[For Immediate Release]

LINMARK Announces FY2007 Annual Results

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Final Results Highlights:

- Shipment value decreased 4.9% to approximately US$874.1 million (equivalent to HK$6,818.0 million) as compared with last year, mainly due to the departure of a US-based customer
- Revenue increased by approximately 33.0% to approximately US$383.6 million (equivalent to HK$2,992.1 million), mainly attributable to contribution from Dowry Peacock Group Limited ("Dowry Peacock"), the 60% of which was acquired by the Group in October 2005
- Excluding the non-cash income of approximately US$3.4 million (equivalent to HK$26.5 million) in FY2006 and non-cash items of approximately US$38.3 million (equivalent to HK$298.7 million) in FY2007, the Group's adjusted profit for the year under review increased by approximately 4.2% to approximately US$7.4 million (equivalent to HK$57.7 million)

(HONG KONG, 21 August 2007) – One-stop global supply chain management and solutions provider **Linmark Group Limited** ("Linmark" or the "Group") (stock code: 915) today announced its annual results for the year ended 30 April 2007 ("FY2007").

For the year under review, the Group reported a loss after tax of approximately US$30.9 million (equivalent to HK$241.0 million). The loss was attributable to the one-time non-cash items of approximately US$38.3 million (equivalent to HK$298.7 million), representing the impairment losses on goodwill and patents and trademarks, net of adjustment to purchase consideration for acquisitions of subsidiaries. In FY2006, the Group recorded a one-time non-cash income of approximately US$3.4 million (equivalent to HK$26.5 million), representing the excess of interest in fair value of acquired subsidiaries' net assets over cost of investment in relation to the Dowry Peacock acquisition. Excluding these one-time non-cash items in both years, the Group's adjusted profit would have been increased by approximately 4.2% to approximately US$7.4 million (equivalent to HK$57.7 million).

Excluding the one-time non-cash items as mentioned above and the restructuring related expenses of approximately US$2.0 million (equivalent to HK$15.6 million), the adjusted net profit after tax as a percentage of shipment value improved from 0.77% to 1.08%.

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With the Group's restructuring plan taking effect, operating expenses excluding finance costs decreased by 9.1% to approximately US$45.9 million (equivalent to HK$358.0 million).

Loss per share was approximately 1.7 US cents (equivalent to 13.3 HK cents). The Board of Directors recommended the payment of a final dividend of 2.5 HK cents per share for FY2007 (FY2006: 2.9 HK cents). Together with interim dividend of 1.8 HK cents per share paid, the total dividend for FY2007 amounted to 4.3 HK cents per share.

Mr. Lu-yen Wang, **Chairman of Linmark**, said, "Our efforts to consolidate business have begun to bear fruits. During the year, we integrated all our operational functions into a single platform and realign its allocation of resources to enhance operational efficiencies and lower operating cost. These strategic moves enabled us to control operating costs at a more reasonable level."

Europe became the Group's largest market, contributing approximately 36.7% of the Group's total shipment value. Shipment value to Europe surged approximately 35.3% to approximately US$320.9 million (equivalent to HK$2,503.0 million). With the departure of Warnaco Inc., shipment to North America decreased by approximately 31.7% to approximately US$303.8 million (equivalent to HK$2,369.6 million), accounting for approximately 34.8% of the Group's total shipment value. Shipment grouped under "Others", mainly represents shipment to the southern hemisphere, increased by approximately 5.0% to approximately US$249.4 million (equivalent to HK$1,945.3 million).

The Group's financial position remained healthy with cash and cash equivalents of approximately US$30.4 million (equivalent to HK$237.1 million) as at 30 April 2007. Its current ratio was 1.2 and gearing ratio was low at 0.1.

Looking ahead, **Mr. Peter Solomon, CEO of Linmark**, said, "Linmark will seek to improve overall margin by serving businesses requiring the value-added services such as design and development. This shift of focus may affect turnover of any unprofitable business, and that coupled with the departure of some customers as a result of their M&A activities, are expected to lead to lower levels of shipment in FY2008. However, we believe focusing on serving higher margin businesses will enhance the Group's overall profitability in the long run."

The Group reorganized different operational functions to improve competitiveness. The initiative has enabled more focused allocation of resources for enhancing operational efficiencies and lowering operating costs. Its business operations have been integrated onto a single platform for deriving synergies. It will continue to focus on promoting organic growth and cross selling with existing customers, and at the same time, apply its design and development capabilities to actively promote services to potential customers. The Group has already secured some new customers that expect to have an impact during the second half of FY2008.

In July 2007, Linmark won 1st prize in the Casual and Jeans-wear Group of the Hong Kong New Fashion Collection Award 2007 organized by the Hong Kong Trade Development Council, which is proof of market recognition of the Group's design and development capabilities.

The performance of Dowry Peacock has been gradually improving as a result of efforts made earlier in the year. However, with the business environment persistently challenging, the management will continue to review the Group's operations with the aim of improving its financial performance.

