GLORY MARK HI-TECH (HOLDINGS) LIMITED
輝煌科技(控股)有限公司

(Incorporated in the Caymans Islands with limited liability)
Stock Code: 8159

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 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.

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.*

The Board of Directors (the "Board") of the Company is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2010, together with the comparative figures for the corresponding period of 2009, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2010

	NOTES	**2010** **HK$'000**	2009 HK$'000
Revenue	*4*	**391,734**	370,446
Cost of sales		**(348,544)**	(311,353)
Gross profit		**43,190**	59,093
Other income		**3,623**	3,048
Change in fair value of investment properties		**800**	780
Selling and distribution expenses		**(11,963)**	(9,717)
Administrative expenses		**(25,681)**	(26,661)
Bank overdraft interest		**–**	(7)
Profit before taxation		**9,969**	26,536
Income tax expense	*6*	**(1,703)**	(1,891)
Profit for the year	*7*	**8,266**	24,645
Other comprehensive income (expense) for the year			
Exchange differences arising from translation of foreign operations		**2,169**	(7)
Total comprehensive income for the year		**10,435**	24,638
Profit for the year attributable to:			
Owners of the Company		**7,953**	24,855
Non-controlling interests		**313**	(210)
		8,266	24,645
Total comprehensive income attributable to:			
Owners of the Company		**10,122**	24,848
Non-controlling interests		**313**	(210)
		10,435	24,638
Earnings per share	*9*		
Basic		**HK1.24 cents**	HK3.88 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2010

	NOTES	2010 HK$'000	2009 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**72,380**	69,806
Prepaid lease payments		**9,628**	9,507
Investment properties		**5,100**	4,300
Available-for-sale investments		**2,607**	1,566
Club debenture		**560**	560
Deposits for land use rights		**628**	602
Deposits paid for acquisition of property, plant and equipment		**1,999**	–
		92,902	86,341
CURRENT ASSETS			
Inventories		**33,977**	29,521
Trade and other receivables	*10*	**100,088**	102,409
Bank balances and cash	*11*	**94,176**	90,180
		228,241	222,110
CURRENT LIABILITIES			
Trade and other payables	*12*	**115,297**	108,671
Amounts due to directors		**1,371**	1,371
Taxation payable		**22,432**	20,440
		139,100	130,482
NET CURRENT ASSETS		**89,141**	91,628
		182,043	177,969
CAPITAL AND RESERVES			
Share capital	*13*	**64,000**	32,000
Reserves		**117,452**	145,730
Equity attributable to owners of the Company		**181,452**	177,730
Non-controlling interests		**591**	239
		182,043	177,969

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010

	Equity attributable to owners of the Company						
	Share capital *HK$'000*	Merger reserve *HK$'000*	Translation reserve *HK$'000*	Retained profits *HK$'000*	Sub-total *HK$'000*	Non-controlling interests *HK$'000*	Total *HK$'000*
At 1 January 2009	32,000	680	7,114	116,288	156,082	–	156,082
Profit (loss) for the year	–	–	–	24,855	24,855	(210)	24,645
Other comprehensive expense	–	–	(7)	–	(7)	–	(7)
Total comprehensive (expense) income for the year	–	–	(7)	24,855	24,848	(210)	24,638
Contribution from non-controlling interests	–	–	–	–	–	449	449
Dividends recognised as distribution *(Note 8)*	–	–	–	(3,200)	(3,200)	–	(3,200)
At 31 December 2009	32,000	680	7,107	137,943	177,730	239	177,969
Profit for the year	**–**	**–**	**–**	**7,953**	**7,953**	**313**	**8,266**
Other comprehensive income	**–**	**–**	**2,169**	**–**	**2,169**	**–**	**2,169**
Total comprehensive income for the year	**–**	**–**	**2,169**	**7,953**	**10,122**	**313**	**10,435**
Bonus issue of shares	**32,000**	**–**	**–**	**(32,000)**	**–**	**–**	**–**
Capital contribution from non-controlling interests	**–**	**–**	**–**	**–**	**–**	**39**	**39**
Dividends recognised as distribution *(Note 8)*	**–**	**–**	**–**	**(6,400)**	**(6,400)**	**–**	**(6,400)**
At 31 December 2010	**64,000**	**680**	**9,276**	**107,496**	**181,452**	**591**	**182,043**

