



GLORY MARK HI-TECH (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8159



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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 of Hong Kong Limited (“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 the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this report misleading.

GLORY MARK HI-TECH (HOLDINGS) LIMITED

Third Quarterly Report 2010

The Board of Directors of Glory Mark Hi-Tech (Holdings) Limited 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 2010 together with the comparative unaudited figures for the corresponding periods in 2009 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2010

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)
Revenue	3	95,553	102,417	298,030	275,618
Cost of sales		(84,296)	(88,253)	(264,375)	(236,111)
Gross profit		11,257	14,164	33,655	39,507
Other income		366	476	2,505	1,325
Distribution and selling expenses		(3,058)	(2,666)	(9,214)	(7,303)
Administrative expenses		(6,879)	(6,445)	(20,859)	(20,792)
Bank Interest		-	(3)	-	(7)
Profit before taxation	5	1,686	5,526	6,087	12,730
Income tax expenses	6	(392)	(495)	(1,325)	(1,412)
Profit for the period		1,294	5,031	4,762	11,318
Other comprehensive income/(expense):					
Exchange differences arising from translation of foreign operations		711	117	932	(34)
Total comprehensive income for the period		2,005	5,148	5,694	11,284
Profit for the period attributable to:					
- Owners of the Company		1,245	5,045	4,568	11,529
- Minority interests		49	(14)	194	(211)
		1,294	5,031	4,762	11,318
Total comprehensive income attributable to:					
- Owners of the Company		1,956	5,162	5,500	11,495
- Minority interests		49	(14)	194	(211)
		2,005	5,148	5,694	11,284
Earnings per share					
Basic (HK cents) – restated	8	HK0.19 cents	HK0.79 cents	HK0.71 cents	HK1.80 cents

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2010

	Share Capital	Merger Reserve	Translation Reserve	Retained Profits	Total	Minority Interest	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
As at 1 January 2009	32,000	680	7,114	116,288	156,082	-	156,082
Profit for the period	-	-	-	11,529	11,529	(211)	11,318
Other comprehensive expense	-	-	(34)	-	(34)	-	(34)
Total comprehensive income/ (expense) for the period	-	-	(34)	11,529	11,495	(211)	11,284
Contribution from minority shareholders	-	-	-	-	-	465	465
Dividend recognized as distribution	-	-	-	(3,200)	(3,200)	-	(3,200)
As at 30 September 2009	32,000	680	7,080	124,617	164,377	254	164,631
As at 1 January 2010	32,000	680	7,107	137,943	177,730	239	177,969
Profit for the period	-	-	-	4,568	4,568	194	4,762
Other comprehensive income	-	-	932	-	932	-	932
Total comprehensive income for the period	-	-	932	4,568	5,500	194	5,694
Capitalisation due to bonus issue	32,000	-	-	(32,000)	-	-	-
Costs for bonus issue	-	-	-	(57)	(57)	-	(57)
Dividend recognized as distribution	-	-	-	(6,400)	(6,400)	-	(6,400)
As at 30 September 2010	64,000	680	8,039	104,054	176,773	433	177,206

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 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 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 2009 (“the 2009 Financial Statements”), except for the amendments and interpretations of HKFRSs (“New HKFRSs”) issued by HKICPA which have become effective in this period as detail in notes of the 2009 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

Revenue 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”. HKFRS 8 is a disclosure standard that 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, the Group’s executive directors, for the purpose of allocating resources to the segment and assessing 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 rewards approach. Before the adoption of HKFRS 8, 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.

Segment information reported internally for the purposes of resource allocation and performance assessment is analysed based on the class of customers which is the same as information reported to the chief operating decision maker. The Group is currently engaged in the sales of connectivity products to two classes of customers, namely, original equipment manufacturer customers (“OEM customers”) and retail distributors. The Group’s operating segments under HKFRS 8 are as follows:

Business segments

	Three months ended				Nine months ended			
	30 September				30 September			
	2010		2009		2010		2009	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(Unaudited)		(Unaudited)		(Unaudited)		(Unaudited)	
OEM customers	81,090	84.9	82,149	80.2	247,976	83.2	221,045	80.2
Retail distributors	14,463	15.1	20,268	19.8	50,054	16.8	54,573	19.8
	95,553	100.0	102,417	100.0	298,030	100.0	275,618	100.0

Geographical segments

Sales analysis by geographical customer market:–

	Three months ended 30 September				Nine months ended 30 September			
	2010		2009		2010		2009	
	HK\$'000 (Unaudited)	%	HK\$'000 (Unaudited)	%	HK\$'000 (Unaudited)	%	HK\$'000 (Unaudited)	%
Taiwan	43,081	45.1	61,342	59.9	149,739	50.2	174,082	63.2
Japan	14,454	15.1	16,776	16.4	51,238	17.2	47,505	17.2
USA	19,276	20.2	6,020	5.9	37,978	12.7	19,388	7.0
Korea	15,657	16.4	11,904	11.6	47,850	16.1	18,911	6.9
Others	3,085	3.2	6,375	6.2	11,225	3.8	15,732	5.7
	95,553	100.0	102,417	100.0	298,030	100.0	275,618	100.0

5. PROFIT BEFORE TAXATION

	Three months ended 30 September		Nine months ended 30 September	
	2010	2009	2010	2009
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Profit from operations has been arrived at after charging:				
Depreciation and amortisation	2,970	2,803	8,635	8,535
after crediting:				
Gain on disposal of property, plant and equipment	131	–	131	–

6. INCOME TAX EXPENSES

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 2010 (nine months ended 30 September 2009: nil).

