

## LINMARK Announces FY2004 Annual Results Net Profit Up 18.6% to US\$14.6 million (HK\$113.9 million)

\* \* \*

### Results Highlights:

For the year ended 30 April

	2003		2004		Change
	US\$' million	HK\$' million	US\$' million	HK\$' million	
Shipment volume	633.2	4,939.0	<b>714.1</b>	<b>5,570.0</b>	+ 12.8%
Turnover	44.3	345.5	<b>44.3</b>	<b>345.5</b>	—
Net profit	12.3	95.9	<b>14.6</b>	<b>113.9</b>	+ 18.6%
Basic earnings per share	1.9 US cents	14.8 HK cents	<b>2.3 US cents</b>	<b>17.9 HK cents</b>	+ 21.1%
Dividend per share					
- Interim	0.31 US cent	2.4 HK cents	<b>0.32 US cent</b>	<b>2.5 HK cents</b>	
- Final	0.45 US cent	3.5 HK cents	<b>0.58 US cent</b>	<b>4.5 HK cents</b>	
Total	0.76 US cent	5.9 HK cents	<b>0.90 US cent</b>	<b>7.0 HK cents</b>	+ 18.6%

(HONG KONG, 23 June 2004) – **Linmark Group Limited** (“Linmark”/the “Group”) (stock code: 915), a one-stop global sourcing agent, today announced its final results for the year ended 30 April 2004 (“FY2004”).

For the year under review, the Group recorded shipment volume of approximately US\$714.1 million (HK\$5,570.0 million), representing an increase of approximately 12.8% as compared to last financial year. Turnover was reported at approximately US\$44.3 million (HK\$345.5 million). The Group’s profit continued to improve, mainly as a result of expansion of value-added services and hardgoods business, which helped to enhance the overall business margins. Profit after taxation rose by approximately 18.6% to approximately US\$14.6 million (HK\$113.9 million). Gross profit margin, expressed as a percentage of turnover, climbed from 84.0% to 87.3%, whilst net profit margin as a percentage of shipment volume, climbed from 1.95% to 2.05%. Basic earnings per share were 2.3 US cents (17.9 HK cents), up by 21.1% from 1.9 US cents (14.8 HK cents) of the previous financial year.

The Board of Directors recommended the payment of a final dividend of 4.5 HK cents per share for the financial year, as compared to 3.5 HK cents per share for the preceding financial year. Together with interim dividend of 2.5 HK cents paid, total dividend for FY2004 will amount to 7.0 HK cents per share.

**Mr. Lu-yen Wang, Chairman** of Linmark, said, “I am pleased to report that Linmark has continued to deliver satisfactory results. These results are proof of our sound business strategies, which have enabled us to seize opportunities in the industry despite the challenging market environment.”

On the market front, Europe became the Group's fastest growing market, with turnover jumping from US\$2.8 million (HK\$21.8 million) to US\$6.0 million (HK\$46.8 million), hence accounting for 13.6% of total turnover. US held its position as the Group's largest market, accounting for 34.1% of total turnover. The Canadian market contributed 27.5% whilst the Hong Kong and other markets accounted for 24.8%.

**Mr. Steven Feniger, CEO** of Linmark, said, "Our efforts in growing value-added services paid off well. During the year under review, turnover from this area of business grew continuously. We also saw strong growth in our hardgoods business, which achieved a 53.0% leap in turnover to US\$8.1 million (HK\$63.2 million)."

The Group acquired a wholly owned subsidiary ISO International (Holdings) Limited ("ISO International"), a supply chain management company specializing in home lifestyle consumer electronic products. ISO International also boasts a solid customer base in Europe. As the acquisition was only completed in November 2003, results for the year reflected only about five-month's contribution from it.

Value-added services was also a catalyst for driving the Group's profit. This business segment registered turnover increase of 13.8% to US\$12.4 million (HK\$96.7 million), accounting for 28.0% of total turnover. "Provision of value-added services demonstrates Linmark's expertise in the sourcing industry. Our service scope includes product development and design services, packaging and trim services, quality assurance services and social compliance, with the latter experiencing particularly robust demand growth. During the year, we also launched eServices, a suite of supply chain management functions of the Group's L.O.G.O.N. system as a business product to both our customers and vendors," said Mr. Feniger.

The Group's financial position remained sound, with cash and cash equivalents of US\$34.9 million (HK\$272.2 million) and current ratio of 6.6 as at the end of financial year.

Linmark also made headway in penetrating the China market. In April 2004, it co-hosted, through its parent company, the Singapore listed Roly International Holdings Ltd., the Department Store Summit in Beijing for the second time. In May this year, the Group announced the signing of a letter of intent with China Textile Information Centre and China Textiles Development Centre, which are subordinate organizations of the China National Textile Industry Council (formerly known as Textile Ministry) to form a joint venture to jointly promote Chinese apparel and textile in the global marketplace. Specifically, the proposed joint venture with the two centres will concentrate on lab testing, social compliance and the marketing of Chinese textiles.

