

Business Review

For the year, the Group reported shipment volume of approximately US\$489,378,000, 1.9% higher than that of last year. The modest increase in shipment volume was attributable to weakened orders from the North American markets and voluntary price cuts by garment factories. Turnover, comprised commission income and sales of garment sourced by the Group, was recorded at approximately US\$29,648,000, 8.8% lower than the previous year. The commission income for the year dropped by 5.6%, despite a slight increase in shipment volume, from approximately US\$30,866,000 to approximately US\$29,135,000. This was partly attributable to the lower than usual commission fee received from a new customer, Warnaco Inc. ("Warnaco") during the ramp-up transitional period between February and April 2002, due to the fact that part of the sourcing work had already been done by Warnaco itself. Apart from this, turnover was also negatively affected by a major reduction in sales of garment by approximately US\$1,112,000 from approximately US\$1,625,000 to approximately US\$513,000.

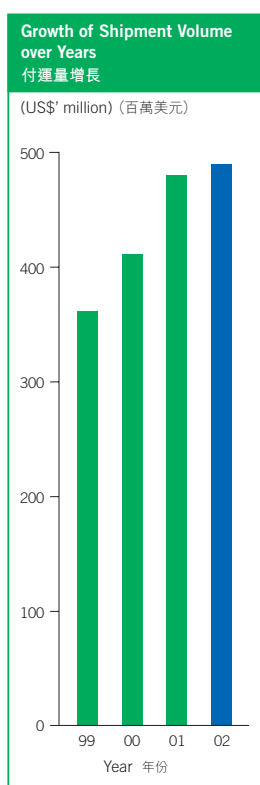
To a certain extent, the 11 September attack of last year exacerbated the conditions prevailing in the North American markets as customers started to defer orders. However, such impact was only short-lived as inventories were run down. The US government's concerted steps to slash interest rates also helped to restore confidence. As a result, orders began to pick up towards the end of the financial year.

Segmental Analysis by Market

With the introduction of new customers, the Group was able to reduce its reliance on the Canadian market from 43.3% to 37.4%. The management believes that with the Group's aggressive strategy of diversification through the addition of new customers, the reliance on the Canadian market will be further reduced in the future.

Sourcing Network

The Greater China region will continue to be our most important sourcing base due to the competitive labor costs. Having become a member of the WTO, gradual removal of the quota systems and their proposed abolishment by 2005 is also expected to fuel this trend.



業務回顧

集團於回顧年內的付運量比去年同期增加 1.9%，總值約達 489,378,000 美元。付運量僅錄得輕微增長，主要是由於北美市場訂單表現疲弱，成衣製造商自願削價所致。此外，集團營業額（包括佣金收入和集團自行採購的成衣銷售）較去年減少 8.8% 至約 29,648,000 美元。儘管付運量輕微上升，本年度佣金收入由約 30,866,000 美元下跌 5.6% 至約 29,135,000 美元，部份原因是集團的新客戶 Warnaco Inc.（「Warnaco」）於二零零二年二月至四月的過渡期前已自行完成部份採購程序，集團從中收取的採購佣金因而比平常為少。此外，成衣銷售額由約 1,625,000 美元大幅減少 1,112,000 美元至約 513,000 美元，亦對營業額構成負面影響。

去年九一一恐怖襲擊事件亦進一步打擊北美市場，導致客戶延遲訂貨。然而，情況只屬短暫，隨著零售商存貨減少，加上美國政府大幅削減利率，有助消費者重拾信心。接近回顧年末時，訂單已逐漸回升。

主要市場貢獻分析

成功吸納多家新客戶之後，集團已將加拿大市場的營業額比重由 43.3% 下調至 37.4%。管理層相信，憑著集團進取的市場多元化策略，吸納其他不同地區的新客戶，將有助集團減低對加拿大市場的倚賴。

採購網絡

由於勞工成本低廉，大中華地區將繼續為集團的主要採購基地。中國已成為世貿成員國，配額制度將逐步取消並預計於二零零五年前全面廢除。屆時，中國將會成為更重要的採購基地。



quality!
質素

To bring our customers the highest levels of convenience and ease, we commenced the development of the LOGON system, a web-based critical path management system, in February 2001. The LOGON system which links up the Group, its customers and the vendors of the customers, permits a more integrated network by automating the order tracking processes, ensuring timely response to customer requirements. Initial implementation of the system was completed on schedule in June 2002 and further development and integration have already begun.

