LINMARK GROUP LIMITED
林 麥 集 團 有 限 公 司 *

(Incorporated in Bermuda with limited liability)

Stock Code: 915

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 OCTOBER 2007

INTERIM RESULTS HIGHLIGHTS:

- Shipment value amounted to approximately US$309.3 million (equivalent to HK$2,412.5 million), a decrease of approximately 37.4% as compared to approximately US$494.4 million (equivalent to HK$3,856.3 million) for the corresponding period of last year.

- Loss for the period amounted to approximately US$1.7 million (equivalent to HK$13.3 million) as compared to a profit of approximately US$4.3 million (equivalent to HK$33.5 million) for the corresponding period of last year.

- Revenue dropped by approximately 23.4% to approximately US$148.3 million (equivalent to HK$1,156.7 million) as compared to approximately US$193.7 million (equivalent to HK$1,510.9 million) for the corresponding period of last year.

- The Directors do not recommend the payment of an interim dividend for the six months ended 31 October 2007.

UNAUDITED INTERIM RESULTS

The board ("Board") of directors ("Directors") of Linmark Group Limited ("Company" or "Linmark") announces the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (together, the "Group") for the six months ended 31 October 2007, together with comparative figures for the previous corresponding period, as follows:

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
Condensed Consolidated Interim Income Statement

		For the six months ended 31 October	
		2007	2006
		(Unaudited)	(Unaudited)
	Note	***US$'000***	*US$'000*
Revenue	*3*	**148,307**	193,680
Cost of sales		**(131,682)**	(166,922)
Gross profit		**16,625**	26,758
Other income		**1,269**	1,769
General and administrative expenses		**(19,952)**	(23,205)
Operating (loss)/profit	*4*	**(2,058)**	5,322
Interest income		**321**	428
Finance costs		**(181)**	(573)
Share of loss of a jointly controlled entity		**(21)**	(28)
(Loss)/profit before income tax		**(1,939)**	5,149
Income tax credit/(expense)	*5*	**283**	(872)
(Loss)/profit for the period		**(1,656)**	4,277
Attributable to:			
Equity holders of the Company		**(809)**	4,403
Minority interest		**(847)**	(126)
		(1,656)	4,277
Dividends	*6*	**–**	1,529
(Loss)/earnings per share for (loss)/profit attributable to equity holders of the Company (expressed in US cent per share)	*7*		
– Basic		**(0.1)**	0.7
– Diluted		**(0.1)**	0.7

Condensed Consolidated Interim Balance Sheet

	Note	At 31 October 2007 (Unaudited) US$'000	At 30 April 2007 (Audited) US$'000
NON-CURRENT ASSETS			
Property, plant and equipment	*8*	**3,445**	3,501
Intangible assets		**57,795**	57,594
Other asset		**83**	83
Investment in a jointly controlled entity		**46**	68
Deferred income tax assets		**308**	–
		61,677	61,246
CURRENT ASSETS			
Inventories		**17,239**	9,792
Trade receivables	*9*	**37,184**	31,351
Prepayments, deposits and other receivables		**6,522**	7,065
Amount due from a related company	*11 (b)*	**5**	64
Cash and cash equivalents		**23,729**	30,405
		84,679	78,677
CURRENT LIABILITIES			
Trade payables	*10*	**38,264**	31,331
Accruals and other payables		**12,450**	13,939
Warranty provision		**9,541**	2,953
Short-term bank loans		**5,000**	5,000
Trust receipts bank loans		**2,987**	1,046
Balance of consideration payable for acquisitions of subsidiaries/businesses and assets – due within one year		**2,298**	3,752
Dividend payable to a minority shareholder of a subsidiary		**1,073**	1,039
Current income tax liabilities		**2,359**	3,931
		73,972	62,991
NET CURRENT ASSETS		**10,707**	15,686
TOTAL ASSETS LESS CURRENT LIABILITIES		**72,384**	76,932
NON-CURRENT LIABILITIES			
Balance of consideration payable for acquisitions of subsidiaries/businesses and assets – due after one year		**–**	1,149
Post-employment benefits		**1,181**	1,362
Deferred income tax liabilities		**–**	116
		1,181	2,627
NET ASSETS		**71,203**	74,305
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**13,418**	13,418
Reserves		**46,123**	48,762
		59,541	62,180
Minority interest		**11,662**	12,125
TOTAL EQUITY		**71,203**	74,305

Notes:

1. **Basis of preparation**

The unaudited condensed consolidated interim financial information of the Group for the six months ended 31 October 2007 has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standard Board ("IASB").