Mr. Feniger added, “The abolishment of quota in US in 2005 and China’s membership in WTO will bring about many changes in the China retail market, and in particular the apparel market. Our strategy is to leverage our global presence and promote our one-stop supply chain management services in China. We regard both the Summit and the proposed joint venture as effective means to jump start our business in China.”

During the year, Linmark added presence in Los Angeles, New York, Toronto, Paris and Manchester, allowing it to get closer to its customers. On the supplier side, there was the addition of the Guangzhou office and presence in Qing Dao in China, Matsapha in Swaziland and Dubai in United Arab of Emirates.

Moving forward, customer wins will continue to form a backbone to the growth model. At the same time, the Group is expected to see more growth from its value-added services business as well as hardgoods business, and especially in the sourcing of home lifestyle consumer electronic products. Its market and product diversification strategy will also remain important. The Group will devote more efforts to develop the European market to complement its traditional strong presence in the North American market. To promote medium and long term growth, Linmark will also be committed to penetrating the China market, as well as identify suitable merger and acquisition opportunities.

Mr. Wang concluded, “China is a market of immense potential, and it will certainly make up an important piece of the Group’s long term development. This year, Linmark will be celebrating its 40<sup>th</sup> year of business. I look forward to achieving more milestones in our operations.”

#### **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.

For more information:

#### **Strategic Financial Relations Limited**

Veron Ng: [veron@strategic.com.hk](mailto:veron@strategic.com.hk) tel: 2864 4831

Cecilia Chui: [cecilia@strategic.com.hk](mailto:cecilia@strategic.com.hk) tel: 2864 4895

Keris Leung: [keris@strategic.com.hk](mailto:keris@strategic.com.hk) tel: 2864 4863

fax: 2804 2789 / 2527 1196

- more -

**LINMARK GROUP LIMITED**  
**FY2004 Final Results**

**Consolidated Income Statements**

	For the year ended 30 April	
	2004	2003
	US\$' 000	US\$' 000
Turnover	<b>44,338</b>	44,294
Cost of sales	<b>(5,652)</b>	(7,104)
Gross profit	<b>38,686</b>	37,190
Other operating income	<b>2,947</b>	1,757
Administrative expenses	<b>(26,861)</b>	(26,233)
Profit from operations	<b>14,772</b>	12,714
Finance costs	<b>(4)</b>	(2)
Profit before taxation	<b>14,768</b>	12,712
Taxation	<b>(143)</b>	(384)
Profit for the year	<b>14,625</b>	12,328
Dividends		
- Interim paid	<b>2,095</b>	1,992
- Final, proposed	<b>3,773</b>	2,928
	<b>5,868</b>	4,920
Earnings per share <sup>#</sup> (US cents)		
- Basic	<b>2.3</b>	1.9
- Diluted	<b>2.2</b>	1.9

# The calculation of the basic earnings per share for the year ended 30 April 2004 is based on the profit attributable to shareholders of approximately US\$14,625,000 and on the weighted average number of approximately 650,598,000 shares in issue during the financial year.

The calculation of the diluted earnings per share for the year ended 30 April 2004 is based on the profit attributable to shareholders of approximately US\$14,625,000 and on the weighted average number of approximately 664,645,000 shares issued and issuable, comprising the weighted average number of approximately 650,598,000 share in issue during the year and the weighted average number of 14,047,000 as adjusted for the dilutive effect of share options outstanding during the year.

**LINMARK GROUP LIMITED**  
**FY2004 Final Results**

**Consolidated Balance Sheets**

	<b>30 April 2004</b> <i>US\$' 000</i>	30 April 2003 <i>US\$' 000</i>
<b>NON-CURRENT ASSETS</b>		
Machinery and equipment	2,176	1,900
Club membership	83	119
Goodwill	16,181	—
Deferred expenditure	3,014	3,014
	<u>21,454</u>	<u>5,033</u>
<b>CURRENT ASSETS</b>		
Trade receivables	10,535	5,725
Prepayments, deposits and other receivables	2,202	1,762
Amount due from a fellow subsidiary	—	11
Short term investment	109	—
Securities linked deposits	—	6,019
Bank balances and cash	34,869	31,920
	<u>47,715</u>	<u>45,437</u>
<b>CURRENT LIABILITIES</b>		
Trade payables	923	767
Accruals and other payables	2,478	1,842
Tax payable	1,861	1,146
Obligations under a finance lease		
- due within one year	6	22
Balance of purchase consideration payable for acquisition – due within one year	1,987	—
	<u>7,255</u>	<u>3,777</u>
<b>NET CURRENT ASSETS</b>	<u>40,460</u>	<u>41,660</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>61,914</u>	<u>46,693</u>
<b>NON-CURRENT LIABILITIES</b>		
Obligations under a finance lease		
- due after one year	—	6
Balance of purchase consideration payable for acquisition – due after one year	3,974	—
Post-employment benefits	1,272	1,018
Deferred taxation	21	18
	<u>5,267</u>	<u>1,042</u>
<b>TOTAL NET ASSETS</b>	<u>56,647</u>	<u>45,651</u>
<b>CAPITAL AND RESERVES</b>		
Share capital	13,090	12,948
Reserves	43,557	32,703
	<u>56,647</u>	<u>45,651</u>

- end -