Koert TULLENERS.

Following Completion, it is intended that the resignation of Mr. Wang would take effect from the earliest possible date as may be permitted under (or pursuant to any dispensation from) the Takeovers Codes or by the Executive.

Mr. Wang entered into the Adviser Appointment Letter with the Company at Completion pursuant to which Mr. Wang will, immediately after his resignation as a Director, assume the role of honorary chairman of the Company in a non-executive capacity (but not a member of the Board) until one year from the Completion Date, and in that role to facilitate the smooth transition of the Group, and to advise the maintenance and growth of existing client and supplier relationships and the development of new business relationships for the Group. Mr. Wang will not receive any monetary remuneration or staff quarter benefit under such appointment, but the Group will provide Mr. Wang with reasonable administrative support in connection with the performance of such role. He will also be entitled to the reimbursement of all reasonable travelling and entertainment expenses incurred in the performance of his duties as the honorary chairman of the Company subject to the provision of all appropriate receipts and vouchers.

LETTER FROM CHINA GALAXY

Following Completion, a total of three proposed Directors were nominated by the Offeror to the Board. Following the despatch of this Composite Document, it is proposed that Mr. ZHANG Qi (張琦先生) and Mr. HWANG Han-Lung, Basil (黃漢龍先生) will be appointed as executive Directors, and Mr. ZHOU Xijian (周希儉先生) will be appointed as a non-executive Director, and the chairman of the Board.

Biographical details of the proposed Directors are set out as follows:

Mr. ZHOU Xijian (周希儉先生), aged 39, has over 20 years of business experience. He is the president of 廣東道和投資產業集團有限公司 (Guangdong Daohe Investment Group LLC*). 廣東道和投資產業集團有限公司 (Guangdong Daohe Investment Group LLC*) is a multi-industry company which is engaged in a wide range of businesses including but not limited to liquor, drinking water, film and television, catering and Internet technology. Mr. Zhou obtained a master's degree in business administration from the Business School of Nanjing Normal University (南京師範大學) in 2011.

Mr. ZHANG Qi (張琦先生), aged 40, has over 16 years of business experience, and is currently the global executive president of 南京中脈科技發展有限公司 (Nanjing Joymain Sci & Tech Development Co., Ltd.*). 南京中脈科技發展有限公司 (Nanjing Joymain Sci & Tech Development Co., Ltd.*) is principally engaged in the research and development, production, sale and service of healthcare products. Mr. Zhang obtained a master's degree in business administration from the Business School of Nanjing Normal University (南京師範大學) in 2011.

Mr. HWANG Han-Lung, Basil (黃漢龍先生), aged 42, is currently a partner of Boughton Peterson Yang Anderson (in association with Zhong Lun Law Firm), who are the legal advisers to the Offeror. He is also an Independent Director of First Sponsor Group Limited, a company listed on the Mainboard of the Singapore Exchange Securities Trading Limited. Mr. Hwang was previously the founder and managing partner of a US law firm's Hong Kong office. Mr. Hwang has over 16 years' experience advising on financial regulatory matters, and corporate finance and mergers and acquisitions transactions. Mr. Hwang has a LL.B. (Honours) degree from the National University of Singapore, and a Master of Science degree in Global Finance jointly granted by New York University and the Hong Kong University of Science and Technology. He holds a solicitor's practising certificate with the Law Society of Hong Kong.

Save as disclosed in this section, each of the three proposed Directors has not held any other directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas for the last three years.

As at the Latest Practicable Date and immediately following Completion, the Offeror and parties acting in concert with it were interested in a total of 477,655,619 Shares, representing approximately 69.88% of the entire issued share capital of the Company. The Offeror is legally and beneficially owned as to 80% by Mr. ZHOU Xijian (周希儉先生) and as to 20% by Mr. ZHANG Qi (張琦先生). Mr. ZHOU Xijian (周希儉先生) and Mr. ZHANG Qi (張琦先生) are business partners and directors of the Offeror.

* For identification purpose only

LETTER FROM CHINA GALAXY

Save as disclosed in the above paragraph, as at the Latest Practicable Date, each of the three proposed Directors did not have any interest in the Shares (within the meaning of Part XV of the SFO).

Save as disclosed in this section, as at the Latest Practicable Date, each of the three proposed Directors (i) did not hold any other positions in the Company or its subsidiaries; and (ii) did not have any other relationship with any other Directors, senior management, substantial Shareholders or Controlling Shareholders of the Company.

Each of the two proposed executive Directors will enter into a service agreement with the Company upon his appointment, and the proposed non-executive Director will enter into a letter of appointment with the Company upon his appointment. Their directorships will be subject to retirement by rotation and re-election pursuant to the provisions of the Listing Rules and bye-laws of the Company. They will hold office until the next following general meeting of the Company and shall then be eligible for re-election at such general meeting. The remuneration of each of the three proposed Directors will be determined and approved by the remuneration committee of the Board (the “**Remuneration Committee**”) or the Board (as the case may be) based on their qualifications, experience, level of responsibilities undertaken and prevailing market conditions. The remuneration of each of the three proposed Directors will be subject to annual review by the Remuneration Committee or the Board (as the case may be).

In relation to the appointment of the above three proposed Directors, there is no information which is required to be disclosed nor are/were they involved in any of the matters required to be disclosed pursuant to Rule 13.51(2)(h) to 13.51(2)(v) of the Listing Rules; and there is no other matter that needs to be brought to the attention of the Shareholders.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends to maintain the listing status of the Company on the Stock Exchange following the close of the Offers.

In the event that the public float of the Company falls below 25% following the close of the Offers, the directors of the Offeror and the new directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange that they would take appropriate steps to restore the minimum public float as required under the Listing Rules as soon as possible following the close of the Offers to ensure that a sufficient public float exists in the Shares.

The Stock Exchange had stated that if, at the closing of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- (a) a false market exists or may exist in the trading of the Shares; or**
- (b) there are insufficient Shares in public hands to maintain an orderly market,**

it would consider exercising its discretion to suspend dealings in the Shares.

In this connection, it should be noted that following the close of the Offers, there might be insufficient public float of the Shares and therefore, trading in the Shares might be suspended until a sufficient public float exists in the Shares. In the event that the public float

LETTER FROM CHINA GALAXY

of the Company falls below 25% following the close of the Offers, the Offeror may negotiate with placing agent(s) and/or take such other appropriate steps to place down the Shares in order to restore the minimum public float as required under the Listing Rules within a specified period which is acceptable to the Stock Exchange.

COMPULSORY ACQUISITION

The Offeror does not intend to avail itself of any power of compulsory acquisition of any Shares after the close of the Offers.

GENERAL

All communications, notices, Forms of Acceptance, Share certificate(s), transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offers to be delivered by or sent to or from the Independent Shareholders and/or the Option Holders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Company, the Offeror, China Galaxy and any of their respective directors nor the Registrar or other parties involved in the Offers or any of their respective agents accept any liability for any loss in postage or any other liabilities that may arise as a result thereof. Further details have been set out in Appendix I to this Composite Document and in the Forms of Acceptance.

ADDITIONAL INFORMATION

Your attention is drawn to the “LETTER FROM THE BOARD”, the “LETTER FROM THE INDEPENDENT BOARD COMMITTEE” and the “LETTER FROM CENTURION” as set out in this Composite Document, the accompanying Forms of Acceptance and the additional information set out in the appendices to, which form part of, this Composite Document.

Yours faithfully,

For and on behalf of

China Galaxy International

Securities (Hong Kong) Co., Limited

Elain Wong

Steven Chiu

Managing Director

Managing Director

LETTER FROM THE BOARD



LINMARK GROUP LIMITED

林麥集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 915)

Executive Directors:

Mr. WANG Lu Yen (*Chairman and
Chief Executive Officer*)

Mr. WONG Hing Lin, Dennis (*Chief Financial Officer*)

Registered office:

Clarendon House,
2 Church Street,
Hamilton HM 11,
Bermuda

Non-executive Director:

Mr. WONG Wai Ming

*Head office and principal place of
business in Hong Kong:*

1123, Kowloonbay International
Trade & Exhibition Centre,
1 Trademart Drive,
Kowloon Bay,
Kowloon, Hong Kong

Independent non-executive Directors:

Mr. WANG Arthur Minshiang

Mr. TSE Hau Yin, Aloysius

Mr. Jakob Jacobus Koert TULLENERS

2 February 2015

To the Independent Shareholders and the Option Holders,

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFERS BY
CHINA GALAXY INTERNATIONAL SECURITIES (HONG KONG) CO., LIMITED
FOR AND ON BEHALF OF THE OFFEROR
FOR ALL THE ISSUED SHARES IN THE COMPANY
(OTHER THAN THOSE SHARES ALREADY OWNED
AND/OR AGREED TO BE ACQUIRED BY THE OFFEROR
AND PARTIES ACTING IN CONCERT WITH IT)
AND FOR THE CANCELLATION OF
ALL OUTSTANDING OPTIONS OF THE COMPANY**

INTRODUCTION

Reference is made to the Joint Announcement and the announcement of the Company dated 26 January 2015 in relation to the completion of the Sale and Purchase Agreement. Terms used in this letter shall have the same meanings as defined in this Composite Document unless the context otherwise requires.

* *For identification purpose only*

LETTER FROM THE BOARD

On 17 December 2014, the Vendors and the Offeror entered into the Sale and Purchase Agreement (as supplemented by a supplemental agreement dated 11 January 2015), pursuant to which the Vendors conditionally agreed to sell and the Offeror conditionally agreed to purchase the Sale Shares, representing approximately 69.88% of the entire issued share capital of the Company as at the Latest Practicable Date. The consideration paid by the Offeror under the Sale and Purchase Agreement amounted to HK\$562,463,485 (equivalent to HK\$1.1776 per Sale Share (rounded to 4 decimal places)). Completion took place on 26 January 2015. Upon Completion, the Sale Shares (i.e. an aggregate of 477,655,619 Shares) were transferred by the Vendors to three nominees of the Offeror namely, Sino Remittance Holding Limited, Fame City Developments Limited and Oceanic Force Limited, all of which are wholly-owned subsidiaries of the Offeror, such nominees held as to 348,620,332 Shares, 67,673,359 Shares and 61,361,928 Shares respectively.

Immediately prior to entering into the Sale and Purchase Agreement, the Offeror and parties acting in concert with it did not own or have control over any Shares. Immediately following Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it were interested in a total of 477,655,619 Shares, representing approximately 69.88% of the entire issued share capital of the Company. Pursuant to Rules 26.1 and 13.5 of the Takeovers Code, the Offeror and parties acting in concert with it are required to make an unconditional mandatory cash offer for all the issued Shares (other than those Shares already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it) and for the cancellation of all outstanding Options (excluding Mr. Wang's Options which were surrendered (at no cost) to the Company for cancellation at Completion). The Offeror has nominated Winning Port International Limited, a wholly-owned subsidiary of the Offeror, to hold any Shares which are to be acquired pursuant to the Share Offer.

Pursuant to Rules 2.1 and 2.8 of the Takeovers Code, on 7 January 2015, the Board formed the Independent Board Committee comprising the non-executive Director, namely Mr. WONG Wai Ming and all the independent non-executive Directors, namely Mr. WANG Arthur Minshiang, Mr. TSE Hau Yin, Aloysius and Mr. Jakob Jacobus Koert TULLENERS, to make a recommendation to the Independent Shareholders and the Option Holders in respect of the Offers, in particular as to whether the terms of the Offers are fair and reasonable and as to the acceptance of the Offers.

Pursuant to Rule 2.1 of the Takeovers Code, on 7 January 2015, Centurion was appointed as the Independent Financial Adviser with the approval of the Independent Board Committee to advise the Independent Board Committee in respect of the Offers, and in particular as to whether the terms of the Offers are fair and reasonable and as to the acceptance of the Offers.

The purpose of this Composite Document is to provide you with, among other things, information relating to the Group, the Offeror and the Offers as well as setting out the letter from the Independent Board Committee containing its recommendation to the Independent Shareholders and the Option Holders in respect of the terms of the Offers and as to acceptance of the Offers, and the letter from Centurion containing its advice and recommendation to the Independent Board Committee in respect of the terms of the Offers and as to acceptance of the Offers.

LETTER FROM THE BOARD

UNCONDITIONAL MANDATORY CASH OFFERS

As at the Latest Practicable Date, there were 683,569,279 Shares in issue and 2,358,500 outstanding Options (excluding Mr. Wang's Options which were surrendered (at no cost) to the Company for cancellation at Completion). Assuming that none of the 2,358,500 outstanding Options is exercised prior to the close of the Offers and there is no change in the issued share capital of the Company up to the close of the Offers, a total of 205,913,660 Shares will be subject to the Share Offer and a total of 2,358,500 Options will be subject to the Option Offer. Assuming that all of the 2,358,500 outstanding Options are fully exercised prior to the close of the Offers, and further assuming that there is no other change in the issued share capital of the Company up to the close of the Offers, a total of 208,272,160 Shares will be subject to the Share Offer (and no Option will be subject to the Option Offer).

Save for the outstanding Options, there are no outstanding warrants, options, derivatives or securities convertible into Shares and the Company has not entered into any agreement for the issue of such securities, options, derivatives or warrants of the Company as at the Latest Practicable Date.

Principal Terms of the Offers

As mentioned in the "LETTER FROM CHINA GALAXY" on pages 7 to 18 of this Composite Document, China Galaxy is making the Offers for and on behalf of the Offeror to all the Independent Shareholders for all the issued Shares (other than those Shares already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it) and to the Option Holders for the cancellation of all outstanding Options in compliance with Rules 26.1 and 13.5 of the Takeovers Code on the following basis:

The Share Offer
for each Share **HK\$1.1776**

The Option Offer
for cancellation of each outstanding Option (Note) **HK\$0.4776**

Note: Details of the outstanding Options are set out in the following table:

Date of grant	Exercise period	Exercise price per Share	Number of new Shares to be issued upon exercise	Offer price per Option
25 August 2009	25 August 2010 to 24 August 2015	HK\$0.7	2,358,500	HK\$0.4776

The Share Offer Price of HK\$1.1776 for each Share under the Share Offer is the same as the price per Sale Share of HK\$1.1776 (rounded to 4 decimal places) at which the Sale Shares were acquired by the Offeror pursuant to the Sale and Purchase Agreement.

LETTER FROM THE BOARD

Pursuant to Rule 13 of the Takeovers Code and Practice Note 6 of the Takeovers Code, the offer price for the outstanding Options will normally represent the difference between the exercise price of the outstanding Options and the Share Offer Price. Under the Option Offer, since the exercise price to subscribe for each Share under the outstanding Options is HK\$0.7 and the Share Offer Price is HK\$1.1776 per Share, the offer price for each outstanding Option is HK\$0.4776.

Further details of the Offers, including terms and procedures for acceptance and settlement of the Offers, are contained in the “LETTER FROM CHINA GALAXY” as set out on pages 7 to 18 of, and Appendix I to, this Composite Document and the accompanying Forms of Acceptance.

INFORMATION ON THE GROUP

The Company was incorporated in Bermuda as an exempted company with limited liability and its Shares have been listed on the Main Board of the Stock Exchange since 2002. 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.

Set out below is the audited revenue, profit before tax and profit attributable to the owners of the Company for each of the two financial years ended 30 April 2013 and 30 April 2014, and the unaudited revenue, profit before tax and profit attributable to the owners of the Company for the six months ended 31 October 2014 as extracted from the Interim Report:

	For the year ended 30 April		For the six months ended
	2013	2014	31 October
	(Audited)	(Audited)	(Unaudited)
	US\$'000	US\$'000	US\$'000
	(HK\$ equivalent)	(HK\$ equivalent)	(HK\$ equivalent)
Revenue	110,047 (852,864)	103,397 (801,327)	53,824 (417,136)
Profit before tax	4,929 (38,200)	4,855 (37,626)	3,377 (26,172)
Profit attributable to owners of the Company	5,332 (41,323)	4,456 (34,534)	3,046 (23,607)

Further details of the Group are set out in Appendices II and III to this Composite Document.

INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed “INFORMATION ON THE OFFEROR” in the “LETTER FROM CHINA GALAXY” as set out on pages 7 to 18 of this Composite Document, and Appendix IV to this Composite Document.

LETTER FROM THE BOARD

INTENTION OF THE OFFEROR REGARDING THE GROUP

Your attention is drawn to the sections headed “INFORMATION ON THE OFFEROR” and “INTENTION OF THE OFFEROR REGARDING THE GROUP” in the “LETTER FROM CHINA GALAXY” as set out on pages 7 to 18 of this Composite Document. The Board is pleased with the Offeror’s intentions in respect of the Group and the employees of the Group and is willing to co-operate with the Offeror in the interests of the Group and the Shareholders as a whole.

MAINTAINING THE LISTING STATUS OF THE COMPANY

It is stated in the “LETTER FROM CHINA GALAXY” on pages 7 to 18 of this Composite Document that the Offeror intends to maintain the listing status of the Company on the Stock Exchange following the close of the Offers.

In the event that the public float of the Company falls below 25% following the close of the Offers, the directors of the Offeror and the new directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange that they would take appropriate steps to restore the minimum public float as required under the Listing Rules as soon as possible following the close of the Offers to ensure that a sufficient public float exists in the Shares.

The Stock Exchange had stated that if, at the closing of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- (a) a false market exists or may exist in the trading of the Shares; or**
- (b) there are insufficient Shares in public hands to maintain an orderly market,**

it would consider exercising its discretion to suspend dealings in the Shares.

RECOMMENDATION

Your attention is drawn to (i) the “LETTER FROM THE INDEPENDENT BOARD COMMITTEE” on pages 25 to 26 of this Composite Document, which sets out its recommendation to the Independent Shareholders and the Option Holders as to whether the terms of the Offers are, or are not, fair and reasonable so far as the Independent Shareholders and the Option Holders are concerned, and as to acceptance thereof; and (ii) the “LETTER FROM CENTURION” on pages 27 to 58 of this Composite Document, which sets out its advice and recommendation to the Independent Board Committee as to whether the terms of the Offers are, or are not, fair and reasonable so far as the Independent Shareholders and the Option Holders are concerned, and as to acceptance thereof, and the principal factors considered by it in arriving at its advice and recommendation.

The Independent Shareholders and Option Holders are urged to read those letters carefully before taking any action in respect of the Offers.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

You are advised to read this Composite Document together with the accompanying Forms of Acceptance in respect of the acceptance and settlement procedures of the Offers. Your attention is also drawn to the additional information contained in the appendices to this Composite Document.

In considering what action to take in connection with the Offers, you should also consider your own tax positions, if any, and in case of any doubt, consult your professional advisers.

Yours faithfully,
For and on behalf of the Board
Linmark Group Limited
WONG Hing Lin, Dennis
Director



LINMARK GROUP LIMITED

林麥集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 915)

2 February 2015

To the Independent Shareholders and the Option Holders,

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFERS BY
CHINA GALAXY INTERNATIONAL SECURITIES (HONG KONG) CO., LIMITED
FOR AND ON BEHALF OF THE OFFEROR
FOR ALL THE ISSUED SHARES IN THE COMPANY
(OTHER THAN THOSE SHARES ALREADY OWNED
AND/OR AGREED TO BE ACQUIRED BY THE OFFEROR
AND PARTIES ACTING IN CONCERT WITH IT)
AND FOR THE CANCELLATION OF
ALL OUTSTANDING OPTIONS OF THE COMPANY**

INTRODUCTION

We refer to the composite offer and response document dated 2 February 2015 jointly issued by the Offeror and the Company (the “**Composite Document**”) of which this letter forms part. Capitalised terms used in this letter have the same meanings as defined in the Composite Document unless the context requires otherwise.

We have been appointed by the Board to form the Independent Board Committee to consider the terms of the Offers and to make a recommendation to you as to whether, in our opinion, the terms of the Offers are, or are not, fair and reasonable so far as the Independent Shareholders and the Option Holders are concerned, and as to acceptance thereof.

Centurion has been appointed as the Independent Financial Adviser to advise us in respect of the terms of the Offers and as to acceptance thereof. Details of its advice and the principal factors considered by it in arriving at its advice and recommendation are set out in the “LETTER FROM CENTURION” on pages 27 to 58 of the Composite Document.

We also wish to draw your attention to the “LETTER FROM THE BOARD”, the “LETTER FROM CHINA GALAXY” and the additional information set out in the appendices to the Composite Document.

* *For identification purpose only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

RECOMMENDATION

Taking into account the terms of the Offer and the independent advice from Centurion, and the principal factors and reasons taken into account in arriving at its recommendation, we consider that the terms of the Share Offer and the Option Offer are fair and reasonable so far as the Independent Shareholders and the Option Holders are concerned. Accordingly, we recommend the (i) Independent Shareholders to accept the Share Offer; and (ii) Option Holders to accept the Option Offer.

However, for those Independent Shareholders who are considering to realise all or part of their holdings in the Shares, they should monitor the Share price movement until near the end of the Offer Period. If the market price of the Shares exceeds the Share Offer Price and the sale proceeds net of all transaction costs exceed the net proceeds receivable under the Share Offer, the Independent Shareholders should consider selling their Shares in the open market instead of accepting the Share Offer. Option Holders who wish to realise all or part of their holdings in the Options should therefore consider to exercise their respective Options by following the same approach as abovementioned.

Independent Shareholders and Option Holders are recommended to read the full text of the “LETTER FROM CENTURION” on pages 27 to 58 of this Composite Document.

Notwithstanding our recommendation, the Independent Shareholders and the Option Holders should consider carefully the terms and conditions of the Offers.

Yours faithfully,

Independent Board Committee

**WONG Wai
Ming**

Non-executive

Director

**WANG Arthur
Minshiang**

Independent

non-executive

Director

**TSE Hau Yin,
Aloysius**

Independent

non-executive

Director

**Jakob Jacobus
Koert TULLENERS**

Independent

non-executive

Director

LETTER FROM CENTURION

The following is the text of the letter of advice to the Independent Board Committee from Centurion Corporate Finance Limited dated 2 February 2015 for incorporation in the Composite Document:–



CENTURION CORPORATE FINANCE LIMITED 盛百利財務顧問有限公司

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14 - 24 Wellington Street
Central, Hong Kong

香港中環
威靈頓街14-24號
威靈頓公爵大廈7樓

Telephone : (852) 2525 2128
 : (852) 2525 6026
Facsimile : (852) 2537 7622

2 February 2015

*To the Independent Board Committee of
Linmark Group Limited*

Dear Sirs,

**UNCONDITIONAL MANDATORY CASH OFFERS BY
CHINA GALAXY INTERNATIONAL SECURITIES (HONG KONG) CO., LIMITED
FOR AND ON BEHALF OF THE OFFEROR
FOR ALL THE ISSUED SHARES IN THE COMPANY
(OTHER THAN THOSE SHARES ALREADY OWNED
AND/OR AGREED TO BE ACQUIRED BY THE OFFEROR
AND PARTIES ACTING IN CONCERT WITH IT)
AND FOR THE CANCELLATION OF
ALL OUTSTANDING OPTIONS OF THE COMPANY**

INTRODUCTION

We have been engaged to advise the Independent Board Committee with respect to the Share Offer and the Option Offer (collectively the Offers), details of which are outlined in the Composite Document jointly issued by the Company and the Offeror to all Independent Shareholders and Option Holders dated 2 February 2015 of which this letter forms a part. The Composite Document and the accompanying Forms of Acceptance together set out the terms of, and certain other information relating to, the Offers.

We have been appointed to give an opinion as to (i) whether the terms of the Offers are fair and reasonable in so far as the Independent Shareholders and the Option Holders are concerned; and (ii) the acceptance or rejection of the Offers. Capitalised terms used in this letter shall have the same meanings as defined in the Composite Document unless the context otherwise requires.

On 17 December 2014, the Vendors and the Offeror entered into the Sale and Purchase Agreement (as supplemented by a supplemental agreement dated 11 January 2015), pursuant to which the Vendors conditionally agreed to sell and the Offeror conditionally agreed to acquire the Sale Shares, representing approximately 69.88% of the entire issued share capital of the Company as at the Latest Practicable Date. Completion took place on 26 January 2015 and the consideration paid by the Offeror under the Sale and Purchase Agreement amounted to HK\$562,463,485 (equivalent to HK\$1.1776 per Sale Share (rounded to 4 decimal places)). Upon Completion, the Sale Shares were transferred by the Vendors to three nominees of the Offeror, details of which are set out in the "LETTER FROM CHINA GALAXY".

LETTER FROM CENTURION

Immediately prior to entering into of the Sale and Purchase Agreement, the Offeror and parties acting in concert with it did not own or have control over any Shares. Immediately following Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it were interested in a total of 477,655,619 Shares, representing approximately 69.88% of the entire issued share capital of the Company. Pursuant to Rules 26.1 and 13.5 of the Takeovers Code, the Offeror and parties acting in concert with it are required to make the Offers for all the issued Shares (other than those Shares already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it) and for the cancellation of all outstanding Options (excluding Mr. Wang's Options which were surrendered (at no cost) to the Company for cancellation at Completion).

China Galaxy, on behalf of the Offeror, is unconditionally making the Share Offer to acquire all the issued Shares (other than those Shares already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it) at the Share Offer Price of HK\$1.1776 per Share in accordance with the Takeovers Code as a result of the Completion. China Galaxy, on behalf of the Offeror, is also unconditionally extending the Option Offer to the Option Holders for their Options pursuant to Rule 13.1 of the Takeovers Code, at the Option Offer price of HK\$0.4776 for each outstanding Option.

Pursuant to the Takeovers Code, the Board formed the Independent Board Committee comprising the non-executive Director, namely Mr. WONG Wai Ming and all the independent non-executive Directors, namely Mr. WANG Arthur Minshiang, Mr. TSE Hau Yin, Aloysius and Mr. Jakob Jacobus Koert TULLENERS, to make a recommendation to the Independent Shareholders and the Option Holders in respect of the Offers, in particular as to whether the terms of the Offers are fair and reasonable and as to the acceptance of the Offers.

We are not associated with either the Offeror or the Vendors, or any of their respective parties acting, or presumed to be, acting in concert with any of them. Therefore, we are considered suitable to give our letter of independent advice on the terms of the Offers. Apart from the normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fee or benefit from the Offeror or the Vendors, or any of their parties acting, or presumed to be acting, in concert with any of them.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have relied on the accuracy of the information, opinions and representations contained in the Composite Document, the Company's annual and interim reports and other publicly available documents of the Company, which have been provided to us by the Directors and management of the Company and for which they take full responsibility, insofar as documents of the Group are concerned. We have assumed that all statements, information, opinions and representations made or referred to in the Composite Document were true at the time they were made and continued to be true as at the Latest Practicable Date and that such statements, information, opinions and representations will remain accurate throughout the Offer Period and during such period, if there is any material change thereof, Independent Shareholders will be notified accordingly pursuant to Rule 9.1 of the Code. We have also assumed that all statements of beliefs, opinions and intentions made by the Offeror in the Composite Document are reasonably made after due and careful enquiry.

