

LINMARK ANNOUNCES FY2006 INTERIM RESULTS NET PROFIT UP 42.8% TO US\$10.5 MILLION (HK\$81.9 MILLION)

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SIGNIFICANT GROWTH IN EUROPEAN BUSINESS

(HONG KONG, 14 December, 2005) – One-stop global sourcing agent **Linmark Group Limited** (“Linmark”/the “Group”) (stock code: 915) today announced its interim results for the six months ended 31 October 2005.

During the period under review, the Group’s shipment value was approximately US\$435.9 million (equivalent to HK\$3,400.0 million), representing an increase of approximately 15.8% as compared to the corresponding period last year. Turnover increased by approximately 279.2% from approximately US\$25.9 million (equivalent to HK\$202.0 million) to approximately US\$98.4 million (equivalent to HK\$767.5 million) primarily attributable to the newly acquired businesses. These new businesses operate on a trading model with turnover recorded on the basis of shipment value, which is different from Linmark’s commission agent model.

Aided by a one-time income of approximately US\$3.4 million (equivalent to HK\$26.5 million) from the acquisition of 60% interest in Dowry Peacock Group Limited (“Dowry Peacock”), net profit after tax increased by approximately 42.8% to approximately US\$10.5 million (equivalent to HK\$81.9 million). Excluding the one-time income, net profit after tax was approximately US\$7.1 million (equivalent to HK\$55.4 million) (2004: US\$7.4 million/HK\$57.7 million).

Basic earnings per share were approximately 1.6 US cents (equivalent to 12.5 HK cents). The Board of Directors has declared the payment of an interim dividend of 2.70 HK cents per share.

Mr. Lu-yen Wang, Chairman of Linmark, said, “In the past six months we saw various intertwining factors that brought uncertainties in customer buying sentiment including high oil prices, rising interest rates, and the export quota disputes between China and the EU and US. Despite these challenges, I am pleased to report that Linmark has continued to deliver solid performance. Our business in Europe is stronger than ever, and we have added Australia as a new market with good business potential. This is a strong testament that our geographical and product diversification strategy has been effective.”

While North America was still the largest market for Linmark contributing 59.1% of the Group's total shipment value, shipment to Europe surged approximately 100.3% from approximately US\$33.8 million (equivalent to HK\$263.6 million) to approximately US\$67.7 million (equivalent to HK\$528.1 million), accounting for approximately 15.5% of the total shipment value. Shipment value to Australia increased from nil to approximately US\$18.1 million (equivalent to HK\$141.2 million). Contribution from other markets also increased, accounting for 21.2% (2004: 14.3%) of the Group's total shipment value.

During the period under review, Linmark completed the acquisition of 60% interest in Dowry Peacock, a UK-based consumer electronics products brand owner and supply chain management company. Dowry Peacock owns four major consumer electronics and small domestic appliance product brands, and its major customers include leading supermarkets and mass merchandise retailers predominantly in the U.K.

Mr. Steven Feniger, CEO of Linmark, said, "The addition of Dowry Peacock is expected to bring in positive contributions to Linmark's earnings beginning second half of FY2006 and more significantly in FY2007 and beyond. Dowry Peacock's strong presence in the U.K. will help Linmark further boost its business in Europe. We are also working on potential cross-selling opportunities to provide Linmark's non-technical hardgoods and apparel offerings to an enlarged customer base in Europe."

The Group had bank balances and cash of approximately US\$38.0 million (equivalent to HK\$296.4 million) as at 31 October 2005. The Group's current ratio was 1.1, and gearing ratio was at 4%.

Prospects

"The implementation of textile safeguards for the EU and more recently the US has failed to address the uncertainty surrounding the future use of China to source products for our customers - in the EU until 2008, and in the US possibly beyond 2009. In addition, developments such as the potential appreciation of the Renminbi against US dollar and Euro might bring new uncertainties to the market," said **Mr. Feniger.**

He continued, "Nevertheless, we at Linmark believe the outsourcing trend has enormous room for growth. More and more retail chain operators, brands, wholesalers, mail order houses and department stores are looking for sourcing partners who can provide them with reliable one-stop sourcing solutions regardless of market situation and trade policies. This is exactly where Linmark can help. Armed with a global sourcing network, Linmark is uniquely positioned to give our customers the best sourcing advice."

“Looking forward, Linmark will continue to seek acquisition opportunities to accelerate our growth and supplement the Group’s corporate objective of diversifying its customer base, markets, products and services.”

Based on current assessment, management of Linmark maintains an overall positive view of the Group’s performance for the rest 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 38 cities in 26 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 department stores in North America, Europe, Asia and the southern hemisphere.

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Linmark Group Limited

FY 2006 Interim Results Announcement

Condensed Consolidated Income Statement

For the six months ended 31 October

	2005	2004
	(Unaudited)	(Unaudited)
	US\$'000	US\$'000
Turnover	98,377	25,946
Cost of sales	(70,790)	(3,895)
Gross profit	27,587	22,051
Other operating income	1,172	1,380
Gain on dissolution of a subsidiary	-	14
Excess of interest in fair value of acquired subsidiaries' net assets over cost	3,428	-
General and administrative expenses	(20,695)	(15,817)
Profit from operations	11,492	7,628
Finance costs	(110)	(1)
Share of loss of a joint venture	(31)	-
Profit before taxation	11,351	7,627
Income tax expense	(808)	(243)
Profit for the period	10,543	7,384
Dividends	2,350	2,207
Earnings per share (Note) (US cents)		
- Basic	1.6	1.1
- Diluted	1.6	1.1

Notes:

The calculation of the basic earnings per share for the six months ended 31 October 2005 was based on the profit attributable to equity holders of the Company of approximately US\$10,492,000 (2004: US\$7,384,000) and on the weighted average number of approximately 656,523,000 (2004: 654,378,000) shares in issue during the financial period.

The calculation of the diluted earnings per share for the six months ended 31 October 2005 was based on the profit attributable to equity holders of the Company of approximately US\$10,492,000 (2004: US\$7,384,000) and on the weighted average number of approximately 661,483,000 (2004: 662,731,000) shares issued and issuable, comprising the weighted average number of approximately 656,523,000 (2004: 654,378,000) shares in issue during the financial period and the weighted average number of approximately 4,960,000 (2004: 8,353,000) shares, as adjusted for the dilutive effect of share options outstanding during the financial period.