[For Immediate Release]

Linmark Returns to Profit in Interim FY2010 Despite Volume Drop

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(HONG KONG, 11 December 2009) – Supply chain management and solutions provider **Linmark Group Limited** ("Linmark" or the "Group"; stock code: 915) had to face challenging economic situation but focus on core business and customer satisfaction was key to profitability.

For the period under review, shipment value amounted to approximately US$179.2 million (equivalent to HK$1,397.8 million), down by approximately 41.2% compared to approximately US$304.7 million (equivalent to HK$2,376.7 million) for the corresponding period last year. Revenue decreased by approximately 58.4% to approximately US$49.9 million (equivalent to HK$389.2 million). The drop in both shipment value and revenue is attributable to the drastic decline of business of the Group's UK electronics division Linmark Electronics Limited ("LEL") and the global economic slowdown that affected the Group's core customers.

The Group reported a profit after tax of approximately US$442,000 (equivalent to HK$3.4 million) for the six months ended 31 October 2009, against a loss of approximately US$8.3 million (equivalent to HK$64.7 million) for the corresponding period last year. The profit for the period under review included a non-cash expense item of approximately US$1.0 million (equivalent to HK$7.8 million) exchange losses arose from deregistration of overseas branches during the first half of the current financial year.

Basic earnings per share were approximately 0.1 US cent (equivalent to 0.78 HK cent).

The Group managed to record an operating profit (profit before tax and loss on deregistration of branches) amounting to approximately US$1.6 million (equivalent to HK$12.5 million). In view of this, the Board of Directors declared an interim dividend of 0.75 HK cent for the six months ended 31 October 2009 (six months ended 31 October 2008: Nil).

Mr. Wang Lu-yen, **Chairman of Linmark,** said, "In the past years, we have focused on reorganizing and integrating our different businesses and functions to achieve the goal of consolidating our operations. Our efforts have begun to bear fruits as reflected in our return to profit during the period under review. We have cemented our foundation for pursuing long term development."

During the period under review, shipment to North America decreased by approximately 37.5% to approximately US$100.2 million (equivalent to HK$781.6 million). North America is at present the largest market of the Group, contributing approximately 55.9% of the Group's total shipment value.

Shipment to Europe decreased by 53.6% to approximately US$39.4 million (equivalent to HK$307.3 million) which was largely due to the drop in sales of the electronics division in the UK. Shipment to Europe now accounts for approximately 22.0% of the Group's total shipment value. Shipment grouped under "Others", comprising mainly shipments to the southern hemisphere, amounted to approximately US$39.6 million (equivalent to HK$308.9 million).

The loss-making electronics division LEL filed a notice of appointment of administrators in the UK in July 2009. Since then, the financial results of LEL have ceased to be consolidated with those of the Group. Based on the update from the administrators of LEL, the liquidation of LEL is expected to occur in the second half of the current financial year.

The Group's financial position remained healthy with cash and cash equivalents of approximately US$22.3 million (equivalent to HK$173.9 million) as at 31 October 2009. Its current ratio was 1.4 and gearing ratio was zero.

Prospects

Management finally came to terms with and exited the loss-making electronics business of LEL, which has enabled the Group to fully focus on its core competency. Management expects a material positive impact on the Group's earnings once the liquidation process of LEL is completed.

In October 2009, markets around the world, especially the US, started talking about recovery. However, the prospects of better sales during the holiday seasons faded with disappointing Thanksgiving sales and polls showing consumers planning to spend less this Christmas than the last. The recent financial turmoil in Dubai is the latest sign that the financial crisis may not be over. Management therefore expects the second half of the current financial year to remain challenging.

The Group's core customers remain very prudent and want to keep inventory at a low level while maintaining their pressure on keeping prices low.

Fierce competition has resulted in a key customer in North America not renewing their agency agreement with the Group. While it would have a significant impact on the Group's shipment value in the next financial year, it would have little impact on revenue. However, the drop in shipment value is expected to be partially offset by the increase in shipment to new accounts in the US and Europe added to the Group's portfolio earlier this year.

Management's efforts on reducing operating expenses to compensate for the loss in volume compared with the same period last year have enabled the Group to maintain a reasonable level of profitability, and management will continue to streamline operations and maintain expenses under stringent control.

Despite an overall decline in shipment value, the Group has registered growth with several core customers who recognize the Group's efforts and progress in improving its performance and competitiveness. Management is dedicated to making sure the Group maintains high quality customer service and competitiveness through stringent controls along the entire supply chain.

With performance under good control at a high level, the Group's main focus in the second half of the financial year will be on acquiring new customers and maximizing revenue from existing ones. Management has started building a sales and marketing force in Australia and also North America that will support the Group's existing management in the two regions in driving growth and profitability.

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"Management remains optimistic that the elimination of unprofitable businesses and measures taken to improve performance and customer satisfaction, coupled with a strong initiative to acquire new customers and businesses have laid a solid foundation for the Group to achieve success in the mid to long term," **Mr. Michel Bourlon, CEO of Linmark,** 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

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Linmark Group Limited
FY 2010 Interim Results Announcement

Condensed Consolidated Interim Income Statement	**For the six months ended 31 October**	
	2009	2008
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
Revenue	**49,929**	119,893
Cost of sales	**(35,008)**	(99,402)
Gross profit	**14,921**	20,491
Other income	**474**	840
General and administrative expenses	**(13,772)**	(18,610)
Loss on deregistration of branches	**(1,036)**	-
Impairment loss on patents and trademarks	**-**	(10,137)
Finance costs	**-**	(42)
Share of loss of a jointly-controlled entity	**(2)**	(2)
Profit/ (Loss) before tax	**585**	(7,460)
Tax	**(143)**	(846)
Profit/ (Loss) for the period	**442**	(8,306)
Attributable to:		
Equity holders of the Company	**442**	(4,565)
Minority interests	**-**	(3,741)
	442	(8,306)
Dividends	**651**	-
Earnings/ (Loss) per share attributable to equity holders of the Company – US cent per share		
- Basic	**0.1**	(0.7)
- Diluted	**0.1**	N/A

Notes:
The calculation of basic earnings per share for the period is based on the profit attributable to equity holders of the Company of approximately US$442,000 (loss attributable to equity holders of the Company for the six months ended 31 October 2008: US$4,565,000), and the weighted average number of 674,994,644 (six months ended 31 October 2008: 674,994,644) ordinary shares in issue during the period.

The calculation of diluted earnings per share for the six months ended 31 October 2009 was based on the profit attributable to equity holders of the Company of approximately US$442,000. The weighted average number of ordinary shares used in the calculation was the 674,994,644 ordinary shares in issue during the period, as used in the basic earnings per share calculation; and approximately 7,683,000 ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options.

Diluted loss per share for the six months ended 31 October 2008 have not been disclosed, as the share options outstanding during the period had anti-dilutive effect on the basic loss per share for that period.

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