The unaudited condensed consolidated interim financial information should be read in conjunction with the Group's annual financial statements for the year ended 30 April 2007.

2. **Accounting policies**

The accounting policies adopted are consistent with those of and as described in the Group's annual financial statements for the year ended 30 April 2007 except for the adoption of new accounting policies below.

Effective from 1 May 2007, the Group adopts the first-in, first-out ("FIFO") costing method to determine the cost of its inventories in preparing this condensed consolidated interim financial information. Previously, cost was determined on the weighted average ("WA") basis. FIFO costing method has been used as the Directors consider that it will more appropriately reflect the recent cost levels of the Group's inventory.

The Directors estimate that the change in accounting policy has an immaterial impact on the Group's inventories as at 31 October 2007 and each of the prior periods/years presented. As such, a prior period/year adjustment as required by IAS 8 has not been incorporated in this condensed consolidated interim financial information.

The following new standards, amendments to standards and interpretations are mandatory and relevant for financial year ending 30 April 2008.

- IFRS 7, Financial Instruments: Disclosures (effective for annual periods beginning on or after 1 January 2007). IAS 1, Amendments to capital disclosures (effective for annual periods beginning on or after 1 January 2007.) The Group assessed the impact of IFRS 7 and the amendment to IAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and capital disclosures required by the amendment of IAS 1. The Group has adopted IFRS 7 and the amendment to IAS 1 from 1 May 2007.

- IFRIC – Int 9, Reassessment of embedded derivatives (effective for annual periods beginning on or after 1 June 2006). IFRIC – Int 9 requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. As none of the group entities have changed the terms of their contracts, IFRIC – Int 9 is not relevant to the Group's operations.

- IFRIC – Int 10, Interim Financial Reporting and Impairment (effective for annual periods beginning on or after 1 November 2006). IFRIC – Int 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. The Group has adopted IFRIC – Int 10 from 1 May 2007, but it is not expected to have any impact on the Group's financial statements.

- IFRIC – Int 11, IFRS 2 – Group and Treasury Share Transactions (effective for annual periods beginning on or after 1 March 2007). IFRIC – Int 11 addresses how certain share-based payment arrangements between group companies should be accounted for in the financial statements. The Group has adopted IFRIC – Int 11 from 1 May 2007, but it is not expected to have any impact on the Group's financial statements.

The following new standards and interpretations have been issued but are not yet effective for the financial year ending 30 April 2008 and have not been early adopted:

- IAS 1 (Revised), Presentation of Financial Statement Capital Disclosures (effective for annual periods beginning on or after 1 January 2009);
- IAS 23 (Revised), Borrowing Cost (effective for annual periods beginning on or after 1 January 2009);
- IFRS 8, Operating Segments (effective for annual periods beginning on or after 1 January 2009);
- IFRIC – Int 12, Service Concession Arrangements (effective for annual periods beginning on or after 1 January 2008);
- IFRIC – Int 13, Customer Loyalty Programmes (effective for annual periods beginning on or after 1 July 2008);
- IFRIC – Int 14, IAS 19 – The Limit on a Deferred Benefit Asset, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1 January 2008).

Management is in the process of making an assessment of the impact of these new standards, amendments and interpretations. The Directors so far has concluded that the application of these new standards and interpretation will have no material impact on the results and the financial position of the Group.

3. Segmental information

An analysis of the Group's segmental information for the six months ended 31 October 2007 and the previous corresponding period by business and geographical segments is as follows:

Primary reporting format – business segments

At 31 October 2007, the Group was organised on a worldwide basis into two main business segments: (i) sales of merchandise (garment, labels and consumer electronic products); and (ii) provision of services (procurement service and value-added services relating to the procurement agency business).

The segment information for the six months ended 31 October 2007 is as follows:

	For the six months ended 31 October 2007		
	Sales of merchandise *US$'000*	**Provision of services** *US$'000*	**Total** *US$'000*
REVENUE			
External revenue	**139,296**	**9,011**	**148,307**
SEGMENT RESULTS	**(2,130)**	**452**	**(1,678)**
Interest income			**321**
Finance costs			**(181)**
Share of loss of a jointly controlled entity			**(21)**
Unallocated corporate expenses			**(380)**
Loss before income tax			**(1,939)**
Income tax credit			**283**
Loss for the period			**(1,656)**

The segment information for the six months ended 31 October 2006 is as follows:

	For the six months ended 31 October 2006		
	Sales of merchandise *US$'000*	Provision of services *US$'000*	Total *US$'000*
REVENUE			
External revenue	178,689	14,991	193,680
SEGMENT RESULTS	4,079	2,603	6,682
Interest income			428
Finance costs			(573)
Share of loss of a jointly controlled entity			(28)
Unallocated corporate expenses			(1,360)
Profit before income tax			5,149
Income tax expense			(872)
Profit for the period			4,277

Secondary reporting format – geographical segments

The Group's two business segments operate in five main geographical locations. The following table provides an analysis of the Group's revenue by geographical locations of customers.

