

Third
Quarterly
Report 09



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 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.

Hong Kong Exchange and Clearing Limited and the Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim 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 (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 (“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 (the "Board") of 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 2009 together with the comparative unaudited figures for the corresponding periods in 2008 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2009

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Revenue	3	102,417	121,063	275,618	404,999
Cost of sales		(88,253)	(105,070)	(236,111)	(371,206)
Gross profit		14,164	15,993	39,507	33,793
Other income		476	679	1,325	1,735
Distribution and selling expenses		(2,666)	(2,406)	(7,303)	(7,743)
Administrative expenses		(6,445)	(7,137)	(20,792)	(22,141)
Overdraft interest		(3)	-	(7)	(4)
Profit before taxation	5	5,526	7,129	12,730	5,640
Taxation	6	(495)	(247)	(1,412)	(1,092)
Profit for the period		5,031	6,882	11,318	4,548
Other comprehensive income/(expense):					
Exchange differences on translation of foreign operations		117	(247)	(34)	1,004
Total comprehensive income for the period		5,148	6,635	11,284	5,552

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Profit/(Loss) for the period attributable to:					
– Equity holders of the Company		5,045	6,882	11,529	4,548
– Non-controlling interest		(14)	–	(211)	–
Total comprehensive income/(expense) attributable to:					
– Equity holders of the Company		5,162	6,635	11,495	5,552
– Non-controlling interest		(14)	–	(211)	–
Earnings per share	7				
Basic		HK1.57cents	HK2.15cents	HK3.54cents	HK1.42cents
Dividend	8	–	–	3,200	3,840

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 nine-months 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 GEM of 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 nine-months 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 2008 (“the 2008 Financial Statements”), except for the amendments and interpretations of HKFRSs (“New HKFRSs”) issued by HKICPA which have become effective in this period as detailed in notes of the 2008 Financial Statements. The adoption of such New HKFRSs has no material impact on the accounting policies in the Group’s condensed consolidated financial statements for the period.

3. Revenue

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 has adopted HKFRS 8 Operating Segments with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. In contrast, the predecessor Standard (HKAS 14, Segment Reporting) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity’s “system of internal financial reporting to key management personnel” serving only as the starting point for the identification of such segments. In the past, the Group’s primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group’s reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

4. SEGMENT INFORMATION (Continued)

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			
	2009		2008		2009		2008	
	HKS'000 (Unaudited)	%	HKS'000 (Unaudited)	%	HKS'000 (Unaudited)	%	HKS'000 (Unaudited)	%
OEM customers	82,149	80.2	99,801	82.4	221,045	80.2	329,139	81.3
Retail distributors	20,268	19.8	21,262	17.6	54,573	19.8	75,860	18.7
	102,417	100.0	121,063	100.0	275,618	100.0	404,999	100.0

Geographical segments

Sales analysis by geographical customer market:-

	Three months ended 30 September				Nine months ended 30 September			
	2009		2008		2009		2008	
	HKS'000 (Unaudited)	%	HKS'000 (Unaudited)	%	HKS'000 (Unaudited)	%	HKS'000 (Unaudited)	%
Taiwan	61,342	59.9	85,912	71.0	174,082	63.2	231,264	57.1
Japan	16,776	16.4	10,050	8.3	47,505	17.2	68,553	16.9
USA	6,020	5.9	16,812	13.9	19,388	7.0	69,432	17.2
Korea	11,904	11.6	2,963	2.4	18,911	6.9	16,564	4.1
Others	6,375	6.2	5,326	4.4	15,732	5.7	19,186	4.7
	102,417	100.0	121,063	100.0	275,618	100.0	404,999	100.0

5. PROFIT before taxation

Profit before taxation has been arrived at after charging

	Three months ended 30 September		Nine months ended 30 September	
	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Depreciation and amortisation	2,803	3,152	8,535	8,705
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. EARNINGS PER SHARE

The calculation of basic earnings per share for the three months and nine months ended 30 September 2009 is based on the consolidated profit attributable to shareholders of approximately HK\$5,031,000 and HK\$11,318,000 respectively (three months and nine months ended 30 September 2008: HK\$6,882,000 and HK\$4,548,000 respectively) and on the weighted average number of 320,000,000 shares (2008: 320,000,000 shares) in issue.

