



GLORY MARK HI-TECH (HOLDINGS) LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8159)

FIRST QUARTERLY
REPORT
2008

Characteristics of The Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors of Glory Mark Hi-Tech (Holdings) Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (“GEM Listing Rules”) for the purpose of giving information with regard to the Company. The directors of the Company (the “Director”) having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

The Board of Directors of Glory Mark Hi-Tech (Holdings) Limited (the "Company") is pleased to announce the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the three months ended 31 March 2008 together with the comparative unaudited figures for the corresponding periods in 2007 as follows:

Condensed Consolidated Income Statement — Unaudited

For the three months ended 31 March 2008

	Notes	Three months ended 31 March	
		2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Turnover	3	130,173	99,663
Cost of sales		(123,956)	(87,344)
Gross profit		6,217	12,319
Other income		573	1,497
Selling and distribution expenses		(2,463)	(2,202)
Administrative expenses		(7,613)	(5,990)
(Loss)/Profit before taxation	5	(3,286)	5,624
Taxation	6	(387)	(896)
(Loss)/Profit for the period		(3,673)	4,728
Dividend	7	—	—
(Loss)/Earnings per share	8		
Basic		HK (1.15) cents	HK 1.48 cents

Notes:

1. General and Basis of Presentation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2001 Second Revision) of the Cayman Islands.

The Company acts as an investment holding company.

The unaudited quarterly consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules and with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and accounting principles generally accepted in Hong Kong.

2. Principal Accounting Policies

The unaudited quarterly consolidated financial statements have been prepared under the historical cost convention except for investment properties, which are measured at fair value. The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2007.

3. Turnover

Turnover represents the amounts received and receivable, net of discounts and returns, from the sale of connectivity products mainly for computers and computer peripheral products during the period.

4. Segment Information

The Group is principally engaged in the design, development, manufacture and sale of connectivity products mainly for computers and computer peripheral products. The majority of the Group's products are sold to original equipment manufacturer ("OEM") customers and retail distributors. These businesses to OEM customers and retail distributors are the basis on which the Group reports its primary segment information.

Business segments

	Three months ended 31 March			
	2008 <i>HK\$'000</i> (Unaudited)	%	2007 <i>HK\$'000</i> (Unaudited)	%
OEM customers	103,498	79.5	73,546	73.8
Retail distributors	26,675	20.5	26,117	26.2
	130,173	100.0	99,663	100.0

Geographical segments

Sales analysis by geographical customer market:

	Three months ended 31 March			
	2008 <i>HK\$'000</i> (Unaudited)	%	2007 <i>HK\$'000</i> (Unaudited)	%
Taiwan	66,069	50.8	48,952	49.1
Japan	27,510	21.1	18,746	18.8
The United States of America (the "USA")	23,478	18.0	13,798	13.8
Korea	6,901	5.3	11,245	11.3
Others	6,215	4.8	6,922	7.0
	130,173	100.0	99,663	100.0

5. (Loss)/Profit from Operations

(Loss)/Profit from operations has been arrived at after charging

	Three months ended 31 March	
	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)
Depreciation and amortisation	2,761	1,956

6. Taxation

The taxation provided represents the People's Republic of China ("PRC") enterprise income tax, which is calculated at the rates prevailing.

No provision for Hong Kong Profits Tax has been made in the financial statements, as the Group has no assessable profit in Hong Kong for the period.

No provision for deferred taxation has been made in the financial statements, as there were no material timing differences arising during the period and at the balance sheet date.

7. Dividend

The Directors do not recommend the payment of an interim dividend for the three months ended 31 March 2008 (three months ended 31 March 2007 — nil).

8. (Loss)/Earnings Per Share

The calculation of basic (loss)/earnings per share for the three months ended 31 March 2008 is based on the consolidated (loss) attributable to shareholders of approximately (HK\$3,673,000) (profit for the three months ended 31 March 2007 — HK\$4,728,000) and on the weighted average number of 320,000,000 shares (2007 — 320,000,000 shares).

All outstanding share options under the Pre-IPO share option scheme were lapsed and no dilutive earnings per share is required.

9. Related Party Transactions

During the period, the Group entered into the following transactions with related parties:

Name of related party	Nature of transactions	Three months ended 31 March	
		2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)
Glory Mark Enterprises Limited ("GM Enterprises")	Rentals paid (Note a)	117	63
Glory Mark Electronic Limited (incorporated in Taiwan) ("GM (Taiwan)")	Rental paid (Note a)	38	37
San Chen Company ("San Chen")	Rental paid (Note a)	38	37
Directors	Remuneration	1,501	1,501

Note:

- (a) These transactions were based on amounts agreed between the parties concerned.

Mr. Steve Pang Kuo-Shi, Mr. Wong Chun and Mr. Hsia Chieh-Wen, the directors and the shareholders of the Company, together hold 100% interest in GM Enterprises and 79% interest in GM (Taiwan). Mr. Pang holds 40% interest in San Chen.

10. Reserves

There were no movements in reserves of the group during the three months ended 31 March 2008 other than (loss) attributable to shareholders of approximately (HK\$3,673,000) (profit for the three months ended 31 March 2007 — approximately HK\$4,728,000).

Management Discussion and Analysis

PERIOD IN REVIEW

Turnover and profit/(Loss)

The turnover of the Group for the three months ended 31 March 2008 ("the period under review") was approximately HK\$130.2 million (three months ended 31 March 2007: approximately HK\$99.7 million), representing a growth of approximately 30.6%.

