



# GLORY MARK HI-TECH (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)  
Stock Code: 8159

○ THIRD QUARTERLY REPORT

# 2019



## CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "EXCHANGE")

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*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 GEM of the Exchange (the "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 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 herein or this report misleading.*

## THIRD QUARTERLY RESULTS

The Directors are 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 and nine months ended 30 September 2019 (the “Nine-month Period”) together with the comparative unaudited figures for the corresponding periods in 2018 (the “Corresponding Previous Period”) as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME – UNAUDITED

For the three months and nine months ended 30 September 2019

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue	3	83,252	112,088	261,968	283,709
Cost of sales		(70,719)	(86,946)	(222,494)	(236,146)
Gross profit		12,533	25,142	39,474	47,563
Other income		895	411	3,368	2,710
Share of profit of a joint venture		728	(490)	1,503	1,644
Selling and distribution expenses		(2,079)	(2,665)	(7,158)	(7,842)
Administrative expenses		(9,443)	(6,274)	(27,158)	(21,522)
Profit before taxation	5	2,634	16,124	10,029	22,553
Income tax expense	6	(1,010)	(723)	(2,947)	(2,009)
		1,624	15,401	7,082	20,544
<b>Other comprehensive (expense) for the period:</b>					
Exchange differences arising from translation of foreign operations		(464)	(581)	(770)	(464)
Total comprehensive income for the period		1,160	14,820	6,312	20,080
Profit/(loss) for the period attributable to:					
– Owners of the Company		1,716	15,221	7,261	20,243
– Non-controlling interests		(92)	180	(179)	301
		1,624	15,401	7,082	20,544
Total comprehensive income/ (expense) attributable to:					
– Owners of the Company		1,252	14,640	6,491	19,779
– Non-controlling interests		(92)	180	(179)	301
		1,160	14,820	6,312	20,080
Earnings per share					
Basic	8	HK0.27 cents	HK2.38 cents	HK1.13 cents	HK3.16 cents

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months and nine months ended 30 September 2019

	Share Capital	Merger Reserve	Translation Reserve	Retained Profits	Total	Non- controlling Interest	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
At 1 January 2018	6,400	680	11,443	87,353	105,876	462	106,338
Profit for the period	-	-	-	20,243	20,243	301	20,544
Other comprehensive (expense) for the period	-	-	(464)	-	(464)	-	(464)
Total comprehensive income/(expense) for the period	-	-	(464)	20,243	19,779	301	20,080
Dividend recognized as distribution	-	-	-	(9,600)	(9,600)	-	(9,600)
At 30 September 2018	6,400	680	10,979	97,996	116,055	763	116,818
<b>At 1 January 2019</b>	<b>6,400</b>	<b>680</b>	<b>10,751</b>	<b>102,209</b>	<b>120,040</b>	<b>440</b>	<b>120,480</b>
Profit for the period	-	-	-	7,261	7,261	(179)	7,082
Other comprehensive (expense) for the period	-	-	(770)	-	(770)	-	(770)
Total comprehensive income/(expense) for the period	-	-	(770)	7,261	6,491	(179)	6,312
Dividend recognized as distribution	-	-	-	(1,920)	(1,920)	-	(1,920)
At 30 September 2019	6,400	680	9,981	107,550	124,611	261	124,872

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**”).

## 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 2018 (“**the 2018 Financial Statements**”), except for the amendments and interpretations of HKFRSs (“**New HKFRSs**”) issued by HKICPA, which have become effective in this period and summarised in notes of the 2018 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 equipment and subcontracting service rendered during the period under review.

## 4. SEGMENT INFORMATION

The Group determines its operating segments based on the reports regularly reviewed by the executive Directors, who are the chief operating decision makers, for the purpose of allocating resources to segments and assessing their performance.

Segment information reported internally for the purposes of resources allocation and performance assessment is analysed based on the class of customers which is the same as information reported to the chief operating decision makers. The Group is currently engaged in the sales of connectivity products to three classes of customers, namely, original equipment manufacturer customers (“**OEM customers**”), retail distributors and master-planning and general design.

