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LINMARK GROUP LIMITED

林麥集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 915)

**(1) ANNOUNCEMENT PURSUANT TO
INSIDE INFORMATION PROVISIONS UNDER PART XIVA OF SFO,
RULE 13.09 OF THE LISTING RULES AND RULE 3.7 OF THE
TAKEOVERS CODE IN RELATION TO A LETTER OF
INTENT REGARDING THE POSSIBLE TRANSACTION;
AND
(2) RESUMPTION OF TRADING**

THE LOI AND THE POSSIBLE TRANSACTION

This announcement is made pursuant to Rule 13.09 of the Listing Rules, Part XIVA of SFO and Rule 3.7 of the Takeovers Code.

The Board has noted the recent unusual movements in the Company's share price and in the volume of share turnover. As informed by the Controlling Shareholder, on 20 November 2014, the LOI was entered into between the Controlling Shareholder (as intended vendor) and the Potential Purchaser. The LOI sets forth an understanding and certain non-binding preliminary terms in relation to the Possible Transaction. Subject to the Formal Agreement being entered into and the satisfaction (or, as the case may be, waiver) of such conditions precedent to completion as may be specified in the Formal Agreement, if the Possible Transaction materialises, the Potential Purchaser will acquire more than 30% of the voting rights of the Company under the Possible Transaction, giving rise to an obligation on the part of the Potential Purchaser and parties acting in concert with it to make a mandatory offer for all the Shares (other than those already owned or agreed to be acquired by them) under Rule 26.1 of the Takeovers Code, and the Potential Purchaser will be obliged to make a general offer to acquire all the issued Shares (other than those shares to be held by the Potential Purchaser and parties acting in concert with it) in cash.

Other than the above, the Board is not aware of any specific reason that caused such movements.

RESUMPTION OF TRADING OF SHARES

At the request of the Company, trading in the shares of the Company was suspended on the Stock Exchange with effect from 9:00 a.m. on 1 December 2014 pending the release of this announcement. The Company has applied to the Stock Exchange for resumption of trading in its Shares with effect from 9:00 a.m. on 4 December 2014.

There is no assurance that any transactions referred to in this announcement will materialise or eventually be consummated. Shareholders and potential investors of the Company should be aware that the completion of the Possible Transaction is subject to the Formal Agreement being entered into and the satisfaction (or, as the case may be, waiver) of such conditions precedent to completion as may be specified therein. The negotiation in relation to the Possible Transaction and the possible general offer arising from the Possible Transaction may or may not proceed, and the terms of the Possible Transaction are subject to further negotiation between the Controlling Shareholder and the Potential Purchaser. As such, the LOI may or may not lead to the Possible Transaction taking place and the making of a general offer for the Shares.

Shareholders and potential investors of the Company are advised to exercise extreme caution when dealing in the Shares of the Company.

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong, “**SFO**”) and Rule 3.7 of The Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”).

Reference is also made to the announcement of Linmark Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 28 November 2014 on the Stock Exchange in respect of trading halt in shares of the Company (“**Shares**”) on the Stock Exchange relating to certain inside information.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company noted the recent unusual movements in the Company’s share price and in the volume of share turnover. In such connection, the Board has been informed by a controlling shareholder of the Company, Roly International Holdings Ltd. (the “**Controlling Shareholder**”), that an LOI (as defined below) was entered into between the Potential Purchaser (as defined below) and it in relation to the Possible Transaction (as defined below), and brief details of the LOI are set out in the below paragraphs. Other than this, the Board is not aware of any specific reason that caused such movements.

THE LOI AND THE POSSIBLE TRANSACTION

On 20 November 2014, a letter of intent (“**LOI**”) was entered into between (i) the Controlling Shareholder (as intended vendor); and (ii) a potential investor (the “**Potential Purchaser**”) who is an independent third party. The LOI sets forth an understanding and certain non-binding preliminary terms in relation to a possible acquisition (the “**Possible Transaction**”) of all or part of the 477,655,619 Shares (the “**Sale Shares**”) representing approximately 69.88% of the total issued share capital in the Company owned by the Controlling Shareholder.

Earnest money

Pursuant to the LOI, the Potential Purchaser has provided a refundable earnest money in the amount of HK\$20 million (the “**Earnest Money**”).

If the Formal Agreement (as defined below) is entered into, the Earnest Money shall be applied towards partial payment of the consideration under the Formal Agreement (as defined below).

Due diligence review

The Potential Purchaser and its advisors shall complete the due diligence review (the “**DD Review**”) on the Group within 21 calendar days from the date of the commencement of the DD Review. The DD Review period shall not, in any event, be extended beyond 8 December 2014 or three business days after the interim consolidated statement of financial position of the Group for the six months ended (as at) 31 October 2014 (the “**2014 Interim Results**”) are published (which is expected to be published on 8 December 2014) if the Potential Purchaser requests for such three days extension pursuant to the terms of the LOI.

