



GLORY MARK HI-TECH (HOLDINGS) LIMITED

輝煌科技（控股）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8159)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2010

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.

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This announcement, 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 announcement 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 announcement misleading; and*
- 3. all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

INTERIM RESULTS

The board of directors (the “Directors”) of the Company is 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 (the “Second Quarterly Period”) and six months (the “Half-Yearly Period”) ended 30 June 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 six months ended 30 June 2010

		Three months ended 30 June		Six months ended 30 June	
		2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited) (Restated)	2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited) (Restated)
Revenue	3	107,935	96,936	202,477	173,201
Cost of sales		(97,840)	(82,693)	(180,079)	(147,858)
Gross profit		10,095	14,243	22,398	25,343
Other income		977	551	2,139	849
Distribution and selling expenses		(3,232)	(2,838)	(6,156)	(4,637)
Administrative expenses		(7,020)	(7,580)	(13,980)	(14,347)
Bank Interest		–	(3)	–	(4)
Profit before taxation	5	820	4,373	4,401	7,204
Income tax expenses	6	(524)	(546)	(933)	(917)
Profit for the period		296	3,827	3,468	6,287
Other comprehensive income/(expense):					
Exchange differences arising from					
Translation of foreign operations		106	(253)	221	(151)
Total comprehensive income					
For the period		402	3,574	3,689	6,136
Profit for the period attributable to:					
– Owners of the Company		223	4,024	3,323	6,484
– Minority interests		73	(197)	145	(197)
		296	3,827	3,468	6,287
Total comprehensive income/(expense)					
attributable to:					
– Owners of the Company		329	3,771	3,544	6,333
– Minority interests		73	(197)	145	(197)
		402	3,574	3,689	6,136
Earnings per share					
Basic (HK cents)	7	HK0.03 cents	HK0.63 cents	HK0.52 cents	HK1.01 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2010

		30 June 2010 <i>HK\$'000</i> (Unaudited)	31 December 2009 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	9	68,060	69,806
Prepaid lease payments		9,512	9,507
Investment properties	9	4,300	4,300
Available-for-sale investment		2,187	1,566
Deposit for land use right		560	560
Club debenture	10	610	602
		<u>85,229</u>	<u>86,341</u>
CURRENT ASSETS			
Inventories		38,634	29,521
Trade and other receivables	11	112,929	102,409
Bank balances and cash		94,665	90,180
		<u>246,228</u>	<u>222,110</u>
CURRENT LIABILITIES			
Trade and other payables	12	133,377	108,671
Amounts due to directors		1,686	1,371
Taxation liabilities		21,161	20,440
		<u>156,224</u>	<u>130,482</u>
NET CURRENT ASSETS		<u>90,004</u>	<u>91,628</u>
		<u>175,233</u>	<u>177,969</u>
CAPITAL AND RESERVES			
Share capital		64,000	32,000
Reserves		110,849	145,730
Equity attributable to owners of the Company		174,849	177,730
Minority Interest		384	239
Total Equity		<u>175,233</u>	<u>177,969</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2010

	Share Capital <i>HK\$'000</i> (Unaudited)	Merger Reserve <i>HK\$'000</i> (Unaudited)	Translation Reserve <i>HK\$'000</i> (Unaudited)	Retained Profits <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)	Minority Interest <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
As at 1 January 2009	<u>32,000</u>	<u>680</u>	<u>7,114</u>	<u>116,288</u>	<u>156,082</u>	<u>–</u>	<u>156,082</u>
Profit for the period	–	–	–	6,484	6,484	(197)	6,287
Other comprehensive expense	<u>–</u>	<u>–</u>	<u>(151)</u>	<u>–</u>	<u>(151)</u>	<u>–</u>	<u>(151)</u>
Total comprehensive income/ (expense) for the period			(151)	6,484	6,333	(197)	6,136
Contribution from minority shareholders	–	–	–	–	–	465	465
Dividend recognised as distribution	<u>–</u>	<u>–</u>	<u>–</u>	<u>(3,200)</u>	<u>(3,200)</u>	<u>–</u>	<u>(3,200)</u>
As at 30 June 2009	<u>32,000</u>	<u>680</u>	<u>6,963</u>	<u>119,572</u>	<u>159,215</u>	<u>268</u>	<u>159,483</u>
As at 1 January 2010	<u>32,000</u>	<u>680</u>	<u>7,107</u>	<u>137,943</u>	<u>177,730</u>	<u>239</u>	<u>177,969</u>
Profit for the period	–	–	–	3,323	3,323	145	3,468
Other comprehensive income	<u>–</u>	<u>–</u>	<u>221</u>	<u>–</u>	<u>221</u>	<u>–</u>	<u>221</u>
Total comprehensive income for the period	–	–	221	3,323	3,544	145	3,689
Capitalisation due to bonus issue	32,000	–	–	(32,000)	–	–	–
Costs for bonus issue	–	–	–	(25)	(25)	–	(25)
Dividend recognised as distribution	<u>–</u>	<u>–</u>	<u>–</u>	<u>(6,400)</u>	<u>(6,400)</u>	<u>–</u>	<u>(6,400)</u>
As at 30 June 2010	<u>64,000</u>	<u>680</u>	<u>7,328</u>	<u>102,841</u>	<u>174,849</u>	<u>384</u>	<u>175,233</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2010

