

LINMARK ANNOUNCES FY2006 1ST QUARTERLY RESULTS NET PROFIT UP 7.2% TO US\$2.1 MILLION (HK\$16.4 MILLION)

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(Hong Kong – 13 September 2005) One-stop global sourcing agent **Linmark Group Limited** (“Linmark” or the “Group”; stock code: 915) today announced its first quarterly results for the current financial year (FY2006).

For the three months ended 31 July 2005, the Group reported an approximately 4.5% increase in shipment value to approximately US\$175.0 million (equivalent to HK\$1,365.0 million) from approximately US\$167.4 million (equivalent to HK\$1,305.7 million) in the last comparable quarter. Turnover rose approximately 265.6% to reach approximately US\$40.8 million (equivalent to HK\$318.2 million) primarily as a result of the change in the mixture of the business models the Group undertakes. Operating under a trading model, Tamarind International Limited (“Tamarind”), the Group’s newly acquired business, generates a substantially higher turnover from the sales of merchandise when compared with the commission-based buying agency model of Linmark.

Net profit after tax grew approximately 7.2% to approximately US\$2.1 million (equivalent to HK\$16.4 million). Basic earnings per share maintained approximately at 0.3 US cent (equivalent to 2.3 HK cents). The Board does not recommend the payment of dividend for the period under review.

Mr. Wang Lu-Yen, Chairman of Linmark, said, “I am pleased to report the growth of our shipment value and net profit during the first quarter. These numbers are particularly note-worthy considering that the consumption expectation of our key customers in North America had been weakened by high oil prices and rising interest rates, and that safeguard mechanisms and quota category caps were adopted by the US and EU on China-made apparel.

“In addition to the growth in top and bottom lines, the Group was able to further diversify its geographical presence to achieve a stronger and more balanced income base. While North America continued to rank as the number one contributor in terms of shipment value, markets such as Europe and Australia continued to gather steam, and accounted for approximately 18.7% of the total value of goods shipped.”

The growth of Linmark's business in Europe and Australia was largely attributed to the newly added Tamarind business. Quarter-on-quarter, shipment value contributed by Europe increased by approximately 30.7% from approximately US\$19.2 million (equivalent to HK\$149.8 million) to approximately US\$25.1 million (equivalent to HK\$195.8 million). Shipment value contributed by Australia grew from nil in the first quarter of 2004 to approximately US\$7.7 million (equivalent to HK\$60.1 million) in the same period of 2005. As a result of the weakened consumption expectation of the Group's key customers in North America, shipment value from North America which comprises the US and Canada decreased approximately 20.3% from approximately US\$128.7 million (equivalent to HK\$1,003.9 million) to approximately US\$102.6 million (equivalent to HK\$800.3 million).

The Group's financial position remains strong with bank balances and cash of approximately US\$39.0 million (equivalent to HK\$304.2 million), and approximately US\$46.6 million (equivalent to HK\$363.5 million) in total banking facilities as at 31 July 2005.

In August, Linmark made another bold move to further ramp up its European and hardgoods businesses through the conditional acquisition of 60% of the issued share capital of Dowry Peacock Group Limited ("Dowry Peacock") at a total consideration of approximately GBP24.0 million (equivalent to HK\$338.4 million) (subject to adjustments), of which 85% will be satisfied by cash and the remaining 15% by the issue of new Linmark shares. Dowry Peacock is a UK-based consumer electronics products brand owner and supply chain management company. Its major customers include leading supermarkets and mass merchandise retailers predominantly in the UK, and it owns four major brands focusing on consumer electronics and small domestic appliance products - "*Dual*", "*Nordmende*", "*Pacific*", and "*Digilogic*". Products carrying these brands are sold primarily in the UK, France and Germany.

The Dowry Peacock acquisition is expected to be completed by end of October 2005.

Mr. Steven Feniger, CEO of Linmark, said, "In the remaining quarters of the current financial year, we expect uncertainties caused by the revaluation of the Renminbi and the protectionist stance taken by the US and EU against China-made apparel to continue to affect customers' buying decisions. However, as always, Linmark, with its global network spanning 37 cities in 25 countries and territories, is committed to working closely with our customers in these uncertain times.

“Apart from organic growth, the Dowry Peacock acquisition is expected to make positive contributions to Linmark’s earnings beginning second half of the current financial year and more significantly in FY2007 and beyond. There are enormous synergies in the existing services offered by Linmark and Dowry Peacock, and we see great potential for cross-selling Linmark’s non-technical hardgoods and apparel offerings to an enlarged customer base in Europe.

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

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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 37 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 department stores in North America, Europe, Asia and the southern hemisphere.

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