LETTER FROM CENTURION

In respect of the financial information of the Group, we have relied principally on its audited and/or unaudited financial statements, all prepared by the Company and for which the Directors take full responsibility. We have also sought and obtained confirmation from the Company that no material facts have been omitted from the information provided and/or referred to in the Composite Document.

We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors. We consider that we have reviewed sufficient financial information to enable us to reach an informed view and to justify reliance on the accuracy of the information as contained in the Composite Document to provide a reasonable basis for our opinion and recommendation. We have not, however, conducted any form of independent or in-depth investigation into the businesses, financial positions, or prospects of the Group, the Offeror, or any of their respective subsidiaries or associates, nor have we independently verified any of the information supplied to us.

We have not considered the tax consequences on the Independent Shareholders and the Option Holders accepting or not accepting the Offers since these are particular to their individual circumstances. It should therefore be noted that we will not accept responsibility for any tax effect on, or liability of, any person resulting from his or her acceptance or non-acceptance of the Offers. In particular, the Independent Shareholders and the Option Holders who, being residents overseas, are subject to overseas taxes or Hong Kong taxes on securities dealings should consider their own tax positions and, if in any doubt, should consult their own professional advisers.

Our opinion and recommendation as set out herein are for the sole purpose of the Offers only and shall not be used for any other purposes.

PRINCIPAL TERMS OF THE OFFERS

China Galaxy is unconditionally making the Offers, for and on behalf of the Offeror, on the terms as set out in the Composite Document (including, without limitation, the further terms of the Offers set out in Appendix I to the Composite Document) and in the accompanying Forms of Acceptance, to acquire 205,913,660 Shares from the Independent Shareholders, and the Option Offer to cancel the outstanding Options entitling holders thereof to subscribe for up to 2,358,500 new Shares issuable upon the exercise of such Options, on the bases as set out below.

The Share Offer Price and the Option Offer price are set out in the “LETTER FROM CHINA GALAXY” on pages 7 to 18 of the Composite Document.

1. Share Offer Price/Option Offer Price

The Share Offer	
for each Share	HK\$1.1776
The Option Offer	
for cancellation of each outstanding Option	HK\$0.4776

LETTER FROM CENTURION

2. Condition to the Offers

The Offers are unconditional in all respects and are made on 2 February 2015, the date of the Composite Document, and are capable of acceptance on and from that date until the Closing Date.

Further details of the terms of the Offers and the procedures of acceptance and settlement are set out in Appendix I to the Composite Document and the accompanying Forms of Acceptance. Further details of the Offers are also set out in the “LETTER FROM CHINA GALAXY” in the Composite Document.

3. Stamp duty

The seller’s Hong Kong ad valorem stamp duty arising in connection with acceptance of the Share Offer amounting to 0.1% of the amount payable in respect of the relevant acceptance or if higher, the market value of the Shares, will be deducted from the amount payable to the Independent Shareholders who accept the Share Offer. The Offeror will bear its own portion of the buyer’s Hong Kong ad valorem stamp duty at the rate of 0.1% of the amount payable in respect of the relevant acceptances or if higher, the market value of the Shares, and will be responsible to account to the Stamp Office of Hong Kong for stamp duty payable for the sale and purchase of the Shares which are validly tendered for acceptance under the Share Offer.

No stamp duty is payable in connection with the acceptance of the Option Offer.

4. Timetable of the Offers

The Offers must remain open for acceptance for at least 21 days following the date on which the Composite Document is posted. The Offers will be closed at 4:00 p.m. on the Closing Date unless the Offeror revises or extends the Offers in accordance with the Takeovers Code. An announcement will be jointly issued by the Company and the Offeror through the website of the Stock Exchange by 7:00 p.m. on the Closing Date stating the results of the Offers and whether the Offers have been revised or extended or have expired. In the event that the Offeror decides that the Offers will remain open, the announcement will state the next closing date of the Offers or that the Offers will remain open until further notice. In the latter case, at least 14 days’ notice in writing will be given, before the Offers are closed to those Independent Shareholders and Option Holders who have not accepted the Offers.

For details of the timetable, please refer to the “EXPECTED TIMETABLE” and its notes on page ii of the Composite Document.

5. Effect of acceptance of the Offers and right of withdrawal

By validly accepting the Share Offer, Independent Shareholders will sell their tendered Shares to the Offeror free from all Encumbrances and together with all rights attaching to them, including the rights to receive in full all dividends and other distributions, if any, declared, made or paid by reference to a record date on or after the date on which the Share Offer is made, that is, the date of the posting of the Composite Document.

LETTER FROM CENTURION

By validly accepting the Option Offer, Option Holders would agree to the cancellation of their tendered Options and all rights attached thereto with effect from the date on which the Option Offer is made, that is, the date of the posting of the Composite Document.

Acceptance of the Offers by any Independent Shareholder or Option Holder (as the case may be) will be deemed to constitute a warranty by such person that all Shares or Options sold by such person under the Offers are free from all Encumbrances whatsoever and together with all rights accruing or attaching thereto, including, without limitation, the right to receive dividends and distributions declared, made or paid, if any, on or after the date on which the Offers are made.

The Offers are unconditional in all respects and will remain open for acceptance from the date of the Composite Document until 4:00 p.m. on the Closing Date. Acceptance of the Offers would be irrevocable and would not be capable of being withdrawn, subject to the provisions of the Takeovers Code. For further details, please refer to section 6 headed “**RIGHT OF WITHDRAWAL**” in Appendix I to the Composite Document.

6. Procedures for acceptance for the Shares held through CCASS

If the Shares of the Independent Shareholders are held through a CCASS participant who deposited such Shares in CCASS and if those Independent Shareholders are thinking of accepting the Share Offer, they should carefully read section 1.1(c) in Appendix I to the Composite Document and should note the timing requirements thereof for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.

Independent Shareholders who hold their Shares through stockbrokers, intermediaries or nominees should note that their intermediaries or nominees may or may not notify them the existence of the Share Offer, and may or may not act on their acceptance instructions on time or at all. It is important that the Independent Shareholders who would like to accept the Share Offer consult their intermediaries or nominees as to the timetable and the proper acceptance procedure relating to the Share Offer in a timely manner, and closely monitor the acceptance process. Accepting Independent Shareholders should also request a written confirmation from their intermediaries or nominees of acceptance instructions. If your intermediaries or nominees are unsure of any of the above matters, you may directly contact China Galaxy for assistance.

Accepting Independent Shareholders should note that CCASS charges a corporate actions service fee of HK\$0.8 per board/odd lot of the Shares to be tendered under the Share Offer (subject to a maximum of HK\$10,000 per instruction or per corporate action per account) and there may be other charges that are required by their stockbrokers, intermediaries or nominees in relation to tendering their the Shares to the Share Offer. Further details of such corporate actions service fee are set out on the website of the Stock Exchange at www.hkex.com.hk under the section headed “Common Nominee Services”.

LETTER FROM CENTURION

7. Overseas Shareholders and Option Holders

As the Offers to persons not residing in Hong Kong might be affected by the laws of the relevant jurisdiction in which they are residents, Independent Shareholders and Option Holders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should obtain information about and observe any applicable legal or regulatory requirements and, where necessary, seek legal advice in respect of the Offers. It is the responsibility of the overseas Independent Shareholders and Option Holders who wish to accept the Offers to satisfy themselves as to the full observance of the laws of the relevant jurisdiction.

Any acceptance by any overseas Independent Shareholders and Option Holders will be deemed to constitute a representation and warranty from such Independent Shareholders and Option Holders to the Offeror that all applicable local laws, regulations and requirements have been complied with. Overseas Independent Shareholders and Option Holders should consult their professional advisers if in doubt.

Overseas Independent Shareholders and Option Holders should carefully read the section 8 headed “OVERSEAS SHAREHOLDERS AND OPTION HOLDERS” in Appendix I to the Composite Document.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our recommendation, we have taken into consideration the following principal factors and reasons:

1. The Share Offer

1.1 The Share Offer Price

The Share Offer Price of HK\$1.1776 per Share under the Share Offer is the same price at which the Offeror acquired the Sale Shares under the Sale and Purchase Agreement. Immediately prior to the entering into the Sale and Purchase Agreement, the Offeror and parties acting in concert with it did not own or have control over any Shares. Immediately following Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it were interested in a total of 477,655,619 Shares, representing approximately 69.88% of the entire issued share capital of the Company. This 69.88% shareholding represents an absolute equity control stake in the Company and given that there are also changes in the Board composition as set out in the “LETTER FROM CHINA GALAXY” under the Offers, the Share Offer Price rightfully includes a “control premium”.

LETTER FROM CENTURION

1.2 Comparison of the Share Offer Price to market prices

Assuming that all of the 2,358,500 outstanding Options are fully exercised prior to the close of the Offers and there is no other change in the issued share capital of the Company up to the close of the Offers:

- (i) there would be 685,927,779 Shares in issue upon the close of the Offers and on the basis of the Share Offer Price of HK\$1.1776 per Share, the issued share capital of the Company upon the close of the Offers would be valued at HK\$807,748,553; and
- (ii) an aggregate of 2,358,500 new Shares would be issued under the Options and as such, a total of 208,272,160 Shares will be subject to the Share Offer (and no Option will be subject to the Option Offer), and on the basis of full acceptance of the Share Offer, the cash consideration payable by the Offeror under the Share Offer would amount to HK\$245,261,296.

The following table summarises recent events which may have affected market price of the Shares.

Table A: Recent important events which may have affected the Share price

Trading date	Events announced or important milestones	Closing price per Share	No. of Shares traded
Friday, 30 January 2015	Latest Practicable Date	HK\$1.25	7,984,000
Tuesday, 27 January 2015	The first trading date after the Completion Date. Completion of the Sale and Purchase Agreement was announced after the close of the market on 26 January 2015	HK\$1.20	47,586,000
	No. 1: Announcement of the Offers:		
Tuesday, 13 January 2015	2nd day of resumption of trading of the Shares following the release of the aforesaid announcement	HK\$1.13	9,690,000
Monday, 12 January 2015	1st day of resumption of trading of the Shares following the release of the aforesaid announcement of the Offers on 12 January 2015	HK\$1.12	38,744,000

LETTER FROM CENTURION

Trading date	Events announced or important milestones	Closing price per Share	No. of Shares traded
Wednesday, 17 December 2014	The Last Trading Date prior to suspension of trading in the Shares pending the release of the aforesaid announcement on 12 January 2015	HK\$1.03	25,412,000
No. 2: Inside information announcement under Part XIVA of the SFO:			
Thursday, 4 December 2014	The next trading day after the release of the inside information announcement on 3 December 2014 for the possible transaction involving the Sale Shares and the Offers in relation to the LOI	HK\$0.75	113,432,000
Friday, 28 November 2014	Last day of trading and the release of a trading halt announcement for the suspension of trading of the Shares beginning on 1 December 2014 (next trading day) pending the release of the aforesaid announcement	HK0.63	26,794,000
No. 3: Announcement on the proposed distribution (approximately HK\$100.0 million) to the then Shareholders (“Distribution”):			
Friday, 14 June 2013	The second trading day on which the resolutions to approve the proposed Distribution and the related proposed share premium reduction were passed at a special general meeting of the Shareholders	HK\$0.67	21,562,000
Thursday, 13 June 2013	The trading day on which the resolutions to approve the proposed Distribution and the proposed share premium reduction were passed at a special general meeting of the Shareholders	HK\$0.62	3,036,000

LETTER FROM CENTURION

Trading date	Events announced or important milestones	Closing price per Share	No. of Shares traded
Monday, 13 May 2013	The next trading day after the proposed Distribution (approximately HK\$100.0 million) and the proposed Share Premium Reduction were announced	HK\$0.53	11,616,000
Friday, 10 May 2013	The trading day on which the proposed Distribution and the proposed share premium reduction were announced after market closed	HK\$0.495	10,494,000

Source: website of the Stock Exchange – www.hkex.com.hk

Whilst item no. 3 in Table A above was not a recent event, it was nevertheless an important milestone event as the Share price rose to a level which was not again reached until the announcement of the possible transaction involving the Sale Shares and the Offers in relation to the LOI.

In the order of the paragraphs set out in the section headed “Comparison of value” in the “LETTER FROM CHINA GALAXY”, the Share Offer Price of HK\$1.1776 per Share under the Share Offer represents:

- (i) a premium of approximately 86.92% to the closing price of HK\$0.63 per Share as quoted on the Stock Exchange on 28 November 2014, being the last Business Day on which the Shares were traded on the Stock Exchange prior to the commencement of the Offer Period;
- (ii) a premium of approximately 14.33% to the closing price of HK\$1.03 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 26.62% to the average closing price of HK\$0.93 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 39.36% to the average closing price of HK\$0.845 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;
- (v) a premium of approximately 84.0% to the average closing price of approximately HK\$0.64 per Share as quoted on the Stock Exchange for the last thirty consecutive trading days up to and including the Last Trading Day;

LETTER FROM CENTURION

- (vi) a premium of approximately 198.88% over the unaudited consolidated net asset value of the Company of approximately HK\$0.394 per Share as at 31 October 2014 as set out in the Interim Report; and
- (vii) a discount of approximately 5.79% to the closing price of HK\$1.25 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Highest and lowest closing prices of the Shares

For the purpose of this letter of independent advice, we have chosen the period from 2 January 2014 (being the first trading day of the 12 calendar months prior to the announcement of the Offers) to the Latest Practicable Date as the review period (“**Review Period**”), which was chosen on the basis that such time frame should be adequate to cover most of the recent milestone events (some of which are set out in Table A above) reasonably expected to affect the price and trading volume formation of the Shares. During the Review Period, the highest closing price of the Shares was HK\$1.26 per Share as quoted on the Stock Exchange on 28 January 2015 and the lowest closing price of the Shares was HK\$0.37 per Share as quoted on the Stock Exchange on 7 January 2014.

Independent Shareholders should note the following table which summarises the highest and the lowest closing prices of the Shares during the Review Period:

Table B: Highest and lowest closing Share prices comparison during the Review Period

Month/Period	Highest closing price per Share (HK\$)	Lowest closing price per Share (HK\$)	Average daily closing price per Share (HK\$)
2014			
January	0.435	0.370	0.412
February	0.415	0.380	0.393
March	0.435	0.375	0.411
April	0.435	0.385	0.414
May	0.425	0.395	0.407
June	0.450	0.415	0.434
July	0.445	0.400	0.419
August	0.440	0.400	0.418
September	0.560	0.420	0.465
October	0.540	0.455	0.478
November	0.630	0.500	0.538
December	1.090	0.730	0.845
2015			
January (up to the Latest Practicable Date)	1.260	1.120	1.162

LETTER FROM CENTURION

The following chart illustrates the Share Offer Price as compared to the daily closing price of the Shares as quoted on the Stock Exchange since 4 January 2010, including the Review Period. We have chosen the first trading day in January 2010 as the starting point for the following chart (and for Charts II, III and V below) to better illustrate the Shares movement and performance over this rather long period, when viewed against the Share Offer Price.

Chart I: Closing Share prices (and trading volume) chart of the Company



Source: data extracted from iInvestor of Infocast Ltd.

During the Review Period, the closing prices of the Shares on the Stock Exchange ranged between HK\$0.37 to HK\$1.26 per Share. If the period under review begins on 4 January 2010, the closing price of the Shares on the Stock Exchange ranged between HK\$0.215 to HK\$1.26 per Share. The closing price per Share on the Latest Practicable Date was HK\$1.25.

The daily closing price of the Shares during the Review Period, having reached a high of HK\$1.03 on 17 December 2014, being the Last Trading Date, has shown a steady and considerable rise in market price after the announcement of the Offers. As set out in Table A above, the Share price rallied in the month of January 2015, this is because of the effect of the Share Offer. Whilst the closing price of the Shares has been steadily increasing since January 2014 from the lowest at HK\$0.37 per Share on 7 January 2014, such increase has only become more noticeable beginning in November 2014.

During the Review Period and up to the Last Trading Date, the daily closing price per Share was never quoted at or more than HK\$1.1776 per Share, the same as the Share Offer Price. Subsequent to the Last Trading Date, the closing prices per Share has reached new highs unseen of in the five years period reviewed by us. Such price increase to levels above the Share

LETTER FROM CENTURION

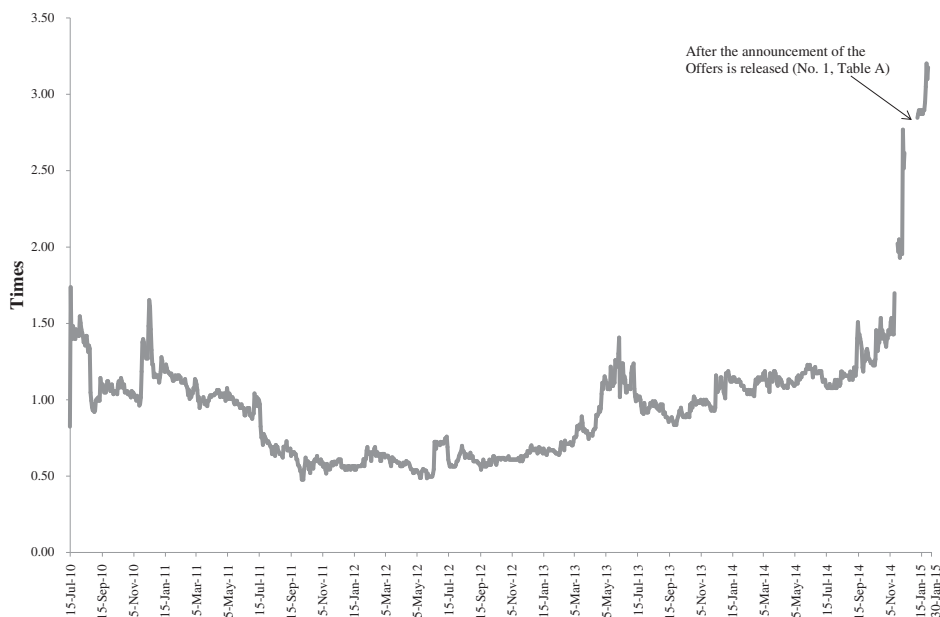
Offer Price is a direct result of the Share Offer and possibly, expectation (or speculation) on the future prospects of the Group under the proposed executive Directors nominated by the Offeror. We are therefore of the view that, based on the aforesaid Share price movements and the stated intention of the Offeror regarding the Group as set out in the “LETTER FROM CHINA GALAXY”, such post-announcement elevated market Share prices would likely not be sustainable after the close of the Offers.

1.3 Comparison of the Share Offer Price to the net asset value of the Group

The Share Offer Price of HK\$1.1776 per Share represents a premium of approximately 198.88% over the unaudited consolidated net asset value of the Group of approximately HK\$0.394 per Share as at 31 October 2014, based on the net asset value of US\$34,713,000 (and an exchange rate of US\$1:HK\$7.75, used throughout this letter) as set out in the Interim Report. Based on such net asset value of the Group of approximately HK\$0.394 per Share, the Share Offer Price also represents a price-to-book multiple of approximately 3 times. It should be noted that as the Company is in the business of providing supply chain management solutions to its customers, its consolidated net asset value is of less importance than say, a property company. That said, the price-to-book multiple is still a measure of performance of the Share price used by the market, albeit less important in so far as the Company is concerned.

During the Review Period, we have noted that from May 2014, the price performance of the Shares has consistently traded at a premium to the net asset value of the Group and the following chart summarises such performance and the sharp rise in price-to-book multiple when the Share price increased in November 2014, December 2014 and January 2015.

Chart II: Price-to-book multiple (closing price per Share to reported net asset value of the Group)



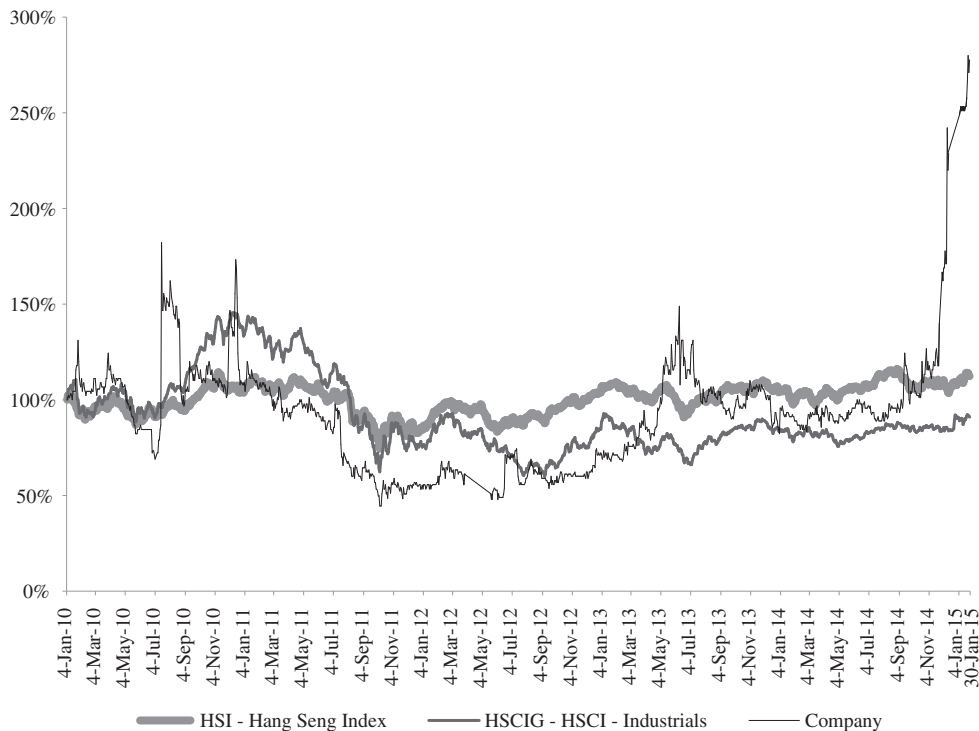
Source: data extracted from the Company's published reports, circulars and iInvestor of Infocast Ltd.

LETTER FROM CENTURION

1.4 Share price performance against HSI and other indices

The following chart, using a percentage change approach (and by procuring all indices to begin with the same nil percentage change at the beginning), compares the closing price per Share performance, when viewed against the performance of each of the HSI (Hang Seng Index) and HSCIG (Hang Seng Composite Industry Indexes-Industrials) from January 2010 to the Latest Practicable Date.

Chart III: Share price performance vs. HSI and HSCIG Indices since 4 January 2010

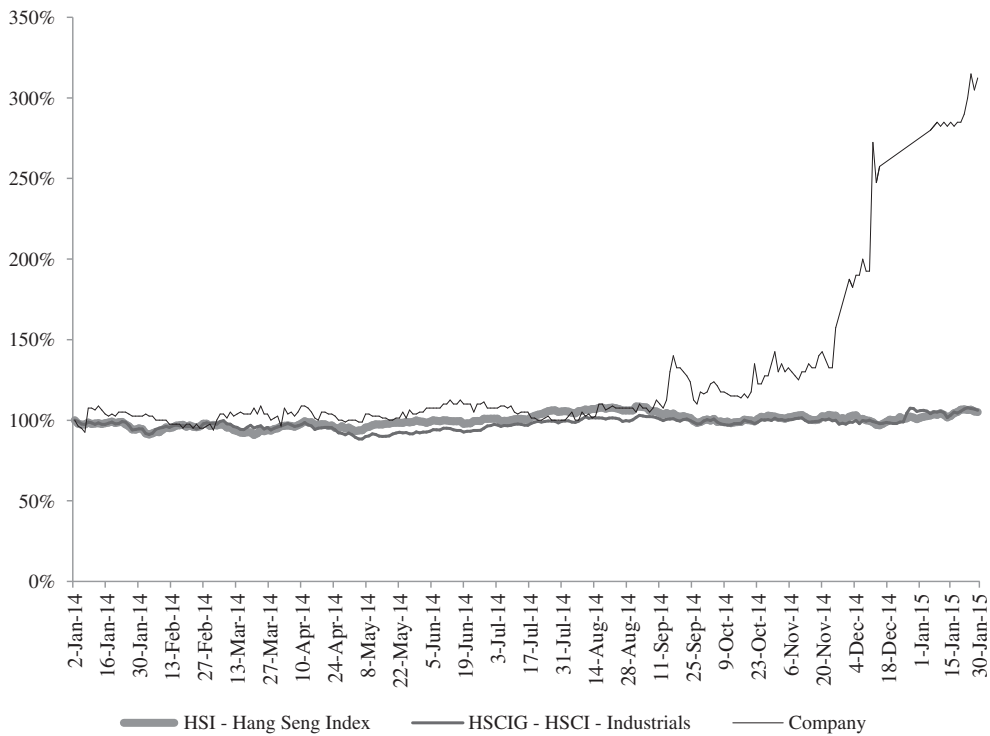


Source: data extracted from iInvestor of Infocast Ltd.

The following chart, using the same approach and parameters as set out in Chart III above, compares the closing price per Share performance, when viewed against the performance of each of the HSI (Hang Seng Index) and HSCIG (Hang Seng Composite Industry Indexes – Industrials) during the Review Period only.

LETTER FROM CENTURION

Chart IV: Share price performance vs. HSI and HSCIG Indices during the Review Period



Source: data extracted from iInvestor of Infocast Ltd.

