LINMARK

[For Immediate Release]

LINMARK Announces FY2005 Interim Results

TURNOVER UP 22.3% TO US$25.9 MILLION (HK$202.0 MILLION)

*   *   *

NEW CUSTOMER WIN WILL OPEN DOOR TO MORE CHINA BUSINESS

(HONG KONG, 14 December, 2004) – One-stop global sourcing agent **Linmark Group Limited** ("Linmark"/the "Group") (stock code: 915) today announced its interim results for the six months ended 31 October 2004. The Group also announced that in November 2004 it signed a buying agency agreement with a new hypermarket store customer in China, which will open for it the door to more design and sourcing businesses for China retailers. The new customer win, together with the conditional agreement announced in November 2004 to acquire the business and assets of Tamarind International Limited ("Tamarind"), represent significant opportunities for the Group to broaden its customer base.

For the six months ended 31 October 2004, the Group's shipment volume was approximately US$376.4 million (equivalent to HK$2,935.9 million). Turnover grew by approximately 22.3% to approximately US$25.9 million (equivalent to HK$202.0 million). Gross profit rose by approximately 21.3% to approximately US$22.1 million (equivalent to HK$172.4 million).

In the light of the abolition of quota on China made apparel in January 2005 with China's accession to the WTO, the Group has put in place a strategic plan to expand its sourcing network in China and increased its marketing presence in the major markets including the UK, the US and Canada where the bulk of its target customers are located. To fund these infrastructure developments and the additional expenses incurred following the acquisition of ISO International (Holdings) Limited, an approximately US$3.0 million (equivalent to HK$23.4 million) increase in operating expenses, from approximately US$12.8 million (equivalent to HK$99.8 million) to approximately US$15.8 million (equivalent to HK$123.2 million), was recorded. However, profit after taxation during the period under review still rose by approximately 5.1% from approximately US$7.0 million (equivalent to HK$54.6 million) for the same period last year to approximately US$7.4 million (equivalent to HK$57.7 million).

Basic earnings per share was maintained at approximately 1.1 US cents (equivalent to 8.6 HK cents). The Board of Directors has declared the payment of an interim dividend of 2.63 HK cents per share (equivalent to 0.34 US cent per share).

- more -

Mr. Lu-yen Wang, **Chairman** of Linmark, said, "We are pleased to report that the Group continued to deliver steady growth in both profit after taxation and revenue during the period under review. In spite of uncertainties in the global markets resulted from record-breaking high oil prices and rising interest rates, Linmark's well-defined strategy to diversify and expand its customer base has continued to see solid results.

"To seize the business opportunities in the post-quota years, Linmark has adopted a three-pronged strategy to strengthen its competitive advantages. During the period under review, we forged partnerships with Chinese authorities including China Textile Information Center, China Textiles Development Center and China National Textile Industry Council to improve the social compliance standard of China's textile industry. We also deepened our sourcing penetration in China by adding two new offices in Guangzhou and Qingdao. And to attract recurrent and new businesses from North America and Europe, we extended our marketing presence to five major cities in Canada, France, the UK and the US. Management of Linmark strongly believes that these initiatives will create a stronger platform for the Group's global buying agency functions." Mr. Wang added.

For the period under review, the US continued to be the largest revenue-contributing market for Linmark. Turnover from the US customers represented approximately 40.6% of the Group's total turnover. Canada followed the US with an approximately 22.4% of contribution, and Europe accounted for approximately 8.9%. The Group will continue to pursue its diversification strategy to achieve a more balance geographical split in terms of customer base.

Turnover from value-added services increased by approximately 21.2% from approximately US$6.6 million (equivalent to HK$51.5 million) to approximately US$8.0 million (equivalent to HK$62.4 million), making up approximately 30.8% of the Group's total turnover. Performance of the hardgoods division continued to report growth, with its turnover contribution rose from approximately 11.6% to approximately 20.7% of the Group's total turnover during the period under review.

Mr. Steven Feniger, CEO of Linmark, said, "We made good progress during the first half of the financial year. On the basis of our core apparel sourcing business, we delivered solid growth in value-added services and hardgoods business. We are pleased to see that the Group's various initiatives to grow and diversify continued to yield solid results."

The Group had cash and bank balances of approximately US$38.0 million (equivalent to HK$296.4 million) as at 31 October 2004. It continued to operate under a debt-free model with no outstanding debt as at 31 October 2004.

