



GLORY MARK HI-TECH (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8159



INTERIM REPORT
2008



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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 for the purpose of giving information with regard to the Company. The directors of the Company 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.



INTERIM RESULTS

The board of directors (the "Directors") of Glory Mark Hi-Tech (Holdings) Limited (the "Company") is pleased to present the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the three months (the "Second Quarterly Period") and six months (the "Half-Yearly Period") ended 30 June 2008 together with the comparative unaudited figures for the corresponding periods in 2007 as follows:

Condensed Consolidated Income Statements

For the three months and six months ended 30 June 2008

	Notes	Three months ended 30 June		Six months ended 30 June	
		2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)
Turnover	3	153,763	132,119	283,936	231,782
Cost of sales		(142,180)	(116,487)	(266,136)	(203,831)
Gross profit		11,583	15,632	17,800	27,951
Other income		483	2,058	1,056	3,555
Selling and distribution expenses		(2,874)	(2,790)	(5,337)	(4,992)
Administrative expenses		(7,391)	(7,733)	(15,004)	(13,723)
Bank Interest		(4)	-	(4)	-
Profit/(Loss) from operations	5	1,797	7,167	(1,489)	12,791
Taxation	6	(458)	(1,107)	(845)	(2,003)
Profit/(Loss) for the period		1,339	6,060	(2,334)	10,788
Dividend	7	3,840	4,800	3,840	4,800
Earnings/(Loss) per share	8				
Basic		HK0.42cents	HK1.89cents	(HK0.73cents)	HK3.37cents



Condensed Consolidated Balance Sheet

As at 30 June 2008

	Notes	30 June 2008 HK\$'000 (Unaudited)	31 December 2007 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	74,616	71,326
Prepaid lease payments		9,380	8,947
Investment properties	9	3,940	3,940
Deposit for land use right		603	569
Club debenture	10	560	560
		89,099	85,342
CURRENT ASSETS			
Inventories		57,520	58,457
Trade and other receivables	11	170,979	144,192
Bank balances and cash		29,708	55,998
		258,207	258,647
CURRENT LIABILITIES			
Trade and other payables	12	182,998	176,732
Amounts due to directors		1,185	1,371
Taxation payable		17,980	15,820
		202,163	193,923
NET CURRENT ASSETS			
		56,044	64,724
		145,143	150,066
CAPITAL AND RESERVES			
Share capital		32,000	32,000
Reserves		113,143	118,066
		145,143	150,066



Condensed Consolidated Statement Of Changes In Equity

For the six months ended 30 June 2008

	Share Capital	Merger Reserve	Translation Reserve	Accumulated Profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
At 1 January 2007	32,000	680	2,864	96,380	131,924
Exchange gain on translation of overseas operations not recognised in the income statement	-	-	1,167	-	1,167
Profit for the period	-	-	-	10,788	10,788
Final dividend for 2006	-	-	-	(4,800)	(4,800)
At 30 June 2007	32,000	680	4,031	102,368	139,079
At 1 January 2008	32,000	680	5,324	112,062	150,066
Exchange gain on translation of overseas operations not recognised in the income statement	-	-	1,251	-	1,251
(Loss) for the period	-	-	-	(2,334)	(2,334)
Final dividend for 2007	-	-	-	(3,840)	(3,840)
At 30 June 2008	32,000	680	6,575	105,888	145,143



Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2008

	Six months ended 30 June	
	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	(15,915)	861
NET CASH USED IN INVESTING ACTIVITIES	(5,540)	(12,922)
NET CASH USED IN FINANCING ACTIVITIES	(3,844)	(4,452)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(25,299)	(16,513)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	55,998	64,435
EFFECT OF FOREIGN EXCHANGE RATE CHANGE	(991)	1,167
CASH AND CASH EQUIVALENTS AT END OF PERIOD	29,708	49,089
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	29,708	49,089



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 half-yearly consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") 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 half-yearly 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 sales of connectivity products mainly for computers, computer peripheral products, multi-media consumable electronics products, communication products, automobile electronics accessories, wire harness and medical equipments and subcontracting service rendered during the period under review.

4. SEGMENT INFORMATION

The Group is principally engaged in the design, development, manufacture and sales of connectivity products mainly for computers, computer peripheral products, multi-media consumable electronics products, communication products, automobile electronics accessories, wire harness and medical equipments. The majority of the Group's products are sold to original equipment manufacturer ("OEM") customers and retail distributors. These businesses with OEM customers and retail distributors are the basis on which the Group reports its primary segment information.