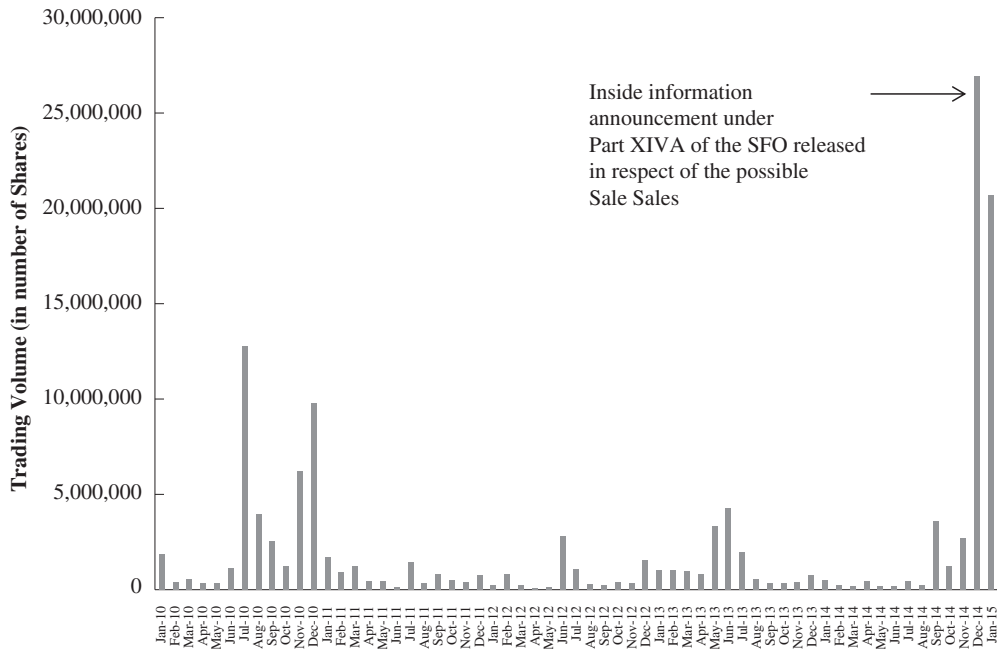
Chart III shows that the closing price per Share has consistently performed in line with the indices as set out therein. Chart IV, which covers the Review Period and with the reference base period starting at nil changes on 2 January 2014, also shows the closing price per Share has the same performance and the subsequent rise in performance was coincided with the Company's announcements of the possible Sale Shares and the Offers (see No. 1 and No. 2 in Table A above).

LETTER FROM CENTURION

2. Trading volume of the Shares

The chart below illustrates the average daily trading volume of the Shares each month on the Stock Exchange from January 2010 to the Latest Practicable Date:

Chart V: Average daily trading volume of the Shares each month



Note: Trading of the Shares was suspended on each of 1 December 2014 to 3 December 2014 and 18 December 2014 to 11 January 2015.

Source: data extracted from iInvestor of Infocast Ltd.

LETTER FROM CENTURION

As set out in the above chart, increases in average daily trading volume are noted in the months of December 2014 and January 2015, which coincided with the Company's announcements of the possible Sale Shares and the Offers (see No. 1 and No. 2 in Table A above). We are of the view that such elevated trading volume may not be sustainable after the close of the Offers. The following table highlights the number of Shares traded on the Stock Exchange in each calendar month during the Review Period:

Table C: Monthly adjusted trading volume of the Shares during the Review Period

Month/Period	Total monthly trading volume (Shares)	Average daily trading volume (Shares)	Percentage of total monthly trading volume to total issued share capital (Note 1) (%)	Percentage of total monthly trading volume to public float of the Shares held by Independent Shareholders (Note 2) (%)
2014				
January	10,744,500	511,643	1.57	5.68
February	4,548,000	239,368	0.67	2.41
March	4,262,000	202,952	0.62	2.25
April	8,422,000	421,100	1.23	4.46
May	3,352,000	167,600	0.49	1.77
June	3,398,000	169,900	0.50	1.79
July	9,356,000	425,273	1.37	4.94
August	4,976,000	236,952	0.73	2.63
September	75,386,000	3,589,810	11.03	39.79
October	26,370,000	1,255,714	3.86	13.92
November	54,194,000	2,709,700	7.93	28.60
December	269,180,000	26,918,000	39.38	142.06
2015				
January (up to the Latest Practicable Date)	310,489,316	20,699,288	45.42	163.86

(Note 1: Based on the total number of Shares in issue from time to time)

(Note 2: Excluded on the total number of Shares held by the Vendors, the Directors and directors of the subsidiaries of the Group)

Source: the Company

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The above table shows that the number of the Shares traded on the Stock Exchange per month during the Review Period as compared to the number of total issued Shares held in public hands (i.e. excluding those shareholdings held by the Vendors, the Directors and directors of the subsidiaries of the Group) ranges from approximately 1.77% to approximately 142%. The sudden surge in the trading volume of the Shares in the months of October to December 2014 coincided with the possible transaction on the Sale Shares, the subsequent announcement under Part XIVA of the SFO on 3 December 2014 and the release of the announcement on the Offers on 12 January 2015. The percentage of the total monthly trading volume to public float reached approximately 163.86% in January 2015, the highest level during the Review Period (see No. 2 and No. 3, in Table A above).

In light of the aforesaid, we are of the view that in the absence of the Share Offer, the liquidity of the Shares as evidenced by its daily or monthly trading volume is, and will continue to be, relatively low. Independent Shareholders should therefore take note that under such circumstances, it may be difficult to dispose large blocks of their Shares on the open market without exerting a considerable downward pressure on the Share prices, after the close of the Share Offer.

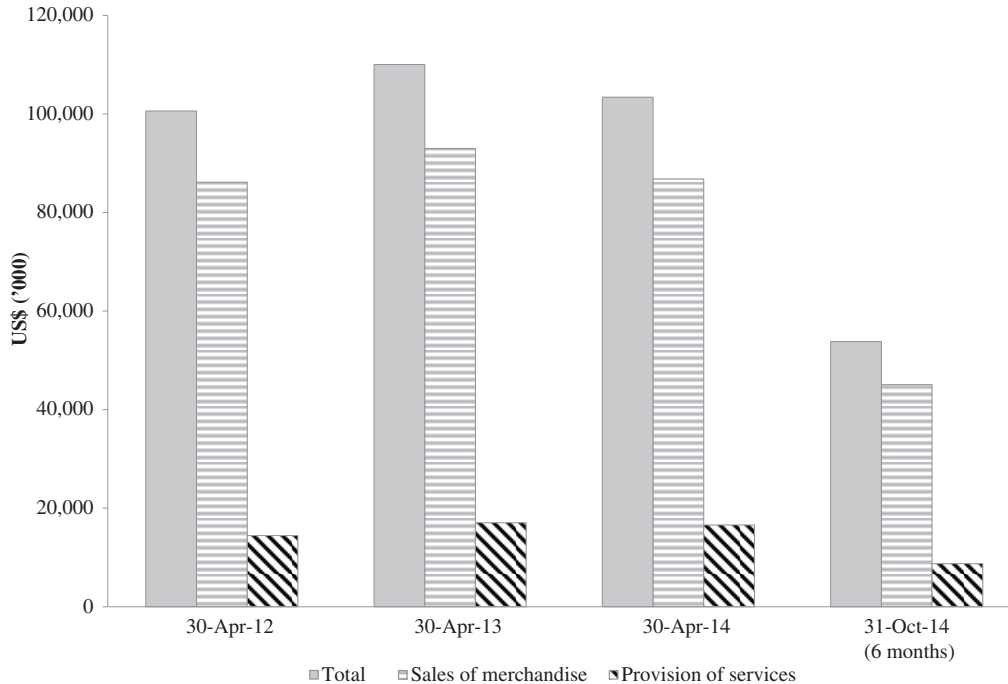
3. An overview of the Group's business

The Company has been listed on the Main Board of the Stock Exchange since 2002. The Group is principally engaged in the sourcing business and the business of provision of supply chain management solutions to retail chain operators, brands, wholesalers and department stores in various countries. Its 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.

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The following chart summaries the Group's two operating segments' contributions to its total revenue and their respective segment results, which is a measure of its adjusted profit before tax.

Chart VI: Segment split by “Sales of Merchandise” and “Provision of Services” business of the Group and their respective contributions to its revenue and results



Source: the Company's annual report and Interim Report

For the three years ended 30 April 2014 and for the six months ended 31 October 2014, segment revenue from the sales of merchandise as set out in the chart above, ranged from 83% to 86% of the total revenue of the Group.

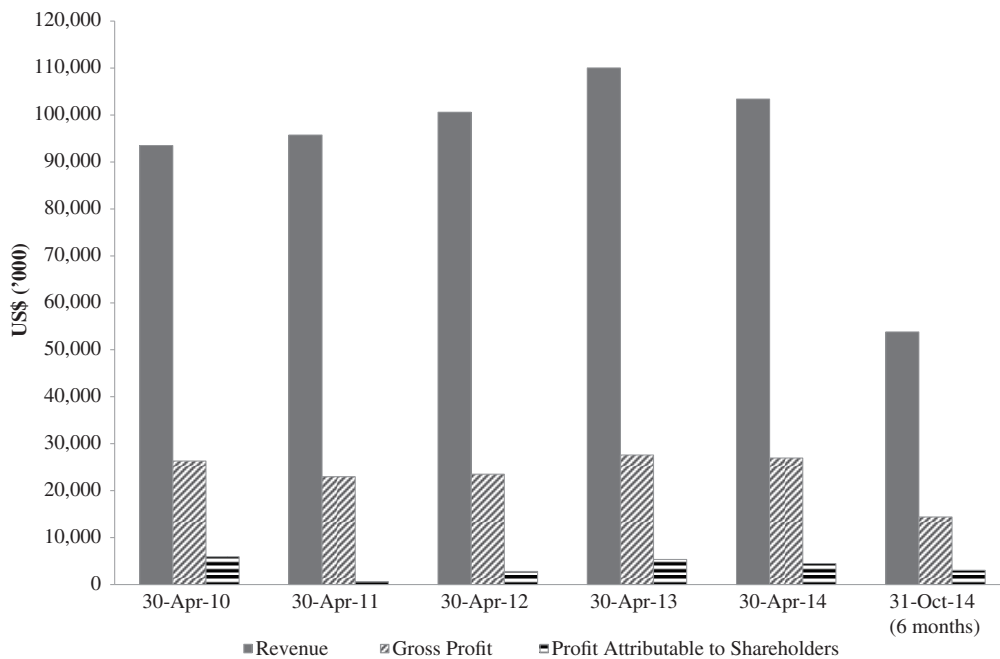
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4. Past results and EBITDA of the Group and their respective multiples commanded by the Share price and Share Offer Price

4.1 Past results

The following chart gives an overview of the Group's revenue, gross profit and net profit attributable to Shareholders for the past five years ended 30 April 2014 and for the six months ended 31 October 2014.

Chart VII: An overview of the Group's revenue, gross profit and net profit attributable to the Shareholders



Source: the Company's annual reports and Interim Report

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The following table highlights the Group's audited consolidated results for the three years ended 30 April 2014 as extracted from the Company's annual reports and its consolidated unaudited results for the six months ended 31 October 2014 as extracted from its Interim Report.

Table D: Past results highlights of the Group

	For the year ended 30 April 2012 (Audited) (US\$'000)	For the year ended 30 April 2013 (Audited) (US\$'000)	For the year ended 30 April 2014 (Audited) (US\$'000)	For the 6 months ended 31 October 2014 (Unaudited) (US\$'000)
Revenue	100,621	110,047	103,397	53,824
Gross profit	23,498	27,588	26,970	14,400
<i>Gross profit margin</i>	23%	25%	26%	27%
Other income	1,454	1,078	1,353	223
General and administrative expenses	(22,014)	(23,543)	(23,329)	(11,246)
Other gains/(losses)	93	(194)	(139)	–
Profit before tax	3,031	4,929	4,855	3,377
Income tax (expense)/credit	(247)	403	(399)	(331)
PROFIT FOR THE YEAR/PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS	<u>2,784</u>	<u>5,332</u>	<u>4,456</u>	<u>3,046</u>
Earnings per Share – Diluted	<u>US\$0.004</u>	<u>US\$0.008</u>	<u>US\$0.007 (or approx. HK\$0.0543)</u>	<u>US\$0.004</u>
Price-earnings multiple as represented by the closing Share price of HK\$1.03 on the Last Trading Day			<u>18.97 times</u>	
Price-earnings multiple as represented by the Share Offer Price of HK\$1.1776			<u>21.69 times</u>	

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The aforesaid 21.69 times price-earnings multiple as represented by the Share Offer Price suggests the Share Offer Price is actually the highest of the price-earnings multiples of the two market comparables as set out in Tables H below.

4.2 EBITDA

The following is a table showing the EBITDA (earnings before interest, tax, depreciation and amortisation) of the Group for the three years ended 30 April 2014 as extracted from the Company's annual reports and its consolidated unaudited results for the six months ended 31 October 2014 as extracted from its Interim Report.

Table E: EBITDA highlights of the Group

	For the year ended 30 April 2012 (Audited) (US\$'000)	For the year ended 30 April 2013 (Audited) (US\$'000)	For the year ended 30 April 2014 (Audited) (US\$'000)	For the 6 months ended 31 October 2014 (Unaudited) (US\$'000)
EBITDA	<u>3,408</u>	<u>5,687</u>	<u>5,611</u>	<u>3,523</u>
Market cap. of the Company based on the no. of Shares on the Latest Practicable Date and based on:–				
1. Closing price on the Last Trading Date			90,849	
2. Share Offer Price			<u>103,867</u>	
Value of 100% of the Company* to EBITDA multiple as represented by the closing Share price of HK\$1.03 on the Last Trading Day			<u>16.2 times</u>	
Value of 100% of the Company* to EBITDA multiple as represented by the Share Offer Price			<u>18.5 times</u>	

(*Note: Total number of Shares outstanding multiplied by the relevant Share price.)

Source: the Company's annual reports and Interim Report

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Our rationale of using EBITDA is because it is disclosed in the Company's annual reports and Interim Report and therefore, such information is already in the public domain. EBITDA is not a measure of financial performance under generally accepted accounting principles. Further, the way under which such EBITDA may be computed may differ from one listed company to another and as such, it may not be comparable to other similarly titled measures of performance of other listed companies. Given that EBITDA multiple is one of the methods to arrive at a value for a target company and it is driven by market comparables which in so far as the Company is concerned, there is none (i.e. no takeover of listed supply chain management company in Hong Kong whose deal size is comparable to that of the Company). We are of the view that a 18.5 times EBITDA multiple as represented by the Share Offer Price, whilst appears to be an attractive buyout price for any trading company, remains as a reference only.

We did not consider "Enterprise Value" method as it is in our view, even less well defined than EBITDA and it is generally used as a synonym for certain market value of invested capital. Enterprise value could also mean value of all common equity or possibly other values. Neither the American Society of Appraisers (ASA) nor the Uniform Standards of Professional Appraisal Practice (USPAP) offers a definition of "Enterprise Value" (*Source: "Valuing A Business, The Analysis and Appraisal of Closely Held Companies, 5th Edition, by Shannon P. Pratt and Alina V. Niculita*). Further, "Enterprise Value" is also driven by market comparables which in so far as the Company is concerned, there is none in Hong Kong.

4.3 Segment financial information of the Group

The segment revenue and results of the Group for the six months ended 31 October 2014 and the three years ended 30 April 2014 as extracted from the Company's annual reports and Interim Report are set out in the table below:-

Table F: Segment revenue and results of the Group (US\$'000)

	Sales of merchandise	Provision of services	Total
For the six-month ended 31 October 2014 (Unaudited)			
Segment revenue	45,087	8,737	53,824
<i>In %</i>	<i>83.8%</i>	<i>16.2%</i>	<i>100.0%</i>
Segment results	1,744	1,814	3,558
<i>In %</i>	<i>49.0%</i>	<i>51.0%</i>	<i>100.0%</i>
For the year ended 30 April 2014 (Audited)			
Segment revenue	86,811	16,586	103,397
<i>In %</i>	<i>84.0%</i>	<i>16.0%</i>	<i>100.0%</i>
Segment results	2,266	3,211	5,477
<i>In %</i>	<i>41.4%</i>	<i>58.6%</i>	<i>100.0%</i>

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	Sales of merchandise	Provision of services	Total
For the year ended 30 April 2013			
(Audited)			
Segment revenue	93,003	17,044	110,047
<i>In %</i>	<i>84.5%</i>	<i>15.5%</i>	<i>100.0%</i>
Segment results	1,775	3,768	5,543
<i>In %</i>	<i>32.0%</i>	<i>68.0%</i>	<i>100.0%</i>
For the year ended 31 April 2012			
(Audited)			
Segment revenue	86,156	14,465	100,621
<i>In %</i>	<i>85.6%</i>	<i>14.4%</i>	<i>100.0%</i>
Segment results	1,316	1,857	3,173
<i>In %</i>	<i>41.5%</i>	<i>58.5%</i>	<i>100.0%</i>

Source: Interim Report and annual reports of the Company

For the six months ended 31 October 2014 and the three years ended 30 April 2014, segment revenue from the sales of merchandise as set out in the table above was the main contributor to the Group's revenue but provision of services was the main contributor to the Group's segment results.

The geographical segmentation of shipment values of the Group for the six months ended 31 October 2014 and the three years ended 30 April 2014 as extracted from the Company's annual reports and Interim Report are set out in the table below:–

Table G: Geographical segmentation of shipment values of the Group (US\$' million)

Shipment value	North America	Europe	Others	Total
For the six-month ended				
31 October 2014	70.0	36.7	31.6	138.3
<i>In %</i>	<i>50.6%</i>	<i>26.5%</i>	<i>22.9%</i>	<i>100.0%</i>
For the year ended 30 April 2014				
	131.8	69.3	61.5	262.6
<i>In %</i>	<i>50.2%</i>	<i>26.4%</i>	<i>23.4%</i>	<i>100.0%</i>
For the year ended 30 April 2013				
	138.5	76.1	60.9	275.5
<i>In %</i>	<i>50.3%</i>	<i>27.6%</i>	<i>22.1%</i>	<i>100.0%</i>
For the year ended 30 April 2012				
	120.2	70.3	67.8	258.3
<i>In %</i>	<i>46.5%</i>	<i>27.2%</i>	<i>26.3%</i>	<i>100.0%</i>

Source: Interim Report and annual reports of the Company

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4.4 Historical financial information of the Group

The following highlight of historical financial information is extracted from the Company's annual reports.

Audited consolidated results for the year ended 30 April 2014

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

The Group's revenue fell by approximately 6.0% from approximately US\$110.0 million (equivalent to HK\$858.0 million) last year to approximately US\$103.4 million (equivalent to HK\$806.5 million) for the reporting year. Gross profit decreased by roughly 2.2% from approximately US\$27.6 million (equivalent to HK\$215.3 million) last year to approximately US\$27.0 million (equivalent to HK\$210.6 million) this year.

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

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

Audited consolidated results for the year ended 30 April 2013

Despite the global economy remaining fragile during the year ended 30 April 2013, the Group recorded year-on-year growth in shipment volume of approximately 6.7% from approximately US\$258.3 million (equivalent to HK\$2,014.7 million) last year to approximately US\$275.5 million (equivalent to HK\$2,148.9 million) this year. The Group's revenue also grew by approximately 9.3% from approximately US\$100.6 million (equivalent to HK\$784.7 million) last year to approximately US\$110.0 million (equivalent to HK\$858.0 million) for the reporting year. The positive performance can be directly attributed to a series of comprehensive initiatives launched in recent years from which the Group has been able to reap returns.

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Gross profit climbed by roughly 17.4% from approximately US\$23.5 million (equivalent to HK\$183.3 million) last year to approximately US\$27.6 million (equivalent to HK\$215.3 million) this year. The rise was driven by a greater focus on higher margin businesses.

On the cost side, general and administrative expenses for the year ended 30 April 2013 increased by around 6.8% to approximately US\$23.5 million (equivalent to HK\$183.3 million) from approximately US\$22.0 million (equivalent to HK\$171.6 million) last year. The increase was caused by ongoing inflation as well as the allocation of more resources for business development in a bid to fuel higher growth.

For the year ended 30 April 2013, the Group achieved a profit after tax of approximately US\$5.3 million (equivalent to HK\$41.3 million), representing an increase of around 89.3% when compared with a net profit of approximately US\$2.8 million (equivalent to HK\$21.8 million) recorded last year. The profit included the Indian tax refunds of approximately US\$0.8 million (equivalent to HK\$6.3 million), the details of which are set out in the paragraph under “Indian Tax Case” below. Excluding the Indian tax refunds, the Group’s profit would have amounted to approximately US\$4.5 million (equivalent to HK\$35.1 million), representing a year-on-year increase of approximately 60.7%.

Audited consolidated results for the year ended 30 April 2012

During the year ended 30 April 2012, the Group continued to be confronted with highly challenging business conditions, due largely to economic uncertainties in Europe and the United States. This consequently led to a contraction in shipment value to approximately US\$258.3 million (equivalent to HK\$2,014.7 million), a decline of approximately 7.8% compared to approximately US\$280.2 million (equivalent to HK\$2,185.6 million) last year. Nevertheless, the Group was able to report increases in both revenue and gross profit for the year as a result of increased focus on higher margin businesses. Revenue rose by approximately 5.0% year-on-year from approximately US\$95.8 million (equivalent to HK\$747.2 million) to approximately US\$100.6 million (equivalent to HK\$784.7 million), while gross profit climbed by roughly 2.2% from approximately US\$23.0 million (equivalent to HK\$179.4 million) last year to approximately US\$23.5 million (equivalent to HK\$183.3 million) this year.

On cost side, the Group also faced escalating labour costs along with high inflation in its key sourcing markets over the year. Nevertheless, the Group successfully contained general and administrative expenses to a similar level with last year, amounting to approximately US\$22.0 million (equivalent to HK\$171.6 million). In addition, the restructuring activities of the Group carried out last year had been completed and there were no similar activities in the year under review. Restructuring cost incurred last year amounted to approximately US\$1.6 million (equivalent to HK\$12.5 million).

As a result, the Group achieved a profit after tax of approximately US\$2.8 million (equivalent to HK\$21.8 million), an increase of approximately 366.7% over approximately US\$0.6 million (equivalent to HK\$4.7 million) recorded last year.

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5. Market comparables to the Company

The two companies set out in the table below whose shares are listed on the Stock Exchange are in our view, the most comparable to the Company in terms of their line of business in general. The table below did not include Hanbo Enterprise Holdings Limited (stock code 1367), which is also an apparel supply chain company. This company was excluded as it was only listed on the Stock Exchange in July 2014 and it has since issued a profit warning announcement on 22 August 2014, hence its price-earnings multiple, dividend yield and price-to-book multiple may not necessarily have the track record for our comparison purpose.

In choosing the two market comparables set out in the table below, our view on the comparability of these companies notwithstanding, it should be noted that the Company is rather unique in every respects and that no two companies are identical as supply chain services, sales of merchandise, product lines, assets, investment horizon, leverage levels, service pricings, market positioning and other factors will differ from one company to another. We are of the opinion that the two comparable companies set out in the table below are the only reasonable comparable companies whose shares are listed on the Stock Exchange and this list of comparable is therefore, exhaustive.

Table H: Comparable companies listed on the Stock Exchange which we consider relevant

Comparable companies	Stock Code	Closing share price as at the Latest Practicable Date (HK\$)	Market Cap. (based on closing share prices as at the Latest Practicable Date) (HK\$'million)	Price/earnings multiples	Dividend Yield (Note 2) (in %)	Price to book multiples
				based on the latest published audited accounts (Note 1) (HK\$)		based on the latest published unaudited N.A.V. (Note 3) (times)
Li and Fung Limited	494	7.30	61,031	10.78	6.71%	1.64
SAS Dragon Holdings Limited	1884	1.79	1,117	2.75	13.13%	1.33
			Maximum	10.78	13.13%	1.64
			Minimum	2.75	6.71%	1.33
			Average	6.77	9.92%	1.48
			Median	6.77	9.92%	1.48

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Comparable companies	Stock Code	Closing share price as at the Latest Practicable Date (HK\$)	Market Cap. (based on closing share prices as at the Latest Practicable Date) (HK\$'million)	Price/earnings multiples	Dividend Yield (Note 2) (in %)	Price to book multiples
				based on the latest published audited accounts (Note 1) (HK\$)		based on the latest published unaudited (Note 3) (times)
the Company	915	1.03* <i>(*based on LPD closing Price)</i>	704	18.97	2.15%	2.62* <i>(*based on unaudited N.A.V. as at 31 Oct. 2014)</i>
		1.1776* <i>(*based on Share Offer Price)</i>	805	21.69	1.88%	2.99* <i>(*based on unaudited N.A.V. as at 31 Oct. 2014)</i>

(Note 1: Price/earnings multiple is calculated based on the closing price per share of the comparable company on the Latest Practicable Date and divided by the audited annual earnings per share as set out in the comparable company's latest annual report.)

(Note 2: Dividend yields is calculated based on the audited annual dividends per share as set out in the comparable company's latest annual report and divided by its closing price per share on the Latest Practicable Date.)

(Note 3: Price-to-book multiple is calculated based on the closing price per share of the comparable company on the Latest Practicable Date and divided by its unaudited net asset value per share as set out in the comparable company's latest interim report.)

Source: Issuers' annual/interim reports from the Stock Exchange's website (www.hkex.com.hk) and iInvestor of Infocast Ltd.

We are of the view that in so far as the above comparable comparison is concerned, price-earnings multiple and price-to-book multiple commanded by the closing price per Share on the Last Trading Day and also the Share Offer Price are consistently above the respective ranges of the market comparables set out in the table above i.e. higher than the maximum of such comparables. Whilst the dividend yield may appear to be below that of the market comparables, we should note that the above dividend yield of the Company did not include the one-off special distribution of HK\$0.1464 per Share to the then Shareholders on 28 June 2013, totaling approximately HK\$100 million. If this special dividend is included, the dividend yield of the Share would be 16.36% and 14.31% at the closing price per Share on the Last Trading Date and at the Share Offer Price respectively. We consider the dividend yield less important as the Offeror has not stated its intention one way or the other on the future dividend policy of the Company.

Based on the above comparable comparison, we conclude that the Share Offer Price and by extension, the Option Offer price are fair and reasonable so far as the Independent Shareholders and the Option Holders are concerned.

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6. Net assets of the Group

As at 31 October 2014, total unaudited consolidated net assets of the Group attributable to the Shareholders amounted to approximately US\$34,713,000, or approximately HK\$0.394 per Share (based on exchange rate of US\$1:HK\$7.75). The Share Offer Price represents a premium of approximately 198.88% to such unaudited consolidated net asset value of the Group. It should be noted that as the Company is in the business of providing supply chain management solutions to its customers, its consolidated net asset value is of less importance than say, a property company.

As set out in the table above, large premium to net asset values of the comparable companies is not what their market share prices are commanding and in fact, the average of the price-to-book multiples of these comparable companies is 1.48 times only. Chart II also shows that the market price per Share has been trading at a premium to the Group's underlying net asset value since May 2014. It should also be noted that as set out under item no. 1 in Table A above, the Company paid a one-off special distribution totaling approximately HK\$100 million to the then Shareholders in June 2013. This resulted in a decline in the aforesaid net asset of the Group.