Introduction of New Value-Added Services

To enhance margins of business and develop more revenue sources for the Group, several value-added services were rolled out during the year. In January 2002, IGCS Group Limited was set up to focus on social compliance monitoring services. In the same month, the Group established its own product development and market intelligence subsidiary, Trend Xpress, Inc. Our commitment continued with the incorporation of a new packaging and trim arm, CU Packaging & Design (BVI) Limited in June 2002. In addition, the Group's quality assurance and social compliance divisions have undergone significant expansion, with the number of staff increased from 198 in April 2002 to 232 as at the date of this report. These services, offered also on a modular basis, are designed to carve out a greater market niche, helping us to maintain a leading industry position.

**QUALITY
SERVICE
ASSURANCE
PRACTICES
ARE BUILT INTO
WORK
PROCESSES**

**保證服務
質素
融入
集團工作流程**



為給予客戶最高效率、最方便快捷的服務，我們於二零零一年二月策劃開發LOGON系統。LOGON系統乃一在線全球營運網絡系統，令集團能與其客戶及客戶的供應商緊密連繫，因訂單跟進過程自動化，故確保集團能迅速回應客戶需求。系統已按原定計劃於二零零二年六月初步投入運作，並且正在不斷擴大及整合。

嶄新增值服務

集團於年內推出了多項增值服務，以提升邊際利潤及增闢收入來源。集團於二零零二年一月成立了IGCS Group Limited，專責提供社會責任經營守則監查服務。同月，集團亦成立附屬公司Trend Xpress, Inc.，專責產品開發及搜集市場潮流情報。此外，集團的包裝及輔料附屬公司CU Packaging & Design (BVI) Limited亦已於二零零二年六月成立，反映我們積極為客戶提供更多增值服務的決心。集團亦擴大了品質保證和社會責任經營守則監查服務部，員工總數由二零零二年四月的198名增加至本報告刊發之日的232名。除一站式服務外，以上服務亦以組件形式提供，務求為集團建立獨特市場地位，鞏固其在業內的領導優勢。

Our Four New Value-Added Services

Product development and market intelligence services

– leveraging our global network, Linmark provides the latest product trends to help customers to develop private label business. In addition, we also offer sample developments based on product specifications and guidance on effective branding.

Quality assurance services

– our quality assurance team spans 15 countries and territories, conducting on-site visits to ensure all products meet the quality standards specified by customers. Stringent monitoring services include pre-production review and inspection of raw materials, inline audit as well as final audit.

Packaging and trim services

– as a truly one-stop sourcing solutions provider, Linmark supplies trim products with particular reference to logo related products, such as labels, hang-tags, patches, buttons, poly-bags, packaging boxes and etc, to customers. This allows us to deliver the finished products in a most timely and cost effective manner.

Social compliance monitoring services

– to ensure all products comply with the specific legal and ethical standards, Linmark provides consultation and monitoring services through professional advice and regular visits to factories. This service is vital to the upholding of goodwill and market position of customers.



product !

產品

Addition of New Customers

Notwithstanding the prevailing conditions, the Group was successful in several important initiatives. In February 2002, the Group started to source goods for Warnaco, a leading apparel company for brands including Calvin Klein® Jeans, Calvin Klein® Kids, Chaps by Ralph Lauren® and Speedo® pursuant to a three-year exclusive buying agency agreement with the Group. And, in October 2001, the Group was appointed buying agent of Virginware, a prominent underwear and night wear brand in the UK. These strategic gains have not only added to the Group's credibility, but also served as an important catalyst in driving new business. Contributions from Warnaco for the financial year was only partial. As Warnaco is already meeting the aggressive shipment plan, we look forward to realizing the full contribution from this new client in the coming year.

Prospects

The financial year ending 30 April 2003 is a year of opportunity for the Group. Having successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited, we are on the verge of a fresh drive for progress. The Group will pursue a two-pronged development strategy: externally, expansion of customer base and market presence will be a main focus; internally, the emphasis will be on the strengthening of sourcing network and operational efficiency.