"The business consolidation we undertook in the past year has given us a stronger foundation for exploiting new opportunities and taking on new challenges. We will continue to forge relationships with new customers with the aim of broadening our clientele. With our various restructuring measures bearing fruits, the way is paved for us to develop our business in steady strides in the foreseeable future, starting with the second half of FY2008. We have been presented with enhanced cross selling opportunities and are boasting our strengthened design capabilities, improved efficiency and reduced operating costs, thus we are optimistic about our long term prospects," **Mr. Solomon** concluded.

About Linmark Group Limited

Linmark, listed on The Stock Exchange of Hong Kong Limited in May 2002, is a one-stop global supply chain management and solutions provider. With a global network, 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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LINMARK GROUP LIMITED
FY2007 Final Results

Condensed Consolidated Income Statement

	For the year ended 30 April	
	2007	2006
	US$'000	*US$'000*
Revenue	**383,583**	288,322
Cost of sales	**(329,897)**	(229,923)
Gross profit	**53,686**	58,399
Other income	**2,593**	1,787
General and administrative expenses	**(45,925)**	(50,521)
Impairment loss on goodwill	**(2,494)**	-
Impairment loss on purchase consideration recoverable	**(5,699)**	-
Impairment loss on patents and trademarks	**(51,529)**	-
Write-back of purchase consideration payable	**21,469**	-
Excess of interest in fair value of acquired subsidiaries' net assets over cost	**-**	3,397
Operating (loss) / profit	**(27,899)**	13,062
Interest income	**905**	814
Finance costs	**(1,164)**	(549)
Share of loss of a jointly controlled entity	**(53)**	(49)
(Loss) / profit before income tax	**(28,211)**	13,278
Income tax expense	**(2,659)**	(2,763)
(Loss) / profit for the year	**(30,870)**	10,515
Attributable to:		
Equity holders of the Company	**(11,062)**	10,444
Minority interest	**(19,808)**	71
	(30,870)	10,515
Dividends		
- Interim, paid	**1,529**	2,350
- Final, proposed	**2,150**	2,479
	3,679	4,829
(Loss) / earnings per share for (loss) / profit attributable to equity holders of the Company # (expressed in US cents per share)		
- Basic	**(1.7)**	1.6
- Diluted	**(1.7)**	1.6

The calculation of the basic loss per share for the year ended 30 April 2007 is based on the loss attributable to equity holders of the Company of approximately US$11,062,000 (2006: profit attributable to equity holders of the Company of approximately US$10,444,000) and on the weighted average number of approximately 667,839,000 (2006: 661,534,000) shares in issue during the year under review.

Diluted loss per share for the year ended 30 April 2007 is calculated based on the loss attributable to equity holders of the Company of approximately US$11,062,000 (2006: profit attributable to equity holders of the Company of approximately US$10,444,000) and on the weighted average number of approximately 667,839,000 (2006: 665,009,000) shares issued and issuable, comprising the weighted average number of approximately 667,839,000 (2006: 661,534,000) shares in issue during the year and the weighted average number of approximately nil (2006: 3,475,000) shares, as adjusted for the dilutive effect of share options outstanding during the year under review.

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FY2007 Final Results

Condensed Consolidated Balance Sheet

	As at 30 April	
	2007	2006
	US$'000	*US$'000*
NON-CURRENT ASSETS		
Property, plant and equipment	**3,501**	3,236
Intangible assets	**57,594**	113,415
Other asset	**83**	83
Investment in a jointly controlled entity	**68**	121
	61,246	116,855
CURRENT ASSETS		
Inventories	**9,792**	13,540
Trade receivables	**31,351**	34,522
Prepayments, deposits and other receivables	**7,065**	6,746
Amount due from related companies	**64**	193
Cash and cash equivalents	**30,405**	37,609
	78,677	92,610
CURRENT LIABILITIES		
Trade payables	**31,331**	44,589
Accruals and other payables	**13,939**	14,815
Warranty provision	**2,953**	2,358
Short-term bank loans	**5,000**	8,850
Trust receipts bank loan	**1,046**	-
Balance of consideration payable for acquisitions of subsidiaries/ businesses and assets - due within one year	**3,752**	12,286
Dividend payable to a minority shareholder of a subsidiary	**1,039**	-
Current income tax liabilities	**3,931**	2,901
	62,991	85,799
NET CURRENT ASSETS	**15,686**	6,811
TOTAL ASSETS LESS CURRENT LIABILITIES	**76,932**	123,666
NON-CURRENT LIABILITIES		
Balance of consideration payable for acquisitions of subsidiaries/ businesses and assets - due after one year	**1,149**	17,073
Post-employment benefits	**1,362**	1,691
Deferred income tax liabilities	**116**	125
	2,627	18,889
NET ASSETS	74,305	104,777
EQUITY		
Capital and reserves attributable to equity holders of the Company		
- Share capital	**13,418**	13,337
- Reserves	**48,762**	61,907
	62,180	75,244
Minority interest	**12,125**	29,533
TOTAL EQUITY	**74,305**	104,777

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