

LINMARK Announces FY2004 1st Quarterly Results Net Profit Up 14.4% to US\$1.9 million (HK\$14.8 million)

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(HONG KONG, 24 September, 2003) – **Linmark Group Limited** (“Linmark”/the “Group”) (stock code: 915), a one-stop global sourcing agent, today announced its quarterly results for the three months ended 31 July 2003.

For the three months under review, the Group recorded shipment volume of approximately US\$131.7 million (HK\$1,027.3 million), representing an increase of approximately 2.8% as compared to the same period of last year. Turnover was at about the same level as last year at approximately US\$9.5 million (HK\$74.1 million). Net profit attributable to shareholders rose approximately 14.4% to approximately US\$1.9 million (HK\$14.8 million). Basic earnings per share were approximately 0.3 US cent (2.3 HK cents) for the period under review. The Board of Directors does not recommend the payment of dividend for the quarter under review.

Mr. Lu-yen Wang, Chairman of Linmark, said, “The global retail market remained quite challenging during the review period. On top of that, certain foreign buyers had to postpone their buying trips because of SARS. Shipment orders from most of the existing customers were stagnant during the period. But orders from a major account which the Group acquired during the last financial year grew steadily, thus contributing to the rise in the total shipment volume.”

The Group reported increased interest income during the period. In addition, it also relocated a substantial part of its backroom and buying operations from traditionally high cost areas such as Hong Kong and Singapore to Mainland China. This reflected Linmark’s commitment to maximizing returns through constant business review.

On the geographical distribution of turnover, the North American market remained as the Group’s single largest market, accounting for 67.4% of total turnover. The European market grew from the same period of last year to account for 8.6%.

Linmark offers value-added services such as product development for private label business and design services, packaging and trim services, quality assurance and social compliance auditing services alongside its traditional sourcing business.

“We have modest increase in shipment volume as compared to the same period of last year. The value-added services’ earnings contribution helped to contain the margin erosion caused by the continuing impact of garment price deflation originated from the Group’s sourcing base in Asia.” said **Mr. Steven Feniger, CEO of Linmark.**

The Group’s cash and bank deposit was recorded at US\$40.4 million (HK\$315.1 million) as at 31 July, 2003. It also continued to operate under a net debt free business model.

As for the rest of the financial year, certain favorable market conditions, such as the rising trend of outsourcing will continue to lend important support. The gradual abolishment of quota system in the PRC will also promote PRC’s position as a global sourcing hub. Both conditions will create plenty opportunities for Linmark which maintains an extensive global sourcing network.

Mr. Feniger concluded, “Signing of new customers will be a major source of growth. The provision of more value-added services will also be important. The Group is actively seeking merger and acquisition opportunities which we stand ready for given our strong cash position. We are also under active negotiation for more business wins and, barring any unforeseen circumstances, we hope to announce more good news before the end of the financial year.”

About Linmark Group Limited

Linmark, listed on The Stock Exchange of Hong Kong Limited in May 2002, is a one-stop global sourcing agent. With presence in 26 cities in 18 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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For more information:

Strategic Financial Relations Limited

Veron Ng: veron@strategic.com.hk tel: 2864 4831
Cecilia Chui: cecilia@strategic.com.hk tel: 2864 4895
Keris Leung: keris@strategic.com.hk tel: 2864 4863
fax: 2804 2789 / 2527 1196