After completion of the DD Review, if the DD Review reveals that (a) any of the specific business or certain financial parameters of the Group is materially different from those as disclosed in the Group’s most recently published audited financial statements and the 2014 Interim Results (a “**Material Discrepancy**”); and (b) the Potential Purchaser does not proceed to enter into the formal agreement (the “**Formal Agreement**”) on or before the 9 December 2014, then the Earnest Money shall be returned to the Potential Purchaser within five business days of written notice from the Potential Purchaser to the Controlling Shareholder.

If the DD Review does not reveal a Material Discrepancy and the Potential Purchaser does not proceed with the Possible Transaction other than for reasons attributable to the Controlling Shareholder’s breach of the terms of the LOI, the Controlling Shareholder may forfeit HK\$2 million (i.e. 10% of the Earnest Money). If the Potential Purchaser decides to proceed with the Possible Transaction notwithstanding a Material Discrepancy, such Material Discrepancy should be considered when discussing about the consideration for the Sale Shares in the Formal Agreement between the Potential Purchaser and the Controlling Shareholder. The Earnest Money shall be returned to the Potential Purchaser in all other circumstances.

Exclusivity

No exclusivity right was agreed to be provided by the Controlling Shareholder to the Potential Purchaser in connection with the negotiation of the Possible Transaction pursuant to the LOI.

Legal effect of the LOI

The terms of the LOI relating to payment and escrow arrangement in respect of the Earnest Money, the DD Review, costs, confidentiality, and governing law and jurisdiction are legally binding. Other than the said terms, other terms of the LOI do not have any legally binding effect.

POSSIBLE GENERAL OFFER FOR THE SHARES

Subject to the Formal Agreement being entered into and the satisfaction (or, as the case may be, waiver) of such conditions precedent to completion as may be specified therein, if the Possible Transaction materialises, the Potential Purchaser will acquire more than 30% of the voting rights of the Company under the Possible Transaction, giving rise to an obligation on the part of the Potential Purchaser and parties acting in concert with it to make a mandatory offer for all the Shares (other than those already owned or agreed to be acquired by them) under Rule 26.1 of the Takeovers Code, and the Potential Purchaser will be obliged to make a general offer to acquire all the issued Shares (other than those shares to be held by the Potential Purchaser and parties acting in concert with it) in cash.

The Possible Transaction is subject to further negotiation between the Controlling Shareholder and the Potential Purchaser and to the Formal Agreement being entered into. If the Formal Agreement is not entered into, an announcement will be made by the Company to inform the market in due course in accordance with the Takeovers Code.

TAKEOVERS CODE IMPLICATIONS

As at the date of this announcement, the relevant securities of the Company comprise (i) 683,569,279 Shares in issue and (ii) (as at 3 December 2014 which is the latest practicable date for ascertaining such information) outstanding options to subscribe for up to 2,858,500 Shares. Save for the aforesaid, the Company has no outstanding securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of Shares and has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

In compliance with Rule 3.7 of the Takeovers Code, the Directors will keep the market informed in compliance with the Listing Rules and the Takeovers Code and in particular by way of announcement on a monthly basis until an announcement of firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with the possible general offer in compliance with the Takeovers Code. Securities holders of the Company and potential investors should exercise caution when dealing in the securities of the Company.

Having made such enquiry with respect to the Company as is reasonable in the circumstances, the Board is not aware of any other reasons for the price and volume movements or of any information which must be announced to avoid a false market in the Company's securities or of any inside information that needs to be disclosed under Part XIVA of SFO.

The associates (as defined in the Takeovers Code and including persons holding 5% or more of a class of relevant securities of a company) of the Company or parties acting in concert with it are reminded to disclose their dealings in the relevant securities of the Company under Rule 22 of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

There is no assurance that any transaction mentioned in this announcement will materialise or eventually be consummated and the discussions may or may not lead to a general offer. Shareholders of the Company and potential investors are urged to exercise extreme caution when dealing in the shares and/or other securities of the Company.

TRADING HALT AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 1 December 2014 pending the release of this announcement.

Application has been made by the Company for resumption of trading in its Shares on the Stock Exchange with effect from 9:00 a.m. on 4 December 2014.

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

Hong Kong, 3 December 2014

As at the date of this announcement, the Board comprises two executive directors, being Mr. WANG Lu Yen (Chairman and Chief Executive Officer) and Mr. WONG Hing Lin, Dennis (Chief Financial Officer), one non-executive director, being Mr. WONG Wai Ming and three independent non-executive directors, being Mr. WANG Arthur Minshiang, Mr. TSE Hau Yin, Aloysius and Mr. Jakob Jacobus Koert TULLENERS.

All the directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

* *For identification purpose only*