



[For Immediate Release]

Linmark Announces FY2011 Interim Results

(HONG KONG, 14 December 2010) – 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 2010.

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

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

Basic earnings per share were approximately 0.1 US cent (equivalent to 0.78 HK cent). The Board of Directors recommended the payment of an interim dividend of 0.31 HK cent per ordinary share in respect of the six months ended 31 October 2010.

Mr. Wang Lu-yen, Chairman and Chief Executive Officer of Linmark, said, “During the period under review, we observed various intertwining factors that have negatively impacted customer sentiment. Given the still tentative economic recovery, customers have been cautious about placing orders. Despite these challenges, Linmark has managed to maintain its profitability for the period under review. To remain competitive, we intend to continue to stringently control costs and enhance efficiency.”

During the period under review, shipment to North America decreased by approximately 30.5% year-on-year to approximately US\$69.6 million (equivalent to HK\$542.9 million). Shipment to Europe decreased by 9.4% to approximately US\$35.7 million (equivalent to HK\$278.5 million), and it now accounts for approximately 24.5% of the Group’s total shipment value. Shipment grouped under “Others”, comprising of shipment to the southern hemisphere, registered growth of approximately 2.0% to approximately US\$40.4 million (equivalent to HK\$315.1 million).

The Group’s financial position remained healthy with cash and cash equivalents of approximately US\$17.1 million (equivalent to HK\$133.4 million) as at 31 October 2010. Its current ratio was 1.7 and gearing ratio was zero, based on no interest-bearing borrowings and total equity of approximately US\$37.0 million (equivalent to HK\$288.6 million) as at 31 October 2010.

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Prospects

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

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

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

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

“Although management sees challenges in the short term, we maintain an overall positive view on the Group’s long term prospects,” **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 12 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

For more information:

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Linmark Group Limited FY2011 Interim Results Announcement

| Condensed Consolidated Interim Income Statement | For the six months ended 31 October | |
|---|-------------------------------------|-------------------|
| | 2010 | 2009 |
| | (Unaudited) | (Unaudited) |
| | US\$'000 | US\$'000 |
| Revenue | 51,272 | 49,929 |
| Cost of sales | <u>(39,592)</u> | <u>(35,008)</u> |
| Gross profit | 11,680 | 14,921 |
| Other income | 578 | 474 |
| General and administrative expenses | (11,561) | (13,772) |
| Loss on deregistration of branches | - | (1,036) |
| Share of loss of a jointly-controlled entity | <u>(1)</u> | <u>(2)</u> |
| Profit before tax | 696 | 585 |
| Income tax expense | <u>(75)</u> | <u>(143)</u> |
| Profit for the period attributable to owners of the Company | <u><u>621</u></u> | <u><u>442</u></u> |
| Dividends | <u><u>272</u></u> | <u><u>651</u></u> |
| Earnings per share attributable to owners of the Company (expressed in US cent) | | |
| - Basic | <u><u>0.1</u></u> | <u><u>0.1</u></u> |
| - Diluted | <u><u>0.1</u></u> | <u><u>0.1</u></u> |

Notes:

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

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