7. Information on the Offeror and its intentions regarding the Company

As set out in the "LETTER FROM CHINA GALAXY", the Offeror is an international business company incorporated in the Republic of Seychelles on 21 October 2014 and legally and beneficially owned as to 80% by Mr. ZHOU Xijian (周希儉先生) and as to 20% by Mr. ZHANG Qi (張琦先生). The Offeror is an investment holding company that has not engaged in any business since its formation, other than to enter into the Sale and Purchase Agreement. As at the Latest Practicable Date, the directors of the Offeror are Mr. ZHOU Xijian (周希儉先生) and Mr. ZHANG Qi (張琦先生). For further details on the experience and background of Mr. Zhou and Mr. Zhang, please refer to the "LETTER FROM CHINA GALAXY".

The Offeror intends to continue the existing principal activities of the Group. Following completion of the Offers, the Offeror will conduct a review of the business operations and financial position of the Group for the purpose of formulating suitable business plans and strategies for the future long term business development of the Group. Subject to the results of the review, and should suitable investment or business opportunities arise, the Offeror may consider further development of the Group's existing business, or acquisition of assets and/or business by the Group in order to enhance its profitability. As at the Latest Practicable Date, the Offeror has no intention to (i) discontinue the employment of any employees of the Group, save for Mr. Wang who has agreed to resign as disclosed in the "LETTER FROM CHINA GALAXY"; or (ii) to dispose of or redeploy any fixed assets of the Group other than in its ordinary and usual course of business. Please refer to the "LETTER FROM CHINA GALAXY" for further details including the proposed change of Board composition.

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8. Maintaining the listing status of the Company

The Offeror intends to maintain the listing status of the Company on the Stock Exchange following the close of the Offers. In the event that the public float of the Company falls below 25% following the close of the Offers, the directors of the Offeror and the new directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange that they would take appropriate steps to restore the minimum public float as required under the Listing Rules as soon as possible following the close of the Offers to ensure that a sufficient public float exists in the Shares.

The Stock Exchange had stated that if, at the closing of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- (a) a false market exists or may exist in the trading of the Shares; or
- (b) there are insufficient Shares in public hands to maintain an orderly market,

it would consider exercising its discretion to suspend dealings in the Shares.

In this connection, it should be noted that following the close of the Offers, there might be insufficient public float of the Shares and therefore, trading in the Shares might be suspended until a sufficient public float exists in the Shares. Under such a trading suspension scenario, Independent Shareholders may face nil liquidity for their Shares until trading suspension is lifted. In the event that the public float of the Company falls below 25% following the close of the Offers, the Offeror may negotiate with placing agent(s) and/or take such other appropriate steps to place down the Shares in order to restore the minimum public float as required under the Listing Rules within a specified period which is acceptable to the Stock Exchange.

9. Dividends

The Company paid a one-off special distribution of HK\$0.1464 per Share, totaling US\$12,863,000 (or approximately HK\$100 million, using the then exchange rate) to the then Shareholders on 28 June 2013.

For the five years ended 30 April 2014, dividends of the Company were as follows:–

- (1) HK\$0.0221 per Share (excluding the special distribution) for the year ended 30 April 2014;
- (2) HK\$0.0280 per Share for the year ended 30 April 2013;
- (3) HK\$0.0138 per Share for the year ended 30 April 2012;

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- (4) HK\$0.0031 per Share for the year ended 30 April 2011; and
- (5) HK\$0.0150 per Share (excluding the special dividend) for the year ended 30 April 2010.

In the light of the above, the Company has been paying dividends and special distribution in recent years. Such past dividend policy notwithstanding, the Offeror has not stated its intention one way or the other on the future dividend policy of the Company.

10. Effects of the Offers on the shareholding of the Company

A shareholding structure table is set out in the “LETTER FROM CHINA GALAXY”. Immediately prior to Completion, the Vendors held an aggregate of 477,655,619 Shares, representing approximately 69.88% of the issued share capital of the Company as at Completion. Immediately after Completion, the Vendors do not hold any Shares and the Offeror and the parties acting in concert with it now hold the same 477,655,619 Shares, representing approximately 69.64% of the issued share capital of the Company (assuming all the 2,358,500 outstanding Options are exercised). Upon Completion, the Offeror has therefore, become the new controlling Shareholder of the Company and in this regard, it will have both management and Board control of the Company in due course.

SUMMARY AND CONCLUSION

Having considered the abovementioned principal factors and reasons, we are of the opinion that the terms of the Share Offer and the Option Offer are fair and reasonable so far as the Independent Shareholders and the Option Holders are concerned. Our bases to arrive at such conclusion are summarised below:–

- The Share Offer Price of HK\$1.1776 per Share is the same price at which the Offeror acquired the Sale Shares which represents a 69.88% control block of the Shares. The Share Offer Price does represent an adequate price with a reasonable “control premium” and such price is higher than the recent market prices of the Shares, which for the periods under review, had not traded at the price level as that represented by the Share Offer Price (see Chart I above). The price-to-book multiple as represented by the Share Offer Price is also the highest for the periods under review (see Chart II above).
- The latest upward rally of the Share price up to the Latest Practicable Date is likely supported by the presence of the Share Offer only, thus in our view, the upward rally of the Share price may not be sustainable after the close of the Offers.
- The prevailing market valuations of the comparable companies set out in Table H above suggest on a price-to-book and price-earnings multiples basis, the Share Offer Price is better than these comparable companies. The Share Offer Price represents a premium of approximately 39.36% to the average closing price of HK\$0.845 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day which in our view, could not have been provided by the open market under current market conditions, in the absence of the Share Offer.

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- Subsequent to the Last Trading Date, the closing prices per Share have reached new highs to levels above the Share Offer Price. Such price increase is in our view, a result of the Share Offer and possibly, expectation (or speculation) on the future prospects of the Group under the new controlling shareholder i.e. the Offeror and the proposed executive Directors nominated by it, notwithstanding that the Offeror has neither stated its intention to change the existing principal activities of the Group, nor outlined any new business direction or strategy for the Group.
- The Offers are an opportunity for the Independent Shareholders and Option Holders to exit their shareholding positions at a price and market liquidity condition that would otherwise not exist. This opportunity is particularly useful for those Independent Shareholders who are contemplating selling their holdings in the Shares, given the exit of the Vendors.

As we have also concluded that the Share Offer Price is fair and reasonable, and the Option Offer price is a “comparable offer” (i.e. Share Offer Price less the exercise price of the in-the-money Option), Option Holders are also advised to accept the Option Offer.

For those Independent Shareholders who are considering to realise all or part of their holdings in the Shares, they should monitor the Share price movement until near the end of the Offer Period. Under such circumstances, Independent Shareholders who hold their Shares through stockbrokers, intermediaries or nominees should also consult their intermediaries or nominees as to the latest possible time that may be required for their instructions to be processed and for tendering their Shares in a timely manner. If the market price of the Shares exceeds the Share Offer Price and the sale proceeds net of all transaction costs exceed the net proceeds receivable under the Share Offer, the Independent Shareholders should consider selling their Shares in the open market instead of accepting the Share Offer. Option Holders who wish to realise all or part of their holdings in the Options should therefore consider to exercise their respective Options by following the same approach as abovementioned. These Independent Shareholders should read carefully the procedures of acceptance and settlement of the Offers as set out in Appendix I to the Composite Document.

In the event that the public float of the Company falls below 25% following the close of the Offers, trading in the Shares may be suspended pending a placing down of the Shares by the Offeror for the restoration of the minimum public float as required under the Listing Rules. Under such trading suspension scenario, Independent Shareholders may face nil liquidity for their Shares until trading suspension is lifted.

Our recommendation as set out below notwithstanding, Independent Shareholders and Option Holders who remain interested to have an equity investment in the Company, on the expectation that its future prospects might be improved by the Offeror and the proposed executive Directors nominated by it, and that their circumstances permit them to do so, they may of course elect to continue to hold all or part of their Shares and/or Options.

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RECOMMENDATION

Having considered the principal factors and reasons set out above, we are of the opinion that the terms of the Offers are fair and reasonable so far as the Independent Shareholders and the Option Holders are concerned. We therefore, advise the Independent Board Committee to recommend the (i) Independent Shareholders to accept the Share Offer; and (ii) Option Holders to accept the Option Offer.

Yours faithfully,
for and on behalf of
Centurion Corporate Finance Limited
Baldwin LEE
Managing Director

1. PROCEDURES FOR ACCEPTANCE**1.1 The Share Offer**

- (a) To accept the Share Offer, you should complete and sign the accompanying **WHITE** Form of Share Offer Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Share Offer.
- (b) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Share Offer, you must send the duly completed and signed **WHITE** Form of Share Offer Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for not less than the number of Shares in respect of which you intend to accept the Share Offer, by post or by hand, to the Registrar, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event no later than 4:00 p.m. on the Closing Date or such later time(s) and/or date(s) as the Offeror may determine and announce in accordance with the Takeovers Code.
- (c) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Share Offer in respect of your holding of Shares (whether in full or in part), you must either:
 - (i) lodge your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Share Offer on your behalf and requesting it to deliver the duly completed **WHITE** Form of Share Offer Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
 - (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver the duly completed and signed **WHITE** Form of Share Offer Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

- (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
- (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set out by HKSCC Nominees Limited.
- (d) If the Share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Share Offer in respect of your Shares, the **WHITE** Form of Share Offer Acceptance should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title, you should also write to the Registrar requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.
- (e) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your Share certificate(s), and you wish to accept the Share Offer in respect of your Shares, you should nevertheless complete and sign the **WHITE** Form of Share Offer Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to the Offeror and/or China Galaxy or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant Share certificate(s) when issued and to deliver such Share certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such Share certificate(s), subject to the terms and conditions of the Share Offer, as if it was/they were delivered to the Registrar with the **WHITE** Form of Share Offer Acceptance.

- (f) Acceptance of the Share Offer will be treated as valid only if the completed **WHITE** Form of Share Offer Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date (or such later time and/or date as the Offeror may determine and announce with the consent of the Executive) and the Registrar has recorded the acceptance and any relevant documents required by the Takeovers Code have been so received, and is:
- (i) accompanied by the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if that/those Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares;
 - (ii) from a registered Shareholder or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another sub-paragraph of this paragraph (f)); and
 - (iii) certified by the Registrar or the Stock Exchange.

If the **WHITE** Form of Share Offer Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.

- (g) No acknowledgement of receipt of any Form(s) of Acceptance, Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

1.2 The Option Offer

- (a) To accept the Option Offer, you should complete the **PINK** Form of Option Offer Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Option Offer.
- (b) Without prejudice to the paragraph headed “Effect of accepting the Offers” in the “LETTER FROM CHINA GALAXY” contained in this Composite Document, the completed **PINK** Form of Option Offer Acceptance should be forwarded, together with the relevant certificate(s) of the Options (if applicable) and/or other document(s) of title (and/or satisfactory indemnity or indemnities required in

respect thereof) you intend to tender, stating the number of Options in respect of which you intend to accept the Option Offer, by post or by hand, to the Company (Attention: Company Secretary) at 1123, Kowloonbay International Trade & Exhibition Centre, 1 Trademart Drive, Kowloon Bay, Kowloon, Hong Kong, as soon as possible and in any event no later than 4:00 p.m. on the Closing Date or such later time(s) and/or date(s) as the Offeror may determine and announce in compliance with the requirements of the Takeovers Code. Option Holders should note that according to the rules of the share option scheme of the Company adopted on 22 April 2002, the Option Holders are entitled to exercise their Options (to the extent not exercised) at any time within the period of 14 days after the control of the Company has changed (and notwithstanding any restrictions which would otherwise have prevented such Options from being exercised at that time). The Options (to the extent not exercised or cancelled by accepting the Option Offer) will remain valid in accordance with its terms and subject to such restrictions as applied to them before the Option Offer. Option Holders are recommended to consult their own professional advisers as to the exercise of the Options pursuant to the rules of the share option scheme of the Company adopted on 22 April 2002, and the implications as to accepting or rejecting the Option Offer.

- (c) If the certificate(s) in respect of your Options (if applicable) is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Option Offer, the **PINK** Form of Option Offer Acceptance should nevertheless be completed and delivered to the Company together with a letter stating that you have lost one or more of your option certificate(s) (if applicable) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Company as soon as possible thereafter. If you have lost your option certificate(s) (if applicable), you should also write to the Company requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Company.
- (d) If the certificate(s) in respect of your Options (if applicable) is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Share Offer, you must exercise the Options to the extent exercisable as indicated in the paragraph headed “4. EXERCISE OF OPTIONS” of this Appendix below, but (i) the relevant exercise notice and cheque for the subscription monies must reach the Company before the Offers close; and (ii) the relevant **WHITE** Form of Share Offer Acceptance must reach the Registrar on or before 4:00 p.m. on the Closing Date. You should also write to the Company requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Company.
- (e) No stamp duty will be deducted from the amount paid or payable to Option Holder(s) who accept(s) the Option Offer.

- (f) No acknowledgement of receipt of any **PINK** Form(s) of Option Offer Acceptance, certificate(s) of the Options (if applicable) and/or any other documents of title (and/or any satisfactory indemnity/indemnities required in respect thereof) will be given.

2. SETTLEMENT OF THE OFFERS

2.1 The Share Offer

Provided that a valid **WHITE** Form of Share Offer Acceptance and the relevant certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order in all respects and have been received by the Registrar before the close of the Share Offer, a cheque for the amount due to each of the Independent Shareholders who accepts the Share Offer less seller's Hong Kong ad valorem stamp duty in respect of the Shares tendered by it/him/her under the Share Offer will be despatched to such Independent Shareholder by ordinary post at its/his/her own risk as soon as possible but in any event within seven (7) Business Days following the receipt of all the relevant documents by the Registrar to render such acceptance complete and valid.

Settlement of the consideration to which any accepting Independent Shareholder is entitled under the Share Offer will be implemented in full in accordance with the terms of the Share Offer (save with respect to the payment of seller's Hong Kong ad valorem stamp duty), without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Independent Shareholder.

No fractions of a cent will be payable and the amount of consideration payable to an Independent Shareholder who accepts the Offer will be rounded up to the nearest cent.

2.2 The Option Offer

Provided that a valid **PINK** Form of Option Offer Acceptance and the relevant certificate(s) in respect of the Options (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order in all respects and have been received by the Company before the close of the Option Offer, a cheque for the amount due to each of the Option Holders who accepts the Option Offer in respect of the Options tendered by it/him/her under the Option Offer will be despatched to such Option Holder by ordinary post at its/his/her own risk as soon as possible but in any event within seven (7) Business Days following the receipt of all the relevant documents by the Company to render such acceptance complete and valid.

Settlement of the consideration to which any accepting Option Holder is entitled under the Option Offer will be implemented in full in accordance with the terms of the Option Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Option Holder.

3. ACCEPTANCE PERIOD AND REVISIONS

- (a) In order to be valid for the Offers, the **WHITE** Form of Share Offer Acceptance and **PINK** Form of Option Offer Acceptance must be received by the Registrar (in respect of the Share Offer) or the Company (in respect of the Option Offer) in accordance with the instructions printed thereon by 4:00 p.m. on the Closing Date, unless the Offers are extended or revised with the consent of the Executive.
- (b) The Offeror reserves the right to revise the terms of the Offers after the despatch of this Composite Document until such day as they may determine and in accordance with the Takeovers Code. If the Offeror revises the terms of the Offers, all the Independent Shareholders and the Option Holders, whether or not they have already accepted the Offers, will be entitled to accept the revised Offers under the revised terms.
- (c) If the Offers are extended or revised, an announcement of such extension or revision will state the next closing date or the Offers will remain open until further notice. In the latter case, at least 14 days' notice in writing will be given before the Offers are closed to the Independent Shareholders and the Option Holders who have not accepted the Offers, and the announcement will be released. The revised Offers will be kept open for at least 14 days thereafter.
- (d) If the Closing Date of the Offers is extended, any reference in this Composite Document and in the Forms of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offers as so extended.
- (e) Any acceptance of the relevant revised Offers shall be irrevocable unless and until the Independent Shareholders and the Option Holders who accept the Offers become entitled to withdraw their acceptance under the paragraph headed "6. RIGHT OF WITHDRAWAL" of this Appendix below and duly do so.

4. EXERCISE OF OPTIONS

The Option Holder who wishes to accept the Share Offer may (i) exercise his/her/its Options (to the extent exercisable) by completing, signing and delivering a notice for exercising the Options together with a cheque for payment of the subscription monies and the related certificates (if applicable) for the Options to the Company before the Offers close; and (ii) at the same time, or in any event no later than 4:00 p.m. on the Closing Date, complete and sign the **WHITE** Form of Share Offer Acceptance and deliver it to the Registrar together with a copy of the set of documents delivered to the Company for exercising the Options. Exercise of the Options is subject to the terms and conditions of the share option scheme of the Company adopted on 22 April 2002 and the terms attaching to the grant of the relevant Options. Delivery of the completed and signed **WHITE** Form of Share Offer Acceptance to the Registrar

will not serve to complete the exercise of the Options but will only be deemed to be an irrevocable authority to the Offeror and/or China Galaxy and/or any of their respective agent(s) or such other person(s) as they may direct to collect from the Company or the Registrar on his/her/its behalf the relevant share certificate(s) when issued on exercise of the Options as if it/they were delivered to the Registrar with the **WHITE** Form of Share Offer Acceptance. If the Option Holder fails to exercise his/her/its Options as aforesaid and in accordance with the terms and conditions of the share option scheme of the Company adopted on 22 April 2002, there is no guarantee that the Company may issue the relevant share certificate in respect of the Shares allotted pursuant to his/her/its exercise of the Option(s) to such Option Holder in time for it to accept the Share Offer as an Independent Shareholder of such Shares under the terms of the Share Offer.

5. ANNOUNCEMENTS

- (a) By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Offers. The Offeror must post an announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating, amongst other information required under Rule 19.1 of the Takeovers Code, whether the Offers have been revised, extended, or has expired.

The announcement will state the total number of Shares and Options and rights over Shares:

- (i) for which acceptances of the Offers have been received;
- (ii) held, controlled or directed by the Offeror or persons acting in concert with it before the Offer Period; and
- (iii) acquired or agreed to be acquired during the Offer Period by the Offeror and persons acting in concert with it.

The announcement must include details of any relevant securities (as defined in the Takeovers Code) in the Company which the Offeror and parties acting in concert with it have borrowed or lent, save for any borrowed shares which have been either on-lent or sold.

The announcement must also specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

In computing the total number or principal amount of Shares and Options represented by acceptances, only valid acceptances that are complete, in good order and fulfill the acceptance conditions set out in paragraph 1 of this Appendix, and which have been received by the Registrar (in respect of the Share Offer) or the Company (in respect of the Option Offer) respectively no later than 4:00 p.m. on the Closing Date, unless the Offers are extended or revised with the consent of the Executive, shall be included.

- (b) As required under the Takeovers Code, all announcements in relation to the Offers which the Executive and the Stock Exchange have confirmed that they have no further comments thereon must be made in accordance with the requirements of the Takeovers Code and the Listing Rules.

6. RIGHT OF WITHDRAWAL

- (a) Acceptance of the Offers tendered by the Independent Shareholders and the Option Holders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in subparagraph (b) below.
- (b) If the Offeror is unable to comply with the requirements set out in the paragraph headed “5. ANNOUNCEMENTS” of this Appendix above, the Executive may require that the Independent Shareholders and the Option Holders who have tendered acceptances to the Offers be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

In such case, when the Independent Shareholders and the Option Holders withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event within ten days thereof, return by ordinary post the Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title or the relevant certificate(s) in respect of the Options (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Forms of Acceptance to the relevant Independent Shareholders and Option Holders.

7. STAMP DUTY

The seller’s Hong Kong ad valorem stamp duty arising in connection with acceptance of the Share Offer amounting to 0.1% of the amount payable in respect of the relevant acceptance or if higher, the market value of the Shares, will be deducted from the amount payable to the Independent Shareholders who accept the Share Offer. The Offeror will bear its own portion of the buyer’s Hong Kong ad valorem stamp duty at the rate of 0.1% of the amount payable in respect of the relevant acceptance or if higher, the market value of the Shares, and will be liable to account to the Stamp Office of Hong Kong for stamp duty payable for the sale and purchase of the Shares which are validly tendered for acceptance under the Share Offer.

No stamp duty is payable in connection with the acceptance of the Option Offer.

8. OVERSEAS SHAREHOLDERS AND OPTION HOLDERS

As the Offers to persons not residing in Hong Kong might be affected by the laws of the relevant jurisdiction in which they are resident, overseas Option Holders, and Shareholders whose addresses as shown in the registers of members of the Company are outside Hong Kong and beneficial owners of the Shares or Option Holders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should obtain information about and observe any

applicable legal or regulatory requirements and, where necessary, seek legal advice in respect of the Offers. It is the responsibility of the overseas Option Holders and Shareholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions).

Any acceptance by any overseas Option Holders and Shareholders will be deemed to constitute a representation and warranty from such overseas Option Holders and Shareholders to the Offeror that the local laws and requirements have been complied with. The overseas Option Holders and Shareholders should consult their professional advisers if in doubt.

9. TAXATION ADVICE

Independent Shareholders and Option Holders are recommended to consult their own professional advisers as to the taxation implications of accepting or rejecting the Offers. The Offeror accepts no responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

10. GENERAL

- (a) All communications, notices, Forms of Acceptance, Share certificate(s), transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offers to be delivered by or sent to or from the Independent Shareholders and/or the Option Holders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Company, the Offeror, China Galaxy and any of their respective directors nor the Registrar or other parties involved in the Offers or any of their respective agents accept any liability for any loss in postage or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the **WHITE** Form of Share Offer Acceptance and **PINK** Form of Option Offer Acceptance form part of the terms and conditions of the Share Offer and Option Offer, respectively.
- (c) The accidental omission to despatch this Composite Document and/or Forms of Acceptance or any of them to any person to whom the Offers are made will not invalidate either the Share Offer or the Option Offer in any way.
- (d) The Offers are, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.

- (e) Due execution of the Form(s) of Acceptance will constitute an authority to the Offeror, China Galaxy or such person or persons as the Offeror may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offers and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as they may direct, the Shares or the Options in respect of which such person or persons has/have accepted the Offers.
- (f) By accepting the Offers, the Independent Shareholders or the Option Holders will sell their Shares or Options (as the case may be) to the Offeror free from all liens, claims, Encumbrances and all third party rights and with all rights attached thereto as at the date of this Composite Document, including in the case of the Shares, the right to receive in full all dividends and other distributions, if any, declared, paid or made on or after the date of this Composite Document. The making of the Offers to a person with a registered address in a jurisdiction outside Hong Kong or who is a citizen, resident or national of a jurisdiction outside Hong Kong may be affected by the applicable laws of the relevant jurisdiction. Overseas Option Holders and Shareholders with registered addresses in jurisdictions outside Hong Kong and beneficial owners of the Shares or Option Holders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should inform themselves about and observe any applicable legal requirements in their own jurisdictions.
- (g) Acceptance of the Offers by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares or Options in respect of which as indicated in the Form(s) of Acceptance is the aggregate number of Shares or Options held by such nominee for such beneficial owner who is accepting the Offers.
- (h) Reference to the Offers in this Composite Document and in the Forms of Acceptance shall include any extension or revision thereof.
- (i) All acceptances, instructions, authorities and undertakings given by the Independent Shareholders and the Option Holders in the Forms of Acceptance shall be irrevocable except as permitted under the Takeovers Code.
- (j) The English text of this Composite Document and the Forms of Acceptance shall prevail over their respective Chinese text for the purpose of interpretation.
- (k) In this Composite Document, unless stated otherwise, US\$ has been converted into HK\$ at the rate close to the date of this Composite Document of US\$1 = HK\$7.75 for reference purpose only and no representation has been made that any amounts in US\$ or HK\$ can be or could have been converted at the relevant dates at the above rate or any other rates.

1. FINANCIAL INFORMATION

A. SUMMARY OF FINANCIAL RESULTS FOR THE THREE YEARS ENDED 30 APRIL 2014 AND THE SIX MONTHS ENDED 31 OCTOBER 2014

The following financial information has been extracted from the audited accounts of the Group for each of the three years ended 30 April 2014 and unaudited accounts for the six months ended 31 October 2014:

	Year ended 30 April 2014 US\$'000	Year ended 30 April 2013 US\$'000	Year ended 30 April 2012 US\$'000	Six months ended 31 October 2014 US\$'000	Six months ended 31 October 2013 US\$'000
REVENUE	103,397	110,047	100,621	53,824	58,423
Cost of sales	(76,427)	(82,459)	(77,123)	(39,424)	(43,259)
Gross profit	26,970	27,588	23,498	14,400	15,164
Other income	1,353	1,078	1,454	223	511
General and administrative expenses	(23,329)	(23,543)	(22,014)	(11,246)	(12,029)
Gain on disposal of subsidiaries	–	–	191	–	–
Loss on dissolution of subsidiaries	(138)	–	(97)	–	(138)
Loss on deregistration of a branch	–	(193)	–	–	–
Share of loss of a joint venture	(1)	(1)	(1)	–	(1)
PROFIT BEFORE TAX	4,855	4,929	3,031	3,377	3,507
Income tax (expense)/credit	(399)	403	(247)	(331)	(355)
PROFIT FOR THE YEAR/PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY	4,456	5,332	2,784	3,046	3,152
OTHER COMPREHENSIVE INCOME					
Other comprehensive income to be reclassified to profit and loss in subsequent period:					
Exchange differences:					
Translation of foreign operations	172	46	75	13	107
Reclassification adjustments					
– loss on dissolution of subsidiaries	138	–	97	–	138
– loss on disposal of subsidiaries	–	–	1	–	–
– loss on deregistration of a branch	–	193	–	–	–

APPENDIX II
FINANCIAL INFORMATION OF THE GROUP

	Year ended 30 April 2014 US\$'000	Year ended 30 April 2013 US\$'000	Year ended 30 April 2012 US\$'000	Six months ended 31 October 2014 US\$'000	Six months ended 31 October 2013 US\$'000
Other comprehensive income to be reclassified subsequently to profit or loss	310	239	173	13	245
Other comprehensive (loss)/income not to be reclassified subsequently to profit or loss:					
Remeasurements from defined benefit plan	(44)	18	–	–	–
OTHER COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	<u>266</u>	<u>257</u>	<u>173</u>	<u>13</u>	<u>245</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	<u>4,722</u>	<u>5,589</u>	<u>2,957</u>	<u>3,059</u>	<u>3,397</u>
DIVIDENDS AND DISTRIBUTION	<u>14,805</u>	<u>2,459</u>	<u>1,212</u>	<u>843</u>	<u>13,742</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (expressed in US cent)					
Basic	<u>0.7</u>	<u>0.8</u>	<u>0.4</u>	<u>0.4</u>	<u>0.5</u>
Diluted	<u>0.7</u>	<u>0.8</u>	<u>0.4</u>	<u>0.4</u>	<u>0.5</u>

Notes:

1. The auditors of the Company, Ernst & Young, Certified Public Accountants, issued unqualified opinion in respect of the consolidated financial statements of the Group for each of the three years ended 30 April 2014.
2. During the year ended 30 April 2014, the Group adopted a number of new or revised International Financial Reporting Standards, details of which are set out in Note 2.2 to the audited consolidated financial statements of the Group for the year ended 30 April 2014 which are set out in Section 1B. in the appendix below. Directors of the Company consider that such adoptions would not have any material effect on the financial figures for the year ended 30 April 2012 disclosed above.