The Group has identified clear strategies to achieve these goals. Enhancement of value-added services will be an important vehicle. In particular, the Group has instituted major recruitment and training programmes in its social compliance division to cater for surging

增添新客戶

儘管回顧年內市況疲弱，集團仍取得多項突破。集團與著名服裝經營公司 Warnaco 簽署了為期三年的獨家採購合約，據此於二零零二年二月開始為 Warnaco 提供採購服務。Warnaco 經營多個著名成衣品牌，包括 Calvin Klein® Jeans、Calvin Klein® Kids、Chaps by Ralph Lauren® 及 Speedo®。此外，集團於二零零一年十月獲英國著名內衣及睡衣品牌 Virginware 委任為其採購代理。能夠吸納上述新客戶不僅代表集團信譽昭著，更將成為集團未來業務增長的催化劑。雖然年內 Warnaco 才剛開始為集團作出貢獻，但 Warnaco 的付運量已符合預期，故集團期待來年這家新客戶帶來的可觀貢獻。

**PRODUCT
ENSURE THAT
ALL VENDORS
IMPLEMENT
STANDARDS
SPECIFIED BY
CUSTOMERS**

**確保供應商
提供
產品
符合
指定標準**



展望

對集團而言，截至二零零三年四月三十日止財政年度充滿商機。自成功在香港聯交所主板上市後，我們已蓄勢待發，向前邁進。集團的發展策略將從兩個方向進行：對外方面，集團將致力擴展客戶基礎及開拓不同市場；對內方面，重點加強採購網絡及提升營運效率。

集團朝著目標，已制訂清晰策略，進一步提升增值服務將會是重點工作。由於客戶需求殷切，集團已在其社會責任經營守則監查服務部進行大型的

增值服務簡介

產品開發及市場資訊服務 — 林麥利用其環球網絡為客戶提供最新產品資訊及潮流趨勢，助其發展自有品牌。此外，集團亦為客戶提供樣辦，列明產品式樣，並提供專業意見以助客戶有效地建立自有品牌。

品質保證服務 — 集團的品質保證隊伍分佈於全球15個國家及地區，定期到廠房實地巡視，以確保所有產品質素達到指定標準。集團嚴謹的監察服務包括生產前期審查、物料檢查，生產流程審查及最後覆核。

包裝及輔料服務 — 作為一站式採購方案供應商，林麥為客戶供應衣履配件，如品牌標籤，掛牌、標籤章、鈕扣、包裝膠袋及包裝盒等，讓集團以最省時及具成本效益的方法為客戶提供製成品。

社會責任經營守則監查服務 — 林麥提供專業意見及諮詢服務，並透過定期巡視廠房，以確保所有產品的生產必須符合不同地區的法律及道德標準。這項服務對客戶而言尤為重要，因其有助客戶保持良好商譽，並鞏固其市場地位。



china!
中國

customer demand. In anticipation of rising demand in the private label business, the Group will strengthen market intelligence and product development services. Greater emphasis will also be placed on hardgoods to enhance diversity in the industry. To prepare for this leap, a new division head, Mr. Lynn THORNTON, who has vast exposure in the hardgoods sourcing industry, was recently appointed. The Group has also made headway by securing a new US-based customer and the first shipment is scheduled for August 2002. These strategic moves aim to broaden the Group's existing scope of services, helping to open up additional revenue sources.

The PRC's entry to the WTO is expected to have a two-fold impact on the supply chain management industry. Firstly, gradual removal of quota systems will reinforce the PRC's position as a preferred manufacturing base. Secondly, rising domestic demand will stimulate imports to the PRC, driving demand for efficient supply chain management services along with it. The Group will seek to capitalise on these opportunities by vigorously promoting its one-stop supply chain management services to target customers in the PRC.

On the operations front, the management is committed to improving the sourcing network, which will continue to be another important asset. The opening of our Shenzhen office in May 2002 set in motion a series of network expansion plans in the PRC, enabling us to stay in close proximity to the factories of vendors. Meanwhile, expansion of the Tianjin and Shanghai offices is expected to continue. At the same time, the Group will allocate additional resources to upgrade the LOGON system to incorporate other functions such as human resources, quality assurance management as well as administrative controls and other backend office support.

Furthermore, the Group is seeking accelerated growth by considering beneficial mergers and acquisitions. Creation of additional synergies will be of top priority and the management remains cautiously optimistic with regard to progress in this respect.

Meanwhile, the trend toward increased outsourcing supply chain management services will create a conducive background for the Group's expansion. The management is committed to building a powerful customer-driven model and is determined to deliver the best shareholders returns.