The turnover to OEM customers and retail distributors during the period under review increased by 40.7% and 2.1% respectively as compared to the last corresponding period. During the period under review, the turnover to two Taiwan OEM customers increased significantly.

In terms of geographical segments, turnover to Taiwan, Japan and the USA increased by 35.0%, 46.8% and 70.2% respectively. The turnover to Korea and the others regions decreased by 38.6% and 10.2% respectively.

With the significantly increase in the labour costs of PRC, the rising material costs and the appreciation of New Taiwan Dollars and Renminbi, the Group recorded a net loss of HK\$3,673,000 for the first time during the period under review.

Production capacity and capability

The new factory at Fogang has been completed and will start operation soon. The Group will shift the labour intensive products to this new factory for its cost reduction.

Liquidity and financial resources

As at 31 March 2008, the Group's net current assets, cash and bank balances and shareholders' funds amounted to approximately HK\$58.9 million, HK\$24.4 million and HK\$146.8 million respectively (three months ended 31 March 2007: HK\$68.2 million, HK\$61.2 million and HK\$139.3 million respectively). The current ratio, expressed at current assets over current liabilities, was 1.35 (three months ended 31 March 2007: 1.53). The Group had no interest bearing borrowing at 31 March 2008 and 31 March 2007 respectively.

OUTLOOK

It is anticipated that the unfavourable factors such as increasing labour costs in PRC and the pressure of increase in prices from suppliers will continue affecting the performance of the Group.

Summing all the factors, the Directors remain its conservative view to the results of the Group in coming quarters.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 March 2008, the interests and short positions of the directors, the chief executive and their associates in the shares, underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance), as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Future Ordinance, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standards of dealing by directors of listed companies as referred to in Rules 5.46 of the GEM Listing Rules were as follows:

(A) ORDINARY SHARES OF HK\$0.1 EACH OF THE COMPANY

Name of director	Capacity	Number of Issued Ordinary Shares held	Percentage of Issued share capital of the Company
Mr. Pang Kuo-Shi ("Mr. Pang")	Held by family trust (Note 1)	139,808,000	43.69%
Mr. Wong Chun ("Mr. Wong")	Beneficial owner	58,447,000	18.26%
Mr. Hsia Chieh-Wen ("Mr. Hsia")	Beneficial owner	34,944,000	10.92%
		233,199,000	72.87%

Note:

- (1) Modern Wealth Assets Limited held the 139,808,000 shares. Modern Wealth Assets Limited is a wholly-owned subsidiary of True Profit Management Limited, which in turn is a wholly-owned subsidiary of HSBC International Trustee Limited, the trustee of a discretionary trust, the Pang's Family Trust.

Other than as disclosed above, none of the directors and the chief executive, nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations at 31 March 2008.

Share Option Schemes

On 13 December 2001, the Directors approved Post-IPO Share Option Scheme and Pre-IPO Share Option Scheme (the "Schemes"). The summary of the terms of the Schemes has been set out in Appendix IV of the Prospectus of the company dated 18 December 2001 under the section headed "Share Option Schemes".

All Pre-IPO share options granted were lapsed on 12 December 2006.

The Directors may consider granting share options to the eligible persons under the approved Post-IPO Share Option Scheme at appropriate time.

Substantial Shareholders

Other than the interests disclosed under the section headed "Directors' and Chief Executive Interests and Short Positions in Shares, Underlying Shares and Debentures" above, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Future Ordinance discloses no person as having a notifiable interest or short position in the issued share capital of the Company at 31 March 2008.

Compliance with Gem Listing Rules 5.48 to 5.67

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Directors, upon specific enquiry being made, confirm that during the three months ended 31 March 2008, they have complied with the required standards of dealings and the Company's code of conduct regarding directors' securities transactions.

Interests in Competitors

During the three months ended 31 March 2008, none of the Directors or the management shareholders or their respective associates of the Company had an interest in a business, which competes or may compete with the business of the Group.

Connected Transactions and Directors' Interests in Contracts

Save as disclosed in note 9 above:

- (i) there were no transactions, which need to be disclosed as connected transactions in accordance with the requirements of the GEM Listing Rules; and
- (ii) no contract of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the period under review.

Audit Committee

The Audit Committee of the Company comprises three members, Mr. Lau Ho Kit, Ivan, Dr. Hon. Lui Ming Wah, S.B.S., JP and Mr. Wong Kwong Chi, who are independent non-executive directors of the Company. The primary duties of the Audit Committee are to review and supervise the financial reporting and internal control procedures of the Company. The first quarterly results presented herein has not been audited but has been reviewed by the Audited Committee who has provided advice and comments thereon.

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 three months ended 31 March 2008.

On behalf of the Board
Pang Kuo-Shi
Chairman

Hong Kong Special Administrative Region of the PRC
15 May 2008

As at the date of this report, the board of Directors comprises Messrs. Pang Kuo-Shi also known as Steve Pang, Wong Chun, Hsia Chieh-Wen also known as Paul Hsia and Wong Ngok Chung being Executive Directors and Dr. Hon. Lui Ming Wah, S.B.S. JP, Mr. Lau Ho Kit, Ivan and Mr. Wong Kwong Chi being Independent Non-Executive Directors