Capitalised terms used in Section B and Section C of this Appendix below have the same meaning as defined in the related annual reports and interim reports of the Company.

B. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

The following is the full text of the audited consolidated financial statements of the Group for the year ended 30 April 2014 as extracted from the annual report of the Company for the year ended 30 April 2014.

Consolidated Statement of Profit or Loss

Year ended 30 April 2014

	<i>Note</i>	2014 <i>US\$'000</i>	2013 <i>US\$'000</i>
REVENUE	5	103,397	110,047
Cost of sales		<u>(76,427)</u>	<u>(82,459)</u>
Gross profit		26,970	27,588
Other income	5	1,353	1,078
General and administrative expenses		(23,329)	(23,543)
Loss on dissolution of a subsidiary	28	(138)	–
Loss on deregistration of a branch		–	(193)
Share of loss of a joint venture		<u>(1)</u>	<u>(1)</u>
PROFIT BEFORE TAX	6	4,855	4,929
Income tax (expense)/credit	9	<u>(399)</u>	<u>403</u>
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	10	<u><u>4,456</u></u>	<u><u>5,332</u></u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (expressed in US cent)	11		
Basic		<u><u>0.7</u></u>	<u><u>0.8</u></u>
Diluted		<u><u>0.7</u></u>	<u><u>0.8</u></u>

Details of the dividends and distribution to shareholders of the Company are set out in Note 12 to the financial statements.

Consolidated Statement of Comprehensive Income

Year ended 30 April 2014

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

Consolidated Statement of Financial Position

As at 30 April 2014

	Note	30 April 2014 US\$'000	30 April 2013 US\$'000 (Restated)	1 May 2012 US\$'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment	13	459	1,041	998
Goodwill	14	26,333	26,333	26,333
Available-for-sale financial asset	15	84	84	84
Investment in a joint venture	17	10	11	12
Deferred tax assets	18	9	19	113
Total non-current assets		<u>26,895</u>	<u>27,488</u>	<u>27,540</u>
CURRENT ASSETS				
Trade receivables	19	6,221	5,456	5,367
Prepayments, deposits and other receivables	20	2,422	3,728	3,120
Tax recoverable		566	418	212
Bank deposit with initial term of over three months		–	–	1,997
Cash and cash equivalents	21	14,611	24,335	17,816
Total current assets		<u>23,820</u>	<u>33,937</u>	<u>28,512</u>
CURRENT LIABILITIES				
Trade payables	22	5,682	5,526	5,997
Accruals and other payables	23	9,675	10,488	8,574
Tax payable		1,636	1,686	1,468
Total current liabilities		<u>16,993</u>	<u>17,700</u>	<u>16,039</u>
NET CURRENT ASSETS		<u>6,827</u>	<u>16,237</u>	<u>12,473</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>33,722</u>	<u>43,725</u>	<u>40,013</u>
NON-CURRENT LIABILITY				
Post-employment benefits	24	1,005	979	1,014
Total non-current liability		<u>1,005</u>	<u>979</u>	<u>1,014</u>
NET ASSETS		<u>32,717</u>	<u>42,746</u>	<u>38,999</u>
EQUITY				
Issued capital	25	13,671	13,661	13,661
Reserves	27(a)	19,046	29,085	25,338
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>32,717</u>	<u>42,746</u>	<u>38,999</u>

Consolidated Statement of Changes in Equity

Year ended 30 April 2014

Note	Attributable to owners of the Company							
	Issued capital US\$'000	Share premium US\$'000	Share option reserve US\$'000	Special reserve [#] US\$'000	Capital redemption reserve US\$'000	Exchange fluctuation reserve US\$'000	Retained earnings US\$'000	Total equity US\$'000
At 1 May 2013								
As previously reported	13,661	22,711	226	184	48	(438)	6,280	42,672
Impact of adoption of IAS 19 Amendments	2.2	-	-	-	-	-	74	74
As restated	13,661	22,711	226	184	48	(438)	6,354	42,746
Profit for the year	-	-	-	-	-	-	4,456	4,456
Other comprehensive income for the year:								
Exchange differences on translation of foreign operations	-	-	-	-	-	172	-	172
Reclassification adjustment – loss on dissolution of a subsidiary	-	-	-	-	-	138	-	138
Remeasurements from defined benefit plan	-	-	-	-	-	-	(44)	(44)
Total comprehensive income for the year	-	-	-	-	-	310	4,412	4,722
Employees share option scheme								
– proceed from issue of shares	26	10	35	-	-	-	-	45
– transfer to share premium	26	-	12	(12)	-	-	-	-
Share options lapsed during the year	-	-	(145)	-	-	-	145	-
Share premium reduction	-	(12,800)	-	-	-	-	12,800	-
Distribution	12	-	-	-	-	-	(12,863)	(12,863)
Final 2013 dividend paid	12	-	-	-	-	-	(1,054)	(1,054)
Interim 2014 dividend paid	12	-	-	-	-	-	(879)	(879)
At 30 April 2014	13,671	9,958	69	184	48	(128)	8,915	32,717
Representing:								
Proposed 2014 final dividend	12	-	-	-	-	-	1,063	1,063
Others	13,671	9,958	69	184	48	(128)	7,852	31,654
At 30 April 2014	13,671	9,958	69	184	48	(128)	8,915	32,717

Note	Attributable to owners of the Company							
	Issued capital US\$'000	Share premium US\$'000	Share option reserve US\$'000	Special reserve [#] US\$'000	Capital redemption reserve US\$'000	Exchange fluctuation reserve US\$'000	Retained earnings US\$'000	Total equity US\$'000
At 1 May 2012								
As previously reported	13,661	22,711	226	184	48	(677)	2,790	38,943
Impact of adoption of IAS 19 Amendments	2.2	-	-	-	-	-	56	56
As restated	13,661	22,711	226	184	48	(677)	2,846	38,999
Profit for the year	-	-	-	-	-	-	5,332	5,332
Other comprehensive income for the year:								
Exchange differences on translation of foreign operations	-	-	-	-	-	46	-	46
Reclassification adjustment – loss on deregistration of a branch	-	-	-	-	-	193	-	193
Remeasurements from defined benefit plan (restated)	-	-	-	-	-	-	18	18
Total comprehensive income for the year	-	-	-	-	-	239	5,350	5,589
Equity-settled share option arrangements	26	-	2	-	-	-	-	2
Share options lapsed during the year	-	-	(2)	-	-	-	2	-
Final 2012 dividend paid	-	-	-	-	-	-	(439)	(439)
Interim 2013 dividend paid	12	-	-	-	-	-	(1,405)	(1,405)
At 30 April 2013	<u>13,661</u>	<u>22,711</u>	<u>226</u>	<u>184</u>	<u>48</u>	<u>(438)</u>	<u>6,354</u>	<u>42,746</u>

[#] Special reserve represents the difference between the nominal value of share capital of the Company issued and the aggregate amount of nominal value of share capital of subsidiaries acquired by the Company through an exchange of shares.

Consolidated Statement of Cash Flows

Year ended 30 April 2014

	<i>Note</i>	2014 US\$'000	2013 US\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax:		4,855	4,929
Adjustments for:			
Share of loss of a joint venture		1	1
Interest income	5	(7)	(55)
Gain on disposal of property, plant and equipment	6	(1)	(2)
Loss on dissolution of a subsidiary	6	138	–
Loss on deregistration of a branch	6	–	193
Depreciation	6	756	758
Equity-settled share option expense	6	–	2
		<u>5,742</u>	<u>5,826</u>
Increase in trade receivables		(765)	(89)
Decrease/(increase) in prepayments, deposits and other receivables		1,306	(608)
Increase/(decrease) in trade payables		156	(471)
(Decrease)/increase in accruals and other payables		(813)	1,914
Decrease in post-employment benefits		(17)	(17)
		<u>5,609</u>	<u>6,555</u>
Cash generated from operations		(587)	509
Net cash flows from operating activities		<u>5,022</u>	<u>7,064</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		7	55
Purchases of property, plant and equipment		(175)	(801)
Proceeds from disposal of property, plant and equipment		1	2
Decrease in bank deposit with initial term of over three months		–	1,997
		<u>(167)</u>	<u>1,253</u>
Net cash flows (used in)/from investing activities		<u>(167)</u>	<u>1,253</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		45	–
Dividends paid		(1,933)	(1,844)
Distribution paid		(12,863)	–
		<u>(14,751)</u>	<u>(1,844)</u>
Net cash flows used in financing activities		<u>(14,751)</u>	<u>(1,844)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			
		(9,896)	6,473
Cash and cash equivalents at beginning of year		24,335	17,816
Effect of foreign exchange rate changes, net		172	46
		<u>14,611</u>	<u>24,335</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>14,611</u>	<u>24,335</u>
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		<u>14,611</u>	<u>24,335</u>

Statement of Financial Position

As at 30 April 2014

	<i>Note</i>	2014 <i>US\$'000</i>	2013 <i>US\$'000</i>
NON-CURRENT ASSETS			
Investments in subsidiaries	<i>16</i>	<u>36,560</u>	<u>50,843</u>
Total non-current assets		<u>36,560</u>	<u>50,843</u>
CURRENT ASSETS			
Prepayments, deposits and other receivables	<i>20</i>	2	21
Cash and cash equivalents	<i>21</i>	<u>248</u>	<u>134</u>
Total current assets		<u>250</u>	<u>155</u>
CURRENT LIABILITIES			
Accruals and other payables	<i>23</i>	<u>182</u>	<u>129</u>
Total current liabilities		<u>182</u>	<u>129</u>
NET CURRENT ASSETS		<u>68</u>	<u>26</u>
NET ASSETS		<u><u>36,628</u></u>	<u><u>50,869</u></u>
EQUITY			
Issued capital	<i>25</i>	13,671	13,661
Reserves	<i>27(b)</i>	<u>22,957</u>	<u>37,208</u>
TOTAL EQUITY		<u><u>36,628</u></u>	<u><u>50,869</u></u>

Notes to the Financial Statements**30 April 2014****1. CORPORATE INFORMATION**

Linmark Group Limited (“**Company**”) is an investment holding company and its subsidiaries (together with the Company are collectively referred to as the “**Group**”) are principally engaged in the sales of merchandise and the provision of procurement and value-added services.

The Company was incorporated in Bermuda on 25 January 2002 as an exempted company with limited liability under the Companies Act 1981 of Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) since 10 May 2002. In the opinion of the Directors, the holding company of the Company is Roly International Holdings Ltd., which is incorporated in Bermuda, and the ultimate holding company is Megastar Holdings Limited, which is incorporated in the British Virgin Islands.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) (which comprise standards and interpretations approved by the International Accounting Standards Board (“**IASB**”), and International Accounting Standards (“**IASs**”) and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for an available-for-sale financial asset, which has been measured at fair value. These financial statements are presented in United States dollars (“**US\$**”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 30 April 2014. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Profit or loss and each component of other comprehensive income are attributable to the owners of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All inter-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated on consolidation in full.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

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

Other than as further explained below regarding the impact of IAS 1 Amendments and IAS 19 Amendments, the adoption of the new and revised standards, interpretations and amendments has had no significant financial effect on these financial statements.

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

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

Furthermore, upon the adoption of IAS 19 Amendments, all past service costs are recognised at the earlier of when an amendment/curtailment occurs and when the related restructuring or termination costs are recognised. As a result, unvested past service costs can no longer be deferred and recognised over the future vesting period. The balance of unrecognised service costs as at 1 May 2012 was charged to retained profits as at 1 May 2012 and the amortisation of past service costs for the year ended 30 April 2013 has been adjusted. IAS 19 Amendments also requires more extensive disclosures which are included in Note 24 to the financial statements.

The effects of the above change are summarised below:

	2014 <i>US\$'000</i>	2013 <i>US\$'000</i>
<i>Consolidated statement of comprehensive income</i>		
(Decrease)/increase in actuarial gain on defined benefit obligations and (decrease)/ increase in other comprehensive income	(44)	18
	<u>30 April 2014</u> <i>US\$'000</i>	<u>30 April 2013</u> <i>US\$'000</i>
		<u>1 May 2012</u> <i>US\$'000</i>

Consolidated statement of financial position

Decrease in post-employment benefits and total non-current liabilities	30	74	56
	<u>30</u>	<u>74</u>	<u>56</u>
Increase in retained earnings	30	74	56
	<u>30</u>	<u>74</u>	<u>56</u>

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

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

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

IFRS 9	<i>Financial Instruments</i> ⁵
IFRS 9, IFRS 7 and IAS 39 Amendments	<i>Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39</i> ⁵
IFRS 10, IFRS 12 and IAS 27 (Revised) Amendments	Amendments to IFRS 10, IFRS 12 and IAS 27 (Revised) <i>Investment Entities</i> ¹
IFRS 11 Amendments	Amendments to IFRS 11 <i>Accounting for Acquisitions of Interests in Joint Operations</i> ³
IFRS 14	<i>Regulatory Deferral Accounts</i> ³
IFRS 15	<i>Revenue from Contracts with Customers</i> ⁴
IAS 16 and IAS 38 Amendments	Amendments to IAS 16 <i>Property, Plant and Equipment</i> and IAS 38 <i>Intangible Assets</i> ³
IAS 19 Amendments	Amendments to IAS 19 <i>Employee Benefits – Defined Benefit Plans: Employee Contributions</i> ²
IAS 32 Amendments	Amendments to IAS 32 <i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i> ¹
IAS 39 Amendments	Amendments to IAS 39 <i>Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting</i> ¹
IFRIC 21	<i>Levies</i> ¹
Annual Improvements 2010 – 2012 Cycle and 2011 – 2013 Cycle	Amendments to a number of IFRSs issued in December 2013 ²

- ¹ Effective for annual periods beginning on or after 1 January 2014
- ² Effective for annual periods beginning on or after 1 July 2014
- ³ Effective for annual periods beginning on or after 1 January 2016
- ⁴ Effective for annual periods beginning on or after 1 January 2017
- ⁵ No mandatory effective date yet determined but is available for adoption

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that these new and revised IFRSs are unlikely to have a significant impact on the Group's results of the operations and financial position.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

Joint venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control, is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investment in a joint venture is stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of a joint venture is included in the consolidated statement of profit or loss. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its joint venture are eliminated to the extent of the Group's investment in the joint venture, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of joint venture is included as part of the Group's investment in joint venture.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 is measured at fair value with changes in fair value recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets of the subsidiary acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 30 April. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the disposed operation and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its investment properties and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- | | | |
|---------|---|---|
| Level 1 | – | based on quoted prices (unadjusted) in active markets for identical assets or liabilities |
| Level 2 | – | based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly |
| Level 3 | – | based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable |

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than deferred tax assets, financial assets and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises.

An impairment loss is charged to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person,
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;
- or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a); and
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the shorter of 5 years or the lease terms
Furniture and equipment	3 to 5 years
Motor vehicles	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under operating leases are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Group's financial assets include an available-for-sale financial asset, cash and cash equivalents, trade receivables, and deposits and other receivables.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in financial costs for loans and in other expenses for receivables.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other gains and losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the statement of profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets, if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired;
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred assets to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the statement of profit or loss.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

Financial liabilities***Initial recognition and measurement***

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables and other payables.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is currently an enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Provisions for product warranties granted by the Group on certain products are recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and a joint venture, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and a joint venture, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) from the sales of merchandise, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- (b) commission income, when the underlying goods procured by the Group are shipped;
- (c) from the rendering of services, reimbursement income from customers, handling fee income and inspection and laboratory testing income, when the services are rendered; and
- (d) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset.

Share-based payment transactions

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("**equity-settled transactions**").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefit expense. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits**(i) Pension schemes**Defined contribution pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (“**MPF Scheme**”) under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees’ basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group’s subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute 15% to 20% of its payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Defined benefit pension scheme

The Group operates a defined benefit pension plan, which requires contributions to be made to a separately administered fund, for those employees who are eligible to participate in the scheme. The cost of providing benefits under the defined benefit plan is determined separately using the projected unit credit valuation method.

Remeasurements arising from defined benefit pension plans, comprising actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets (excluding net interest), are recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to retained profits through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss at the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Group recognises restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligations under “administrative expenses” in the consolidated statement of profit or loss by function:

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements;
- net interest expense or income.

(ii) Employee leave entitlements

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the end of the reporting period is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the end of the reporting period for the expected future cost of such paid leave earned during the year by the employees and carried forward.

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an office made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Dividends

Final dividends proposed by the Directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Foreign currencies

These financial statements are presented in United States dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries and joint venture are currencies other than the United States dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Group at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into United States dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 30 April 2014 was US\$26,333,000 (2013: US\$26,333,000). More details are given in Note 14 to the financial statements.

Trade and other receivables

The Group's management determines the provision for impairment of trade and other receivables based on an assessment of the recoverability of the receivables. This assessment is based on the credit history of its customers and other debtors and the current market condition which requires the use of judgements and estimates. When the expectation on the recoverability of trade and other receivables is different from the original estimates, such difference will impact the carrying value of trade and other receivables and impairment provisions in the periods in which such estimate has been changed. Management assesses the provision at the end of each reporting period. The carrying amounts of trade receivables and other receivables as at 30 April 2014 were US\$6,221,000 (2013: US\$5,456,000) and US\$1,301,000 (2013: US\$1,179,000), respectively. More details are given in Notes 19 and 20 to the financial statements.

Income tax and deferred tax

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining the amount of the provision for tax and the timing of payment of the related taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the income tax and deferred tax provisions in the periods in which such determination is made. The carrying amount of deferred tax assets as at 30 April 2014 was US\$9,000 (2013: US\$19,000).

Deferred tax assets are recognised for unused tax losses carried forward to the extent that it is probable (i.e., more likely than not) that future taxable profits will be available against which the unused tax losses can be utilised, based on all available evidence. Recognition primarily involves judgement regarding the future performance of the particular legal entity or tax group in which the deferred tax asset has been recognised. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all of the deferred tax assets will ultimately be realised, such as the existence of taxable temporary differences, tax planning strategies and the periods in which estimated tax losses can be utilised. The carrying amount of deferred tax assets and related financial models and budgets are reviewed at the end of each reporting period and to the extent that there is insufficient convincing evidence that sufficient taxable profits will be available within the utilisation periods to allow utilisation of the tax losses carried forward, the asset balance will be reduced and charged to the statement of profit or loss.

Impairment of an available-for-sale financial asset

The Group classifies certain assets as available for sale and recognises movements of their fair values in equity. When the fair value declines, management makes assumptions about the decline in value to determine whether there is an impairment that should be recognised in the statement of profit or loss. At 30 April 2014, no impairment losses have been recognised for the available-for-sale financial asset (2013: Nil). The carrying amount of the available-for-sale financial asset was approximately US\$84,000 (2013: US\$84,000). More details are given in Note 15 to the financial statements.

4. OPERATING SEGMENT INFORMATION

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

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

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

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

Year ended 30 April 2014	Sales of merchandise <i>US\$'000</i>	Provision of services <i>US\$'000</i>	Total <i>US\$'000</i>
Segment revenue:			
Revenue from external customers	86,811	16,586	103,397
Segment results	2,266	3,211	5,477
Interest income			7
Loss on dissolution of a subsidiary			(138)
Share of loss of a joint venture			(1)
Corporate and other unallocated expenses			(490)
Profit before tax			4,855
Income tax expense			(399)
Profit for the year			4,456
Other segment information:			
Depreciation	300	456	756
Capital expenditures	100	75	175
(Reversal of impairment)/impairment of trade receivables	(15)	42	27
Year ended 30 April 2013			
Segment revenue:			
Revenue from external customers	93,003	17,044	110,047
Segment results	1,775	3,768	5,543
Interest income			55
Loss on deregistration of a branch			(193)
Share of loss of a joint venture			(1)
Corporate and other unallocated expenses			(475)
Profit before tax			4,929
Income tax credit			403
Profit for the year			5,332
Other segment information:			
Depreciation	263	495	758
Capital expenditures	261	540	801
Impairment of trade receivables	2	17	19

Geographical information

(a) Revenue from external customers

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

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

(b) Non-current assets

	2014 <i>US\$'000</i>	2013 <i>US\$'000</i>
Hong Kong	26,634	27,188
Others	168	197
	<u>26,802</u>	<u>27,385</u>

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

Information about major customers

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

	Operating segment	2014 <i>US\$'000</i>	2013 <i>US\$'000</i>
Customer A	Sales of merchandise	34,578	32,585
Customer B	Sales of merchandise	23,201	23,215
		<u>57,779</u>	<u>55,800</u>

5. REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts; commission income and the value of services rendered.

An analysis of the Group's revenue and other income is as follows:

	2014	2013
	<i>US\$'000</i>	<i>US\$'000</i>
Revenue		
Sales of merchandise	86,811	93,003
Commission income	16,579	17,034
Rendering of services	7	10
	<u>103,397</u>	<u>110,047</u>
Other income		
Bank interest income	7	55
Reimbursement income from customers	22	25
Handling fee income	359	300
Inspecting and laboratory test income	353	380
Others	612	318
	<u>1,353</u>	<u>1,078</u>

6. PROFIT BEFORE TAX

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

	<i>Note</i>	2014	2013
		<i>US\$'000</i>	<i>US\$'000</i>
Cost of inventories sold		76,160	82,148
Cost of services provided		267	311
Depreciation	13	756	758
Minimum lease payments under operating leases:			
Furniture and equipment		83	93
Office premises and staff quarters		1,509	1,372
		<u>1,592</u>	<u>1,465</u>
Auditors' remuneration*			
Audit services		335	298
Non-audit services		156	62
		<u>491</u>	<u>360</u>
Employee benefit expense (including Directors' remuneration – Note 7):			
Salaries, bonuses and allowances		14,056	13,883
Staff welfare and benefits		1,537	1,633
Equity-settled share option expense		–	2
Pension scheme contributions^			
– defined contribution scheme		480	430
– defined benefit plans		23	49
		<u>16,096</u>	<u>15,997</u>

	<i>Note</i>	2014 <i>US\$'000</i>	2013 <i>US\$'000</i>
Foreign exchange differences, net		214	340
Impairment of trade receivables	19	27	19
Gain on disposal of property, plant and equipment		(1)	(2)
Loss on dissolution of a subsidiary	28	138	–
Loss on deregistration of a branch		–	193
		<u> </u>	<u> </u>

* Of the above audit and non-audit services fees, US\$326,000 (2013: US\$289,000) and US\$146,000 (2013: US\$52,000) respectively are payable to the Company's auditors.

^ At 30 April 2014, the Group had no material forfeited contributions available to reduce its contributions to the pension schemes in future years (2013: Nil).

7. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and Section 4 of Cap. 622G of the Hong Kong Companies Ordinance, is as follows:

Group	2014 <i>US\$'000</i>	2013 <i>US\$'000</i>
Fees	<u>173</u>	<u>173</u>
Other emoluments:		
Salaries, allowances and benefits in kind	1,311	1,294
Performance related bonus	345	683
Equity-settled share option expense	–	1
Pension scheme contributions	<u>72</u>	<u>70</u>
	<u>1,728</u>	<u>2,048</u>
Total	<u>1,901</u>	<u>2,221</u>

Certain Directors were granted share options in respect of their services to the Group under the share option scheme of the Company, further details of which are set out in Note 26 to the financial statements. The fair value of such options which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above Directors' remuneration disclosures.

The emoluments of each Director are set out below:

Year ended 30 April 2014	Fees <i>US\$'000</i>	Salaries, allowances and benefits in kind <i>US\$'000</i>	Performance related bonus <i>US\$'000</i>	Equity- settled share option expense <i>US\$'000</i>	Pension scheme contributions <i>US\$'000</i>	Total remuneration <i>US\$'000</i>
Executive Directors:						
WANG Lu Yen	–	874	225	–	28	1,127
WONG Hing Lin, Dennis	–	437	120	–	44	601
Non-executive Director:						
WONG Wai Ming	37	–	–	–	–	37

	Fees <i>US\$'000</i>	Salaries, allowances and benefits in kind <i>US\$'000</i>	Performance related bonus <i>US\$'000</i>	Equity- settled share option expense <i>US\$'000</i>	Pension scheme contributions <i>US\$'000</i>	Total remuneration <i>US\$'000</i>
Year ended 30 April 2014						
Independent non-executive Directors:						
WANG Arthur Minshiang	44	-	-	-	-	44
TSE Hau Yin, Aloysius	55	-	-	-	-	55
Jakob Jacobus Koert TULLENERS	37	-	-	-	-	37
	<u>173</u>	<u>1,311</u>	<u>345</u>	<u>-</u>	<u>72</u>	<u>1,901</u>

	Fees <i>US\$'000</i>	Salaries, allowances and benefits in kind <i>US\$'000</i>	Performance related bonus <i>US\$'000</i>	Equity- settled share option expense <i>US\$'000</i>	Pension scheme contributions <i>US\$'000</i>	Total remuneration <i>US\$'000</i>
Year ended 30 April 2013						
Executive Directors:						
WANG Lu Yen	-	878	455	1	28	1,362
WONG Hing Lin, Dennis	-	416	228	-	42	686
Non-executive Director:						
WONG Wai Ming	37	-	-	-	-	37
Independent non-executive Directors:						
WANG Arthur Minshiang	44	-	-	-	-	44
TSE Hau Yin, Aloysius	55	-	-	-	-	55
Jakob Jacobus Koert TULLENERS	37	-	-	-	-	37
	<u>173</u>	<u>1,294</u>	<u>683</u>	<u>1</u>	<u>70</u>	<u>2,221</u>

There was no arrangement under which a Director waived or agreed to waive any remuneration during the year (2013: Nil).

During the year ended 30 April 2014, no emolument was paid to or receivable by any of the Directors as an inducement to join or upon joining the Group or as compensation for loss of office as a director of any member of the Group or of any other office in connection with management of the Group (2013: Nil).

8. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2013: two) Directors, details of whose remuneration are set out in Note 7 above. Details of the remuneration for the year of the remaining three (2013: three) highest paid employees who are neither a Director nor chief executive of the Company are as follows:

Group	2014 <i>US\$'000</i>	2013 <i>US\$'000</i>
Salaries, allowances and benefits in kind	677	691
Performance related bonuses	119	113
Equity-settled share option expense	-	1
Pension scheme contributions	10	13
	<u>806</u>	<u>818</u>

The number of non-director and non chief executive highest paid employees whose remuneration fell within the following bands presented in Hong Kong dollars (“HK\$”) is as follows:

	Number of employees	
	2014	2013
HK\$1,000,001 to HK\$1,500,000 (equivalent to US\$128,535 to US\$192,801)	1	–
HK\$1,500,001 to HK\$2,000,000 (equivalent to US\$192,802 to US\$257,069)	–	1
HK\$2,000,001 to HK\$3,000,000 (equivalent to US\$257,070 to US\$385,604)	2	2
	<u>3</u>	<u>3</u>

During the year ended 30 April 2014, no emolument was paid to or received by any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office in connection with the management of the affairs of the Group (2013: Nil).

9. INCOME TAX EXPENSE/(CREDIT)

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

Group	2014 <i>US\$'000</i>	2013 <i>US\$'000</i>
Current		
– Hong Kong	378	211
– Outside Hong Kong	84	86
Overprovision in prior years	(73)	(794)
Deferred (Note 18)	10	94
	<u>399</u>	<u>(403)</u>
Total tax expense/(credit) for the year	<u>399</u>	<u>(403)</u>

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax expense/(credit) at the effective tax rate is as follows:

Group	2014 <i>US\$'000</i>	2013 <i>US\$'000</i>
Profit before tax	<u>4,855</u>	<u>4,929</u>
Tax at the statutory tax rate of 16.5% (2013: 16.5%)	801	813
Adjustments in respect of current tax of previous periods	(73)	(794)
Effect of different rates for companies operating in other jurisdictions	203	99
Income not subject to tax	(2,689)	(6,493)
Expenses not deductible for tax	2,170	5,833
Tax losses utilised from previous periods	(168)	(1)
Tax losses not recognised	49	110
Others	106	30
	<u>399</u>	<u>(403)</u>
Tax expense/(credit) for the year	<u>399</u>	<u>(403)</u>

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

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\$5,250,000 (equivalent to US\$673,000) (2013: HK\$4,400,000 (equivalent to US\$564,000)) have been purchased by two subsidiaries of the Company in pursuit of the holdover of tax demanded under the protective assessments for these years.

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

10. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

Profit attributable to owners of the Company is dealt with in the financial statements of the Company to the extent of approximately US\$510,000 (2013: US\$524,000) (Note 27(b)).

11. EARNINGS PER SHARE

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

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

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

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

12. DIVIDENDS AND DISTRIBUTION

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

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.

At a meeting held on 15 July 2014, the Directors recommended the payment of a final dividend of 1.21 HK cents per ordinary share in respect of the year ended 30 April 2014. This proposed dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained earnings for the year ending 30 April 2015.

13. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold improvements <i>US\$'000</i>	Furniture and equipment <i>US\$'000</i>	Motor vehicles <i>US\$'000</i>	Total <i>US\$'000</i>
30 April 2014				
At 1 May 2013:				
Cost	1,894	4,370	376	6,640
Accumulated depreciation	(1,290)	(4,133)	(176)	(5,599)
Net carrying amount	<u>604</u>	<u>237</u>	<u>200</u>	<u>1,041</u>
At 1 May 2013, net of accumulated depreciation				
Additions	11	164	–	175
Disposals	–	–	–	–
Depreciation provided during the year	(539)	(157)	(60)	(756)
Exchange realignment	(1)	–	–	(1)
At 30 April 2014, net of accumulated depreciation	<u>75</u>	<u>244</u>	<u>140</u>	<u>459</u>
At 30 April 2014:				
Cost	1,859	4,081	376	6,316
Accumulated depreciation	(1,784)	(3,837)	(236)	(5,857)
Net carrying amount	<u>75</u>	<u>244</u>	<u>140</u>	<u>459</u>
30 April 2013				
At 1 May 2012:				
Cost	2,825	4,734	403	7,962
Accumulated depreciation	(2,392)	(4,430)	(142)	(6,964)
Net carrying amount	<u>433</u>	<u>304</u>	<u>261</u>	<u>998</u>
At 1 May 2012, net of accumulated depreciation				
Additions	727	74	–	801
Disposals	–	–	–	–
Depreciation provided during the year	(556)	(141)	(61)	(758)
At 30 April 2013, net of accumulated depreciation	<u>604</u>	<u>237</u>	<u>200</u>	<u>1,041</u>
At 30 April 2013:				
Cost	1,894	4,370	376	6,640
Accumulated depreciation	(1,290)	(4,133)	(176)	(5,599)
Net carrying amount	<u>604</u>	<u>237</u>	<u>200</u>	<u>1,041</u>

14. GOODWILL

Group	2014 <i>US\$'000</i>	2013 <i>US\$'000</i>
At beginning and at end of year	26,333	26,333
At end of year		
Cost	34,827	34,827
Accumulated impairment	(8,494)	(8,494)
Net carrying amount	26,333	26,333

Impairment testing of goodwill

Goodwill has been allocated to the following cash-generating units, which are reportable segments, for impairment testing:

- Sales of merchandise; and
- Provision of services.

The recoverable amount of the cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets approved by senior management. There are a number of assumptions and estimates involved in the preparation of cash flow projections for the period covered by the approved budget. Key assumptions include the expected growth in revenues and gross margin, timing of future capital expenditures, long term growth rates and selection of discount rates. Management prepares the financial budgets reflecting actual and prior year performance and market development expectations. Judgement is required to determine the key assumptions adopted in the cash flow projections and changes to key assumptions can significantly affect these cash flow projections. The discount rate applied to the cash flow projections is 11% (2013: 12%). The estimated growth rate used to extrapolate the cash flows of the cash-generating units beyond the five-year period is no more than 5%.

The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

Group	Sales of merchandise		Provision of services		Total	
	2014 <i>US\$'000</i>	2013 <i>US\$'000</i>	2014 <i>US\$'000</i>	2013 <i>US\$'000</i>	2014 <i>US\$'000</i>	2013 <i>US\$'000</i>
Goodwill	26,333	26,333	–	–	26,333	26,333

15. AVAILABLE-FOR-SALE FINANCIAL ASSET

Group	2014 <i>US\$'000</i>	2013 <i>US\$'000</i>
Club membership, at fair value	84	84

The fair value of the club membership is determined with reference to the price quoted by the relevant club.

16. INVESTMENTS IN SUBSIDIARIES

Company	2014 <i>US\$'000</i>	2013 <i>US\$'000</i>
Unlisted shares, at cost	–	–
Due from subsidiaries	54,683	53,683
Due to subsidiaries	(18,123)	(2,840)
	<u>36,560</u>	<u>50,843</u>

The amounts due from and due to subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

Particulars of the subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Nominal value of issued ordinary share/registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Benchmark Profits Limited	British Virgin Islands	US\$1	–	100	Investment holding
Dowry Peacock Group Limited	United Kingdom	GBP300	–	60	Investment holding
eServices Limited	Hong Kong	HK\$100,000	–	100	Dormant
Ever Eagle Limited	British Virgin Islands	US\$1	–	100	Investment holding
Glory Sino Limited	British Virgin Islands	US\$1	100	–	Dormant
Golden Rules Enterprises Limited	Hong Kong	HK\$1	–	100	Investment holding
IGCS Group Limited	British Virgin Islands	US\$1	–	100	Investment holding
IGCS International Limited	British Virgin Islands	US\$1	–	100	Dormant
IGCS Limited	Hong Kong	HK\$2	–	100	Dormant
International Laboratory Services Limited	Hong Kong	HK\$1	–	100	Provision of laboratory services
ISO International (Holdings) Limited	Hong Kong	HK\$100	–	100	Provision of technical support and management services, and trading of home lifestyle consumer electronic products

APPENDIX II
FINANCIAL INFORMATION OF THE GROUP

Name	Place of incorporation/ registration and business	Nominal value of issued ordinary share/registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Linmark Agency (BVI) Limited	British Virgin Islands	US\$50,000	–	100	Investment holding and procurement agent
Linmark Agency (Hong Kong) Limited	Hong Kong	HK\$10,000	–	100	Procurement agent
Linmark Development (BVI) Limited	British Virgin Islands	US\$1	–	100	Procurement agent
Linmark Electronics Limited ^{##} (In liquidation)	United Kingdom	GBP12,500	–	60	Dormant
Linmark Holdings Limited	British Virgin Islands	US\$1	100	–	Investment holding
Linmark (HK) Limited	Hong Kong	HK\$2	–	100	Investment holding, procurement agent and trading of merchandise
Linmark International (Bangladesh) Ltd.*	Bangladesh	Taka4,120,000	–	100	Procurement agent
Linmark International (Hong Kong) Limited	Hong Kong	HK\$200,000	–	100	Investment holding and procurement agent
Linmark Merchandise Consultancy (Shenzhen) Limited**	People's Republic of China	RMB1,500,000	–	100	Provision of marketing consultancy and product development services
Linmark Westman Investments Limited	British Virgin Islands	US\$11	–	100	Investment holding
Market Asia Limited	Hong Kong	HK\$1	–	100	Dormant
Merchandise Creative, Inc.	British Virgin Islands	US\$1	–	100	Dormant
Merchandise Creative Limited	Hong Kong	HK\$10,000	–	100	Dormant
Pacific Technologies Limited	United Kingdom	GBP45,000	–	60	Dormant
Power Path Limited	Hong Kong	HK\$1	–	100	Dormant
Tamarind International Holdings Limited	British Virgin Islands	US\$1	–	100	Investment holding

Name	Place of incorporation/ registration and business	Nominal value of issued ordinary share/registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Tamarind International Limited	Hong Kong	HK\$1	–	100	Investment holding and trading of merchandise
Tamarind Trading (Shanghai) Limited**	People's Republic of China	RMB5,500,000	–	100	Procurement agent and trading of merchandise
Trend Xpress (Bangladesh) Ltd.*^ (In liquidation)	Bangladesh	Taka20,000	–	100	Dormant
Trend Xpress, Inc.	British Virgin Islands	US\$1	–	100	Investment holding and provision of market trend consultancy services
Trend Xpress Limited	Hong Kong	HK\$2	–	100	Investment holding, provision of market trend consultancy services and trading of merchandise
Westman Linmark (Thailand) Limited	Thailand	Ordinary shares Baht5,880,000 and preference shares Baht6,120,000	–	100	Procurement agent
Westman (Singapore) Private Limited	Singapore	S\$200,000	–	100	Procurement agent
Westown Limited	Hong Kong	HK\$100,000	–	100	Dormant

Linmark Electronics Limited was put in administration on 28 July 2009 which was converted into creditors' voluntary liquidation on 25 January 2010.

* Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

** Linmark Merchandise Consultancy (Shenzhen) Limited and Tamarind Trading (Shanghai) Limited were registered as wholly-foreign-owned enterprises under the law of the People's Republic of China. They were not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

^ Trend Xpress (Bangladesh) Ltd. is in the process of members' voluntary winding up.

17. INVESTMENT IN A JOINT VENTURE

Group	2014 <i>US\$'000</i>	2013 <i>US\$'000</i>
Unlisted investments, at cost	–	–
Share of net assets	10	11
	<u>10</u>	<u>11</u>

Particulars of the Group's joint venture are as follows:

Name	Particulars of issued shares held	Place of registration and business	Percentage of			Principal activities
			Ownership interest	Voting power	Profit sharing	
CSC Consultancy Co., Ltd.	Registered capital of RMB1,500,000	People's Republic of China	50	50	50	Dormant

The investment in the joint venture is indirectly held by the Company.

The following table illustrates the financial information of the Group's joint venture which is not material.

Group	2014 <i>US\$'000</i>	2013 <i>US\$'000</i>
Share of the joint venture's loss for the year and total comprehensive loss for the year	<u>(1)</u>	<u>(1)</u>
Aggregate carrying amount of the Group's investment in the joint venture	<u>10</u>	<u>11</u>

18. DEFERRED TAX

The movements in deferred tax liabilities/(assets) during the year are as follows:

Deferred tax assets

Group	Decelerated tax depreciation allowances 2014 <i>US\$'000</i>	Decelerated tax depreciation allowances 2013 <i>US\$'000</i>
	At beginning of year	(21)
Deferred tax charged to the statement of profit or loss during the year (Note 9)	<u>10</u>	<u>94</u>
Gross deferred tax assets at end of year	<u>(11)</u>	<u>(21)</u>

Deferred tax liabilities

	Accelerated tax depreciation allowances 2014 US\$'000	Accelerated tax depreciation allowances 2013 US\$'000
Group		
Gross deferred tax liabilities at beginning and at end of year	<u>2</u>	<u>2</u>

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2014 US\$'000	2013 US\$'000
Group		
Deferred tax assets	(11)	(21)
Deferred tax liabilities	<u>2</u>	<u>2</u>
Net deferred tax assets recognised in the consolidated statement of financial position	<u>(9)</u>	<u>(19)</u>

19. TRADE RECEIVABLES

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

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

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 60 to 90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivables balances. Trade receivables are non-interest-bearing. The carrying amount of the trade receivables approximates to its fair value.

The movements in provision for impairment of trade receivables are as follows:

Group	2014	2013
	<i>US\$'000</i>	<i>US\$'000</i>
At beginning of year	467	662
Impairment losses recognised (Note 6)	27	19
Amount written off as uncollectible	(106)	(221)
Exchange differences	(2)	7
	<u>386</u>	<u>467</u>
At end of year	<u><u>386</u></u>	<u><u>467</u></u>

The individually impaired trade receivables with an aggregate carrying amount before provision of US\$386,000 (2013: US\$467,000) relate to customers that were in financial difficulties or were in default of payments and the receivables are not expected to be recovered.

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

Group	2014	2013
	<i>US\$'000</i>	<i>US\$'000</i>
Neither past due nor impaired	3,752	3,332
Less than 3 months past due	2,415	2,109
3 to 6 months past due	54	11
Over 6 months past due	–	4
	<u>6,221</u>	<u>5,456</u>
	<u><u>6,221</u></u>	<u><u>5,456</u></u>

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	2014	2013
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Prepayments	581	2,183	2	21
Deposits	540	366	–	–
Other receivables	1,301	1,179	–	–
	<u>2,422</u>	<u>3,728</u>	<u>2</u>	<u>21</u>
	<u><u>2,422</u></u>	<u><u>3,728</u></u>	<u><u>2</u></u>	<u><u>21</u></u>

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

21. CASH AND CASH EQUIVALENTS

	Group		Company	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
Cash and cash equivalents	14,611	24,335	248	134

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi (“RMB”) amounted to approximately US\$1,765,000 (2013: US\$1,954,000). RMB is not freely convertible into other currencies. However, under the People’s Republic of China’s Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

22. 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:

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

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

23. ACCRUALS AND OTHER PAYABLES

	Group		Company	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
Accrued expenses	3,365	3,014	182	129
Other payables	6,310	7,474	–	–
	<u>9,675</u>	<u>10,488</u>	<u>182</u>	<u>129</u>

Other payables are non-interest-bearing and have an average term of two months.

24. POST-EMPLOYMENT BENEFITS

Group	Note	30 April 2014 US\$'000	30 April 2013 US\$'000 (Restated)	1 May 2012 US\$'000 (Restated)
Defined benefit plan	(a)	725	703	784
Other long term post-employment benefits	(b)	280	276	230
		<u>1,005</u>	<u>979</u>	<u>1,014</u>

Notes:

(a) Defined benefit plan

The Group operates an unfunded defined benefit plan for all its qualifying employees in Taiwan. Under the plan, the employees are entitled to retirement benefits at 3% of their final salary on attainment of a retirement age of 55.

According to the laws and regulations in Taiwan, the Group is obliged to pay its employees in Taiwan, upon retirement, disability or death, post-employment benefits based on the number of years of services and final average salary. The Group carried out an actuarial valuation as at 30 April 2014 of its obligation for post-employment benefits payable to its employees in Taiwan.

The trustees review the level of funding in the plan by the end of each reporting period. Such a review includes the asset-liability matching strategy and investment risk management policy. The trustees decide the contribution based on the results of the annual review.

The plan is exposed to interest rate risk, the risk of changes in the life expectancy for pensioners and equity market risk.

The most recent actuarial valuations of the present value of the defined benefit obligations were carried out at 30 April 2014 by Hsu Mao-Chin Actuary, using the projected unit credit actuarial valuation method.

The principal actuarial assumptions used as at the end of the reporting period were as follows:

	2014 %	2013 %
Discount rate	2.0	1.5
Expected rate of salary increases	3.0	2.0

A quantitative sensitivity analysis for significant assumptions as at 30 April 2014 is shown below:

	Increase in rate %	Increase/ (decrease) in net defined benefit obligations US\$'000	Decrease in rate %	Increase/ (decrease) in net defined benefit obligations US\$'000
Discount rate	0.5	(38)	0.5	43
Future salary increase	1.0	89	1.0	(73)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on net defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

APPENDIX II
FINANCIAL INFORMATION OF THE GROUP

The total expenses recognised in the consolidated statement of profit or loss in respect of the plan are as follows:

	2014 <i>US\$'000</i>	2013 <i>US\$'000</i>
Current service cost	13	36
Net interest	10	13
Net benefit expenses recognised in administrative expenses	<u>23</u>	<u>49</u>

The movements in the defined benefit obligations and the fair value of plan assets are as follows:

	Pension cost charged to profit or loss				Remeasurement gains/(losses) in other comprehensive income						
	At beginning of year <i>US\$'000</i>	Service cost <i>US\$'000</i>	Net interest <i>US\$'000</i>	Sub-total included in profit or loss <i>US\$'000</i>	Benefit paid <i>US\$'000</i>	Actuarial changes arising from changes in financial assumptions <i>US\$'000</i>	Experience adjustments <i>US\$'000</i>	Sub-total included in other comprehensive income <i>US\$'000</i>	Contribution by employer <i>US\$'000</i>	Exchange realignment <i>US\$'000</i>	At end of year <i>US\$'000</i>
2014											
Defined benefit obligations	875	13	13	26	-	28	18	46	-	(21)	926
Fair value of plan assets	(172)	-	(3)	(3)	-	-	(2)	(2)	(28)	4	(201)
Benefit liability	<u>703</u>	<u>13</u>	<u>10</u>	<u>23</u>	<u>-</u>	<u>28</u>	<u>16</u>	<u>44</u>	<u>(28)</u>	<u>(17)</u>	<u>725</u>
2013											
Defined benefit obligations	998	36	17	53	(143)	(21)	-	(21)	-	(12)	875
Fair value of plan assets	(214)	-	(4)	(4)	143	-	3	3	(102)	2	(172)
Benefit liability	<u>784</u>	<u>36</u>	<u>13</u>	<u>49</u>	<u>-</u>	<u>(21)</u>	<u>3</u>	<u>(18)</u>	<u>(102)</u>	<u>(10)</u>	<u>703</u>

The defined benefit contributions in Taiwan are made to a fund administered by the government of Taiwan. The major categories of plan assets as a percentage of the fair value of the total plan assets of the centrally administered fund are as follows:

	2014 %	2013 %
Equity instruments	53	48
Debt instruments	34	36
Deposits	10	13
Others	<u>3</u>	<u>3</u>

The Group expects to contribute US\$28,000 to its defined benefit plan in 2015.

The average duration of the defined benefit obligations at the end of the reporting period is 12.7 years.

(b) Other long term post-employment benefits

The balance represents provision for long service payment as required by certain jurisdictions. Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits.

25. SHARE CAPITAL

Shares

	2014 <i>US\$'000</i>	2013 <i>US\$'000</i>
Authorised:		
2,000,000,000 ordinary shares of US\$0.02 each	40,000	40,000
Issued and fully paid:		
683,569,279 (2013: 683,069,279) ordinary shares of US\$0.02 each	13,671	13,661

During the year, the subscription rights attaching to 500,000 share options were exercised at the subscription price of HK\$0.70 per ordinary share (Note 26), resulting the issue of 500,000 shares of US\$0.02 each for a total of cash consideration, before expenses, of approximately US\$45,000. An amount of approximately US\$12,000 was transferred from the share option reserve to the share premium account upon the exercise of the share options.

26. SHARE OPTION SCHEMES

A Share Option Scheme (“**2002 Share Option Scheme**”) was adopted by the Company pursuant to a resolution of the then sole shareholder passed on 22 April 2002 for the primary purpose of providing incentives or rewards to eligible persons for their contribution or potential contribution to the Group. The Company terminated the 2002 Share Option Scheme and adopted a new share option scheme (“**2011 Share Option Scheme**”) pursuant to an ordinary resolution passed at the annual general meeting of the Company on 29 August 2011. The 2011 Share Option Scheme will remain in force for a period of 10 years up to 2021. Under the 2011 Share Option Scheme, the Board or a committee thereof may grant options to eligible persons to subscribe for shares in the Company at a price per share of at least the higher of (i) the closing price of a share as stated in the daily quotation sheets issued by the Stock Exchange on the date of the offer of the relevant option; and (ii) the average closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of offer, provided that the exercise price shall in no event be less than the nominal amount of one share. Written acceptance is required on acceptance of the grant of options. The maximum number of shares which may be issued upon the exercise of all outstanding options granted under the 2011 Share Option Scheme and any other scheme to be adopted by the Company from time to time must not in aggregate exceed 30% of the share capital of the Company in issue from time to time. The Company has no legal or constructive obligation to repurchase or settle the share options in cash.

The movements in share options under the 2002 Share Option Scheme during the year were as follows:

	2014		2013	
	Weighted average exercise price <i>HK\$ per share</i>	Number of options <i>'000</i>	Weighted average exercise price <i>HK\$ per share</i>	Number of options <i>'000</i>
At beginning of year	0.803	17,200	0.803	17,300
Exercised during the year	0.700	(500)	–	–
Lapsed during the year	0.830	(13,666)	0.700	(100)
At end of year	0.700	3,034	0.803	17,200

Share options outstanding at the end of the reporting period have the following exercise periods and exercise prices:

2014

Number of options '000	Exercise price* per share HK\$	Exercise period
3,034	0.700	25 August 2010 to 24 August 2015

2013

Number of options '000	Exercise price* per share HK\$	Exercise period
13,666	0.830	24 August 2008 to 23 August 2013
3,534	0.700	25 August 2010 to 24 August 2015
17,200		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

No share option was granted during the year (2013: Nil).

The fair value of equity-settled share options granted was estimated as at the date of grant, using the Black-Scholes valuation model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Date of grant	24 August 2007	25 August 2009
Share price at date of grant (HK\$ per share)	0.83	0.70
Weighted average share price (HK\$ per share)	1.00	0.25
Expected volatility (%)	37.97	165.11
Risk-free interest rate (%)	4.16	1.55
Expected life of options (year)	3.5 to 4.5	3.5 to 4.5
Dividend yield (%)	4.32	8.89

The expected life of the options is based on the historical data over the past three years and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had 3,033,500 (2013: 17,200,000) share options outstanding under the 2002 Share Option Scheme. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 3,033,500 additional ordinary shares of the Company and additional share capital of approximately US\$61,000 (2013: US\$344,000) and share premium of approximately US\$212,000 (2013: US\$1,432,000) (before issue expenses).

At the date of approval of these financial statements, the Company had 3,033,500 (2013: 16,700,000) share options outstanding under the 2002 Share Option Scheme, which represented approximately 0.4% (2013: 2.4%) of the Company's shares in issue as at that date.

27. RESERVES**(a) Group**

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 74 and 75 of this Composite Document.

(b) Company

	Note	Share premium US\$'000	Share option reserve US\$'000	Capital redemption reserve US\$'000	Contributed surplus [#] US\$'000	Retained earnings US\$'000	Total US\$'000
Balance at 1 May 2012		22,711	226	48	9,946	5,595	38,526
Total comprehensive income for the year		-	-	-	-	524	524
Equity-settled share option arrangements		-	2	-	-	-	2
Share options lapsed during the year		-	(2)	-	-	2	-
Final 2012 dividend paid		-	-	-	-	(439)	(439)
Interim 2013 dividend paid	12	-	-	-	-	(1,405)	(1,405)
At 30 April 2013		22,711	226	48	9,946	4,277	37,208
Balance at 1 May 2013		22,711	226	48	9,946	4,277	37,208
Total comprehensive income for the year		-	-	-	-	510	510
Issue of shares		35	-	-	-	-	35
Exercise of share options		12	(12)	-	-	-	-
Share options lapsed during the year		-	(145)	-	-	145	-
Share premium reduction		(12,800)	-	-	12,800	-	-
Distribution	12	-	-	-	(12,863)	-	(12,863)
Final 2013 dividend paid	12	-	-	-	-	(1,054)	(1,054)
Interim 2014 dividend paid	12	-	-	-	-	(879)	(879)
At 30 April 2014		9,958	69	48	9,883	2,999	22,957
Representing:							
Final 2014 dividend proposed	12	-	-	-	-	1,063	1,063
Others		9,958	69	48	9,883	1,936	21,894
At 30 April 2014		9,958	69	48	9,883	2,999	22,957

[#] The Company's contributed surplus represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the reorganisation, over the nominal value of the Company's shares issued in exchange therefor. Under the Companies Act 1981 of Bermuda, the contributed surplus account of the Company is distributable to equity holders. However, the Company cannot declare or pay a dividend or make a distribution out of contributed surplus if (i) it is, or would after the payment be unable to pay its liabilities as they become due; or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

28. DISSOLUTION OF A SUBSIDIARY

	<i>Note</i>	2014 <i>US\$'000</i>
Net assets dissolved		–
Exchange reserve realised		138
Loss on dissolution of a subsidiary	6	(138)
		<u>–</u>
Net inflow of cash and cash equivalents in respect of the dissolution of a subsidiary		<u>–</u>

29. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	Group		Company	
	2014 <i>US\$'000</i>	2013 <i>US\$'000</i>	2014 <i>US\$'000</i>	2013 <i>US\$'000</i>
Guarantees given to banks in connection with facilities granted to:				
Subsidiaries	<u>–</u>	<u>–</u>	<u>21,283</u>	<u>21,283</u>

As at 30 April 2014, the banking facilities granted to the subsidiaries subject to guarantees given to the banks by the Company were utilised to the extent of approximately US\$6,700,000 (2013: US\$7,110,000).

30. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its office premises, staff quarters, furniture and equipment under operating lease arrangements. The leases have varying terms, escalation clauses and renewal rights.

