

LINMARK ANNOUNCES FY2004 3RD QUARTERLY RESULTS NET PROFIT 7.0% HIGHER AT US\$9.7 MILLION (HK\$75.7 MILLION)

(Hong Kong – 22 March 2004) **Linmark Group Limited** (“Linmark” or the “Group”) (stock code: 915), a one-stop global sourcing agent today announced its results for the nine months ended 31 January 2004.

For the nine months under review, the Group recorded shipment volume of approximately US\$482.9 million (HK\$3,766.6 million). Turnover was reported at approximately US\$31.9 million (HK\$248.8 million), of which approximately 82.6% was derived from buying agency and service income and approximately 17.4% from sales of merchandise. Gross profit climbed to approximately US\$27.5 million (HK\$214.5 million) whilst net profit after tax rose approximately 7.0% to approximately US\$9.7 million (HK\$75.7 million). Basic earnings per share was also higher at approximately 1.5 US cents (11.7 HK cents).

“I am pleased to see that Linmark continues its growth path.” said **Mr. Wang Lu-Yen, Chairman of Linmark**, “Our strategy of expanding value-added services remained a key in driving business further. More importantly, it enhanced our business margins. In addition to this strategy, we are also actively diversifying our products and market presence in order to boost business top line.”

Compared to the same period of last year, Linmark has achieved a higher gross profit margin, which went up from approximately 82.1% to approximately 86.3%. This was a direct result of increased leverage from value-added service business. The Group also enjoyed higher net profit margin, which was up from approximately 27.4% to approximately 30.5%.

Mr. Steven Feniger, CEO of Linmark commented, “The global trend in outsourcing continued to rise. At the same time, the industry itself is becoming more integrated. Therefore, it is important that we keep enhancing our competitiveness. That is why we entered into our first acquisition deal which is expected to drive our business in multiple ways.”

In November last year, Linmark acquired ISO International (Holdings) Limited (“ISO International”), a Hong Kong based supply chain management company specialising in home lifestyle consumer electronic products with a solid customer base in Europe. The acquisition was in line with the Group’s strategy in diversifying its hardgoods business, and also coincided with its plan in furthering presence in Europe. Linmark will also benefit from potential cross-selling opportunities.

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The Group also achieved higher standing in both the local and overseas sourcing industry. Linmark was named winner of the Export Marketing Award in the 2003 Hong Kong Awards for Services organised by the Hong Kong Trade Development Council. The Group was also invited to speak at the Logistics 2004 Conference organised by International Mass Retail Association (now known as “Retail Industry Leaders Association”) in Florida and participated in a panel with leading retailers such as Wal-Mart and Home Depot.

As at 31 January 2004, Linmark has cash and bank balances of approximately US\$28.7 million (HK\$223.9 million) with no net debt and a strong current ratio of 6.3.

Looking ahead, the management will adopt an active yet cautious approach to business. “Our established growth strategies will continue to form the major pillars in delivering growth.” said Mr. Feniger, “Improving conditions in the European and U.S. economies will lend support to our business. Meanwhile, we are also working to solicit more new customers.”

The Group is also expected to reap increasing benefits from ISO International, which allows the Group to capture opportunities from the fast expanding consumer electronic product market.

With its strong financial position, the Group is actively seeking strategic merger and acquisition opportunities to drive further growth. In this regard, the Group has laid a clear set of criteria. It will also adopt an open view in identifying potential targets.

“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 29 cities in 20 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. Examples include Hudson's Bay Company, Brylane, Federated Department Stores, Jockey, J.C. Penney, Mothercare, Calvin Klein® Jeans, Chaps by Ralph Lauren®, Speedo®, Edcon, etc.

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