The Group's operating segments under HKFRS 8 are as follows:

### Business segments

	Three months ended 30 September				Nine months ended 30 September			
	2019		2018		2019		2018	
	HK\$'000 (Unaudited)	%	HK\$'000 (Unaudited)	%	HK\$'000 (Unaudited)	%	HK\$'000 (Unaudited)	%
OEM customers	48,431	58.2%	71,014	63.4%	141,315	53.9%	178,567	62.9%
Retail distributors	24,807	29.8%	28,941	25.8%	76,975	29.4%	82,741	29.2%
Master-planning and general design	10,014	12.0%	12,133	10.8%	43,678	16.7%	22,401	7.9%
	<b>83,252</b>	<b>100.0%</b>	<b>112,088</b>	<b>100.0%</b>	<b>261,968</b>	<b>100.0%</b>	<b>283,709</b>	<b>100.0%</b>

Sales analysis by geographical customer market:-

	Three months ended 30 September				Nine months ended 30 September			
	2019		2018		2019		2018	
	HK\$'000 (Unaudited)	%	HK\$'000 (Unaudited)	%	HK\$'000 (Unaudited)	%	HK\$'000 (Unaudited)	%
Korea	31,000	37.2%	39,775	35.5%	75,904	29.0%	114,833	40.5%
Taiwan	9,583	11.5%	14,663	13.1%	27,128	10.4%	21,679	7.6%
Japan	10,250	12.3%	16,584	14.8%	51,886	19.8%	53,829	19.0%
USA	18,672	22.4%	21,458	19.1%	50,930	19.4%	54,192	19.1%
PRC	10,700	12.9%	12,898	11.5%	45,550	17.4%	24,202	8.5%
Others	3,047	3.7%	6,710	6.0%	10,570	4.0%	14,974	5.3%
	<b>83,252</b>	<b>100.0%</b>	<b>112,088</b>	<b>100.0%</b>	<b>261,968</b>	<b>100.0%</b>	<b>283,709</b>	<b>100.0%</b>

## 5. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging:

	Three months ended 30 September		Nine months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Depreciation and amortisation	1,613	1,981	5,178	5,934

## 6. INCOME TAX EXPENSE

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-month Period (the Corresponding Previous Period: nil).

## 8. EARNINGS PER SHARE

The calculation of basic profit per share for the three months and nine months ended 30 September 2019 is based on the consolidated profit attributable to shareholders of approximately HK\$1,716,000 and HK\$7,261,000 respectively (three months and nine months ended 30 September 2018: HK\$15,221,000 and HK\$20,243,000 respectively) and on the number of 640,000,000 shares (2018: 640,000,000 shares) in issue.

No dilutive loss per share has been presented for the three months and nine months ended 30 September 2019 because there were no outstanding share options in the respective periods.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group is engaged in design, manufacture and sale of connectivity products mainly for computers, computer peripheral products, multi-media consumable electronic products, communication products, automobile electronics accessories, wire harness and medical equipment (the “**Electronics Business**”). The Group is one of the leading VGA cables manufacturers in the world.

To diversify its business and enhance its returns to the shareholders, the Group has been engaging in the business of master-planning and general design work (“**Architectural Design Business**”) since 2017.

### FINANCIAL REVIEW

#### Revenue and profit

##### *The Electronics Business*

During the Nine-month Period, as a result of the Sino-US trade war, revenue of this business segment decreased by 16.5% as compared with the Corresponding Previous Period.

The Electronics Business contributed revenue of approximately HK\$218.3 million to the Group during the Nine-month Period (the Corresponding Previous Period: HK\$261.3 million).

The Directors anticipated that the impact of the Sino-US trade war is highly uncertain and is the main factor that will affect the Electronics Business of the Group in the future.

##### *The Master-planning and Architectural Design Business*

The revenue recognized from this business segment was growing satisfactorily since the introduction of this business. This business segment contributed revenue of approximately HK\$43.7 million during the Nine-month Period (the Corresponding Previous Period: HK\$22.4 million), increased significantly by approximately 95.0%.

Despite the Architectural Design Business may not be directly affected by the Sino-US trade war, it is uncertain as to whether the Sino-US trade war would produce a chain reaction and as such, there is no guarantee that this business segment would not be affected in near future.

Having considered the overall situations, the Directors keep a very conservative view as to the results of the Group in the last quarter of 2019 and the Company will pay close attention to the market condition and the development of the Sino-US trade war.



## Other Income

Other income was approximately HK\$3,368,000 for the Nine-month Period (the Corresponding Previous Period: approximately HK\$2,710,000).

## Selling and Distribution Expenses

The selling and distribution expenses were approximately HK\$7,158,000 for the Nine-month Period (the Corresponding Previous Period: approximately HK\$7,842,000), which was in line with the decrease in the revenue.

