

Chairman's Statement

主席報告書

On behalf of the board of directors, I am pleased to present the results of Linmark Group Limited ("Linmark" or the "Group") for the year ended 30 April 2005.

In the fiscal 2004 annual report, I talked about Linmark's growth strategies — new customers acquisition and diversification in both our customer base and service offerings. I am pleased to report that our efforts in the past months delivered solid results. For the year under review, both Linmark's top and bottom lines grew. Our clientele has diversified to include major customers from Australia, the European Union (EU) zone and South Africa. We were also excited to see a more balanced revenue base, with contribution from our value-added services expanded to account for approximately 36.2% of the Group's profit after tax compared to approximately 25.3% in fiscal 2004.

These results were particularly notable against the backdrop of interest rate hikes and rising oil price which has dampened consumer sentiment particularly in the North American markets. Also, entering 2005, the global sourcing industry was subjected to another challenge — the elimination of apparel quotas effective on 1 January 2005, and the threats of introducing anti-surge mechanism on Chinese apparel exports by the US and the EU. Fortunately, the uncertainties brought about by quota elimination have been mitigated for Linmark, thanks to its highly effective one-stop global sourcing network.

The acquisition of Tamarind's business and assets completed in December 2004 was a major step forward in Linmark's growth. Headquartered in Hong Kong, Tamarind is an integrated sourcing services provider, with offices in China. With Tamarind on board, the Group is able to broaden the geographic diversity of its customer base to include major customers in Australia and South Africa as well as its product offerings to include the design and sourcing of goods ranging from apparel to fashion accessories, toys, homewares, gifts and jewellery.

本人謹代表董事會，欣然提呈林麥集團有限公司（「林麥」或「本集團」）截至二零零五年四月三十日止年度的業績報告。

本人曾於二零零四財政年度年報內闡述林麥的增長策略 — 吸納新客戶及於客戶及服務類別作多元化發展。本人欣然報告，經過多月的努力，林麥的策略已見具體成效。營業額與溢利於回顧年度同步攀升，客戶群擴闊至包括來自澳洲、歐洲聯盟（歐盟）成員國及南非的大型公司，使本集團的收入基礎分佈更趨均衡，增值服務佔本集團除稅後溢利比重由二零零四財政年度約25.3%增至約36.2%，令我們倍感振奮。

此等業績在利率上升及油價上漲令消費者信心削弱（北美市場尤其明顯）情況下更形突出。此外，踏入二零零五年，取消成衣配額於二零零五年一月一日起生效，加上美國及歐盟對中國出口成衣實施反傾銷保護機制的威脅，使全球採購業面臨另一挑戰。猶幸林麥的一站式全球採購網絡奏效，足以緩和取消配額所帶來的不明朗因素。

林麥於二零零四年十二月完成收購Tamarind的業務及資產，為集團增長邁出重大的一步。Tamarind總部設於香港，是一家綜合採購服務供應商，在中國設有辦事處。Tamarind成為本集團一員後，有助擴闊本集團客戶基礎的地域版圖包括澳洲和南非的主要客戶；同時本集團的產品類別也有所增加，包括成衣、時尚飾物配件、玩具、家居用品、禮品及珠寶等貨品的設計及採購。

As China's GDP continues to grow, the Chinese domestic market has become a major focus for global retailers. I am pleased to report that the Group made important headway in China market development with a new China customer win and stronger partnership with Chinese textile authorities. In November 2004, Linmark signed an agency agreement with Lotus Group ("Lotus"), one of the fastest growing hypermarket chains in China with stores located primarily in coastal areas and provincial capitals. The Lotus agreement opens the door for Linmark to source products for the burgeoning Chinese middle class. On the other hand, the Group has also been working with the China National Textile & Apparel Council (CNTAC), the national federation of all textile related industries in China, and the China Textile Information Center (CTIC) to develop a China Code of Conduct in Social Compliance for the textile industry in China. We believe these initiatives will benefit Linmark in the long run by enabling us to expand our China domestic Renminbi business and position ourselves as a bridge between foreign apparel markets and the Chinese textile industry.

As the Chairman of the Group, I was particularly proud of the corporate governance recognition that Linmark received in September 2004. The Group was ranked one of the top ten Hong Kong listed companies with the best corporate governance practice in a survey conducted by the City University of Hong Kong and sponsored by The Hong Kong Institute of Directors. Among the other best performing companies were Hong Kong based blue-chips corporations, banks and utility companies. Linmark will continue to work hard in this area to help foster the culture of corporate governance in Hong Kong.

隨著中國的本地生產總值持續增長，中國本地市場已成為全球零售商主要焦點。本人欣然報告，本集團已在中國市場上取得重大進展，除獲得一位新的中國客戶外，與中國紡織機構的夥伴關係也更鞏固。二零零四年十一月，林麥與 Lotus Group (「Lotus」) 簽訂一項代理協議。Lotus 是中國增長最快的超級連鎖店之一，其商店主要位於沿海地區及省會城市，Lotus 協議為林麥打開中國中產市場的大門，為內地中產人士進行貨品採購。另一方面，本集團亦與中國紡織工業協會（統籌中國所有紡織相關工業的全國協會）和中國紡織信息中心合作，為中國紡織業制訂中國社會責任經營守則。我們相信，這些行動將有助林麥擴大其內地人民幣業務，為海外成衣市場與中國紡織業之間作為橋樑的定位，長遠而言將使林麥受惠。

本人身為集團主席，對於林麥在二零零四年九月獲得企業管治之認同，尤其引以為榮。本集團在香港董事學會贊助香港城市大學進行的一項調查中，被評為具有最佳企業管治水準的十間香港上市公司之一。其他表現最佳的公司中有香港藍籌公司、銀行和公用事業公司。林麥將在這方面繼續努力，以幫助促進香港企業管治的文化。

At the time of writing of this report, China apparel export and the re-valuation pressure on the Renminbi continue to make news headlines. These events have significant implications to our customers, and they are looking to Linmark to guide them through these uncertain times. With a global network spanning 37 cities, Linmark has played an important role advising its customers on strategic sourcing planning and assisting them with one-stop sourcing solutions. We believe our proven sourcing network and balanced customer base will shield us from any possible impacts of the outcome of the quota debates.

Looking ahead, Linmark will continue to diversify its customer base and grow its value-added services and hardgoods businesses. Overall, we are optimistic about our business outlook in fiscal 2006.

In closing, I would like to express my sincere thanks for the unrelenting efforts and hard work of the management team in these uncertain times. In addition, I must thank our shareholders for their continual support to the Group throughout the year.

於撰寫本報告時，中國成衣出口及人民幣幣值調整壓力，依然是各界關注焦點。事態的發展將對我們客戶造成重大影響，而客戶在此等不明朗因素下諮詢林麥，以獲得適當指引。就此而言，林麥全球網絡分佈37個城市，在其客戶的策略採購規劃中擔當重要的顧問角色，及協助客戶制訂一站式採購方案。我們相信以我們成功的採購網絡和分佈均衡的客戶基礎，將能保障本集團免受任何配額紛爭結果的影響。

展望未來，林麥將繼續致力其客戶基礎的多元化發展，同時擴充其增值服務及雜貨業務。整體而言，本集團對二零零六財政年度的業務前景感到樂觀。

最後，本人謹對管理層衷心致意，感謝他們在瞬息萬變的時刻盡忠職守，努力不懈。此外，本人必須感謝股東在過去一年繼續支持本集團。

WANG Lu Yen 王祿閻

Chairman 主席

Hong Kong, 28 June 2005

香港，二零零五年六月二十八日