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

8. DIVIDEND

The Directors do not recommend the payment of any dividend for the nine months ended 30 September 2009 (nine months ended 30 September 2008: nil).

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	
		2009	2008	2009	2008
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Glory Mark Enterprises Limited ("GM Enterprises")	Rentals paid (Note)	168	168	504	436
Glory Mark Electronic Limited (incorporated in Taiwan) ("GM Taiwan")	Rental paid (Note)	35	37	104	113
San Chen Company ("San Chen")	Rental paid (Note)	35	37	104	113
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. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Merger Reserve	Translation Reserve	Accumulated Profits	Total	Non- Controlling Interest	Total
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
At 1 January 2008	32,000	680	5,324	112,062	150,066	-	150,066
Exchange gain arising from translation of foreign operations	-	-	1,004	-	1,004	-	1,004
Profit for the period	-	-	-	4,548	4,548	-	4,548
Final dividend for 2007	-	-	-	(3,840)	(3,840)	-	(3,840)
At 30 September 2008	32,000	680	6,328	112,770	151,778	-	151,778

10. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

	Share Capital HK\$'000 (Unaudited)	Merger Reserve HK\$'000 (Unaudited)	Translation Reserve HK\$'000 (Unaudited)	Accumulated Profits HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)	Non- Controlling Interest HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
At 1 January 2009	32,000	680	7,114	116,288	156,082	-	156,082
Exchange loss arising from translation of foreign operations	-	-	(34)	-	(34)	-	(34)
Formation of a non wholly-owned subsidiary	-	-	-	-	-	465	465
Profit for the period	-	-	-	11,529	11,529	(211)	11,318
Final dividend for 2008	-	-	-	(3,200)	(3,200)	-	(3,200)
At 30 September 2009	32,000	680	7,080	124,617	164,377	254	164,631

MANAGEMENT DISCUSSION AND ANALYSIS

PERIOD IN REVIEW

Revenue and profit

The revenue of the Group for the nine months ended 30 September 2009 ("the period under review") was approximately HK\$275.6 million (nine months ended 30 September 2008: approximately HK\$405.0 million), decreased by 31.9%.

The revenue to OEM customers and retail distributors during the period under review amounted to HK\$221.0 million and HK\$59.6 million respectively, representing decreased by 32.8% and 28.1% respectively as compared to the last corresponding period. For the analysis of revenue by geographical segments, revenue to Korea increased by 14.2%. Revenues to Taiwan, Japan, USA and the other regions decreased by 24.7%, 30.7%, 72.1% and 18.0% respectively.

Benefited by the tight cost controls of the Group, the net profit during the period under review reported HK\$11.3 million, up 148.9% as compared with HK\$4.5 million of the last corresponding period.

Liquidity and financial resources

As at 30 September 2009, the Group's net current assets, cash and bank balances and shareholders' funds amounted to approximately HK\$78.2 million, HK\$82.5 million and HK\$164.6 million (31 December 2008: HK\$65.1 million, HK\$51.7 million and HK\$156.1 million) respectively. The current ratio, expressed as current assets over current liabilities, was maintained at the level of 1.55 (31 December 2008: 1.50). The Group had no interest bearing debt as at 30 September 2009 (31 December 2008: nil).

OUTLOOK

As the core reasons of the current global financial crisis have not yet been eliminated, the consumer confidence and business investment are believed to be weak in the coming seasons. It will inevitably affect the revenue of the Group.

The stringent cost control policy adopted by the Group is proved to be effective. The Group will continue its effort of cost controls. The Group is also taking appropriate actions to reduce its operation risks in order to deal with the current financial crisis.

Looking ahead, the Directors remains conservative on the operating 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 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 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 as at 30 September 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 single 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, 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 of the Company, 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 as at 30 September 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 nine months ended 30 September 2009, 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 September 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.

CORPORATE GOVERNANCE

The Company has complied throughout the nine months ended 30 September 2009 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 (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 third quarterly results presented herein has not been audited but has been reviewed by the Audit Committee which 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 2009.

On behalf of the Board
Pang Kuo-Shi
Chairman

Hong Kong Special Administrative Region of the People's Republic of China
12 November 2009

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.