## Administrative Expenses

The administrative expenses were approximately HK\$27,158,000 for the Nine-month Period (the Corresponding Previous Period: approximately HK\$21,522,000). The increase in administrative expenses was in pace with the increase in the turnover of the Master-planning and Architectural Design Business.

## Financial cost

The Group did not incur any financial cost for both the Nine-month Period and the Corresponding Previous Period.

## Income tax expenses

The Group incurred income tax expenses of approximately HK\$2,947,000 during the Nine-month Period (the Corresponding Previous Period: approximately HK\$2,009,000).

## Profit for the period

The profit attributable to owners of the Company for the Nine-month Period was approximately HK\$7,261,000 (the Corresponding Previous Period: approximately HK\$20,243,000). The decrease of the profit was substantially attributable to the adverse impact of the Sino-US trade war.

## Liquidity and financial resources

As at 30 September 2019, the Group's net current assets, cash and bank balances and equity attributable to owners of the Company amounted to approximately HK\$49.1 million, HK\$72.1 million and HK\$124.6 million (31 December 2018: HK\$41.0 million, HK\$65.1 million and HK\$120.0 million) respectively. The current ratio, expressed as current assets over current liabilities, was maintained at the level of 1.34 (31 December 2018: 1.27). The Group had no interest-bearing debt as at 30 September 2019 (31 December 2018: nil).

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

As at 30 September 2019, the interests and short position of the directors, the chief executive and their associates in the shares and underlying shares of the Company or its associate corporation (within the meaning of Part XV of the Securities and Futures Ordinance Chapter 571 ("SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Exchange pursuant to the required standards of dealings by directors of listed issuer as referred to the Rules 5.46 to 5.67 of Chapter 5 of the GEM Listing Rules and Divisions 7 and 8 of Part XV of the SFO, 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
Wang Li Feng (" <b>Mr. Wang</b> ") ( <i>Note 1</i> )	Interest in a controlled corporation	355,620,000	55.57%
Mr. Pang Kuo-Shi ( <i>Note 2</i> )	Interest in a controlled corporation	74,403,000	11.63%
Mr. Wong Chun	Beneficial owner	31,390,000	4.9%

*Note 1:* The 355,620,000 shares are held by PT Design Group Holdings Limited ("**PT Design**"). PT Design is held by Wise Thinker Holdings Limited (which is owned as to 90.17% by Mr. Wang, the chairman and an executive Director; approximately 3.97% by Aggregation Investment Limited; approximately 3.36% by Polygons Union Limited; and approximately 2.5% by Platinum Time Co., Ltd.) as to 63.28%; Mr. Kong Lixing, an executive Director as to approximately 6.65%; Infinity Glory Investments Limited (which is wholly-owned by Mr. Wang) as to approximately 23.79%; Mr. Zhao Guo Xing, an executive Director as to approximately 3.62%; and Mr. He Yongyi, an executive Director as to approximately 2.66%. Mr. Wang is deemed to be interested in the 355,620,000 Shares under the SFO.

*Note 2:* Mr. Pang Kuo-Shi is deemed to be interested in 74,403,000 shares held by Modern Wealth Assets Limited, a company wholly-owned by Mr. Pang Kuo-Shi, under the SFO.

Other than as disclosed above, none of the directors, 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 2019.

## SHARE OPTION SCHEME

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 executive directors and fulltime employees of the Group to subscribe for shares of the Company.

The total number of shares in respect of which options 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 in 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 options. Options may be exercised at any time from the thirteenth month from the date of grant 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's Interests and Short Positions in Shares and Underlying Shares" above, no person in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance was disclosed as having a notifiable interest or short position in the issued share capital of the Company as at 30 September 2019.