Business segments

	Three months ended 30 June		Six months ended 30 June	
	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)
Turnover				
OEM customers	125,840	106,219	229,338	179,765
Retail distributors	27,923	25,900	54,598	52,017
	153,763	132,119	283,936	231,782
Results				
OEM customers	8,872	11,250	13,289	19,438
Retail distributors	2,711	4,382	4,511	8,513
	11,583	15,632	17,800	27,951
Unallocated income	483	2,058	1,056	3,555
Unallocated expenses	(10,269)	(10,523)	(20,345)	(18,715)
Profit/(loss) from operations	1,797	7,167	(1,489)	12,791

Geographical segments

Sales analysis by geographical customer market:

	Three months ended 30 June				Six months ended 30 June			
	2008 HK\$'000 (Unaudited)	%	2007 HK\$'000 (Unaudited)	%	2008 HK\$'000 (Unaudited)	%	2007 HK\$'000 (Unaudited)	%
Taiwan	79,283	51.5	57,438	43.5	145,352	51.2	106,390	45.9
Japan	30,993	20.1	27,546	20.9	58,503	20.6	46,292	20.0
United States of America ("U.S.A.")	29,142	19.0	28,042	21.2	52,620	18.5	41,840	18.1
Korea	6,700	4.4	13,631	10.3	13,601	4.8	24,876	10.7
Others	7,645	5.0	5,462	4.1	13,860	4.9	12,384	5.3
	153,763	100.0	132,119	100.0	283,936	100.0	231,782	100.0



5. PROFIT/(LOSS) FROM OPERATIONS

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

	Three months ended 30 June		Six months ended 30 June	
	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)
Depreciation and amortisation	2,792	2,124	5,553	4,080

6. TAXATION

The amount represents current tax charge on assessable profit arising in jurisdiction other than Hong Kong and is calculated at the rates prevailing in the relevant jurisdiction.

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements, as the Group has no assessable profit arising in Hong Kong in both periods.

No provision for deferred taxation has been made in the condensed consolidated financial statements, as it is not probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilised.

7. DIVIDEND

During the period, a dividend of HK1.2 cents per share (2007: HK1.5 cents) was paid to shareholders as the final dividend for 2007.

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2008. (six months ended 30 June 2007 – nil).

8. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share for the three months and six months ended 30 June 2008 is based on the consolidated profit/(loss) attributable to shareholders of approximately HK\$1,339,000 and (HK\$2,334,000) respectively (profit attributable to shareholders for three months and six months ended 30 June 2007: HK\$6,060,000 and HK\$10,788,000 respectively) and on the number of 320,000,000 shares (2007: 320,000,000 shares) in issue.

No dilutive earnings per share has been presented for the Second Quarterly Period and Half-Yearly Period because there is no outstanding share options in the respective periods.



9. PROPERTY, PLANT AND EQUIPMENT, AND INVESTMENT PROPERTIES

During the period, the Group acquired property, plant and equipment at a total cost of approximately HK\$5,753,000 (six months ended 30 June 2007: HK\$12,904,000).

The investment properties were valued at HK\$3,940,000 on 31 December 2007 by DTZ Debenham Tie Leung Limited, an independent registered professional surveyor, on an open market existing use basis. The Directors consider that the fair value of the investment properties at 30 June 2008 was not significantly different from their carrying value at 31 December 2007.

10. CLUB DEBENTURE

The club debenture represents entrance fee paid to a golf club held on a long-term basis. The directors of the Group are of the opinion that the underlying value of the club debenture is at least equal to its cost.

11. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period ranging from 30 days to 180 days to its trade customers.

The following is an aged analysis of trade receivables at the reporting date:

	30 June 2008 HK\$'000 (Unaudited)	31 December 2007 HK\$'000 (Audited)
Within 30 days	67,285	40,738
From 31 days to 120 days	91,379	90,626
From 121 days to 180 days	4,145	6,965
Over 180 days	540	674
	163,349	139,003
Other receivables	7,630	5,189
	170,979	144,192



12. TRADE AND OTHER PAYABLES

The Group has been granted an average credit period ranging from 30 days to 150 days from its trade suppliers.

The following is an aged analysis of trade payables at the reporting date:

	30 June 2008 HK\$'000 (Unaudited)	31 December 2007 HK\$'000 (Audited)
Within 30 days	30,147	28,153
From 31 days to 90 days	70,829	62,217
From 91 days to 150 days	41,128	50,821
Over 150 days	9,100	4,952
	151,204	146,143
Other payables	31,794	30,589
	182,998	176,732

13. 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 30 June		Six months ended 30 June	
		2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)
Glory Mark Enterprises Limited ("GM Enterprises")	Rentals paid	151	63	268	126
Glory Mark Electronic Limited (Incorporated in Republic of China) ("GM Taiwan")	Rental paid	38	35	76	72
San Chen Company ("San Chen")	Rental paid	38	35	76	72
Directors	Remuneration	1,500	1,500	3,001	3,001

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



MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Turnover and profit/(loss)

The Group recorded a turnover of HK\$283.9 million for the six months ended 30 June 2008 ("the period under review"), up by 22.5% as compared to the corresponding period last year.