	Six months ended 30 June	
	2010 <i>HK\$'000</i> (Unaudited)	2009 <i>HK\$'000</i> (Unaudited)
NET CASH FROM OPERATING ACTIVITIES	14,373	35,655
NET CASH USED IN INVESTING ACTIVITIES	(3,437)	(2,845)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	(6,425)	6,800
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	<u>(26)</u>	<u>(116)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,485	39,494
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>90,180</u>	<u>51,736</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>94,665</u></u>	<u><u>91,230</u></u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS represented by bank balances and cash	<u><u>94,665</u></u>	<u><u>91,230</u></u>

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 half-yearly 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 half-yearly 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 detailed 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.

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 June		Six months ended 30 June	
	2010	2009	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue				
OEM customers	90,073	78,683	166,886	138,896
Retail distributors	17,862	18,253	35,591	34,305
	<u>107,935</u>	<u>96,936</u>	<u>202,477</u>	<u>173,201</u>
Segment Profit				
OEM customers	9,038	11,963	19,780	22,428
Retail distributors	1,057	2,280	2,618	2,915
	10,095	14,243	22,398	25,343
Central income	977	551	2,139	849
Central expenses	(10,252)	(10,421)	(20,136)	(18,988)
Profit before taxation	<u>820</u>	<u>4,373</u>	<u>4,401</u>	<u>7,204</u>

Geographical segments

Sales analysis by geographical customer market:

	Three months ended 30 June				Six months ended 30 June			
	2010 HK\$'000 (Unaudited)	%	2009 HK\$'000 (Unaudited)	%	2010 HK\$'000 (Unaudited)	%	2009 HK\$'000 (Unaudited)	%
Taiwan	60,691	56.2	65,145	67.2	106,658	52.7	112,740	65.1
Japan	17,422	16.1	15,016	15.5	36,784	18.2	30,729	17.7
United States of America ("U.S.A.")	9,286	8.6	6,476	6.7	18,702	9.2	13,368	7.7
Korea	15,942	14.8	4,285	4.4	32,193	15.9	7,007	4.1
Others	4,594	4.3	6,014	6.2	8,140	4.0	9,357	5.4
	<u>107,935</u>	<u>100.0</u>	<u>96,936</u>	<u>100.0</u>	<u>202,477</u>	<u>100.0</u>	<u>173,201</u>	<u>100.0</u>

5. PROFIT BEFORE TAXATION

Profit from operations has been arrived at after charging:

	Three months ended 30 June		Six months ended 30 June	
	2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)
Depreciation and amortisation	2,863	2,810	5,665	5,732

6. INCOME TAX EXPENSES

The amount represents current tax charge on assessable profit arising in jurisdiction other than Hong Kong and is calculated at the rates prevailing in the relevant jurisdiction.

No provision for Hong Kong profits tax has been made in the condensed consolidated financial statements, as the Group has no assessable profit arising in Hong Kong in both periods.

No provision for deferred taxation has been made in the condensed consolidated financial statements, as it is not probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilised.

7. EARNINGS PER SHARE

The calculation of basic earnings per share for the three months and six months ended 30 June 2010 is based on the consolidated profit attributable to shareholders of approximately HK\$223,000 and HK\$3,323,000 respectively (profit attributable to shareholders for three months and six months ended 30 June 2009: HK\$4,024,000 and HK\$6,484,000 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 pass 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 Second Quarterly Period and Half-Yearly Period because there is no outstanding share options in the respective periods.

8. DIVIDEND

During the period, a dividend of HK2.0 cents per share (2009: HK1.0 cents) was paid to shareholders as the final dividend for 2009.

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2010. (six months ended 30 June 2009: nil).

9. PROPERTY, PLANT AND EQUIPMENT, AND INVESTMENT PROPERTIES

During the period, the Group acquired property, plant and equipment at a total cost of approximately HK\$3,497,000 (six months ended 30 June 2009: HK\$1,889,000).

The investment properties were valued at HK\$4,300,000 on 31 December 2009 by Jointgoal Surveyors Limited, an independent qualified professional valuer not connected with the Group. Jointgoal Surveyors Limited is a member of the Hong Kong Institute of Surveyors. The valuation was arrived at by reference to market evidence of transaction prices for similar properties. The Directors consider that the fair value of the investment properties as at 30 June 2010 was not significantly different from their carrying value as at 31 December 2009.