## 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 month Period, 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 Nine-month Period, the following Directors had interests in the following business which were considered to compete or likely to compete, either directly or indirectly, with the business of the Group (other than those business where the Directors were appointed as directors to represent the interests of the Company and/or the Group):

Name of Director	Name of entity which were considered to compete or likely to compete with the business of the Group	Description of competing business	Nature of interests
Mr. Wang	Australia PT Design Consultants Limited (" <b>PT Consultants</b> ")	Provision of architectural design service (other than technical and documentation work)	Directly holding 27.6% interest in PT Consultants and a director
	PT Architectural Design (Shenzhen) Company Limited (" <b>PT Shenzhen</b> ")	Provision of architectural design service (other than technical and documentation work)	Indirectly holding 27.6% interest in PT Shenzhen through PT Consultants and a director
	Shanghai PT Architecture Design & Consultant Co., Ltd (" <b>Shanghai PT</b> ")	Provision of architectural design service (other than technical and documentation work)	Indirectly holding 17% interest in Shanghai PT and a director
Mr. Kong Lixing	PT Shenzhen	Provision of architectural design service (other than technical and documentation work)	Indirectly holding 22.0% interest through PT Consultants and a director
	Shanghai PT	Provision of architectural design service (other than technical and documentation work)	Indirectly holding 12.75% interest in Shanghai PT and a director
	PT Consultants	Provision of architectural design service (other than technical and documentation work)	A director and directly holding 22.0% interest in PT Consultants

Name of Director	Name of entity which were considered to compete or likely to compete with the business of the Group	Description of competing business	Nature of interests
Mr. Zhao Guo Xing	PT Consultants	Provision of architectural design service (other than technical and documentation work)	Directly holding 13.6% interest in PT Consultants
	PT Shenzhen	Provision of architectural design service (other than technical and documentation work)	Indirectly holding 13.6% interest through PT Consultants and a director and general manager
Mr. He Yongyi	Shanghai PT	Provision of architectural design service (other than technical and documentation work)	Indirectly holding 8.5% interest in Shanghai PT and a director

As (i) each of the above Directors is fully aware of their fiduciary duty to the Group, and will abstain from voting on any matter where there is or may be a conflict of interest; (ii) the architectural design service will be first undertaken by the Group as general design contractor, unless otherwise requested by independent developers; (iii) unless otherwise requested by independent developers, all master-planning work shall be first subcontracted to the Group; (iv) the Group have the first right of refusal on accepting the architectural schematic design work unless it is specifically requested by the independent developers that such work shall be performed by PT Consultants or PT Shenzhen; and (v) each of Mr. Wang, Mr. Kong Lixing and Mr. He Yongyi has not involved in the day-to-day management and operation of Shanghai PT, the Group is capable of carrying its business independently of and at arm's length from the businesses of these entities.

Save as disclosed above, during the Nine-month Period, none of the Directors or the controlling Shareholders or their respective close associates had an interest in a business, which competes or may compete with the business of the Group.

## CONNECTED TRANSACTIONS AND DIRECTORS' INTERESTS IN CONTRACTS

With regard to connected transactions and directors' interests in contracts:

- (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 Nine-month Period.

## ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURE

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the Nine-month Period.

## SUFFICIENCY OF PUBLIC FLOAT

The Company had maintained a sufficient public float throughout the Nine-month Period.

## CORPORATE GOVERNANCE

The Company complied throughout the Nine-month Period with the code provisions in the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules, save as the following:—

Code provision A.4.1 provides that non-executive Directors should be appointed for specific term, subject to reelection. The Company deviated from this provision in that Mr. Lau Ho Kit, Ivan, being non-executive Directors of the Company, was not appointed for a 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 already given the Company's shareholders the right to approve continuation of non-executive Directors' offices.

## AUDIT COMMITTEE

The Audit Committee of the Company (the “**Audit Committee**”) comprises four members namely, Mr. Lau Ho Kit, Ivan (Chairman), Dr. Hon. Lo Wai Kwok SBS, MH, JP, Mr. Fong Chi Wai, Alex and Mr. Lu Yongchao who are all independent non-executive directors. 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.

On behalf of the Board

**Wang Li Feng**

*Chairman & Executive Director*

Hong Kong, 7 November 2019

*As at the date of this report, the executive Directors are Mr. Wang Li Feng, Mr. Wong Chun, Mr. He Yongyi, Mr. Pang Kuo Shi, Mr. Kong Lixing and Mr. Zhao Guo Xing; and the independent non-executive Directors are Mr. Lau Ho Kit, Ivan, Dr. Hon. Lo Wai Kwok SBS, MH, JP, Mr. Fong Chi Wai, Alex and Mr. Lu Yongchao.*

*This report will remain on the “Latest Listed Company Information” page of the GEM website for at least seven days from the date of publication and on the Company’s website at [www.glorymark.com.tw/hk/investor.htm](http://www.glorymark.com.tw/hk/investor.htm).*

*In the case of inconsistency, the English text of this report shall prevail over the Chinese text.*