



**LINMARK ANNOUNCES RESULTS  
FOR THE NINE MONTHS ENDED 31 JANUARY 2007**  
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(HONG KONG, 16 March 2007) – One-stop global supply chain management and solutions provider, **Linmark Group Limited** (“Linmark” or the “Group”) (stock code: 915), today announced its results for the nine months ended 31 January 2007.

For the period under review, Linmark’s shipment value amounted to approximately US\$721.7 million (equivalent to HK\$5,629.3 million), an increase of approximately 4.6% as compared with the corresponding period of last year. Turnover increased significantly by approximately 49.4% to approximately US\$313.0 million (equivalent to HK\$2,441.4 million), attributable mainly to the acquisition of Dowry Peacock Group Limited (“Dowry Peacock”) in October 2005.

During the period under review, the Group’s profit decreased by approximately 47.6% to approximately US\$6.9 million (equivalent to HK\$53.8 million), mainly attributable to the departure of Warnaco Inc., a key customer in North America, restructuring costs incurred and increase in provision commanded by tightened credit policy. Excluding the one-time non-cash income of approximately US\$3.4 million (equivalent to HK\$26.5 million), representing the excess of interest in fair value of acquired subsidiaries’ net assets over cost of investment in relation to the acquisition of Dowry Peacock in the last corresponding period, the decrease in profit would be approximately 29.2%.

Operating expenses including finance costs increased by approximately 4.5% to approximately US\$34.6 million (equivalent to HK\$269.9 million). The increase was mainly due to the acquisition of Dowry Peacock, costs associated with the Group’s restructuring and provision for doubtful debts.

Basic earnings per share was approximately 1.0 US cent (equivalent to 7.8 HK cents).

**Mr. Wang Lu-Yen, Chairman of Linmark**, said, “During the review period, we restructured our operations to allow more focused allocation of resources for enhancing operational efficiencies and lowering operating cost. We also effectively integrated all business operations into a single platform, which will enable the Group to derive synergies including cross-selling opportunities. I am pleased to see our business initiatives fostering significant growth of the European market. The business integration has laid a solid foundation for the Group to pursue long term development.”

Europe became the Group’s largest market, contributing approximately 36.9% of the Group’s total shipment value. Shipment value to Europe surged approximately 61.4% to approximately US\$266.4 million (equivalent to HK\$2,077.9 million), thanks to the additional businesses from Dowry Peacock. However, with the departure of Warnaco Inc., shipment value to North America decreased by approximately 28.9% to approximately US\$254.7 million (equivalent to HK\$1,986.7 million), accounted for approximately 35.3% of the Group’s total shipment. For shipment grouped under “Others”, making up of mainly shipment to the southern hemisphere, an increase of approximately 20.4% was recorded, bringing the total amount to approximately US\$200.6 million (equivalent to HK\$1,564.7 million).

The Group's financial position remained healthy with cash and cash equivalents standing at approximately US\$33.5 million (equivalent to HK\$261.3 million) as at 31 January 2007. The Group's current ratio was 1.1 and gearing ratio was low at 0.1.

Looking ahead, the Group will continue to improve its performance by exploiting cross-selling opportunities among its different businesses, and focusing on promoting organic growth of its business with existing customers. At the same time, Linmark will apply the design and development capabilities of its newly acquired arms to actively market its services to prospective clients.

For Dowry Peacock, pressure from unfavorable market conditions such as increasing material costs, strengthening of the Renminbi and price deflation of electronic products continues to linger. As a result of efforts made earlier in the year, the financial performance of Dowry Peacock has stabilised. It is expected the financial results of Dowry Peacock will not have a material impact on the Group's overall profitability in the current financial year.

To boost the efficiency and reduce the operation costs of its sourcing office network, the Group conducted a review on its operation structure and closed certain non-performing offices during the review period. The Group will continue to look for ways to consolidate its operations and implement cost-saving measures to maximize efficiencies and profits.

**Mr. Peter Solomon, CEO of Linmark**, said, "Our devotion to consolidating our business has enabled us to become more competitive and efficient. The Group expects the business environment to remain challenging in the foreseeable future, but will continue to perfect its business structure and operation. We are optimistic about the Group's prospects in the long run."

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#### **About Linmark Group Limited**

Linmark, listed on The Stock Exchange of Hong Kong Limited in May 2002, is a one-stop global supply chain management and solutions provider. With a global network, 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 department stores in North America, Europe, Asia and the southern hemisphere.

For more information:

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## Linmark Group Limited

### FY 2007 Q3 Results Announcement

Condensed Consolidated Income Statement	For the nine months ended 31 January	
	2007	2006
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	US\$'000	US\$'000
Revenue	313,020	209,469
Cost of sales	<b>(272,018)</b>	<b>(167,086)</b>
Gross profit	<b>41,002</b>	42,383
Other income	2,422	1,931
General and administrative expenses	<b>(33,725)</b>	<b>(32,861)</b>
Excess of interest in fair value of acquired subsidiaries' net assets over cost	-	3,414
Operating profit	<b>9,699</b>	14,867
Finance costs	<b>(924)</b>	<b>(293)</b>
Share of loss of a joint venture	<b>(41)</b>	<b>(41)</b>
Profit before income tax	<b>8,734</b>	14,533
Income tax expense	<b>(1,857)</b>	<b>(1,402)</b>
Profit for the period	<b>6,877</b>	13,131

Attributable to:

Equity holders of the Company	6,386	12,941
Minority interest	491	190
	<b>6,877</b>	<b>13,131</b>

Earnings per share for profit attributable

to equity holders of the Company

(expressed in US cent per share)

- Basic	1.0	2.0
- Diluted	1.0	2.0

Notes:

The calculation of the basic earnings per share for the nine months ended 31 January 2007 was based on the profit attributable to equity holders of the Company of approximately US\$6,386,000 (2006: US\$12,941,000) and on the weighted average number of approximately 666,845,000 (2006: 659,821,000) shares in issue during the period under review.

There was no difference between basic and diluted earnings per share as there were no potentially dilutive shares outstanding during the nine months ended 31 January 2007.

The calculation of the diluted earnings per share for the nine months ended 31 January 2006 was based on the profit attributable to equity holders of the Company of approximately US\$12,491,000 and on the weighted average number of approximately 664,237,000 shares issued and issuable, comprising the weighted average number of approximately 659,821,000 shares in issue during the financial period and the weighted average number of approximately 4,416,000 shares, as adjusted for the dilutive effect of share options outstanding during the period under review.