

LINMARK Announces FY2003 Annual Results Net Profit Rises 48.2% to US\$12.3 million (HK\$95.9 million)

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Results Highlights:

	2002		2003		Change
	US\$ million	HK\$ million	US\$ million	HK\$ million	
Shipment volume	489.4	3,817.3	633.2	4,939.0	+ 29.4%
Turnover	29.6	230.9	44.3	345.5	+ 49.7%
Net profit	8.3	64.7	12.3	95.9	+ 48.2%
Dividend Per Share					
- Interim	N/A	N/A	0.30 US cent	2.4 HK cents	N/A
- Final	0.38 US cent	3.0 HK cents	0.45 US cent	3.5 HK cents	N/A

(HONG KONG, 23 July 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 final results for the year ended 30 April 2003 (“FY2003”).

For the year under review, the Group recorded shipment volume of approximately US\$633.2 million (HK\$4,939.0 million), representing an increase of approximately 29.4% as compared to last financial year. Turnover, comprised commission income, sales of merchandise and service income increased approximately 49.7% to approximately US\$44.3 million (HK\$345.5 million). Net profit attributable to shareholders rose approximately 48.2% to approximately US\$12.3 million (HK\$95.9 million) as compared to last financial year. Net profit margin stood at 27.8%. Basic earnings per share were 1.9 US cents (14.8 HK cents) for the year under review.

The Board of Directors recommended the payment of a final dividend of 3.5 HK cents per share for the financial year.

Mr. Lu-yen Wang, Chairman of Linmark, said, “I am extremely pleased to report that Linmark had an exciting financial year. We have achieved better performance in all our markets, and have accomplished many other corporate goals. These included the growth in new accounts acquired last year which made us more diversified geographically, and rapid growth of value-added services, which significantly boosted our top and bottom lines growth during the financial year.”

Turnover from all of the Group's markets increased during the year. Thanks to the rapid growth of the Warnaco account, turnover from the US market more than doubled and surpassed Canada to become the Group's largest as well as the fastest growing market during the year. The US market accounted for 38.8% of total turnover whilst the Canadian market accounted for 33.0%. The European market contributed 6.3%, and the remaining was contributed by Asia and other markets.

The rise in profitability was mainly attributable to the Group's increase in shipment volume, stringent cost controls, improved operating efficiencies and contribution from value-added businesses which bring higher margins than its traditional sourcing business. A diversified global sourcing network, combined with implementation of timely contingency measures, have insulated the Group from major disruptions to its operations during the SARS outbreak period.

Mr. Steven Feniger, CEO of Linmark, said, "The global economy generally stayed weak. The Iraqi war and SARS outbreak have further damped the situation. However, our value-added services such as product development for private label business and design services, packaging and trim services and quality assurance and social compliance auditing services have formed a very important catalyst. This segment of business, though newly introduced, generated turnover of approximately US\$10.9 million (HK\$85 million). It will continue to be a major driver as we innovate more additional services.

The Group expanded its office network in China to cover Shenzhen, Shanghai, Fuzhou and Tianjin, and concluded the financial year with presence in 28 cities in 19 countries / territories. The Group's sourcing network was also expanded to cover Cambodia. Linking this network as well as the Group's key customers and vendors, Linmark's L.O.G.O.N. system was enhanced during the year to include additional functionalities. These initiatives form part of the Group's strategy of establishing a web-based Enterprise Resource Planning (ERP) system.

Linmark enhanced its senior management with the appointment of several key positions to strengthen its overall operations, its hardgoods department as well as its I.T. department to cater for their rapidly expanding business.

In March 2003, Linmark co-sponsored the first and the largest China Department Store Summit in Beijing with very encouraging results. Mr. Wang continued, "China is not only becoming the factory of the world, but is also becoming an important importer. Therefore, the demand for quality supply chain management solutions are certain to grow, especially in light of her entry into the WTO. The Summit formed an important stepping stone in our future penetration to the Chinese market."

Extending its momentum of growth, Linmark successfully signed on two new customers around the end of the financial year — Edgars Consolidated Stores, a leading retail conglomerate in South Africa and Dr. Rehfeld, one of the top 100 clothing suppliers in Europe.

