

**LINMARK Announces 2001/02 Annual Results**  
**Reports Turnover of HK\$231,254,000 (US\$29,648,000)**  
**Net Profit of HK\$65,068,000 (US\$8,342,000)**

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***Continues to Expand Customer Base and  
Broaden Global Sourcing Network***

(HONG KONG, 29 July 2002) – **Linmark Group Limited** (“Linmark/the Group”) (stock code: 915), a fast growing one-stop global sourcing agent and supply chain management (SCM) solutions provider, today announced its audited consolidated results for the year ended 30 April 2002.

For the year under review, the Group reported shipment volume of approximately US\$489,378,000 (HK\$3,871,148,000), 1.9% higher than the figure last year. Turnover, which comprised of commission income and sales of garments sourced by the Group, was recorded at approximately US\$29,648,000 (HK\$231,254,000), 8.8% lower than the previous year. The drop in turnover was partly resulted from lower than contracted commission rate received from a new customer Warnaco Inc. (“Warnaco”) during a transitional period between February and April 2002, where part of the sourcing work was already done by Warnaco.

Linmark’s operating results retreated in tandem with the global market conditions. Furthermore, set up costs associated with the strategic expansion of new businesses undermined its profitability. Net profit for the year was approximately US\$8,342,000 (HK\$65,068,000). Though this figure fell by 35.2% from last year, it represents US\$342,000 (HK\$2,668,000) improvement on the earnings forecast declared in the Prospectus. Basic earnings per share stood at 1.67 US cents (13.03 HK cents).

The Board of Directors recommended the payment of a final dividend of 3.00 HK cents per share (0.38 US cents per share). Depending on cash flow requirements, the Group expects to distribute approximately 35% of annual earnings as dividends.

**Mr. Lu-yen Wang, Chairman** of Linmark said, “FY2002 was a challenging year for Linmark. Globally, many economic uncertainties remained, which inevitably hindered growth in many parts of the world. Additionally, the September 11 attack exacerbated the conditions prevailing in the North American markets. Conditions in other parts of the world largely resemble the poor conditions in the U.S.”

Linmark's business model is pretty simple; it is stock-free and debt-free, which ensure the Group with no inventory risk. As at 30 April 2002, the Group maintained a solid financial position with cash on hand amounting to approximately US\$2,122,000, equivalent to HK\$16,552,000 (2001: US\$1,319,000, equivalent to HK\$10,288,000). Banking facilities of US\$1,026,000 (HK\$8,000,000) were available. Current ratio was maintained at a strong level of 3.7. Net asset value as at the year end date was US\$9,986,000 (HK\$77,891,000).

With the introduction of new customers, Linmark has cut down its reliance on the Canadian market from 43.3% to 37.4%. The management believes that with their aggressive strategy of diversification through the addition of new customers, the dependence on the Canadian market will be further reduced in the future.

Notwithstanding the conditions prevailing, Linmark adopted a proactive business approach and won two major customers during the year under review. In February 2002, the Group started to source goods for Warnaco, a leading apparel company for brands including Calvin Klein® Jeans, Calvin Klein® Kids, Chaps by Ralph Lauren® and Speedo® pursuant to a three-year exclusive sourcing agreement with Linmark. Prior to that, the Group was appointed sourcing agent of Virginware, a prominent underwear and night wear brand in the U.K, in October 2001.

**Mr. Steven Feniger, CEO** of Linmark, said, "The strategic gains from these new customers have not only added to the Group's credibility, but also served as an important catalyst in driving new business. Contributions from Warnaco for the year under review were only partial. However, Warnaco is already meeting its aggressive shipment plans and therefore, we look forward to realizing the full contribution from this new client in the coming year."

"During the year, we have continued to make significant progress and initiated a number of strategic moves to generate value. To enhance business margins and develop more revenue sources, several value-added services were rolled out. These include social compliance, market intelligence and product development, as well as packaging and trim services, which will add value to our existing supply chain services. In addition, our quality assurance and social compliance divisions have undergone significant expansion. These services, also available on a modular basis are designed to carve out a greater market niche, helping Linmark maintain a leading industry position," Mr. Feniger continued.

Linmark's progress for the year was also marked by its successful diversification into the PRC market as the Group began sourcing footwear for a major distributor of consumer products, Midway Enterprises (Guang Zhou) Ltd., a sister company of the Group.

To bring its customers the highest levels of convenience and ease, Linmark initiated the development of the LOGON system, a web-based Critical Path Management (CPM) system, in February 2001. This system links up the Group, its customers and its vendors, permits a more integrated network by automating the order tracking processes, ensuring timely response to customer requirements. Implementation of the system was completed on schedule in June 2002 and further integrations has already begun.

Commenting on the Group's growth strategies, Mr. Feniger said, "To push forward, the Group will pursue a two-pronged development strategy: Externally, expansion of the customer base and diversification of market exposure to further penetrate the European and Asian markets, with the PRC market as a top priority. In addition, we will actively seek opportunities to further stimulate growth through mergers and acquisitions."

"Internally, the focus will be on strengthening our sourcing network with increasing network coverage in the PRC, which is expected to become the most preferred manufacturing base of the world. Allocation of more resources to the newly-founded value-added business as well as enhancing operational efficiencies through the LOGON system will also be of paramount importance," Mr. Feniger said.

To conclude, Mr. Wang said, "The increasing trend for outsourcing supply chain services will create a conducive background for our expansion. The management is committed to building a powerful customer-driven model and is determined to delivering the best shareholders returns."

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### **About Linmark Group Limited**

Linmark is a fast-growing one-stop global sourcing and supply chain management solutions provider. With a presence in 25 cities in 17 countries, the Group offers comprehensive and efficient sourcing solutions to its customers, the majority of whom are leading retail chain operators, well-known brands, wholesalers, mail order houses and departments stores in North America and Europe. Examples include Hudson's Bay, Brylane, Federated Department Stores, Jockey, J.C. Penney, Mothercare, Calvin Klein® Jeans, Calvin Klein® Kids, Chaps by Ralph Lauren®, Speedo®, etc.

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