WITH
CHINA'S
ENTRY INTO
THE WTO,
THE GROUP IS
LOOKING
AHEAD WITH
CONFIDENCE

集團高瞻遠矚
迎接
中國
加入世貿



招聘活動及培訓計劃。鑑於自有品牌服務的需求將不斷增加，集團會加強市場潮流情報及產品開發服務。集團亦會增加雜貨採購的比重，令我們在業內之定位更多元化。為落實這項策略，集團委任了Lynn THORNTON先生為部門主管。Thornton先生在雜貨採購方面經驗非常豐富。此外，集團亦成功吸納一家美國新客戶，首批貨品將於二零零二年八月付運。落實推行以上策略，將使集團現有服務更多元化，有助增闢收入來源。

中國成為世貿成員國，將為供應鏈管理行業帶來兩方面影響。首先，隨著配額制度逐步廢除，中國將會成為重要的製造基地；其次，中國內部需求不斷增加，將刺激內地市場對入口貨品以及高效的供應鏈管理服務的需求。集團將在中國積極推廣其一站式供應鏈管理服務，把握商機。

在營運方面，鑑於採購網絡乃集團的另一項重要資產，管理層將致力改善旗下採購網絡。集團於二零零二年五月在深圳設立辦事處，為在中國擴大網絡之第一步，旨在拉近集團與供應商廠房的地域距離。同時，天津和上海辦事處的擴展計劃亦正進行中。集團亦將增撥資源，提升LOGON系統，以涵蓋更多功能，如人力資源管理、品質管理、行政管理及其他後勤支援。

此外，集團亦會尋求合適的併購機會，以加速增長，與現有業務發揮協同效應。這將是管理層的重點工作，而對有關進展，集團抱持審慎樂觀的態度。

市場採用代理商提供的供應鏈管理服務日增，亦為集團未來的增長造就有利條件。管理層將致力建立以客為本的強大營運模式，務求為股東帶來最佳投資回報。

Financial Review

As at 30 April 2002, the Group's cash on hand amounted to approximately US\$2,122,000 (2001: US\$1,319,000). As at year end, banking facilities amounting to approximately US\$1,026,000 (HK\$8,000,000) were available. The Group has continued to operate under a debt-free model with no outstanding net debt as at year end except a hire purchase loan for a motor vehicle at a net book value of approximately US\$60,000. Operating lease commitment in respect of land and buildings amounted to approximately US\$2,150,000, US\$1,235,000 of which is payable within 1 year. Current ratio was maintained at a strong level of 3.7. Net asset value as at year end date was approximately US\$9,986,000. As at 30 April 2002, none of the Group's assets were subject to any charge.

Gearing ratio in terms of interest bearing borrowings to shareholder's fund was at 0.5%.

During the year, the Group's capital solely comprised shareholder's equity.

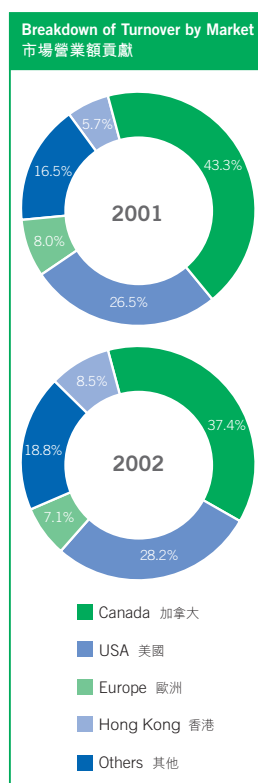
During the year, the Group's administrative expenses have risen by 8.9% to approximately US\$21,821,000 due to higher overheads as the number of employees increased. Following a lower level of profit from operations, the Group's taxation dropped by 46.7% to approximately US\$261,000 for the year.

Risk of Currency Fluctuation

Majority of the Group's transactions were denominated in US dollars and Hong Kong dollars. The only exchange rate exposure is in the settlement of certain administrative expenses. Since Hong Kong dollar is pegged to US dollar, the Group's exchange risk is not significant.

