

LINMARK Announces 2002/03 Interim Results **Net Profit Increases 18.9% to US\$6.8 million (HK\$53.0 million)**

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*Expanding Markets and Business Segments
through Service Diversification*

(HONG KONG, 8 January 2003) – **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 interim results for the six months ended 31 October 2002.

For the period under review, the Group recorded shipment volume of approximately US\$312.3 million (HK\$2,435.9 million), representing an increase of approximately 20.1% as compared to the corresponding period of last year. Turnover, comprising commission income and sales of merchandise sourced by the Group, grew by approximately 45.2% to approximately US\$23.2 million (HK\$181.0 million) against the previous corresponding period. Net profit attributable to shareholders also increased approximately 18.9% to approximately US\$6.8 million (HK\$53.0 million) as compared to the corresponding period of last year. Basic earnings per share were 1.1 US cents (8.6 HK cents) for the period under review.

The Board of Directors declared the payment of an interim dividend of 2.4 HK cents per share (0.3 US cent per share) for the six months ended 31 October 2002.

Mr. Lu-yen Wang, Chairman of Linmark said, “We are delighted to announce such an encouraging performance for Linmark’s FY2003 interim results. During the review period, we made significant achievements in our business expansion, market diversification and new customer acquisitions. Despite the weak market sentiment, we successfully demonstrated our ability to grow under the challenging conditions. We are also excited to be included as a constituent stock in the Hang Seng HK Composite Index – SmallCap in September 2002.”

During the review period, Linmark continued to operate under a net debt-free and inventory-free business model. As at 31 October 2002, the Group held a strong cash position with cash on hand amounting to approximately US\$32.3 million (HK\$251.9 million), 11 times higher than the cash level as at 31 October 2001. The increase was mainly due to the proceeds obtained from Linmark’s listing in May 2002. Banking facilities of approximately US\$1.0 million (HK\$7.8 million) were available. Current ratio was maintained at a strong level of 8.7 times. Net asset value as at 31 October 2002 was US\$42.1 million (HK\$328.4 million).

As a result of the increased turnover contribution by new customers and better than expected performance of certain pre-existing customers, the sales contribution from the US market rose 122.6% to US\$8.5 million. During the review period, the US market surpassed Canada to become the Group's single largest market, accounting for 36.7% of the Group's total turnover.

The global economic downturn inevitably affected the Canadian consumer market during the review period. However, the Group was able to maintain its market position through proactive marketing and sales strategies and the introduction of additional value-added services to provide customers with one-stop supply chain management solutions. Sales from the Canadian market increased 18.4% to approximately US\$8.3 million during the review period, representing 35.7% of the Group's total turnover. Meanwhile, sales from the European market amounted to approximately US\$1.3 million, representing a growth of 17.8% over the previous corresponding period.

Mr. Steven Feniger, CEO of Linmark, said, "To sharpen our competitive edge in our service offerings, we will continue to implement aggressive marketing strategies to promote our diversified value-added services which include product development and design services, packaging and trim services, quality assurance and social compliance auditing services. We are confident that as we secure more existing and new customers in these higher margin businesses, the contribution from value-added services will continue to grow steadily in the future."

Regarding its product portfolio, new customers obtained during the period has fuelled the Group's softgoods business. Thus, the relative importance of the hardgoods business declined. However, the Group secured a new hardgoods customer for pet accessories in August 2002 which signifies important development into this new business segment. As an increasing number of softgoods customers are diversifying into the hardgoods business, the Group believes that **the customer base for hardgoods business will continue to expand.**

Further enhancing its operational efficiencies, the Group successfully completed the implementation of its web-based information technology system L.O.G.O.N. (Linmark Online Global Operating Network) linking the Group with all its major customers. The Group will continue to reinforce this connectivity and integration with customers and suppliers as part of its global supply chain management solutions.

Looking ahead, the Group foresees that the market will remain challenging. Uncertainties such as possible US military action against Iraq will hinder global economic recovery. However, based on the level of orders placed for the rest of the financial year, the Group remains cautiously optimistic that it will be able to achieve its business plan for the year ended 30 April 2003.

Mr. Feniger continued, “We believe that organic growth will be an important element in driving Linmark’s future growth. Subsequent to our new Shenzhen office opening in May 2002, we will continue to expand aggressively into other strategic cities in the PRC. To achieve these ends, we will hire and train local PRC staff.”

Mr. Wang concluded, “We believe that the increasing trend of retailers and brands to outsource sourcing requirements will continue to provide Linmark with tremendous growth opportunities. Additionally, with our strong cash position, we will also seek strategic merger and acquisition opportunities. Given our leading position, we are confident that we will continue to maintain satisfactory growth to ensure promising returns for our shareholders.”

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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 26 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 Company, 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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