	For the six months ended 31 October	
	2007 ***US$'000***	2006 *US$'000*
Europe	**97,359**	130,703
Australia	**19,182**	19,258
North America	**9,948**	12,188
Africa	**9,901**	17,778
Hong Kong	**2,838**	4,385
Others	**9,079**	9,368
	148,307	193,680

4. Operating (loss)/profit

Operating (loss)/profit has been arrived at after (crediting)/charging:

	For the six months ended 31 October	
	2007 ***US$'000***	2006 *US$'000*
Reimbursement income from customers	**(186)**	(481)
Depreciation of property, plant and equipment	**843**	699
Amortisation of intangible assets	**567**	419
Loss on disposal of property, plant and equipment	**3**	273

5. Income tax (credit)/expense

	For the six months ended 31 October	
	2007	2006
	US$'000	*US$'000*
Current income tax		
– Hong Kong profits tax	**355**	842
– overseas taxation	**(223)**	29
Deferred income tax	**(415)**	1
	(283)	872

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits arising in or derived from Hong Kong.

Taxation on overseas (other than Hong Kong) profits has been calculated on the estimated assessable profits at the rates of taxation prevailing in the countries in which the Group operates.

6. Dividends

On 11 January 2007, a dividend of 1.8 HK cents per share was paid to shareholders of the Company as the interim dividend in respect of the year ended 30 April 2007.

On 2 October 2007, a dividend of 2.5 HK cents per share was paid to shareholders of the Company as the final dividend in respect of the year ended 30 April 2007.

The Directors do not recommend the payment of an interim dividend for the six months ended 31 October 2007.

7. (Loss)/earnings per share

Basic loss per share for the six months ended 31 October 2007 is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	For the six months ended 31 October	
	2007	2006
(Loss)/profit attributable to equity holders of the Company *(US$'000)*	**(809)**	4,403
Weighted average number of ordinary shares in issue *('000)*	**670,920**	666,845
Basic (loss)/earnings per share (US cent)	**(0.1)**	0.7

Diluted loss per share for the six months ended 31 October 2007 is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. A calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual quoted market price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	For the six months ended 31 October	
	2007	2006
(Loss)/profit attributable to equity holders of the Company *(US$'000)*	**(809)**	4,403
Weighted average number of ordinary shares in issue *('000)*	**670,920**	666,845
Adjustment for share options *('000)*	**761**	–
Weighted average number of ordinary shares for diluted earnings per share *('000)*	**671,681**	666,845
Diluted (loss)/earnings per share (US cent)	**(0.1)**	0.7

8. Additions in property, plant and equipment

During the six months ended 31 October 2007, the Group spent approximately US$809,000 (2006: US$1,801,000) on acquisition of property, plant and equipment.

9. Trade receivables

The general credit terms granted to customers range from 60 days to 90 days. The ageing analysis of trade receivables is as follows:

	At 31 October 2007	At 30 April 2007
	US$'000	*US$'000*
0 – 30 days	**25,736**	23,035
31 – 60 days	**7,372**	4,375
61 – 90 days	**1,865**	2,790
91 – 365 days *(Note)*	**3,585**	2,065
Over 1 year *(Note)*	**5,623**	5,696
	44,181	37,961
Less: Provision for impairment of trade receivables	**(6,997)**	(6,610)
	37,184	31,351

Note:

As of the date of this announcement, approximately US$0.7 million of these balances has subsequently been settled since 31 October 2007.

10. Trade payables

The ageing analysis of trade payables is as follows:

	At 31 October 2007	At 30 April 2007
	US$'000	*US$'000*
0 – 30 days	**23,502**	24,940
31 – 60 days	**8,983**	3,168
61 – 90 days	**2,066**	361
91 – 365 days	**2,074**	2,430
Over 1 year	**1,639**	432
	38,264	31,331

11. Related party transactions

(a) During the six months ended 31 October 2007, the Group had the following material related party transactions:

			For the six months ended 31 October	
			2007	2006
Identity of related parties	*Notes*	**Nature of transactions**	***US$'000***	*US$'000*
Sky Fame Group Limited	*(i)*	Rental expense	**64**	–
Turmar Limited	*(i)*	Rental expense	**–**	64
Ken Ball Limited	*(i)*	Rental expense	**64**	54
DGC GmbH	*(ii)*	Royalty income	**29**	12

Sky Fame Group Limited and Turmar Limited are 100% owned by Mr. WANG Lu Yen, a Director, and his spouse.