- more -

Prospects and new customer acquisition in China

Looking ahead, although high oil prices and rising interest rates are likely to persist in the near term, the Group is positive towards its performance for the rest of the financial year ending 30 April 2005. The Group is particularly confident that its one-stop sourcing solutions and strong geographical presence will bring added value to its global customers who are increasingly looking for higher efficiencies and cost reductions.

In November 2004, the Group entered into a conditional agreement to acquire the business and specified assets and to assume related liabilities of Tamarind for a maximum total purchase price of HK$226.6 million (equivalent to approximately US$29.1 million), subject to downward adjustments according to certain performance benchmark levels. Completion of the Tamarind acquisition is expected to take place by the end of January 2005. Headquartered in Hong Kong, Tamarind is an integrated sourcing services provider, with offices in China and the Philippines. The Tamarind business encompasses a diversified customer portfolio, including a number of major customers from Europe, South Africa and Australia, thereby broadening the geographic diversity of the Group's customer base and providing the opportunity for the Group to capture the synergistic benefits of cross-utilization of network resources and local market insights.

The Group also announced that it has won a new customer in China. In November 2004, the Group signed an agency agreement to provide design and sourcing services to Lotus Group ("Lotus"), a subsidiary of the Thailand-based listed company C.P. Seven Eleven Public Company Limited. Lotus is one of the fastest growing hypermarket stores in China. Its stores are located primarily in coastal areas and provincial capitals in China where the population has higher consumption power. It plans to have over 40 stores set up by the end of 2004 and a total of over 100 by 2006. Under the terms of the agreement, Linmark agreed to handle for Lotus a private label range of clothing for all ages and genders. This new partnership opens the door for Linmark to forge relationship with and source products for other retailers in China.

Commenting on the Lotus agreement, **Mr. Feniger** said: "Linmark has been chosen by Lotus to offer exclusively to their customers a range of quality clothing of western designs at affordable prices. Once established, both Linmark and Lotus look forward to growing and extending the partnership to cover other business areas including home and lifestyle products to meet the growing demand of Chinese consumers for well-designed merchandises.

"Together with the Tamarind agreement announced earlier in November, Linmark has built a stronger global sourcing network and international customer base for netting the best opportunities from the elimination of the quota system. Although there have been discussions about the US introducing possible safeguard mechanisms on certain highly utilized quota categories after January 2005, we believe through its global network, Linmark will be able to offer its customers the flexibility to source products from around the world, which will help to minimize any potential disruption should the US imposed such measures on China." Mr. Feniger concluded.

- end -

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 the Southern Hemisphere. Linmark is also one of the constituent stocks on the Hang Seng HK SmallCap Index under the Hang Seng Composite Index.

For more information:
Strategic Financial Relations Limited

Veron Ng:	veron@strategic.com.hk	tel: 2864 4831
Ingrid Cheng:	ingrid.cheng@strategic.com.hk	tel: 2864 4836
Keris Leung:	keris@strategic.com.hk	tel: 2864 4863

Fax: 2804 2789 / 2527 1196

Linmark Group Limited
FY 2005 Interim Results Announcement

Consolidated Income Statement	**For the six months ended 31 October**	
	2004	2003
	(Unaudited)	*(Unaudited)*
	US$'000	US$'000
Turnover	25,946	21,211
Cost of sales	(3,895)	(3,029)
Gross profit	22,051	18,182
Other operating income	1,380	1,742
Administrative expenses	(15,817)	(12,759)
Profit from operations	7,614	7,165
Finance costs	(1)	(1)
Gain on dissolution of a subsidiary	14	-
Profit before taxation	7,627	7,164
Taxation	(243)	(141)
Profit for the period	7,384	7,023
Dividends	2,207	2,091
Earnings per share (Note) (US cents)		
- Basic	1.1	1.1
- Diluted	1.1	1.1

Note:
The calculation of the basic earnings per share for the six months ended 31 October 2004 is based on the profit attributable to shareholders of approximately US$7,384,000 (2003: US$7,023,000) and on the weighted average number of approximately 654,378,000 (2003: 647,603,000) shares in issue during the period.

The calculation of the diluted earnings per share for the six months ended 31 October 2004 is based on the profit attributable to shareholders of approximately US$7,384,000 (2003: US$7,023,000) and on the weighted average number of approximately 662,731,000 (2003: 657,372,000) shares issued and issuable, comprising the weighted average number of approximately 654,378,000 (2003: 647,603,000) shares in issue during the period and the weighted average number of approximately 8,353,000 (2003: 9,769,000) shares, as adjusted for the dilutive effect of share options outstanding during the period.