Dividend Policy

During the year, the board of directors has declared and paid a total cash dividend of US\$10,800,000 representing US\$3,800,000 and US\$7,000,000 of interim dividend and special dividends, respectively. The special dividends were made to settle the inter-company accounts due to the listing exercise. The directors recommend the payment of a final dividend of 3.0 HK



財務回顧

於二零零二年四月三十日，集團手頭現金約為2,122,000美元(二零零一年：1,319,000美元)。於年結日，銀行備用信貸約為1,026,000美元(8,000,000港元)。集團繼續貫徹其無負債的營運模式，除了一項賬面淨值約60,000美元的汽車租購貸款外，集團於年結日並無任何未償還的負債淨額。土地及樓宇的經營租約承擔約為2,150,000美元，其中約1,235,000美元須於一年內支付。流動比率維持於3.7的穩健水平。於年結日，資產淨值約為9,986,000美元。於二零零二年四月三十日，集團並無將任何資產用作抵押。

按計息借貸對比股東資金計算之資本負債比率僅為0.5%。

於回顧年內，集團資本僅由股東資金組成。

於回顧年內，由於增聘員工引致開支增加，集團的行政費用上升了8.9%至約21,821,000美元。因集團經營溢利下降，故此回顧年度的稅項下降46.7%至約261,000美元。

滙兌風險

集團的大部份交易以美元及港元結算，只有部份行政費用以其他貨幣結算。由於港元與美元掛鈎，故集團的滙兌風險不大。

派息政策

於回顧年內，董事會已宣派及派付現金股息總額10,800,000美元，分別為中期股息3,800,000美元及特別股息7,000,000美元。派發是項特別股息乃由於集團重組及籌備上市時用作結算內部公司間的賬項。董事會建議向二零零二年九月十三日名列本公司股東

cents per share in respect of the year ended 30 April 2002 payable on or about 27 September 2002 to the shareholders whose names appear on the register of members of the Company on 13 September 2002.

Depending on our cash flow requirements, the Group expects to distribute approximately 35% of annual earnings as dividends.

Remuneration Policy and Staff Development Scheme

As at 30 April 2002, the Group had 639 employees. The total staff costs for the financial year amounted to approximately US\$12,771,000 (2001: US\$11,199,000).

Under the Group's remuneration policy, staff are rewarded in line with market rate and in compliance with statutory requirements of all jurisdictions where it operates. The Group has established a performance-based share option scheme to retain and motivate staff.

A "Senior Management Development Scheme" is also in place to prepare talented managers to assume director level responsibilities. In addition, regular on-job training programmes are also designed to constantly improve the skills and knowledge of staff.

Use of Proceeds of New Issue

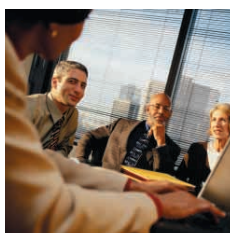
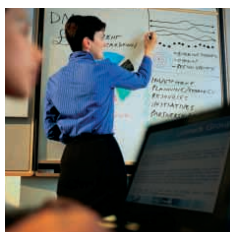
The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 10 May 2002. Information related to the Group's future plans was included in the prospectus of the Company dated 30 April 2002 (the "Prospectus").

Up to the date of this report, the net proceeds of the share offer to which the Company was entitled, after deduction of related expenses, of approximately HK\$226.5 million had not been utilized and had been placed into fixed bank deposits. Such moneys will be used in accordance with the plans of the Group as set out in the Prospectus.

Steven Julien FENIGER

Chief Executive Officer

Hong Kong, 29 July 2002



名冊的股東派發截至二零零二年四月三十日止年度末期股息每股3.0港仙，是項股息將於二零零二年九月二十七日或該日日後派付。

集團將按資金需求釐定派息率，預期每年將以全年溢利約35%撥派股息。

員工薪酬政策及培訓計劃

於二零零二年四月三十日，集團聘有639名員工。本財政年度員工成本總額約為12,771,000美元(二零零一年：11,199,000美元)。

根據集團薪酬政策，員工薪酬乃按市場薪酬趨勢及業務所在地區的法規釐定。集團亦已採納按表現推行的購股權計劃，以保留及獎勵員工。

此外，集團並推行高級管理層培訓計劃，讓表現出色的管理人員晉升成為集團董事。集團亦定期為各級員工提供在職培訓，助其增進知識及提升工作技巧。

發售新股所得款項用途

本公司股份自二零零二年五月十日起在香港聯交所主板上市。有關集團未來業務計劃的資料已載於本公司於二零零二年四月三十日刊發的招股章程(「招股章程」)。

截至本報告刊發之日止，本公司並未動用發售股份所得的款項淨額(已扣除有關開支)約226,500,000港元，惟已將之存入銀行作定期存款，並將按招股章程所載集團的業務計劃運用。

范倚祺

行政總裁

香港，二零零二年七月二十九日