



**LINMARK ANNOUNCES RESULTS**  
**FOR THE THREE MONTHS ENDED 31 JULY 2006**  
**SHIPMENT VALUE UP 21.9% TO US\$213.3 MILLION (HK\$1,663.7 MILLION)**  
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(HONG KONG, 13 September 2006) – 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 three months ended 31 July 2006.

During the period under review, shipment value – the primary indicator of Linmark’s business performance – amounted to approximately US\$213.3 million (equivalent to HK\$1,663.7 million), an increase of approximately 21.9% as compared to approximately US\$175.0 million (equivalent to HK\$1,365.0 million) recorded in the corresponding period of last year. Turnover increased by approximately 105.5% to approximately US\$83.9 million (equivalent to HK\$654.4 million). The significant increase was principally attributed to the Group’s newly acquired businesses, generated a substantially higher turnover from the sales of merchandise when compared with the commission-based buying agency model of Linmark.

The Group’s profit for the period under review amounted to approximately US\$1.1 million (equivalent to HK\$8.6 million) as compared to approximately US\$2.1 million (equivalent to HK\$16.4 million) for the corresponding period of last year.

Basic earnings per share were approximately 0.2 US cent (equivalent to 1.6 HK cents).

**Mr. Wang Lu-Yen, Chairman of Linmark**, said, “Linmark has adhered to its business restructuring and diversification plan since FY2006 despite the challenging operating environment. During the period under review, we see significant growth in the European market. I am delighted to see our efforts gradually bearing fruits.”

The Group achieved a more diversified geographic split for its business as a result of the newly acquired businesses. During the period under review, shipment to Europe surged 184.9% to approximately US\$71.5 million (equivalent to HK\$557.7 million). The growth was largely the result of increased revenue after the acquisition of 60% interest in Dowry Peacock Group Limited (“Dowry Peacock”), a UK-based consumer electronic products brand owner and supply chain management company, which was completed in October 2005.

Shipment to North America decreased by approximately 27.9% from US\$102.6 million (equivalent to HK\$800.3 million) to approximately US\$74.0 million (equivalent to HK\$577.2 million), mainly due to the departure of a key US-based customer who decided to consolidate its retail and sourcing functions in Asia during last financial year. Nevertheless, North America remains as the Group’s largest market, accounting for approximately 34.7% of the Group’s total shipment. Shipment grouped under “Others” mainly represents shipment to the southern hemisphere, increased by 43.3% to approximately US\$67.8 million (equivalent to HK\$528.8 million) on the back of strong orders from customers in South Africa.

The Group's financial position remained healthy with bank balances and cash of approximately US\$31.9 million (equivalent to HK\$248.8 million) as at 31 July 2006. The Group's current ratio was 1.1 and gearing ratio was low at 0.1.

### **Restructuring and Prospects**

**Mr. Peter Solomon, CEO** of Linmark, said, "Our principal business strategy in FY2007 will continue to be restructuring and consolidation of our operations through reorganising and integrating our different operational and business functions. These pursuits will enable Linmark to achieve our goal of keeping operating cost, enhancing operation efficiencies and exploring cross-selling opportunities".

The Group has reorganised its operational functions into four Strategic Business Units to facilitate cross selling among the various product divisions. A focus on the integration of all the business units will culminate during the second quarter. The Group has also reviewed the structure and consolidated the sourcing office network and closed non-performing locations. The Group's Shanghai offices are now located within a single building and the merging of the Hong Kong offices will also be completed during the second quarter.

Dowry Peacock whilst adding to the Group's turnover and diversification in Europe continues to be a challenge. The consumer electronic sector in Europe is suffering from significant price deflation and whilst the Group's customer base and geographic reach across the region has broadened, rising material costs and declining prices of electronic products continued to pose pressure on the Group's margins in the UK consumer electronic market. To cope with the challenges, the Group will continue to explore ways to improve profitability, including expanding its customer base, negotiating with suppliers for better pricing and seeking to develop more exclusive ranges of products for distribution.

Although management sees initial consolidation and the business remains to be a challenge, it is confident that the Group will benefit in the long run from taking actions in restructuring its operations during the current financial year.

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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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