At 30 April 2014, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

Group	Office premises and staff quarters		Furniture and equipment	
	2014 <i>US\$'000</i>	2013 <i>US\$'000</i>	2014 <i>US\$'000</i>	2013 <i>US\$'000</i>
Within one year	2,328	1,899	121	103
In the second to fifth years, inclusive	<u>2,988</u>	<u>855</u>	<u>345</u>	<u>194</u>
	<u>5,316</u>	<u>2,754</u>	<u>466</u>	<u>297</u>

At the end of the reporting period, the Company had no operating lease arrangements (2013: Nil).

31. COMMITMENTS

In addition to the operating lease commitments detailed in Note 30 above, the Group had the following capital commitments for the acquisition of property, plant and equipment at the end of the reporting period:

Group	2014	2013
	US\$'000	US\$'000
Contracted, but not provided for	–	114

At the end of the reporting period, the Company did not have any capital commitments (2013: Nil).

32. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following significant transactions with related parties during the year:

Name of related parties	Nature of transactions	Note	Group	
			2014 US\$'000	2013 US\$'000
Sky Fame Group Limited	Rental expense	(i)	204	308
Wellbuild International Limited	Rental expense	(ii)	509	509

Notes:

- (i) Sky Fame Group Limited (“**Sky Fame**”) was 100% owned by Mr. WANG Lu Yen, an executive Director, and his spouse during the term of the Tenancy Agreement (as defined below). The rental expense was determined based on the market rate and floor area.
- (ii) Wellbuild International Limited (“**Wellbuild**”, together with its subsidiaries, the “**Wellbuild Group**”) is 100% owned by Roly International Holdings Ltd., which is a controlling shareholder of the Company. The rental expense was determined based on the market rate.

(b) Commitments with related parties

- (i) Linmark (HK) Limited (“**Linmark HK**”) entered into a tenancy agreement (“**Tenancy Agreement**”) with Sky Fame whereby Sky Fame agreed to lease to Linmark HK a residential apartment for a term of 24 months commencing on 1 May 2013 at a monthly rent of approximately US\$26,000 (equivalent to HK\$200,000).

On 29 October 2013, Sky Fame gave a two-month written notice to Linmark HK to terminate the Tenancy Agreement with effect from 29 December 2013.

- (ii) Tamarind International Limited (together with its subsidiaries, the “**Tamarind Group**”) entered into a master lease agreement with Wellbuild whereby Wellbuild Group has agreed to lease to Tamarind Group certain portion of a commercial building in Shanghai, PRC for a term of 3 years commencing on 1 April 2012 at a monthly rent of approximately US\$42,000 (equivalent to HK\$330,000). The Group expects the annual rent payable to Wellbuild for the year ending 30 April 2015 to be approximately US\$462,000 (equivalent to HK\$3,630,000).

(c) Balances with related parties

- (i) At 30 April 2014, the Group had prepaid rent and rental deposit of US\$24,000 (2013: US\$24,000) to a related company.
- (ii) Details of the Group’s balance with a joint venture as at the end of the reporting period are disclosed in Note 17 to the financial statements.

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

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

Further details of Directors' emoluments are included in Note 7 to the financial statements.

The related party transactions in respect of items (a), (b) and (c)(i) above constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosure requirements under Chapter 14A of the Listing Rules have been complied with.

The related party transactions in respect of item (d) above constitute connected or continuing connected transactions as defined in Chapter 14A of the Listing Rules, but are exempt from reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The related party transaction in respect of item (c)(ii) above does not constitute a connected or continuing connected transaction as defined in Chapter 14A of the Listing Rules.

33. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Group

Financial assets

	<i>Note</i>	Loans and receivables		Available-for-sale financial asset		Total	
		2014 <i>US\$'000</i>	2013 <i>US\$'000</i>	2014 <i>US\$'000</i>	2013 <i>US\$'000</i>	2014 <i>US\$'000</i>	2013 <i>US\$'000</i>
Available-for-sale financial asset	15	–	–	84	84	84	84
Trade receivables	19	6,221	5,456	–	–	6,221	5,456
Financial assets included in prepayments, deposits and other receivables	20	1,841	1,545	–	–	1,841	1,545
Cash and cash equivalents	21	14,611	24,335	–	–	14,611	24,335
		<u>22,673</u>	<u>31,336</u>	<u>84</u>	<u>84</u>	<u>22,757</u>	<u>31,420</u>

Group**Financial liabilities**

	<i>Note</i>	Financial liabilities at amortised cost	
		2014 <i>US\$'000</i>	2013 <i>US\$'000</i>
Trade payables	22	5,682	5,526
Financial liabilities included in accruals and other payables	23	6,310	7,474
		<u>11,992</u>	<u>13,000</u>

Company**Financial assets**

	<i>Note</i>	Loans and receivables	
		2014 <i>US\$'000</i>	2013 <i>US\$'000</i>
Cash and cash equivalents	21	<u>248</u>	<u>134</u>

As at the end of the reporting period, the Company did not have any financial liability (2013: Nil).

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's and the Company's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

Group**Financial asset**

	Carrying amount		Fair value	
	2014 <i>US\$'000</i>	2013 <i>US\$'000</i>	2014 <i>US\$'000</i>	2013 <i>US\$'000</i>
Available-for-sale financial asset	<u>84</u>	<u>84</u>	<u>84</u>	<u>84</u>

Management has assessed that the fair values of cash and cash equivalents, trade receivables, trade payables, financial assets included in prepayments, deposits and other receivables and financial liabilities included in accruals and other payables approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair value of the available-for-sale financial asset is determined with reference to the price quoted by the relevant club.

The following tables illustrate the fair value measurement hierarchy of the Group's financial instrument:

Asset measured at fair values:

Group

As at 30 April 2014

	Fair value measurement using			Total US\$'000
	Quoted prices in active markets (Level 1) US\$'000	Significant observable inputs (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000	
Available-for-sale financial asset	84	–	–	84

As at 30 April 2013

	Fair value measurement using			Total US\$'000
	Quoted prices in active markets (Level 1) US\$'000	Significant observable inputs (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000	
Available-for-sale financial asset	84	–	–	84

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2013: Nil).

The Group did not have any financial liabilities measured at fair value as at 30 April 2014 (2013: Nil).

The Company did not have any financial assets and financial liabilities measured at fair value as at 30 April 2014 (2013: Nil).

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and bank balances. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's short term interest-bearing bank deposits with a floating interest rate.

The Group has not entered into any interest rate swaps to hedge its exposure to interest rate risks.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax and the Group's equity.

Group	Increase/ (decrease) in basis points	2014	2013
		Increase/ (decrease) in profit before tax and equity <i>US\$'000</i>	Increase/ (decrease) in profit before tax and equity <i>US\$'000</i>
United States dollar	5	7	12
United States dollar	(5)	(7)	(12)

Foreign currency risk

The Company's functional currency is the United States dollar and the functional currencies of majority of the subsidiaries are the United States dollar and Hong Kong dollar. The Group's transactions, trade receivables and trade payables are mainly denominated in these two currencies.

As the exchange rate of the United States dollar and Hong Kong dollar is pegged, management considers the foreign exchange risk in this respect is not significant. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. However, as the net foreign exchange exposure of the foreign operations is not significant, the Group does not actively hedge this foreign exchange exposure.

The Group periodically reviews monetary assets and liabilities held in currencies other than the United States dollar and Hong Kong dollar to ensure that net exposure is kept at an acceptable level, and will consider hedging significant foreign currency exposure should the need arise.

Certain monetary assets and liabilities are denominated in RMB. The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in RMB exchange rate, with all other variables held constant, of the Group's profit before tax due to changes in the fair value of monetary assets and liabilities.

Group	Increase/ (decrease) in foreign currency rate %	2014	2013
		Increase/ (decrease) in profit before tax <i>US\$'000</i>	Increase/ (decrease) in profit before tax <i>US\$'000</i>
If United States dollar weakens against RMB	5	77	98
If United States dollar strengthens against RMB	(5)	(77)	(98)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, an available-for-sale financial asset, trade receivables, deposits and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. At the end of the reporting period, the Group has certain concentration of credit risk on the Group's trade receivables, as the amounts due from the largest five debtors amounted to approximately US\$2,191,000 (2013: US\$2,196,000), representing approximately 35.2% (2013: 40.2%) of the Group's trade receivables. In order to minimise the credit risk, management continuously monitors the level of exposure to ensure that follow-up actions are taken promptly to reduce the risk exposure or to recover overdue balances. The Group will also continuously exploit new opportunities and forge relationships with new customers with the aim of broadening its clientele.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in Note 19 to the financial statements.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of banking facilities.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

Group	Within one year	
	2014	2013
	<i>US\$'000</i>	<i>US\$'000</i>
Trade payables	5,682	5,526
Financial liabilities included in accruals and other payables	6,310	7,474
	11,992	13,000
	11,992	13,000

At 30 April 2014, the utilised banking facilities of US\$6,700,000 (2013: US\$7,110,000) granted to the subsidiaries subject to guarantees given to the banks by the Company is repayable on demand.

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 30 April 2014 and 30 April 2013.

Capital of the Group comprises all components of shareholders' equity.

C. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

The following is the full text of the unaudited condensed consolidated financial statements of the Group for the six months ended 31 October 2014 as extracted from the interim report of the Company for the six months ended 31 October 2014.

Condensed Consolidated Interim Statement of Profit or Loss

For the six months ended 31 October 2014

		For the six months ended 31 October	
		2014	2013
		(Unaudited)	(Unaudited)
	<i>Note</i>	<i>US\$'000</i>	<i>US\$'000</i>
REVENUE	4	53,824	58,423
Cost of sales		<u>(39,424)</u>	<u>(43,259)</u>
Gross profit		14,400	15,164
Other income	5	223	511
General and administrative expenses		(11,246)	(12,029)
Loss on dissolution of a subsidiary		–	(138)
Share of loss of a joint venture		<u>–</u>	<u>(1)</u>
PROFIT BEFORE TAX	6	3,377	3,507
Income tax expense	7	<u>(331)</u>	<u>(355)</u>
PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>3,046</u>	<u>3,152</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
(expressed in US cent)	9		
Basic		<u>0.4</u>	<u>0.5</u>
Diluted		<u>0.4</u>	<u>0.5</u>

Details of the dividends and distribution to shareholders of the Company are set out in Note 8 to the financial statements.

Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended 31 October 2014

	For the six months ended 31 October	
	2014 (Unaudited) US\$'000	2013 (Unaudited) US\$'000
PROFIT FOR THE PERIOD	<u>3,046</u>	<u>3,152</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent period:		
Exchange differences:		
Translation of foreign operations	13	107
Reclassification adjustment		
– loss on dissolution of a subsidiary	<u>–</u>	<u>138</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	<u>13</u>	<u>245</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>3,059</u>	<u>3,397</u>

Condensed Consolidated Interim Statement of Financial Position

As at 31 October 2014

	<i>Note</i>	31 October 2014 (Unaudited) US\$'000	30 April 2014 (Audited) US\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	<i>10</i>	377	459
Goodwill	<i>10</i>	26,333	26,333
Available-for-sale financial asset		84	84
Investment in a joint venture		10	10
Deferred tax assets		9	9
Total non-current assets		<u>26,813</u>	<u>26,895</u>
CURRENT ASSETS			
Trade receivables	<i>11</i>	6,819	6,221
Prepayments, deposits and other receivables		2,381	2,422
Tax recoverable		675	566
Cash and cash equivalents	<i>12</i>	16,203	14,611
Total current assets		<u>26,078</u>	<u>23,820</u>
CURRENT LIABILITIES			
Trade payables	<i>13</i>	5,306	5,682
Accruals and other payables		10,156	9,675
Tax payable		1,911	1,636
Total current liabilities		<u>17,373</u>	<u>16,993</u>
NET CURRENT ASSETS		<u>8,705</u>	<u>6,827</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>35,518</u>	<u>33,722</u>
NON-CURRENT LIABILITY			
Post-employment benefits		805	1,005
Total non-current liability		<u>805</u>	<u>1,005</u>
NET ASSETS		<u>34,713</u>	<u>32,717</u>
EQUITY			
Issued capital	<i>14</i>	13,671	13,671
Reserves		21,042	19,046
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>34,713</u>	<u>32,717</u>

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 31 October 2014

					Unaudited			
			Share	Special	Capital	Exchange	Retained	Total
	Issued	Share	option	reserve [#]	redemption	fluctuation	earnings	equity
Note	capital	premium	reserve	reserve [#]	reserve	reserve		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 May 2014	13,671	9,958	69	184	48	(128)	8,915	32,717
Profit for the period	-	-	-	-	-	-	3,046	3,046
Other comprehensive income for the period:								
Exchange differences on translation of foreign operations	-	-	-	-	-	13	-	13
Total comprehensive income for the period	-	-	-	-	-	13	3,046	3,059
Share options lapsed during the period	-	-	(3)	-	-	-	3	-
Final 2014 dividend paid	8	-	-	-	-	-	(1,063)	(1,063)
At 31 October 2014	13,671	9,958	66	184	48	(115)	10,901	34,713
Representing:								
Interim 2015 dividend	8	-	-	-	-	-	843	843
Others	13,671	9,958	66	184	48	(115)	10,058	33,870
At 31 October 2014	13,671	9,958	66	184	48	(115)	10,901	34,713

APPENDIX II
FINANCIAL INFORMATION OF THE GROUP

	Note	Unaudited							Total equity US\$'000
		Issued capital US\$'000	Share premium US\$'000	Share option reserve US\$'000	Special reserve [#] US\$'000	Capital redemption reserve US\$'000	Exchange fluctuation reserve US\$'000	Retained earnings US\$'000	
At 1 May 2013		13,661	22,711	226	184	48	(438)	6,354	42,746
Profit for the period		-	-	-	-	-	-	3,152	3,152
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations		-	-	-	-	-	107	-	107
Reclassification adjustment – loss on dissolution of a subsidiary		-	-	-	-	-	138	-	138
Total comprehensive income for the period		-	-	-	-	-	245	3,152	3,397
Employees share option scheme									
– proceed from issue of shares		10	35	-	-	-	-	-	45
– transfer to share premium		-	12	(12)	-	-	-	-	-
Share options lapsed during the period		-	-	(145)	-	-	-	145	-
Share premium reduction		-	(12,800)	-	-	-	-	12,800	-
Distribution	8	-	-	-	-	-	-	(12,863)	(12,863)
Final 2013 dividend paid	8	-	-	-	-	-	-	(1,054)	(1,054)
At 31 October 2013		<u>13,671</u>	<u>9,958</u>	<u>69</u>	<u>184</u>	<u>48</u>	<u>(193)</u>	<u>8,534</u>	<u>32,271</u>
Representing:									
Interim 2014 dividend	8	-	-	-	-	-	-	879	879
Others		<u>13,671</u>	<u>9,958</u>	<u>69</u>	<u>184</u>	<u>48</u>	<u>(193)</u>	<u>7,655</u>	<u>31,392</u>
At 31 October 2013		<u>13,671</u>	<u>9,958</u>	<u>69</u>	<u>184</u>	<u>48</u>	<u>(193)</u>	<u>8,534</u>	<u>32,271</u>

[#] Special reserve represents the difference between the nominal value of share capital of the Company issued and the aggregate amount of nominal value of share capital of subsidiaries acquired by the Company through an exchange of shares.

Condensed Consolidated Interim Statement of Cash Flows

For the six months ended 31 October 2014

	For the six months ended 31 October	
	2014 (Unaudited) US\$'000	2013 (Unaudited) US\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit before working capital changes	3,518	4,017
(Decrease)/Increase in post-employment benefits	(200)	21
Changes in working capital	(452)	(15)
	<u>2,866</u>	<u>4,023</u>
Cash generated from operations	2,866	4,023
Tax paid	(165)	(176)
	<u>2,701</u>	<u>3,847</u>
Net cash flows from operating activities	2,701	3,847
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(64)	(122)
Other investing activities	5	6
	<u>(59)</u>	<u>(116)</u>
Net cash flows used in investing activities	(59)	(116)
CASH FLOWS FORM FINANCING ACTIVITIES		
Proceeds from issue of shares	–	45
Dividend paid	(1,063)	(1,054)
Distribution paid	–	(12,863)
	<u>(1,063)</u>	<u>(13,872)</u>
Net cash flows used in financing activities	(1,063)	(13,872)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
	1,579	(10,141)
Cash and cash equivalents at beginning of period	14,611	24,335
Effect of foreign exchange rate changes, net	13	107
	<u>16,203</u>	<u>14,301</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>16,203</u>	<u>14,301</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u>16,203</u>	<u>14,301</u>

Notes to Condensed Consolidated Interim Financial Statements

1. CORPORATE INFORMATION

Linmark Group Limited (“**Company**”) is an investment holding company and its subsidiaries (together with the Company are collectively referred to as the “**Group**”) are principally engaged in sales of merchandise and provision of procurement and value-added services.

The Company was incorporated in Bermuda on 25 January 2002 as an exempted company with limited liability under the Companies Act 1981 of Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) since 10 May 2002.

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

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements of the Group for the six months ended 31 October 2014 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.

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 2014.

3. CHANGES IN ACCOUNTING POLICIES 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 2014, 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 10, IFRS 12 and IAS 27 (Revised) Amendments	Amendments to IFRS 10, IFRS 12 and IAS 27 (Revised) <i>Investment Entities</i> ¹
IAS 32 Amendments	Amendments to IAS 32 <i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i> ¹
IAS 39 Amendments	Amendments to IAS 39 <i>Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting</i> ¹
IFRIC 21	<i>Levies</i> ¹

¹ Effective for annual periods beginning on or after 1 January 2014

The adoption of these new and revised standards, interpretations and amendments has had no material financial effect on the interim financial information.

4. 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 joint venture as well as corporate and other unallocated expenses are excluded from such measurement.

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

The following tables present revenue and profit for the Group's reportable segments for the six months ended 31 October 2014 and 2013.

	Sales of merchandise (Unaudited) US\$'000	2014 Provision of services (Unaudited) US\$'000	Total (Unaudited) US\$'000
Segment revenue:			
Revenue from external customers	45,087	8,737	53,824
Segment results	1,744	1,814	3,558
Interest income			2
Share of loss of a joint venture			–
Corporate and other unallocated expenses			(183)
Profit before tax			3,377
Income tax expense			(331)
Profit for the period			3,046
Other segment information:			
Depreciation	77	69	146
Capital expenditures	20	44	64
Impairment of trade receivables	–	68	68

	Sales of merchandise (Unaudited) <i>US\$'000</i>	2013 Provision of services (Unaudited) <i>US\$'000</i>	Total (Unaudited) <i>US\$'000</i>
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 joint venture			(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

5. OTHER INCOME

	For the six months ended 31 October	
	2014 (Unaudited) <i>US\$'000</i>	2013 (Unaudited) <i>US\$'000</i>
Bank interest income	2	6
Reimbursement income from customers	5	13
Handling fee income	111	104
Inspection and laboratory test income	79	205
Others	26	183
	223	511

6. PROFIT BEFORE TAX

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

	For the six months ended 31 October	
	2014 (Unaudited) <i>US\$'000</i>	2013 (Unaudited) <i>US\$'000</i>
Depreciation	146	377
Loss on dissolution of a subsidiary	–	138
Gain on disposal of property, plant and equipment	(3)	–
Impairment of trade receivables	68	44

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the 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	
	2014 (Unaudited) US\$'000	2013 (Unaudited) US\$'000
Current		
– Hong Kong	283	338
– Outside Hong Kong	68	15
(Overprovision)/Underprovision in prior years	(20)	2
	331	355
Total tax expense for the period	331	355

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

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

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

8. DIVIDENDS AND DISTRIBUTION

A distribution of 14.64 HK cents per ordinary share 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 14 January 2014, a dividend of 1 HK cent per ordinary share was paid to shareholders of the Company as interim dividend in respect of the six months ended 31 October 2013.

On 12 September 2014, a final dividend of 1.21 HK cents per ordinary share in respect of the year ended 30 April 2014 was paid to shareholders of the Company.

The directors of the Company have declared the payment of an interim dividend of 0.96 HK cent per ordinary share in respect of the six months ended 31 October 2014 and such interim dividend will be paid in cash on or about 2 January 2015 to shareholders whose names appear on the register of members of the Company on 24 December 2014.

9. 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\$3,046,000 (2013: US\$3,152,000), and the weighted average number of 683,569,279 (2013: 683,438,844) ordinary shares in issue during the period.

The Group had no dilutive potential ordinary shares in issue for the periods ended 31 October 2014 and 2013.

10. PROPERTY, PLANT AND EQUIPMENT AND GOODWILL

	Property, plant and equipment <i>US\$'000</i>	Goodwill <i>US\$'000</i>	Total <i>US\$'000</i>
Unaudited			
At 1 May 2014, net of accumulated depreciation	459	26,333	26,792
Additions	64	–	64
Disposals	(1)	–	(1)
Depreciation charged for the period	(146)	–	(146)
Exchange realignment	1	–	1
	<u>377</u>	<u>26,333</u>	<u>26,710</u>
At 31 October 2014, net of accumulated depreciation			
	<u>377</u>	<u>26,333</u>	<u>26,710</u>
Audited			
At 1 May 2013, net of accumulated depreciation	1,041	26,333	27,374
Additions	175	–	175
Depreciation charged for the year	(756)	–	(756)
Exchange realignment	(1)	–	(1)
	<u>459</u>	<u>26,333</u>	<u>26,792</u>
At 30 April 2014, net of accumulated depreciation	<u>459</u>	<u>26,333</u>	<u>26,792</u>

11. 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 2014 (Unaudited) <i>US\$'000</i>	30 April 2014 (Audited) <i>US\$'000</i>
Within 30 days	3,013	3,871
31 to 60 days	1,387	1,188
61 to 90 days	1,609	737
91 to 365 days	911	469
Over 1 year	295	342
	<u>7,215</u>	<u>6,607</u>
Impairment	(396)	(386)
	<u>6,819</u>	<u>6,221</u>

The carrying amounts of trade receivables approximate to their fair values.

12. CASH AND CASH EQUIVALENTS

	31 October 2014 (Unaudited) US\$'000	30 April 2014 (Audited) US\$'000
Cash and cash equivalents	<u>16,203</u>	<u>14,611</u>

13. 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 2014 (Unaudited) US\$'000	30 April 2014 (Audited) US\$'000
Within 30 days	3,889	4,190
31 to 60 days	1,102	1,234
61 to 90 days	156	37
91 to 365 days	80	146
Over 1 year	<u>79</u>	<u>75</u>
	<u>5,306</u>	<u>5,682</u>

The carrying amounts of trade payables approximate to their fair values.

14. SHARE CAPITAL

	31 October 2014 (Unaudited) US\$'000	30 April 2014 (Audited) US\$'000
Authorised: 2,000,000,000 (30 April 2014: 2,000,000,000) ordinary shares of US\$0.02 each	<u>40,000</u>	<u>40,000</u>
Issued and fully paid: 683,569,279 (30 April 2014: 683,569,279) ordinary shares of US\$0.02 each	<u>13,671</u>	<u>13,671</u>

On 18 June 2013, the subscription rights attaching to 500,000 share options were exercised at the subscription price of HK\$0.70 per ordinary share (Note 15), resulting the issue of 500,000 shares of US\$0.02 each for a total of cash consideration, before expenses, of approximately US\$45,000. An amount of approximately US\$12,000 was transferred from the share option reserve to the share premium account upon the exercise of the share options.

At no time during the six months ended 31 October 2014 was there any purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's shares.

15. SHARE OPTION SCHEMES

A Share Option Scheme (“**2002 Share Option Scheme**”) was adopted by the Company pursuant to a resolution of the then sole shareholder passed on 22 April 2002 for the primary purpose of providing incentives or rewards to eligible persons for their contribution or potential contribution to the Group. The Company terminated the 2002 Share Option Scheme and adopted a new share option scheme (“**2011 Share Option Scheme**”) pursuant to an ordinary resolution passed at the annual general meeting of the Company on 29 August 2011. The 2011 Share Option Scheme will remain in force for a period of 10 years up to 2021. Under the 2011 Share Option Scheme, the Company’s board of directors or a committee thereof may grant options to eligible persons to subscribe for shares in the Company at a price per share of at least the higher of (i) the closing price of a share as stated in the daily quotation sheets issued by the Stock Exchange on the date of the offer of the relevant option; and (ii) the average closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of offer, provided that the exercise price shall in no event be less than the nominal amount of one share. Written acceptance is required on acceptance of the grant of options. The maximum number of shares which may be issued upon the exercise of all outstanding options granted under the 2011 Share Option Scheme and any other scheme to be adopted by the Company from time to time must not in aggregate exceed 30% of the share capital of the Company in issue from time to time. The Company has no legal or constructive obligation to repurchase or settle the share options in cash.

The movements in share options under the 2002 Share Option Scheme during the period were as follows:

	For the six months ended 31 October			
	2014		2013	
	Weighted average exercise price (Unaudited) <i>HK\$ per share</i>	Number of options (Unaudited) <i>'000</i>	Weighted average exercise price (Unaudited) <i>HK\$ per share</i>	Number of options (Unaudited) <i>'000</i>
At beginning of period	0.700	3,034	0.803	17,200
Exercised	–	–	0.700	(500)
Lapsed	0.700	(150)	0.830	(13,666)
At end of period	<u>0.700</u>	<u>2,884</u>	<u>0.700</u>	<u>3,034</u>

16. OPERATING LEASE ARRANGEMENTS

As lessee

The Group leases certain of its office premises, staff quarters, furniture and equipment under operating lease arrangements. The leases have varying terms, escalation clauses and renewal rights.

The Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Office premises and staff quarters		Furniture and equipment	
	31 October 2014 (Unaudited) <i>US\$'000</i>	30 April 2014 (Audited) <i>US\$'000</i>	31 October 2014 (Unaudited) <i>US\$'000</i>	30 April 2014 (Audited) <i>US\$'000</i>
Within one year	2,070	2,328	106	121
In the second to fifth years, inclusive	<u>2,149</u>	<u>2,988</u>	<u>285</u>	<u>345</u>
	<u>4,219</u>	<u>5,316</u>	<u>391</u>	<u>466</u>

17. COMMITMENTS

As at 31 October 2014 and 30 April 2014, the Group did not have any significant commitments.

18. RELATED PARTY TRANSACTIONS

(a) The Group had the following significant transactions with related parties:

	For the six months ended 31 October	
	2014 (Unaudited) US\$'000	2013 (Unaudited) US\$'000
Rental expenses paid to related companies	254	409

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

(b) Balance with a related company:

At 31 October 2014, the Group had prepaid rent and rental deposit of US\$24,000 (30 April 2014: US\$24,000) to a related company.

