



GLORY MARK HI-TECH (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8159



First Quarterly Report

2009

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 high 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 Stock Exchange (“GEM Listing Rules”) 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 ("Directors" and each a "Director") 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 2009 together with the comparative unaudited figures for the corresponding periods in 2008 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT – UNAUDITED

For the three months ended 31 March 2009

		Three months ended 31 March	
	<i>Notes</i>	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Turnover	3	76,265	130,173
Cost of sales		(65,165)	(123,956)
Gross profit		11,100	6,217
Other income		298	573
Selling and distribution expenses		(1,799)	(2,463)
Administrative expenses		(6,767)	(7,613)
Bank interest		(1)	–
Profit/(Loss) before taxation	5	2,831	(3,286)
Taxation	6	(371)	(387)
Profit/(Loss) for the period		2,460	(3,673)
Dividend recognised as distributed during the period	7	–	–
Earnings/(loss) per share	8		
Basic		HK0.77 cents	HK(1.15) 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 shares of the Company are listed on the Growth Enterprise Market ("GEM") operated by The Stock Exchange of Hong Kong Limited (the "Exchange") on 4 January 2002.

The Company acts as an investment holding company.

The unaudited quarterly consolidated financial statements are presented in Hong Kong dollars. The functional currency of the Company is United States dollars ("USD"). As the Company is listed in Hong Kong, the directors consider that it is appropriate to present the unaudited quarterly consolidated financial statements in Hong Kong dollars.

The unaudited quarterly 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 GEM (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.

In the current period, the Group has adopted all of the new and revised HKFRSs that are relevant to its operations and effective for the current accounting period of the Group. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies.

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.

3. TURNOVER

Turnover represents the amounts received and receivable, net of discounts and returns, from the sale of connectivity products mainly for computers, computer peripheral products, multi-media consumable electronics products, communication products, automobile electronics accessories, wire harness and medical equipments during the period under review.

4. SEGMENT INFORMATION

The Group is principally engaged in the design, development, manufacture and sale 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 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			
	2009 HK\$'000 (Unaudited)	%	2008 HK\$'000 (Unaudited)	%
OEM customers	60,213	79.0	103,498	79.5
Retail distributors	16,052	21.0	26,675	20.5
	76,265	100.0	130,173	100.0

Geographical segments

Sales analysis by geographical customer market:-

	Three months ended 31 March			
	2009 HK\$'000 (Unaudited)	%	2008 HK\$'000 (Unaudited)	%
Taiwan	47,595	62.4	66,069	50.8
Japan	15,713	20.6	27,510	21.1
The United States of America (the "USA")	6,892	9.0	23,478	18.0
Korea	2,722	3.6	6,901	5.3
Others	3,343	4.4	6,215	4.8
	76,265	100.0	130,173	100.0

5. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation has been arrived at after charging

	Three months ended 31 March	
	2009	2008
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation and amortisation	2,922	2,761

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 2009 (three months ended 31 March 2008 – nil).

8. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings per share for the three months ended 31 March 2009 is based on the unaudited consolidated profit attributable to shareholders of approximately HK\$2,460,000 ((loss) for the three months ended 31 March 2008 – (HK\$3,673,000)) and on the weighted average number of 320,000,000 shares (three months ended 31 March 2008 – 320,000,000 shares).

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	
		2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Glory Mark Enterprises Limited ("GM Enterprises")	Rentals paid (Note a)	168	117
Glory Mark Electronic Limited (incorporated in Taiwan) ("GM (Taiwan)")	Rental paid (Note a)	34	38
San Chen Company ("San Chen")	Rental paid (Note a)	34	38
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. Pang"), 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 2009 other than profit attributable to shareholders of approximately HK\$2,460,000 ((loss) for the three months ended 31 March 2008 – approximately (HK\$3,673,000)).

MANAGEMENT DISCUSSION AND ANALYSIS

Period in Review

Turnover and profit

The turnover of the Group for the three months ended 31 March 2009 ("the period under review") was approximately HK\$76.3 million (three months ended 31 March 2008: approximately HK\$130.2 million), representing a decrease of approximately 41.4%.

Notwithstanding the significant drop in turnover, the Group achieved a net profit of HK\$2,460,000 during the period under review, as compared to a net loss of HK\$3,673,000 during the same period of the previous year. This was mainly attributable to the efforts of stringent cost controls taken by the Group.

The turnover to OEM customers and retail distributors during the period under review decreased by 41.8% and 39.8% respectively as compared to the last corresponding period.

The turnover to Taiwan, Japan, USA, Korea and the other regions decreased by 28.0%, 42.9%, 70.6%, 60.6% and 46.2% respectively.

Liquidity and financial resources

As at 31 March 2009, the Group's net current assets, cash and bank balances and shareholders' funds amounted to approximately HK\$69.2 million, HK\$81.5 million and HK\$158.6 million respectively (31 December 2008: HK\$65.1 million, HK\$51.7 million and HK\$156.1 million respectively). The current ratio, expressed at current assets over current liabilities, was 1.60 (31 December 2008: 1.50). The Group had HK\$10.0 million of short-term bank borrowing at 31 March 2009 (31 December 2008: Nil).

Outlook

The outlook for external demand is being seriously affected by the deep slowdown of the global economy. The consumer confidence and business investment are believed to be weak in the coming seasons despite of the current policy stimulus launched by many governments. It is expected that the turnover of the Group will continue to be at a low level this year.

The stringent cost control policy adopted by the Group is proved to be effective. The Group will continue its effort of cost controls. To better deal with the global financial crisis, the Group will take appropriate actions to reduce its operation risks.

In view of the tough external environment, the Directors maintains conservative views on the operating results in the coming quarters.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 March 2009, the interests of the Directors, the chief executive and their associates in the shares and underlying shares of the Company and its associated corporations, 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 Exchange pursuant to the required standards of dealing by directors of listed issuer as referred to the Rules 5.46 to 5.67 of Chapter 5 of the 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)	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: 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 or underlying shares of the Company and its associated corporations at 31 March 2009.

SHARE OPTION SCHEMES

Pursuant to the Company's share option scheme adopted on 13 December 2001 (the "Scheme") for the purpose of providing incentives to Directors and eligible employees, the Company may grant options to Directors and full-time employees of the Group to subscribe for shares of the Company.

The total number of shares in respect of which may be granted under the Scheme is not permitted to exceed 30% of the shares of the company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point of time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive Directors or their associates in excess of 0.1% of the Company's share capital or with a value in excess of HK\$5 million must be approved in advance by the Company's shareholders.

A nominal consideration of HK\$1 is payable on acceptance of the grant of an option. Options may be exercised at any one time from the thirteenth month from the date of grant of the share option to the fifth anniversary of the date of grant. The exercise price is determined by the Directors, and will be at least the highest of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant, and (iii) the nominal value of the shares.

No share options were granted under the Scheme since its adoption.

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 2009.

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 2009, 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 2009, 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

Saved 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. 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 2009.

On behalf of the Board

Pang Kuo-Shi

Chairman

Hong Kong Special Administrative Region of the PRC
13 May 2009

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. Lui Ming Wah, S.B.S., JP, Mr. Lau Ho Kit, Ivan and Mr. Wong Kwong Chi being Independent Non-Executive Directors