Ken Ball Limited is 100% owned by Mr. Peter Loris SOLOMON, a Director.

DGC GmbH is 64% owned by Mr. Raymond Anthony NUGENT, a director of Dowry Peacock Group Limited, a 60% owned subsidiary of the Company.

Notes:

(i) Rental expense was determined based on market rate and floor area.

(ii) Royalty income was charged in accordance with the terms of agreement made between the parties.

(b) The amount due from a related company was unsecured, non-interest bearing and repayable within one year. The outstanding balances at 30 April 2007 and 31 October 2007 were receivable from DGC GmbH.

(c) Key management compensation:

	For the six months ended 31 October	
	2007	2006
	US$'000	*US$'000*
Salaries, bonuses and allowances	**595**	771
Pension costs – definded contribution plans	**39**	33
Share options – value of employment services	**26**	26
	660	830

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Overview

For the six months ended 31 October 2007, shipment value amounted to approximately US$309.3 million (equivalent to HK$2,412.5 million), a decrease of approximately 37.4% as compared to approximately US$494.4 million (equivalent to HK$3,856.3 million) for the corresponding period of last year. Revenue decreased by approximately 23.4% to approximately US$148.3 million (equivalent to HK$1,156.7 million). The decrease was mainly attributed to a decline from the traditional commission-based business and drop in sales from the electronics division operated by Linmark Electronics Limited ("LEL").

For the six months ended 31 October 2007, the Group reported a loss after income tax of approximately US$1.7 million (equivalent to HK$13.3 million), against a profit of approximately US$4.3 million (equivalent to HK$33.5 million) for the corresponding period of last year. This net loss is attributed to the higher warranty provision expense incurred by LEL due to higher goods return rate.

Operating expenses excluding finance costs decreased by approximately 14.0% to approximately US$20.0 million (equivalent to HK$156.0 million). The decrease was mainly contributed by the decrease in doubtful debts provided by the Group by US$1.6 million (equivalent to HK$12.5 million) as compared with the last corresponding period. The decrease also reflected the effectiveness of the Group's restructuring plan and cost control measures.

Segmental analysis

The table below shows the shipment value to different markets during the period under review as compared to amounts in the previous corresponding period:

	Shipment value For the six months ended 31 October	
	2007	2006
	US$' million	*US$' million*
North America	**114.2**	175.4
Europe	**111.7**	163.3
Others	**83.4**	155.7
Total	**309.3**	494.4

During the period under review, shipment to North America decreased by approximately 34.9% to approximately US$114.2 million (equivalent to HK$890.8 million), the decrease in shipment was mainly attributable to a drop in hardgoods business. North America is the Group's largest market, contributing to approximately 36.9% of the Group's total shipment.

Shipment to Europe decreased by 31.6% to approximately US$111.7 million (equivalent to HK$871.3 million) largely due to a drop in sales from the electronics division. Shipment to Europe now accounts for approximately 36.1% of the Group's total shipment.

Shipment grouped under "Others", mainly representing shipment to the southern hemisphere, amounted to approximately US$83.4 million (equivalent to HK$650.5 million). The drop was mainly the result of departure of a customer at the beginning of the current financial year as well as delayed orders from South Africa following the introduction of temporary import quota by the relevant local authority earlier in the current financial year.

Financial Review

The Group's financial position remains healthy with cash and cash equivalents of approximately US$23.7 million (equivalent to HK$184.9 million) as at 31 October 2007. In addition, the Group has total banking facilities of approximately US$69.8 million (equivalent to HK$544.4 million) including borrowing facilities of approximately US$12.8 million (equivalent to HK$99.8 million) as at 31 October 2007.

The Group has a current ratio of 1.1 and a low gearing ratio of 0.1, based on interest-bearing borrowings of approximately US$8.0 million (equivalent to HK$62.4 million) and total equity of approximately US$71.2 million (equivalent to HK$555.4 million) as at 31 October 2007. There has not been any material change in the Group's borrowings since 31 October 2007.

