



Third Quarterly Report 2008



GLORY MARK HI-TECH (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8159

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Exchange. 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 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 Exchange for the purpose of giving information with regard to the Company. The directors, 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 and nine months ended 30 September 2008 together with the comparative unaudited figures for the corresponding periods in 2007 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENTS – UNAUDITED

For the three months and nine months ended 30 September 2008

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)
Turnover	3	121,063	155,233	404,999	387,015
Cost of sales		(105,070)	(139,614)	(371,206)	(343,445)
Gross profit		15,993	15,619	33,793	43,570
Other operating income		679	128	1,735	3,683
Selling and distribution expenses		(2,406)	(2,907)	(7,743)	(7,899)
Administrative expenses		(7,137)	(6,630)	(22,141)	(20,353)
Bank interest		-	-	(4)	-
Profit before taxation		7,129	6,210	5,640	19,001
Taxation	6	(247)	(1,608)	(1,092)	(3,611)
Profit for the period		6,882	4,602	4,548	15,390
Dividend	7	-	-	-	-
Earnings per share	8				
Basic		HK2.15 cents	HK1.44 cents	HK1.42 cents	HK4.81 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 condensed 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 "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 condensed 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 September				Nine months ended 30 September			
	2008		2007		2008		2007	
	HK\$'000 (Unaudited)	%	HK\$'000 (Unaudited)	%	HK\$'000 (Unaudited)	%	HK\$'000 (Unaudited)	%
OEM customers	99,801	82.4	127,103	81.9	329,139	81.3	306,868	79.3
Retail distributors	21,262	17.6	28,130	18.1	75,860	18.7	80,147	20.7
	121,063	100.0	155,233	100.0	404,999	100.0	387,015	100.0

Geographical segments

Sales analysis by geographical customer market:

	Three months ended 30 September				Nine months ended 30 September			
	2008		2007		2008		2007	
	HK\$'000 (Unaudited)	%	HK\$'000 (Unaudited)	%	HK\$'000 (Unaudited)	%	HK\$'000 (Unaudited)	%
Taiwan	85,912	71.0	84,992	54.7	231,264	57.1	191,382	49.5
Japan	10,050	8.3	20,005	12.9	68,553	16.9	66,297	17.1
USA	16,812	13.9	29,927	19.3	69,432	17.2	71,767	18.5
Korea	2,963	2.4	12,211	7.9	16,564	4.1	37,087	9.6
Others	5,326	4.4	8,098	5.2	19,186	4.7	20,482	5.3
	121,063	100.0	155,233	100.0	404,999	100.0	387,015	100.0

5. PROFIT FROM OPERATIONS

Profit from operations has been arrived at after charging:

	Three months ended 30 September		Nine months ended 30 September	
	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)
Depreciation and amortisation	3,152	2,370	8,705	6,450
Loss on disposal of property, plant and equipment	11	-	11	-

6. TAXATION

The taxation provided represents 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 any dividend for the nine months ended 30 September 2008 (nine months ended 30 September 2007: nil).

8. EARNINGS PER SHARE

The calculation of basic earnings per share for the three months and nine months ended 30 September 2008 is based on the consolidated profit attributable to shareholders of approximately HK\$6,882,000 and HK\$4,548,000 respectively (three months and nine months ended 30 September 2007 – HK\$4,602,000 and HK\$15,390,000 respectively) and on the weighted average number of 320,000,000 shares (2007: 320,000,000 shares) in issue.

No dilutive earnings per share have been presented for the three months and nine months ended 30 September 2008 because there are no outstanding share options in the respective periods.

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 30 September		Nine months ended 30 September	
		2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)
Glory Mark Enterprises Limited ("GM Enterprises")	Rentals paid (Note)	168	63	436	189
Glory Mark Electronic Limited (incorporated in Taiwan) ("GM Taiwan")	Rental paid (Note)	37	35	113	107
San Chen Company ("San Chen")	Rental paid (Note)	37	35	113	107
Directors	Remuneration	1,501	1,501	4,502	4,502

Note:

Mr. Steve Pang Kuo-Shi ("Mr. Pang"), Mr. Wong Chun and Mr. Hsia Chieh-Wen, the directors and the 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.

10. RESERVES

	Merger Reserve	Translation reserve	Accumulated profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2007	680	2,864	96,380	99,924
Exchange gain on translation of overseas operations not recognized in income statement	–	1,723	–	1,723
Profits for the period	–	–	15,390	15,390
Final dividend for 2006	–	–	(4,800)	(4,800)
At 30 September 2007	680	4,587	106,970	112,237
At 1 January 2008	680	5,324	112,062	118,066
Exchange gain on translation of overseas operations not recognized in income statement		1,004		1,004
Profits for the period			4,548	4,548
Final dividend for 2007			(3,840)	(3,840)
At 30 September 2008	680	6,328	112,770	119,778



MANAGEMENT DISCUSSION AND ANALYSIS

Period Under Review

Turnover and profit

The turnover of the Group for the nine months ended 30 September 2008 ("the Period Under Review") was approximately HK\$405.0 million (nine months ended 30 September 2007: approximately HK\$387.0 million), slightly increased by 4.7%.

The turnover to OEM customers during the Period Under Review increased by 7.3% while the turnover to retail distributors decreased by 5.3%, as compared to the last corresponding period.

The turnover to Taiwan and Japan increased by 20.8% and 3.4% respectively whereas the turnover to U.S.A., Korea and the other regions decreased by 3.3%, 55.3% and 6.3% respectively.

The gross profit and gross profit margin of the Group for the Period Under Review were approximately HK\$33.8 million and 8.3% respectively (nine months ended 30 September 2007: HK\$43.6 million and 11.3% respectively). During the Period Under Review, the unfavourable factors such as PRC's new labour law, appreciation of Renminbi and high material prices seriously affect the performance of the Group.

During the third quarterly period, the Group succeeded in sharing part of its increased costs with its customers. Together with its tight cost control measures, the Group obtained a net profit of HK\$6.9 million during the third quarterly period or HK\$4.5 million during the Period Under Review.

Liquidity and financial resources

The financial position of the Group was strong. The Group has cash and bank balances of about HK\$41.0 million as of 30 September 2008. The Group had no interest bearing debt for the nine months ended 30 September 2007 and 2008 respectively.

OUTLOOK

The Directors anticipated that the global financial crisis would seriously affect the business and the performance of the Group in the coming quarters. The Group would focus on reducing the possible business risks and maintaining a healthy financial position in order to dealing with the crisis.

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 September 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 September 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 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 September 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 nine months ended 30 September 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 nine months ended 30 September 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 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 nine months ended 30 September 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. 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 third quarterly 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 nine months ended 30 September 2008.

On behalf of the Board

Pang Kuo-Shi

Chairman

Hong Kong Special Administrative Region of the People's Republic of China
13 November 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. Lui Ming Wah, S.B.S., JP, Mr. Wong Kwong Chi and Mr. Lau Ho Kit, Ivan being Independent Non-Executive Directors.