



[For Immediate Release]

Linmark Announces FY2015 Interim Results

(HONG KONG, 8 December 2014) – Supply chain management and solutions provider **Linmark Group Limited** (“Linmark” or the “Group”; stock code: 915) today announced its interim results for the six months ended 31 October 2014.

During the period under review, both of the Group’s business segments, specifically sales of merchandise and provision of services, experienced a decline in shipment value. Shipment value amounted to approximately US\$138.3 million (equivalent to HK\$1,078.7 million), a decrease of approximately 5.5% as compared to approximately US\$146.3 million (equivalent to HK\$1,141.1 million) for the corresponding period last year. Revenue dropped by approximately 7.9% to approximately US\$53.8 million (equivalent to HK\$419.6 million) from approximately US\$58.4 million (equivalent to HK\$455.5 million) for the same period last year.

Gross profit decreased by around 5.0% from approximately US\$15.2 million (equivalent to HK\$118.6 million) for the same period last year to approximately US\$14.4 million (equivalent to HK\$112.3 million) for the review period. For the six months ended 31 October 2014, the Group reported a profit of approximately US\$3.0 million (equivalent to HK\$23.4 million), a decrease of approximately 3.4% as compared to approximately US\$3.2 million (equivalent to HK\$25.0 million) for the same period last year.

Basic earnings per share were approximately 0.4 US cent (equivalent to 3.1 HK cents). The Directors have declared the payment of an interim dividend of 0.96 HK cent per ordinary share.

Mr. Wang Lu Yen, Chairman and Chief Executive Officer of Linmark, said, “Against the backdrop of a sputtering global economy, where only modest growth has been realised in the US and certain parts of Europe, consumption sentiment has remained restrained. This has in turn resulted in a decline in orders placed by certain customers of the Group during the review period.”

As the largest market of the Group, North America accounted for approximately 50.6% of the Group’s total shipment value during the period under review. Shipments to North America dropped by approximately 3.6% to approximately US\$70.0 million (equivalent to HK\$546.0 million). The European market contributed to approximately 26.5% of the Group’s total shipment value. Shipments to Europe decreased by approximately 11.8% to approximately US\$36.7 million (equivalent to HK\$286.3 million) mainly due to the decline in business of certain customers whose businesses were affected by the vulnerable economy. Shipments grouped under “Others”, comprising mainly shipments to the southern hemisphere, remained relatively stable. Shipments decreased by approximately 1.6% to approximately US\$31.6 million (equivalent to HK\$246.5 million). Others accounted for approximately 22.9% of the Group’s total shipment value.

The Group's financial position remains healthy with cash and cash equivalents of approximately US\$16.2 million (equivalent to HK\$126.4 million) as at 31 October 2014. The Group has a current ratio of approximately 1.5 and a gearing ratio of zero, based on no interest-bearing borrowings and total equity of approximately US\$34.7 million (equivalent to HK\$270.7 million) as at 31 October 2014.

Prospects

Even though modest recovery is evidenced in the US and parts of Europe, management anticipates the overall global business climate will remain highly challenging during the second half of the financial year.

Economic instability and geopolitical uncertainties abound have eroded consumers' confidence, leading to the adoption of a more conservative approach in order placing and price setting by certain customers of the Group. The weakening of certain foreign currencies against US dollar in markets where the Group has business interests such as Australia, Euro zone, Russia and South Africa will further increase price pressure on the imported goods and consequently affect the consumption power in these markets. These will inevitably affect the business volume and profitability of the Group in the second half of the financial year.

To help spur sales, management will continue to devote resources in promoting cross-selling activities, placing greater emphasis on customer services and offering more value-added services.

In addition, to combat price pressure placed by customers on the Group's imported goods as well as address the changing needs of different customers, the Group will continue to widen the scope of countries from which goods are sourced.

"To bolster the Group in the face of looming challenges, we will keep vigilantly monitoring all facets of operation and timely implementing cost controls to raise efficiency. At the same time, we will examine business opportunities that lead to the broadening of the Group's services and product offerings." **Mr. Wang** concluded.

About Linmark Group Limited

Linmark is a one-stop supply chain management solutions and premium brands partner. With a global presence in 15 countries/territories and a sourcing network throughout Asia, the Group offers comprehensive and efficient sourcing solutions and value-added services to its customers, the majority of whom are leading retail chain operators, well-known brands and licensors, wholesalers, mail order houses and department stores in North America, Europe, Asia, Australia and South Africa.

Our website: www.linmark.com

For more information:

Strategic Financial Relations Limited

Veron Ng	veron.ng@sprg.com.hk	Tel: +852 2864 4831
Keris Leung	keris.leung@sprg.com.hk	Tel: +852 2864 4863
Lisa Dai	lisa.dai@sprg.com.hk	Tel: +852 2864 4870

Linmark Group Limited FY2015 Interim Results Announcement

Condensed Consolidated Interim Statement of Profit or Loss	For the six months ended 31 October	
	2014	2013
	(Unaudited)	(Unaudited)
	US\$'000	US\$'000
Revenue	53,824	58,423
Cost of sales	<u>(39,424)</u>	<u>(43,259)</u>
Gross profit	14,400	15,164
Other income	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	3,377	3,507
Income tax expense	<u>(331)</u>	<u>(355)</u>
Profit for the period attributable to owners of the Company	<u><u>3,046</u></u>	<u><u>3,152</u></u>
Earnings per share attributable to ordinary equity holders of the Company (expressed in US cent)		
- Basic	<u>0.4</u>	<u>0.5</u>
- Diluted	<u>0.4</u>	<u>0.5</u>

Notes:

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.