During the period under review, trade receivables increased from approximately US$31.4 million (equivalent to HK$244.9 million) as at 30 April 2007 to approximately US$37.2 million (equivalent to HK$290.2 million) as at 31 October 2007. Trade receivables aged over 90 days amounted to approximately US$9.2 million (equivalent to HK$71.8 million) which are being carefully monitored by management.

The Group's net asset value as at 31 October 2007 was approximately US$71.2 million (equivalent to HK$555.4 million).

As at 31 October 2007, there was a fixed and floating debenture over the assets of Dowry Peacock Group Limited to cover banking facilities granted to its subsidiary in the ordinary course of business. The Group had no material contingent liability as at 31 October 2007 and there has been no material change since then.

The majority of the Group's transactions during the period under review were denominated in US dollars, Hong Kong dollars and Sterling. During the period under review, the Group used foreign exchange forward contracts to manage foreign exchange risks from Sterling transactions.

Prospects

Although the business environment remains challenging, management will continue to explore ways to improve profit margin, for example, by focusing resources on businesses requiring value-added services, such as, design and development. The Group is confident of enhancing its overall profitability in the long run by devoting to serving higher margin businesses.

During the period under review, the Group successfully secured some new customers. However, management does not expect that there will be any material impact on the Group's profitability during the current financial year.

In addition, the Group will continue to focus on promoting organic growth and encouraging cross selling between existing customers and marketing to new customers. Riding on its comprehensive product offerings and one-stop service, the Group will continue to forge relationship with new customers with the aim of broadening its clientele.

While the strategic move of business consolidation and restructuring has brought operational benefits, the Group will continue to look for ways to consolidate its operations and implement cost-saving measures to maximize efficiency and profits.

LEL business remains to be a challenge and the Group will review its business strategy and explore ways to improve its profitability and efficiency.

In the face of an economic slowdown in the US due to the aftermath of the subprime mortgage crisis and its potential spillover impact on Europe, two of the Group's largest markets, management expects business environment to be challenging for the rest of the current financial year. However, management remains confident that the Group will benefit in the long run by prudently carrying out the various business strategies set for the current financial year.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 31 October 2007.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the period under review.

REVIEW OF RESULTS

The unaudited results of the Group for the six months ended 31 October 2007 have been reviewed by the external auditor of the Company in accordance with the International Standard on Review Engagement No. 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board. The audit committee, comprising the three independent non-executive Directors referred to below, has reviewed with management and the Company's external auditor the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including the report prepared by the external auditor to the audit committee in respect of the Group's condensed consolidated interim financial information for the six months ended 31 October 2007.

The audit committee has also reviewed the terms and conditions of connected transactions of the Company took place during the period under review.

CORPORATE GOVERNANCE

A corporate governance report ("CG Report") has been published and included in the annual report of the Company for the year ended 30 April 2007, in which the Company reported the adoption of most of the Code Provisions as stated in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as the Code on Corporate Governance Practices ("Code") of the Company, save for the deviation from Code Provision B.1.3. For the period under review, the Company has fully complied with the Code Provisions of the Code, save for Code Provision B.1.3.

Code Provision B.1.3

The terms of reference of the remuneration committee were in compliance with the Code Provisions except modifications have been made to Code Provision B.1.3(a) such that the remuneration committee has the power to do such things and to approve all matters in relation to compensation regarding all the Directors and the senior management of the Group in accordance with the terms and conditions of their respective agreement/contract with the Company, or as the case may be, the relevant subsidiary of the Company and Code Provision B.1.3(b) has been deleted. In addition, the remuneration committee is also delegated to exercise all the powers of the Board in relation to the share option scheme of the Company.

Management considers that the remuneration committee can better serve its functions under the modified terms of reference of the remuneration committee set out above ("Modified Terms") as its duties under the Modified Terms are more extensive and onerous than those prescribed in the Code Provisions. The Company therefore proposes that the remuneration committee shall continue to abide by the provisions of the Modified Terms in the future. Management will review the terms regularly and make appropriate changes if necessary.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises three executive directors, being Mr. WANG Lu Yen (Chairman), Mr. Peter Loris SOLOMON (Chief Executive Officer) and Mr. KHOO Kim Cheng, two non-executive directors, being Mr. WONG Wai Ming and Mr. Mark HSU and three independent non-executive directors, being Mr. WANG Arthur Minshiang, Mr. TSE Hau Yin, Aloysius and Mr. KWOK Tai Ki.

By Order of the Board
WANG Lu Yen
Chairman

Hong Kong, 28 January 2008

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* *For identification purpose only*