



[For Immediate Release]

Linmark Announces FY2014 Annual Results

(HONG KONG, 15 July 2014) – Supply chain management and solutions provider **Linmark Group Limited** (“Linmark” or the “Group”; stock code: 915) today announced its annual results for the year ended 30 April 2014 (“FY2014”).

The business environment remained erratic during the year under review. 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, 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. 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.

Basic earnings per share were approximately 0.7 US cent (equivalent to 5.5 HK cents). The Board of Directors recommends the payment of a final dividend of 1.21 HK cents per ordinary share in respect of the year ended 30 April 2014. Together with the paid interim dividend of 1 HK cent per ordinary share and a distribution of 14.64 HK cents per ordinary share, the total dividend and distribution paid will be 16.85 HK cents per ordinary share.

Mr. Wang Lu Yen, Chairman and Chief Executive Officer of Linmark, said, “With mixed economic signals being reported in parts of Europe and the United States, geopolitical instability and slowing growth in emerging markets, these and other factors led some of our customers to adopt a more conservative approach towards restocking inventory, the effects of which were felt by Linmark particularly towards the second half of the financial year. To mitigate the impact of weakening business momentum, we sought to further encourage cross-selling to boost sales with our existing customers, while at the same time explore new business opportunities.”

Shipments to North America dropped by approximately 4.8% to approximately US\$131.8 million (equivalent to HK\$1,028.0 million). The drop was mainly attributable to fewer orders placed by certain US-based customers whose businesses were affected by the weak retail environment. Nevertheless, North America remained the largest market of the Group, accounting for approximately 50.2% of the Group’s total shipment value.

Shipments to Europe decreased by approximately 8.9% to approximately US\$69.3 million (equivalent to HK\$540.5 million), mainly due to the decline in business of certain customers in the second half of the financial year. Shipments to Europe accounted for approximately 26.4% of the Group's total shipment value. Shipments grouped under "Others", comprising mainly shipments to the southern hemisphere, remained relatively stable. Shipments increased by approximately 1.0% to approximately US\$61.5 million (equivalent to HK\$479.7 million). Others represented approximately 23.4% of the Group's total shipment value.

The Group's financial position remains healthy with cash and cash equivalents of approximately US\$14.6 million (equivalent to HK\$113.9 million) as at 30 April 2014. The Group has a current ratio of approximately 1.4 and a gearing ratio of zero, based on no interest-bearing borrowings and total equity of approximately US\$32.7 million (equivalent to HK\$255.1 million) as at 30 April 2014.

Prospects

The business environment is expected to remain uncertain in the coming year and confidence among several of the Group's customers is expected to be weak, leading to the adoption of a conservative approach in replenishing inventory and keeping their purchase prices low.

With rising labour costs and stringent industry demands on social compliance looming, management anticipates mounting pressure on the Group's margin in the coming financial year. In tandem with managing costs and bolstering efficiency, the Group will continue to investigate opportunities for expanding its customer base and explore more production locations that are competitive and able to fulfill the evolving needs of its customers.

Moreover, management will continue to seek mergers and acquisitions opportunities that can broaden the Group's product offerings and scope of services.

"Even though the outlook for the global economy remains uncertain, Linmark has a solid foundation on which to not just persevere, but to grow over the long term. With a diversified portfolio of products and services, trusted group of customers and vendors, and an experienced management team, we remain optimistic about the Group's long-term prospects despite the near-term challenges." **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 web site: www.linmark.com

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Linmark Group Limited FY2014 Annual Results Announcement

Condensed Consolidated Statement of Profit or Loss	For the year ended 30 April	
	2014	2013
	US\$'000	US\$'000
Revenue	103,397	110,047
Cost of sales	(76,427)	(82,459)
Gross profit	26,970	27,588
Other income	1,353	1,078
General and administrative expenses	(23,329)	(23,543)
Loss on dissolution of a subsidiary	(138)	-
Loss on deregistration of a branch	-	(193)
Share of loss of a joint venture	(1)	(1)
Profit before tax	4,855	4,929
Income tax (expense)/ credit	(399)	403
Profit for the year attributable to owners of the Company	4,456	5,332
Dividends	1,942	2,459
Distribution	12,863	-
Earnings per share attributable to ordinary equity holders of the Company (expressed in US cent)		
- Basic	0.7	0.8
- Diluted	0.7	0.8

Notes:

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.