10. CLUB DEBENTURE

The club debenture represents entrance fee paid to a golf club held on a long-term basis. The directors of the Group are of the opinion that the underlying value of the club debenture is at least equal to its cost.

11. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period ranging from 30 days to 180 days to its trade customers.

The following is an aged analysis of trade receivables at the reporting date:

	30 June 2010 HK\$'000 (Unaudited)	31 December 2009 HK\$'000 (Audited)
Within 30 days	38,117	37,269
From 31 days to 120 days	64,433	59,547
From 121 days to 180 days	2,470	2,271
Over 180 days	328	1
	105,348	99,088
Other receivables	7,581	3,321
	112,929	102,409

12. TRADE AND OTHER PAYABLES

The Group has been granted an average credit period ranging from 30 days to 150 days from its trade suppliers.

The following is an aged analysis of trade payables at the reporting date:

	30 June 2010 HK\$'000 (Unaudited)	31 December 2009 HK\$'000 (Audited)
Within 30 days	19,550	20,356
From 31 days to 90 days	50,380	36,356
From 91 days to 150 days	31,506	23,206
Over 150 days	2,546	2,388
	103,982	82,306
Over payables	29,395	26,365
	133,377	108,671

13. 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		Six months ended	
		30 June		30 June	
		2010	2009	2010	2009
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Glory Mark Enterprises Limited ("GM Enterprises")	Rentals paid	–	168	–	336
Glory Mark Electronic Limited (incorporated in Republic of China) ("GM Taiwan")	Rental paid	36	35	73	69
Billion Mass Limited ("Billion Mass")	Rentals paid	231	–	462	–
San Chen Company ("San Chen")	Rental paid	36	35	73	69
Directors	Remuneration	<u>1,500</u>	<u>1,500</u>	<u>3,001</u>	<u>3,001</u>

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

Financial Review

Revenue and profit

The revenue of the Group for the six months ended 30 June 2010 (“the period under review”) was approximately HK\$202.5 million, (six months ended 2009: approximately HK\$173.2 million), increased by approximately 16.9%.

Seriously affected by the significantly increase in manpower costs in China, the profit during the period under review recorded to HK\$3,468,000, decreased by approximately 44.8%.

The revenue to OEM customers and retail distributors during the period under review increased by 20.2% and 3.7% respectively.

The revenue to Japan, U.S.A. and Korea increased by 19.7%, 39.9% and 359.4% respectively whereas the revenue to Taiwan and the other regions slightly decreased by 5.4% and 13.0% respectively.

Liquidity and financial resources

As at 30 June 2010, the Group’s net current assets, cash and bank balances and shareholders’ funds amounted to approximately HK\$90.0 million, HK\$94.7 million and HK\$175.2 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 1.58 (31 December 2009: 1.70). The Group had no interest bearing loan both as at 30 June 2010 and 31 December 2009.

Operation review

Employees

As at 30 June 2010, the Group had 2,218 (30 June 2009: 2,332) employees. Employee remuneration, excluding directors’ emoluments, for the six months ended 30 June 2010 was approximately HK\$35.6 million (six months ended 30 June 2009: HK\$27.5 million). The increase in employee remuneration during the period under review was in line with the change in revenue of the Group during the two periods and also as a result of increase in wage rates in China.

The pay scale of the Group’s employees is maintained at a competitive level and employees are rewarded on a performance-related basis within the general framework of the Group’s salary and bonus systems, which is reviewed annually. The Company had granted options to its employees prior to its listing.

OUTLOOK

The significantly increase in wage rates in China is a big challenge to the Group in the coming seasons. This adverse cost effect will also inevitably push up the material prices of most of our suppliers in the near future.

The Group is seeking for all solutions to enhance its cost effectiveness including adoption of production automation and a more efficient computer management operating system. The Directors anticipated that the positive results of the above measures would be gradually achieved by the next few seasons.

Looking ahead, the Directors remain a conservative view as to the results of the Group in the coming quarters.

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

As at 30 June 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:

(a) 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%
		<u>193,162,000</u>	<u>30.17%</u>

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 June 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 in Shares and Underlying Shares" 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 June 2010:

Name of Substantial Shareholder	Capacity	Number of Issued Ordinary Shares held	Percentage of issued share capital of the Company
HSBC International Trustee Limited (<i>Note</i>)	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 June 2010, 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 six months ended 30 June 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

Saved as disclosed in note 13 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 six months ended 30 June 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 and all of them 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 interim 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 six months ended 30 June 2010.

On behalf of the Board

Pang Kuo-Shi

Chairman

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

12 August 2010

As at the date of this announcement, 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

This announcement will remain on the "Latest Company Announcements" 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/investors.htm.