The turnover to OEM customers and retail distributors during the period of review increased by 27.6% and 5.0% respectively as compared to the last corresponding period.

In terms of geographical segments, turnover to Taiwan, Japan, USA and other regions increased by 36.6%, 26.4%, 25.8% and 11.9% respectively. The turnover to Korea decreased by 45.3%.

During the period under review, the performance of the Group was seriously affected by the adverse factors of PRC's new labour law, appreciation of Renminbi, weak dollars and high material prices. The Group incurred a net loss of HK\$2.3 million during the period under review.

During the Second Quarterly Period, the Group succeeded in sharing part of its increased costs with its customers, and therefore attributed a net profit of HK\$1.3 million during this period.

Liquidity and financial resources

As at 30 June 2008, the Group's net current assets, cash and bank balances and shareholders' funds amounted to approximately HK\$56.0 million, HK\$29.7 million and HK\$145.1 million (31 December 2007: HK\$64.7 million, HK\$56.0 million and HK\$150.1 million) respectively. The current ratio, expressed as current assets over current liabilities, was maintained at the level of 1.28 (31 December 2007: 1.33). The Group had no interest bearing debt as at 30 June 2008 and 31 December 2007 respectively.



Operation review

Employees

At 30 June 2008, the Group had 3,722 (2007: 3,110) employees. Employee remuneration, excluding directors' emoluments, for the six months ended 30 June 2008 was approximately HK\$39.6 million (2007: HK\$27.6 million). The increase in employee remuneration during the period under review was in line with the expansion of the Group.

The pay scale of the Group's employees is maintained at a competitive level and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus systems, which is reviewed annually. The Company had granted options to its employees prior to its listing.

OUTLOOK

The Directors anticipate that the unfavourable factors such as the cost effect of PRC's new labour law and high material prices remain affecting the profit margin of the Group. Meanwhile the Group is implementing various measures to minimize the unfavourable cost effect arising from the PRC's new labour law and to maximise the operating cost efficiency.

Looking ahead, the Directors remain a conservative view to the results of the Group in the coming quarters.



DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2008, the interests and short positions of the directors, the chief executive and their associates in the shares, underlying shares and debenture of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures 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 standard of dealings by directors of listed companies as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

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%

Notes:

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, Mr. Pang's Family Trust.

Other than as disclosed above, none of the directors or the chief executive, nor their associates had any interests or short positions in any shares or underlying shares of the Company or any of its associated corporations at 30 June 2008.



SHARE OPTION SCHEMES

On 13 December 2001, the Directors approved the 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 dated 18 December 2001 under the section headed "Share Option Schemes". On 13 December 2001, the Directors granted options to subscribe for an aggregate of 32,000,000 ordinary shares of the Company.

All Pre-IPO share options had been 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's Interests and Short Position 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 having a notifiable interests or short positions in the issued share capital of the Company at 30 June 2008.

COMPLIANCE WITH GEM LISTING RULES 5.48 TO 5.67

The Company has adopted a code of conduct regarding directors' securities transactions on term 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 six months ended 30 June 2008, they have complied with the required standards of dealings and the Company's code of conduct regarding directors' securities transactions.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws, or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.



INTERESTS IN COMPETITORS

During the period ended 30 June 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 13 above:

- (i) there were no transactions, which need to be disclosed as connected transactions in accordance with the requirements of the GEM Listing Rules of the Stock Exchange; 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 the period or at any time during the period.

CORPORATE GOVERNANCE

The Company has complied throughout the six months ended 30 June 2008 with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules, save for code provision A.4.1 which provides that non-executive directors should be appointed for specific term, subject to re-election. The Company has deviated from this provision in that all non-executive directors of the Company are not appointed for specific term. They are, however, subject to retirement and re-election every three years. The reason for the deviation is that the Company does not believe that arbitrary term limits on directors' service are appropriate given that directors ought to be committed to representing the long term interests of the Company's shareholders and the retirement and re-election requirements of non-executive Directors have given the Company's shareholders the right to approve continuation of non-executive Directors' offices.



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. The interim results presented herein has not been audited but has been reviewed by the Audit 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 six months ended 30 June 2008.

On behalf of the Board
Pang Kuo-Shi
Chairman

Hong Kong Special Administrative Region of the People's Republic of China
13 August 2008

As at the date of this report, the board 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. Wong Kwong Chi and Mr. Lau Ho Kit, Ivan being Independent Non-Executive Directors