Robust operating results, combined with a unique inventory free, net-debt free business model helped Linmark to maintain a strong financial position. As at 30 April, 2003, the Group had deposits and cash balance of approximately US\$37.9 million (HK\$295.6 million).

Looking ahead, the Group foresees that the market will remain challenging with uncertainties from the aftermath of the Iraqi war and SARS outbreak. Mr. Feniger said, “Despite these uncertainties, the strong global outsourcing trend is expected to continue, creating plenty of opportunities for sourcing companies like Linmark which really add value to customers.”

The Group expects that new customer acquisition, as well as growth of existing customers will be key drivers. Introduction of other value-added services are also important.

Mr. Feniger concluded, “Diversification will remain a key to better performance. Linmark is committed to becoming more than just a sourcing agent but a true partner to our customers, helping them to deal with the exigencies of changing market conditions. We are optimistic in taking business further in FY2004.”

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About Linmark Group Limited

Linmark, listed on The Stock Exchange of Hong Kong Limited in May 2002, is a fast growing one-stop global sourcing and supply chain management solutions provider. With a presence in 28 cities in 19 countries and territories, 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, Europe, Asia and Africa. Examples include Hudson's Bay Company, Brylane, Federated Department Stores, Jockey, J.C. Penney, Mothercare, Calvin Klein® Jeans, Chaps by Ralph Lauren®, Speedo®, Edcon, etc.

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LINMARK GROUP LIMITED
2002/03 Final Results

Consolidated Income Statements

	For the year ended 30 April	
	2003	2002
	<i>US\$' 000</i>	<i>US\$' 000</i>
Turnover	44,294	29,648
Cost of sales	(7,104)	(473)
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Gross profit	37,190	29,175
Other operating income	1,757	1,214
Administrative expenses	(26,233)	(21,821)
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Profit from operations	12,714	8,568
Interest on obligations under a finance lease	(2)	(2)
Gain on dissolution of a subsidiary	-	37
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Profit before taxation	12,712	8,603
Taxation	(384)	(261)
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Profit for the year	12,328	8,342
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Dividends		
- Interim and special dividends, paid	1,992	10,800
- Final dividend, proposed	2,928	2,490
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	4,920	13,290
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Earnings per share [#] (US cents)		
- Basic	1.9	1.7
- Diluted	1.9	N/A
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[#]: The calculation of the basic earnings per share for the year ended 30 April 2003 is based on the profit attributable to shareholders of approximately US\$12,328,000 and on the weighted average number of approximately 643,340,000 shares in issue during the financial year.

The calculation of the basic earnings per share for the year ended 30 April 2002 was based on the profit attributable to shareholders of approximately US\$8,342,000 and on the 499,200,000 shares in issue and issuable comprising 2,000,000 shares in issue and 497,200,000 shares to be issued pursuant to the capitalization issue as more fully described in the prospectus of the Company dated 30 April 2002.

LINMARK GROUP LIMITED
2002/03 Final Results

Consolidated Balance Sheets

	30 April 2003 <i>US\$' 000</i>	30 April 2002 <i>US\$' 000</i>
NON-CURRENT ASSETS		
Machinery and equipment	1,900	1,358
Club membership	119	119
Deferred expenditure	3,014	3,014
	5,033	4,491
CURRENT ASSETS		
Trade receivables	5,725	4,758
Prepayments, deposits and other receivables	1,762	2,187
Amount due from a fellow subsidiary	11	-
Securities linked deposits	6,019	-
Bank balances and cash	31,920	2,122
	45,437	9,067
CURRENT LIABILITIES		
Trade payables	767	100
Accruals and other payables	1,842	1,484
Obligations under a finance lease		
- due within one year	22	22
Tax payable	1,146	873
	3,777	2,479
NET CURRENT ASSETS	41,660	6,588
TOTAL ASSETS LESS CURRENT LIABILITIES	46,693	11,079
NON-CURRENT LIABILITIES		
Obligations under a finance lease		
- due after one year	6	28
Post-employment benefits	1,018	1,035
Deferred taxation	18	30
	1,042	1,093
TOTAL NET ASSETS	45,651	9,986
CAPITAL AND RESERVES		
Share capital	12,948	40
Reserves	32,703	9,946
	45,651	9,986