8. EARNINGS PER SHARE

The calculation of basic earnings per share for the three months and nine months ended 30 September 2010 is based on the consolidated profit attributable to shareholders of approximately HK\$1,245,000 and HK\$4,568,000 respectively (three months and nine months ended 30 September 2009: HK\$5,045,000 and HK\$11,529,000 respectively) and on the number of 640,000,000 shares (2009: 640,000,000 shares, re-stated as a result of bonus issue) in issue.

Pursuant to the passing of an ordinary resolution to approve the bonus issue (the "Bonus Issue") by the shareholders at the AGM held on 8 June 2010 and the GEM Listing Committee of the Exchange granted the listing of, and permission to deal in, the Bonus Shares, a total of 320,000,000 fully paid-up Bonus Shares had been issued by the Company to the qualifying shareholders on 11 June 2010, on the basis of one Bonus Share, credited as fully paid at par, for one existing issued share of HK\$0.1 held by the qualifying shareholders whose names appear on the register of members of the Company on 5 May 2010. After the Bonus Issue, the issued capital of the Company was 640,000,000 fully paid-up shares.

No dilutive earnings per share has been presented for the three months and nine months ended 30 September 2010 because there is 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		Nine months ended	
		30 September		30 September	
		2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)
Glory Mark Enterprises Limited ("GM Enterprises")	Rentals paid (Note)	-	168	-	504
Glory Mark Electronic Limited (incorporated in Taiwan) ("GM (Taiwan)")	Rental paid (Note)	37	35	110	104
Billion Mass Limited ("Billion Mass")	Rentals paid (Note)	231	-	693	-
San Chen Company ("San Chen")	Rental paid (Note)	37	35	110	104
Directors	Remuneration	1,501	1,501	4,502	4,502

Note: 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 and Billion Mass. Mr. Pang holds 40% interest in San Chen.

MANAGEMENT DISCUSSION AND ANALYSIS

Period in Review

Revenue and profit

For the nine months period ended 30 September 2010 ("the period under review"), the Group recorded consolidated revenue of approximately HK\$298.0 million (nine months period ended 30 September 2009: approximately HK\$275.6 million), representing an increase of HK\$22.4 million or 8.1% as compared to the last comparative period.

Seriously affected by the significantly increase in manpower costs in China, the profit during the period under review was approximately HK\$4.8 million (nine months period ended 30 September 2009: approximately HK\$11.3 million).

Turnover to OEM customers during the period under review was approximately HK\$248.0 million, up 12.2% whereas turnover to retail distributors was approximately HK\$50.1 million, dropped by 8.3%. In terms of geographical segments analysis, turnover to Japan, USA and Korea increased approximately by 7.9%, 95.9% and 153.0% respectively whereas turnover to Taiwan and other regions decreased by approximately 14.0% and 28.6% respectively.

Liquidity and financial resources

As at 30 September 2010, the Group's net current assets, cash and bank balances and shareholders' funds amounted to approximately HK\$91.1 million, HK\$86.2 million and HK\$176.8 million (31 December 2009: HK\$91.6 million, HK\$90.2 million and HK\$177.7 million) respectively. The current ratio, expressed as current assets over current liabilities, was maintained at the level of 1.68 (31 December 2009: 1.70). The Group had no interest bearing debt as at 30 September 2010 (31 December 2009: nil).

Outlook

The accelerating increase in wage costs in China becomes a challenge to the Group. This adverse cost effect will also push up the material prices of most of our suppliers in the near future.

The Group is utilizing all possible solutions to enhance its cost effectiveness and core competencies by implementing the following measures:

- adoption of production automation and a more efficient computer management operating system;
- establishing backward vertical integration.

The Directors anticipate that these positive results would be gradually achieved in the coming seasons.

The Group is also seeking investment opportunities to supplement the company business.

Looking ahead, the Directors remain to have a conservative view as 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 2010, 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. Wong Chun ("Mr. Wong")	Beneficial owner	116,894,000	18.26%
Mr. Hsia Chieh-Wen ("Mr. Hsia")	Beneficial owner	69,888,000	10.92%
Mr. Wong Kwong Chi	Interest of Spouse	6,380,000	0.99%

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 30 September 2010.

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's 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 the following person as having a notifiable interest or short position in the issued share capital of the Company as at 30 September 2010:

Name of Substantial Shareholder	Capacity	Number of Issued Ordinary Shares held	Percentage of issued share capital of the Company
HSBC International Trustee Limited (Note)	Trustee	279,616,000	43.69%

Note: HSBC International Trustee Limited is the trustee of the discretionary trust, the Pang's Family Trust, and is deemed to be interested in 279,616,000 Shares held by Modern Wealth Assets Limited, a wholly owned subsidiary of the True Profit Management Limited which in turn is a wholly owned subsidiary of HSBC International Trustee Limited. Mr. Pang Kuo-Shi, an executive director of the Company, is also a director of Modern Wealth Assets Limited and his wife is a beneficiary of the Pang's Family Trust.

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 30 September 2010, 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 2010, 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.

CORPORATE GOVERNANCE

The Company has complied throughout the nine months ended 30 September 2010 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, all of whom 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 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 2010.

On behalf of the Board

Pang Kuo-Shi

Chairman

Hong Kong Special Administrative Region of the People's Republic of China
12 November 2010

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.