

**LINMARK TO ACQUIRE 60% INTEREST IN  
UK-BASED DOWRY PEACOCK**

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**EARNINGS ACCRETIVE ACQUISITION TO BOOST HARDGOODS BUSINESS AND  
EUROPEAN CLIENTELE**

(HONG KONG, 16 August 2005) – One-stop global sourcing agent **Linmark Group Limited** (“Linmark”/ the “Group”) (stock code: 915) announced today that its wholly owned subsidiary Benchmark Profits Limited (“Benchmark Profits”) has entered into a Sale and Purchase Agreement (the “Agreement”) to conditionally acquire 60% of the issued share capital of Dowry Peacock Group Limited (“Dowry Peacock”) (the “Acquisition”), a UK-based consumer electronics products brand owner and supply chain management company. The total consideration for the Acquisition is GBP24,001,200 (approximately HK\$338.42 million\*), of which 85% will be satisfied (subject to adjustments) by cash and the remaining 15% by the issue of new shares at HK\$2.284 per share (the “Consideration”). The issue price represents 5% premium over the average closing price per share for the past 30 consecutive trading days.

The cash portion of the Consideration will be funded by internal resources. The equity portion of the Consideration, equivalent to approximately 22,225,279 new shares to be issued, would represent approximately 3.39% and 3.28% of the existing and enlarged issued share capital of Linmark respectively.

Based on the audited financial statements of Dowry Peacock Group for the 12 months ended 30 September 2004, the Acquisition represents a historical P/E ratio of 7.4. The Acquisition is expected to be completed by end of October 2005.

Dowry Peacock Group was co-founded by Ray Nugent in 1995. It is principally engaged in the business of consultancy, design, sourcing, planning, procurement, quality inspection, brand and warranty management of life entertainment and consumer electronics products (such as audio visual products and electrical kitchen appliances). Its major customers include leading supermarkets and mass merchandise retailers predominantly in the U.K. Dowry Peacock Group will own four major brands focusing on consumer electronics and small domestic appliances products - "*Dual*", "*Nordmende*", "*Pacific*", and "*Digilogic*". Products carrying these brands are sold primarily in the U.K., France, and Germany. After the Acquisition, Ray Nugent and the key management team of Dowry Peacock will remain to help expand the business.

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Dowry Peacock Group has enjoyed substantial growth since its inception in 1995. For the 12 months ended 30 September 2004, Dowry Peacock Group recorded net profit after taxation of approximately GBP5,384,000 (approximately HK\$75.91 million\*).

**Mr. Wang Lu-yen**, Chairman of Linmark, said, “We are extremely delighted to announce this milestone development for Linmark. This is the largest acquisition we made since our IPO, and is strategically significant in two ways – it enables us to expand our hardgoods business and, through the operations of Dowry Peacock, further broaden our customer base and geographic reach in Europe. I am confident that the Acquisition will enhance Linmark’s long-term growth prospects.”

**Mr. Steven Feniger**, CEO of Linmark, said, “Dowry Peacock is expected to enhance and complement Linmark’s unique position as a one-stop global sourcing agent. We see enormous synergies in the existing services offered by Linmark and Dowry Peacock and also potential for cross-selling Linmark’s non-technical hardgoods and apparel offerings business to an enlarged customer base in Europe. ”

The Consideration will be settled by four installments, subject to an adjustment mechanism based on the target net profit after taxation (“Profit Target”) for financial periods 2005 to 2008 (“FP06”, “FP07” and “FP08”). Each installment is to be made up of a mix of cash and equity portions (Appendix I). The initial payment for the acquisition - being approximately 45% of the total Consideration (before adjustments) and payable on completion of the Acquisition - will represent an aggregate amount of GBP10,800,540 (approximately HK\$152.29 million\*). Balance of the Consideration will be settled by three equal installments over a three-year period starting 2006, with each installment representing approximately 18.33% of the total Consideration.

Payment of each installment will be subject to Dowry Peacock achieving the business targets for FP06, FP07, and FP08. Such adjustments (both upward and downward) are subject to a maximum amount and will be settled in cash. Details of the adjustments and profit targets are set out in Appendix II.

**Mr. Steven Feniger**, CEO of Linmark, said, “The Acquisition is expected to make positive contributions to Linmark’s earnings beginning second half of the current fiscal year and more significantly in FY2007 and beyond. With Dowry Peacock integrated into the Linmark family I believe it will provide us with a stronger and more diversified base of revenue streams for sustainable growth.”

*\*Translations of GBP and Euro into HK\$ in this press release are, for illustration only, at the rate of GBP1.00 to HK\$14.10 and Euro 1.00 to HK\$9.664.*

**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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## APPENDIX I

### Payment Schedule

<b>Installment (percentage of the consideration)</b>	<b>Amount</b>	<b>Cash Portion</b>	<b>No. of consideration shares*</b>	<b>Payment Due Date</b>
Initial payment (45%)	£ 10,800,540 (HK\$152.3 million)	£ 9,180,459 (HK\$129.4 million)	10,001,374	On completion
Second installment (18.33%)	£ 4,400,220 (HK\$62.0 million)	£ 3,740,187 (HK\$52.7 million)	4,074,635	On or before 31 Jul 06
Third installment (18.33%)	£ 4,400,220 (HK\$62.0 million)	£ 3,740,187 (HK\$52.7 million)	4,074,635	On or before 31 Jul 07
Fourth installment (18.33%)	£ 4,400,200 (HK\$62.0 million)	£ 3,740,187 (HK\$52.7 million)	4,074,635	On or before 31 Jul 08

*\*Approximately 22 million shares issued at HK\$2.284 per share, representing an increase of issued capital by 3.39%*

## APPENDIX II

### Adjustment Mechanism

<b>Period</b>	<b>Profit Target</b>	<b>Maximum Downward Adjustment</b>	<b>Maximum Upward Adjustment</b>
19-m to 30 Apr 06	£ 8.55 million (HK\$120.6 million)	£ 3.74 million (HK\$52.7 million)	£ 0.81 million (HK\$11.4 million)
12-m to 30 Apr 07	£ 7.20 million (HK\$101.5 million)	£ 3.74 million (HK\$52.7 million)	£ 0.84 million (HK\$11.9 million)
12-m to 30 Apr 08	£ 8.20 million (HK\$115.6 million)	£ 3.74 million (HK\$52.7 million)	£ 0.57 million (HK\$8.0 million)