

LINMARK ANNOUNCES FY2005 1ST QUARTERLY RESULTS NET PROFIT 4.7% HIGHER AT US\$1.9 MILLION (HK\$14.8 MILLION)

(Hong Kong – 13 September 2004) **Linmark Group Limited** (“Linmark” or the “Group”) (stock code: 915), a one-stop global sourcing agent today announced its first quarterly results for the current financial year.

For the three months ended 31 July 2004, the Group’s turnover rose 17.8% to approximately US\$11.2 million (HK\$87.4 million). This was mainly attributable to expansion of value-added services and addition of new business. Net profit after tax increased 4.7% to approximately US\$1.9 million (HK\$14.8 million). Basic earnings per share were approximately 0.3 US cent (2.3 HK cents). The directors of the Company do not recommend the payment of dividend for the period under review.

As at 31 July 2004, Linmark had cash and bank balances of approximately US\$34.7 million (HK\$270.7 million) with no net debt and a strong current ratio of 5.4.

Mr. Wang Lu-Yen, Chairman of Linmark said, “I am pleased to see that we continued to deliver growth in our shipment volume, turnover as well as profit. During the period under review, we invested in expanding our China sourcing network in readiness for the 2005 abolishment of apparel quotas globally. This has inevitably resulted in higher operating expenses. However, in view of the long term benefits we expect to reap, we consider that these investments are necessary and highly justified.”

As China is expected to gain importance as the world’s sourcing hub upon abolishment of apparel quotas, the Group enhanced its sourcing network by adding sourcing offices in Guangzhou and Qingdao during the period under review. At the same time, it also invested to expand its marketing presence in various parts of Europe and North America including Manchester, Los Angeles, New York and Toronto.

Mr. Steven Feniger, CEO of Linmark commented, “Consumer spending in our major market North America was modest as a result of high oil prices and rising interest rates. Despite this, our turnover from this market as a whole was higher compared to the same period last year. We also saw satisfactory increase in turnover in our European and other markets.”

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Another significant development for Linmark was the signing of a letter of intent for a strategic partnership with China Textile Information Centre (CTIC) and China Textiles Development Centre (CTDC), which are the subordinate organisations of the China National Textile Industry Council (formerly the Textile Ministry), in May 2004. CTIC and CTDC are commissioned by the Chinese government to enhance product development and the establishment of information service systems in the China textile industry.

Mr. Feniger continued, “We are in talks to set up a joint venture company with CTIC and CTDC to promote textile testing services, social compliance auditing and accreditation consultancy services. This company will also promote supply chain management system, e-commerce services in China and international trade of Chinese textiles in overseas markets.”

Commenting on the industry environment in 2005, Mr. Feniger said, “China’s true potential as a major sourcing hub will be unveiled once quotas are removed. The role of sourcing agents will also escalate as a growing number of western retailers seek sourcing solutions in China. With years of experience in sourcing from Asia and a strong sourcing network in China, this move will be a major boost to our business. ”

The Group’s order book is also looking healthy for all business categories. Whilst endeavouring to capture opportunities in China, Linmark will continue to pursue its market and product diversification strategy. With its strong level of cash on hand, the Group will also be committed to seeking synergistic mergers and acquisitions to accelerate growth.

“Based on the current assessment, the management maintains an overall positive view for the rest of the financial year.” concluded Mr. Feniger.

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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 sourcing agent. With presence in 36 cities in 25 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.

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