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

	For the six months ended 31 October	
	2014 (Unaudited) US\$'000	2013 (Unaudited) US\$'000
Short term employee benefits	623	744
Post-employment benefits – defined contribution plans	37	36
Total compensation paid to key management personnel	660	780

19. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of the Group's financial instruments as at the end of the reporting period are as follows:

As at 31 October 2014

Financial assets

	Loans and receivables (Unaudited) US\$'000	Available-for-sale financial asset (Unaudited) US\$'000	Total (Unaudited) US\$'000
Available-for-sale financial asset	–	84	84
Trade receivables	6,819	–	6,819
Financial assets included in prepayments, deposits and other receivables	2,046	–	2,046
Cash and cash equivalents	16,203	–	16,203
	<u>25,068</u>	<u>84</u>	<u>25,152</u>

As at 30 April 2014

Financial assets

	Loans and receivables (Audited) US\$'000	Available-for-sale financial asset (Audited) US\$'000	Total (Audited) US\$'000
Available-for-sale financial asset	–	84	84
Trade receivables	6,221	–	6,221
Financial assets included in prepayments, deposits and other receivables	1,841	–	1,841
Cash and cash equivalents	14,611	–	14,611
	<u>22,673</u>	<u>84</u>	<u>22,757</u>

Financial liabilities

	Financial liabilities at amortised cost	
	31 October 2014 (Unaudited) US\$'000	30 April 2014 (Audited) US\$'000
Trade payables	5,306	5,682
Financial liabilities included in accruals and other payables	6,679	6,310
	<u>11,985</u>	<u>11,992</u>

20. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

Financial asset

	Carrying amounts		Fair value	
	31 October 2014 (Unaudited) US\$'000	30 April 2014 (Audited) US\$'000	31 October 2014 (Unaudited) US\$'000	30 April 2014 (Audited) US\$'000
Available-for-sale financial asset	<u>84</u>	<u>84</u>	<u>84</u>	<u>84</u>

Management has assessed that the fair values of cash and cash equivalents, trade receivables, trade payables, financial assets included in prepayments, deposits and other receivables and financial liabilities included in accruals and other payables approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair value of the available-for-sale financial asset is determined with reference to the price quoted by the relevant club.

The following tables illustrate the fair value measurement hierarchy of the Group's financial instrument:

Asset measured at fair values:

As at 31 October 2014 (Unaudited)

	Fair value measurement using			Total US\$'000
	Quoted prices in active markets (Level 1) US\$'000	Significant observable inputs (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000	
Available-for-sale financial asset	84	–	–	84

As at 30 April 2014 (Audited)

	Fair value measurement using			Total US\$'000
	Quoted prices in active markets (Level 1) US\$'000	Significant observable inputs (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000	
Available-for-sale financial asset	84	–	–	84

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (30 April 2014: Nil).

The Group did not have any financial liabilities measured at fair value as at 31 October 2014 and 30 April 2014.

2. INDEBTEDNESS STATEMENT

Borrowings

As at 31 December 2014, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the Group had nil outstanding bank loan.

As at 31 December 2014, the Group had total available banking facilities of approximately US\$20,782,000, of which approximately US\$5,447,000 was utilised.

Contingent Liabilities

As at 31 December 2014, the Group had no significant contingent liabilities.

Capital Commitments and Other Commitments

As at 31 December 2014, the Group did not have any capital commitments for the acquisition of property, plant and equipment.

As at 31 December 2014, the Group had operating lease commitments of approximately US\$4,194,000 in respect of office premises, staff quarters, furniture and equipment under noncancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

Save as disclosed under the paragraph headed “Borrowings” in the section headed “2. INDEBTEDNESS STATEMENT” in this Appendix, the Group did not have other outstanding mortgages, charges, debentures or other loan capital, bank overdrafts or loan, other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities at the close of business on 31 December 2014.

3. MATERIAL CHANGE

The Directors have confirmed that there was no material changes in the financial or trading position or outlook of the Group since 30 April 2014, being the date the latest audited consolidated financial statements of the Group to which was made up, up to the Latest Practicable Date.

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Offeror, the directors of the Offeror, their associates and parties acting in concert with any of them) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than opinions expressed by the Offeror, the directors of the Offeror, their associates and parties acting in concert with any of them) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

<i>Authorised:</i>	<i>US\$</i>
2,000,000,000 Shares of US\$0.02 each	40,000,000.00
<i>Issued and fully paid:</i>	
683,569,279 Shares of US\$0.02 each	13,671,385.58

All of the Shares currently in issue rank pari passu in all respects with each other, including, in particular, as to rights in respect of capital, dividends and voting.

As at the Latest Practicable Date, the Company had 2,358,500 outstanding Options, which are exercisable at the exercise price of HK\$0.7 per Share during the exercise period from 25 August 2010 to 24 August 2015. All 2,358,500 outstanding Options were granted pursuant to a share option scheme adopted by the Company on 22 April 2002.

As at the Latest Practicable Date, save for the Options, the Company did not have any outstanding options, warrants or other conversion rights affecting the Shares.

The number of Shares in issue at 30 April 2014, being the date to which the latest audited financial statements of the Company were made up, was 683,569,279. No Shares have been issued since that date until the Latest Practicable Date.

3. MARKET PRICES

The table below shows the closing prices of the Shares quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date.

Date	Closing price per Share (HK\$)
30 June 2014	0.44
31 July 2014	0.40
29 August 2014	0.43
30 September 2014	0.44
31 October 2014	0.51
28 November 2014	0.63
28 November 2014 (the last Business Day on which the Shares were traded on the Stock Exchange immediately preceding the date of the initial announcement (the LOI Announcement))	0.63
17 December 2014 (Last Trading Day)	1.03
31 December 2014	<i>Trading suspended</i>
30 January 2015 (Latest Practicable Date)	1.25

During the Relevant Period:

- (i) the highest closing price of the Share as quoted on the Stock Exchange was HK\$1.26 per Share on 28 January 2015; and
- (ii) the lowest closing price of the Share as quoted on the Stock Exchange was HK\$0.40 per Share on 24 July 2014 and 11 August 2014 (and various other dates between such period).

4. DISCLOSURE OF INTERESTS

Save as disclosed below, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange:

(a) Interests and short positions in the Shares

Name of Directors	Capacity	Number of Shares (Note)	Percentage shareholding in the same class of securities as at the Latest Practicable Date
WONG Hing Lin, Dennis	Beneficial owner	2,500,000 (L)	0.37%
WONG Wai Ming	Beneficial owner	100,000 (L)	0.01%
WANG Arthur Minshiang	Beneficial owner	260,000 (L)	0.04%

Note: The letter “L” represents the Director’s long position in the Shares.

(b) Interests and short positions in the underlying Shares

Name of Directors	Capacity	Number of underlying Shares comprised in the Options (Note)
WONG Wai Ming	Beneficial owner	500,000 (L)
WANG Arthur Minshiang	Beneficial owner	312,500 (L)
Jakob Jacobus Koert TULLENERS	Beneficial owner	312,500 (L)

Note: The letter “L” represents the Director’s long position in the Shares.

- (c) Interests and short positions in the debentures of the Company and its associated corporations

As at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had interests or short positions in the debentures of the Company and its associated corporations as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

- (d) Interests and short positions of substantial Shareholders in the Shares and underlying Shares

As at the Latest Practicable Date, the following Shareholders (other than the Directors and chief executive of the Company whose interests and short positions in the Shares and underlying Shares are set out above) had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of substantial Shareholders	Capacity	Number of Shares held (Note 1)	Approximate percentage of interests as at the Latest Practicable Date
Sino Remittance Holding Limited	Beneficial owner (Note 2)	348,620,332 (L)	51.00%
Fame City Developments Limited	Beneficial owner (Note 2)	67,673,359 (L)	9.90%
Oceanic Force Limited	Beneficial owner (Note 2)	61,361,928 (L)	8.98%
The Offeror	Interest of controlled corporations (Note 2)	477,655,619 (L)	69.88%
ZHOU Xijian (周希儉)	Interest of controlled corporations (Note 2)	477,655,619 (L)	69.88%

Notes:

- (1) The letter “L” represents the person/entity’s long position in the Shares.

- (2) Daohe Global Investment Holding Limited is 80% owned by Mr. ZHOU Xijian (周希儉先生). Sino Remittance Holding Limited, Fame City Developments Limited and Oceanic Force Limited are wholly-owned subsidiaries of Daohe Global Investment Holding Limited. By virtue of the provisions of Part XV of the SFO, Mr. ZHOU Xijian and Daohe Global Investment Holding Limited are deemed to be interested in the Shares of the Company in which Sino Remittance Holding Limited, Fame City Developments Limited and Oceanic Force Limited are interested.

Save as disclosed above, as at the Latest Practicable Date, the Company had not been notified of any interests or short positions in the Shares and underlying Shares which are required to be recorded in the register required to be kept by the Company under section 336 of the SFO.

5. DEALINGS IN SECURITIES

- (a) As at the Latest Practicable Date, the Company was not interested in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Offeror, and had not dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Offeror during the Relevant Period.
- (b) As at the Latest Practicable Date, save as disclosed under the paragraph headed “4. DISCLOSURE OF INTERESTS” in this Appendix, none of the Directors was interested in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company or the Offeror. Save for the sale of the Sale Shares by Mr. Wang under the Sale and Purchase Agreement, none of the Directors had dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company or the Offeror during the Relevant Period.
- (c) As at the Latest Practicable Date, none of the subsidiaries of the Company, the pension fund of the Company or its subsidiaries, or the advisers to the Company as specified in class (2) of the definition of “associate” under the Takeovers Code owned or controlled any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company, or had dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Relevant Period.
- (d) As at the Latest Practicable Date, there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between any person and the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of “associate” under the Takeovers Code.
- (e) As at the Latest Practicable Date, there were no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which were managed on a discretionary basis by fund managers connected with the Company, and none of them had dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Relevant Period.
- (f) As at the Latest Practicable Date, four Directors, namely, Mr. WONG Hing Lin, Dennis, Mr. WONG Wai Ming, Mr. WANG Arthur Minshiang and Mr. Jakob Jacobus Koert TULLENERS, have expressed their intention, in respect of their own

beneficial shareholdings in the Company and/or Options, to accept the Offers (as the case may be), in whole or in part, subject to the movement in Share price during the Offer Period (see paragraph headed “RECOMMENDATION” in the “LETTER FROM THE INDEPENDENT BOARD COMMITTEE” on pages 25 to 26 of this Composite Document).

- (g) As at the Latest Practicable Date, none of the Company or the Directors had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

6. ARRANGEMENTS AFFECTING AND RELATING TO DIRECTORS

- (a) As at Latest Practicable Date, no benefit had been or would be given to any Director as compensation for loss of office or otherwise in connection with the Offers.
- (b) As at the Latest Practicable Date, there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Offers or otherwise connected with the Offers.
- (c) As at the Latest Practicable Date, save for the Sale and Purchase Agreement and the Deed of Indemnity to which Mr. Wang is a party, the Offeror had not entered into any material contract in which any Director has a material personal interest.

7. OTHER ARRANGEMENTS

- (a) Mr. Wang entered into the Adviser Appointment Letter with the Company at Completion pursuant to which Mr. Wang will, immediately after his resignation as a Director, assume the role of honorary chairman of the Company in a non-executive capacity (but not a member of the Board) until one year from the Completion Date. Please refer to the section headed “PROPOSED CHANGE OF BOARD COMPOSITION” in the “LETTER FROM CHINA GALAXY” as set out on pages 7 to 18 of this Composite Document.
- (b) Under the Sale and Purchase Agreement, the Vendors have undertaken that the master lease agreement dated 28 November 2011 between Tamarind International Limited (a wholly-owned subsidiary of the Company) and Wellbuild International Limited (a wholly-owned subsidiary of Roly) expiring on 31 March 2015, in relation to the lease of the property at the whole of 5/F and 6/F (excluding room 601), Nos 645 – 659 Huai Hai Zhong Road, Shanghai, the PRC, shall be renewed for an additional six months upon its expiration and the material terms and conditions of the renewed lease agreement will be the same as those under the current master lease agreement.

8. SERVICE CONTRACTS OF DIRECTORS

The Company has entered into a service agreement or letter of appointment with the following Directors either (i) which was amended within six months before the commencement of the Offer Period; or (ii) for a fixed term of more than 12 months irrespective of notice period (in which case, the appointment shall be subject to the provision for retirement by rotation in the bye-laws of the Company). Details of such service agreement and letters of appointment are set out below:

Name of Directors	Commencement date of service agreement/letter of appointment	Expiry date of service agreement/letter of appointment	Fixed fee per annum
Mr. WONG Hing Lin, Dennis	1 September 2010	– (Note 1)	HK\$3,487,200 (Note 2)
Mr. WANG Arthur Minshiang	1 May 2014	30 April 2016	HK\$342,144 (if he also acts as the chairman of the remuneration committee of the Board) or HK\$285,120 (if he does not act as the chairman of a Board committee)
Mr. TSE Hau Yin, Aloysius	18 May 2013	17 May 2015	HK\$427,680 (if he also acts as the chairman of the audit committee of the Board) or HK\$285,120 (if he does not act as the chairman of a Board committee)
Mr. Jakob Jacobus Koert TULLENERS	5 May 2014	4 May 2016	HK\$285,120

Notes:

- Pursuant to the service agreement dated 27 August 2010 entered into between Mr. WONG Hing Lin, Dennis and the Company, as amended by supplemental letters dated 28 May 2012, 31 July 2013 and 31 July 2014 (“2010 Contract”), Mr. Wong’s appointment shall be for an initial term of 3 years commencing on 1 September 2010 and shall continue thereafter unless and until terminated in accordance with the terms of such service agreement.
- Pursuant to the 2010 Contract, Mr. WONG Hing Lin, Dennis is entitled to a bonus as determined by the Board in its absolute discretion.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any service contract with the Company or any of its subsidiaries or associated companies in force which:

- (a) (including both continuous and fixed term contracts) had been entered into or amended within six months before the commencement of the Offer Period;
- (b) were continuous contracts with a notice period of twelve months or more; or
- (c) were fixed term contracts with more than twelve months to run irrespective of the notice period.

None of the Directors had entered into any service agreement or had an unexpired service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation) as at the Latest Practicable Date.

Mr. Wang entered into the Adviser Appointment Letter with the Company at Completion, pursuant to which Mr. Wang will, immediately after his resignation as a Director, assume the role of honorary chairman of the Company in a non-executive capacity (but not a member of the Board) until one year from the Completion Date. For further information, please refer to the paragraph headed “PROPOSED CHANGE OF BOARD COMPOSITION” in the “LETTER FROM CHINA GALAXY” on pages 7 to 18 of this Composite Document.

9. MATERIAL CONTRACT

A tenancy agreement dated 12 April 2013 was entered into between Linmark (HK) Limited (a wholly owned subsidiary of the Company) as tenant and Sky Fame Group Limited (a company owned as to 50% by Mr. Wang, an executive Director, and as to 50% by his spouse during the term of this tenancy agreement) as landlord (“**Landlord**”), pursuant to which the Landlord agreed to lease the premises of 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 as staff quarters for Mr. Wang and his family for a term of 24 months commencing on 1 May 2013 at a monthly rent of HK\$200,000 exclusive of rates and government rent. This tenancy agreement was terminated with effect from 29 December 2013.

Save as disclosed above, there had been no other contract, not being a contract entered into in the ordinary course of business carried on or intended to be carried on by members of the Group, entered into by members of the Group after the date falling two years prior to 3 December 2014, being the date of commencement of the Offer Period, and up to the Latest Practicable Date which is or may be material.

10. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

11. QUALIFICATIONS AND CONSENT OF EXPERT

The following are the qualifications of the expert(s) who have given its report, opinions or advice which are contained in this Composite Document:

Name	Qualifications
Centurion Corporate Finance Limited	A corporation licensed by the SFC to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

Centurion has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion herein of its letter, report and references to its name, in the form and context in which they are included.

As at the Latest Practicable Date, the above expert did not have any shareholding, direct or indirect, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any direct or indirect interest in any assets which had been, since 30 April 2014, being the date of the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

12. MISCELLANEOUS

- (a) The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. Its head office and principal place of business in Hong Kong is 1123, Kowloonbay International Trade & Exhibition Centre, 1 Trademart Drive, Kowloon Bay, Kowloon, Hong Kong.
- (b) The registered office of Centurion is at 7th Floor, Duke Wellington House, 14-24 Wellington Street, Central, Hong Kong.
- (c) The English text of this Composite Document and the Form(s) of Acceptance shall prevail over the Chinese translation in the case of inconsistency.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection (i) during normal business hours from 9:00 a.m. to 5:00 p.m. (other than Saturdays, Sundays and public holidays) at the head office and principal place of business of the Company in Hong Kong at 1123, Kowloonbay International Trade & Exhibition Centre, 1 Trademart Drive, Kowloon Bay, Kowloon, Hong Kong; (ii) on the website of the SFC (www.sfc.hk); and (iii) on the website of the Company (www.linmark.com) during the period from the date of this Composite Document onwards for as long as the Offers remain open for acceptance:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual report of the Group for the two financial years ended 30 April 2013 and 30 April 2014;
- (c) the interim report of the Group for the six months ended 31 October 2014;
- (d) a copy of this Composite Document;
- (e) the letter dated 2 February 2015 from the Board as set out on pages 19 to 24 of this Composite Document;
- (f) the letter dated 2 February 2015 from the Independent Board Committee to the Independent Shareholders and Option Holders as set out on pages 25 to 26 of this Composite Document;
- (g) the letter dated 2 February 2015 from Centurion to the Independent Board Committee as set out on pages 27 to 58 of this Composite Document;
- (h) each of the Directors' service agreement or letter of appointment and the Adviser Appointment Letter referred to under the paragraph headed "8. SERVICE CONTRACTS OF DIRECTORS" in this Appendix;
- (i) the material contract referred to under the paragraph headed "9. MATERIAL CONTRACT" in this Appendix; and
- (j) the letter of consent from Centurion referred to under the paragraph headed "11. QUALIFICATIONS AND CONSENT OF EXPERT" in this Appendix.

1. RESPONSIBILITY STATEMENT

The information contained in this Composite Document relating to the Offeror and its intentions has been supplied by the Offeror. The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information (other than that relating to the Group, the Vendors, their associates and parties acting in concert with any of them) contained in this Composite Document, and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this Composite Document (other than opinions expressed by the Group, the Vendors, their associates and parties acting in concert with any of them) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. DISCLOSURE OF INTERESTS

The Offeror is an international business company incorporated in the Republic of Seychelles on 21 October 2014 and is legally and beneficially owned as to 80% by Mr. ZHOU Xijian (周希儉先生) and as to 20% by Mr. ZHANG Qi (張琦先生).

On 17 December 2014, the Vendors and the Offeror entered into the Sale and Purchase Agreement (as supplemented by a supplemental agreement dated 11 January 2015), pursuant to which the Vendors conditionally agreed to sell and the Offeror conditionally agreed to acquire the Sale Shares, representing approximately 69.88% of the entire issued share capital of the Company as at the Latest Practicable Date. The consideration paid by the Offeror under the Sale and Purchase Agreement amounted to HK\$562,463,485 (equivalent to HK\$1.1776 per Sale Share (rounded to 4 decimal places)). Completion took place on 26 January 2015. Upon Completion, the Sale Shares (i.e. an aggregate of 477,655,619 Shares) were transferred by the Vendors to three nominees of the Offeror, Sino Remittance Holding Limited, Fame City Developments Limited and Oceanic Force Limited, all of which are wholly-owned subsidiaries of the Offeror, such nominees held as to 348,620,332 Shares, 67,673,359 Shares and 61,361,928 Shares respectively.

Immediately following Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it were interested in a total of 477,655,619 Shares, representing approximately 69.88% of the entire issued share capital of the Company. Pursuant to Rules 26.1 and 13.5 of the Takeovers Code, the Offeror and parties acting in concert with it are required to make unconditional mandatory cash offers for all the issued Shares (other than those Shares already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it) and for the cancellation of all outstanding Options (excluding Mr. Wang's Options which were surrendered (at no cost) to the Company for cancellation at Completion).

As at the Latest Practicable Date and within the meaning of Part XV of the SFO, Mr. ZHOU Xijian (周希儉先生) was deemed to be interested in 477,655,619 Shares held by the Offeror, which is in turn legally and beneficially held as to 80% by Mr. ZHOU Xijian (周希儉先生). As at the Latest Practicable Date, Mr. ZHANG Qi (張琦先生) owned a 20% equity interest in the Offeror.

Save for the Sale Shares, none of the Offeror, its directors and parties acting in concert with any of them had owned or controlled any other interest in any securities of the Company as at the Latest Practicable Date.

3. DEALINGS IN SECURITIES

- (a) Save for the LOI and the Sale and Purchase Agreement, none of the Offeror, its ultimate beneficial owners and/or parties acting in concert with it has dealt in the Shares, Options, derivatives, warrants or other securities convertible into Shares during the Relevant Period.
- (b) Save for the LOI and the Sale and Purchase Agreement, as at the Latest Practicable Date, no arrangement of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code existed between the Offeror or its associates or any parties acting in concert with it and any other person.
- (c) As at the Latest Practicable Date and immediately following Completion, no person had irrevocably committed himself to accept or reject the Offers.
- (d) As at the Latest Practicable Date, no Shares or convertible securities, warrants, options or derivatives of the Company were owned or controlled by a person with whom the Offeror, its ultimate beneficial owners or any party acting in concert with it had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code, and no such person had dealt in any Shares or convertible securities, warrants, options or derivatives of the Company during the Relevant Period.
- (e) As at the Latest Practicable Date, none of the Offeror, its ultimate beneficial owners and/or parties acting in concert with it had borrowed or lent any Shares, convertible securities, warrants, options or derivatives in the Company.
- (f) As at the Latest Practicable Date, no Shares, convertible securities, warrants, options or derivatives of the Company were managed on a discretionary basis by any fund managers connected with the Offeror, its ultimate beneficial owners and/or parties acting in concert with it, and no such person had dealt in any Shares or convertible securities, warrants, options or derivatives of the Company during the Relevant Period.

4. OTHER ARRANGEMENTS RELATING TO THE OFFERS

As at the Latest Practicable Date:

- (a) save as disclosed in this Composite Document, none of the Offeror, its ultimate beneficial owners and/or parties acting in concert with it owned or had control or direction over any voting rights or rights over the Shares, options, derivatives, warrants or other securities convertible into Shares;

- (b) save for the LOI and the Sale and Purchase Agreement, there was no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Company and which might be material to the Offers;
- (c) no benefit (other than statutory compensation) was or would be given to any Directors as compensation for loss of office or otherwise in connection with the Offers;
- (d) save for the LOI and the Sale and Purchase Agreement, there was no agreement or arrangement to which the Offeror, its ultimate beneficial owners and/or parties acting in concert with it was a party which related to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offers;
- (e) save for the LOI and the Sale and Purchase Agreement, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror and parties acting in concert with it and any Director, recent Director, Shareholder or recent Shareholder which had any connection with or dependence on the Offers; and
- (f) save as the possible placing down arrangement in the event of insufficient public float as stated in the section headed “MAINTAINING THE LISTING STATUS OF THE COMPANY” in the “LETTER FROM CHINA GALAXY”, there was no agreement, arrangement or understanding that the securities acquired in pursuance of the Offers would be transferred, charged or pledged to any other persons.

5. QUALIFICATIONS AND CONSENT OF EXPERT

The following are the qualifications of the expert whose letter/opinions is/are contained in this Composite Document:

Name	Qualifications
China Galaxy International Securities (Hong Kong) Co., Limited	A corporation licensed by the SFC to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

The above expert has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion herein of its advice, letter and/or the references to its name, in the form and context in which it appears.

As at the Latest Practicable Date, the above expert did not have any shareholding, direct or indirect, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group,

nor did it have any direct or indirect interest in any assets which had been, since 30 April 2014, being the date of the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

6. MATERIAL CONTRACTS

Save as disclosed below, there had been no other contract, not being a contract entered into in the ordinary course of business carried on or intended to be carried on by the Offeror or any of its subsidiaries, after the date falling two years prior to 3 December 2014, being the date of commencement of the Offer Period, and up to the Latest Practicable Date which are or may be material:

- (a) the LOI;
- (b) the Sale and Purchase Agreement; and
- (c) the Deed of Indemnity dated 26 January 2015 entered into by the Vendors as indemnifiers in favour of the Offeror pursuant to which the Vendors would indemnify the Offeror on demand from and against, among others, certain potential tax liabilities of the members of the Group.

7. MISCELLANEOUS

- (a) The principal members of the Offeror's concert group are the Offeror, Mr. ZHOU Xijian (周希儉先生) and Mr. ZHANG Qi (張琦先生).
- (b) Mr. ZHOU Xijian (周希儉先生) and Mr. ZHANG Qi (張琦先生) are the directors of the Offeror. The registered office of the Offeror is situated at Second Floor, Capital City, Independence Avenue, P.O. Box 1008, Victoria, Mahé, Republic of Seychelles.
- (c) The correspondence Hong Kong address for each of the Offeror, Mr. ZHOU Xijian (周希儉先生) and Mr. ZHANG Qi (張琦先生) is 409, Jardine House, 1 Connaught Place, Central, Hong Kong.
- (d) The registered office of China Galaxy is situated at Unit 3501-7, 35/F, Cosco Tower, Grand Millennium Plaza, 183 Queen's Road Central, Sheung Wan, Hong Kong.
- (e) The English text of this Composite Document and the Forms of Acceptance shall prevail over their respective Chinese texts in the case of inconsistency.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection (i) during normal business hours from 9:00 a.m. to 5:00 p.m. (other than Saturdays, Sundays and public holidays) at the principal place of business of the Company in Hong Kong at 1123, Kowloonbay

International Trade & Exhibition Centre, 1 Trademart Drive, Kowloon Bay, Kowloon, Hong Kong; (ii) on the website of the SFC (www.sfc.hk); and (iii) on the website of the Company (www.linmark.com) during the period from the date of this Composite Document onwards for as long as the Offers remain open for acceptance:

- (a) the memorandum and articles of association of the Offeror;
- (b) the material contracts referred to under the paragraph headed “6. MATERIAL CONTRACTS” in this Appendix;
- (c) the letter from China Galaxy, the text of which is set out on pages 7 to 18 of this Composite Document; and
- (d) the written consent from China Galaxy as referred to in the paragraph headed “5. QUALIFICATIONS AND CONSENT OF EXPERT” in this Appendix.