The merger reserve of the Group represents the difference between the nominal value of the share capital of the subsidiaries acquired and the nominal value of the share capital of the Company issued for the acquisition under the group reorganisation in 2001.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 HK$'000	2009 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	**9,969**	26,536
Adjustments for:		
Bank overdraft interest	**–**	7
Interest income	**(367)**	(182)
Depreciation of property, plant and equipment	**11,837**	11,147
Amortisation of prepaid lease payments	**224**	220
Reversal of allowance for inventories	**(965)**	(6,914)
Change in fair value of investment properties	**(800)**	(780)
Gain on disposal of prepaid lease payment	**(353)**	–
(Gain) loss on disposal of property, plant and equipment	**(154)**	1
Impairment loss on trade receivables	**–**	24
Impairment loss on an available-for-sale investment	**200**	–
Operating cash flows before movements in working capital	**19,591**	30,059
(Increase) decrease in inventories	**(3,176)**	10,407
Decrease in trade and other receivables	**2,383**	7,507
Increase (decrease) in trade and other payables	**5,431**	(1,184)
Cash generated from operations	**24,229**	46,789
Interest paid	**–**	(7)
Income taxes paid	**(432)**	–
NET CASH FROM OPERATING ACTIVITIES	**23,797**	46,782
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(11,900)**	(4,444)
Deposits paid for acquisition of property, plant and equipment	**(1,999)**	–
Purchase of available-for-sale investments	**(1,241)**	(1,366)
Interest received	**367**	182
Proceeds from disposal of prepaid lease payments	**405**	–
Proceeds from disposal of property, plant and equipment	**539**	–
NET CASH USED IN INVESTING ACTIVITIES	**(13,829)**	(5,628)
FINANCING ACTIVITIES		
Dividends paid	**(6,400)**	(3,200)
Capital contribution from non-controlling interests	**39**	449
NET CASH USED IN FINANCING ACTIVITIES	**(6,361)**	(2,751)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**3,607**	38,403
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	**90,180**	51,736
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**389**	41
CASH AND CASH EQUIVALENTS CARRIED FORWARD, represented by bank balances and cash	**94,176**	90,180

Notes:

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2001 Second Revision) of the Cayman Islands. The shares of par value of HK$0.1 each of the Company (the "Share") are listed on the Growth Enterprise Market operated by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 4 January 2002.

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

The Company acts as an investment holding company.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA.

HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (as revised in 2008)	Business Combinations
HKAS 27 (as revised in 2008)	Consolidated and Separate Financial Statements
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK – Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Except as described below, the application of the new and revised HKFRSs in the current year has had no material effect on the consolidated financial statements.

Amendments to HKAS 17 Leases

As part of Improvements to HKFRSs issued in 2009, HKAS 17 "Leases" has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendments to HKAS 17 have removed such a requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendments to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1 January 2010 based on information that existed at the inception of the leases. After reassessment, the directors of the Company concluded that no reclassification was necessary.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010 except for the amendments to HKFRS 3 (as revised in 2008), HKAS 1 and HKAS 28[1]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[3]
HKFRS 9	Financial Instruments[4]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[5]
HKAS 24 (as revised in 2009)	Related Party Disclosures[6]
HKAS 32 (Amendments)	Classification of Rights Issues[7]
HK (IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[6]
HK (IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

1 Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.
2 Effective for annual periods beginning on or after 1 July 2010.
3 Effective for annual periods beginning on or after 1 July 2011.
4 Effective for annual periods beginning on or after 1 January 2013.
5 Effective for annual periods beginning on or after 1 January 2012.
6 Effective for annual periods beginning on or after 1 January 2011.
7 Effective for annual periods beginning on or after 1 February 2010.

HKFRS 9 "Financial Instruments" (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 "Financial Instruments" (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

HKFRS 9 is effective for annual periods on or after 1 January 2013. The directors anticipate that HKFRS 9 will be adopted in the Group's consolidated financial statements for financial year ending 31 December 2013 and that the application of HKFRS 9 will impact the classification and measurement of available-for-sale investments that are measured at cost less impairment of each reporting date. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements.

4. REVENUE

	2010	2009
	HK$'000	*HK$'000*
Sales of connectivity products mainly for computers and peripheral products	**391,734**	370,446

5. SEGMENT INFORMATION

The Group determines its operating segments based on the reports regularly reviewed by the 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 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 makers. 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:

	2010			2009		
	OEM customers	**Retail distributors**	**Total**	OEM customers	Retail distributors	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
OPERATING RESULTS						
SEGMENT REVENUE						
– External sales	**321,451**	**70,283**	**391,734**	301,268	69,178	370,446
SEGMENT PROFIT	**35,846**	**7,343**	**43,189**	51,067	8,026	59,093
Unallocated expenses			**(37,643)**			(36,378)
Other income			**3,623**			3,048
Change in fair value of investment properties			**800**			780
Bank overdraft interest			**–**			(7)
Profit before taxation			**9,969**			26,536

	2010			2009		
	OEM customers	**Retail distributors**	**Total**	OEM customers	Retail distributors	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS AND LIABILITIES						
SEGMENT ASSETS						
Trade receivables *(Note)*	**75,248**	**17,488**	**92,736**	79,469	19,619	99,088
Property, plant and equipment, prepaid lease payments and inventories *(Note)*	**–**	**–**	**116,209**	–	–	109,054
			208,945			208,142
Unallocated assets			**112,198**			100,309
Total assets			**321,143**			308,451

The Group's segment liabilities are not regularly reviewed by the Group's executive directors.

OTHER INFORMATION (included in segment results)

	2010			2009		
	OEM customers *HK$'000*	**Retail distributors** *HK$'000*	**Total** *HK$'000*	OEM customers *HK$'000*	Retail distributors *HK$'000*	Total *HK$'000*
Impairment loss on trade receivables	**–**	**–**	**–**	24	–	24
Depreciation	**9,813**	**2,024**	**11,837**	9,188	1,959	11,147

Note: The nature of products, the production processes and the methods used to distribute the products to the two classes of customers are similar. The Group's production facilities and inventories are located in the People's Republic of China (the "PRC"). These two classes of customers utilise the Group's resources in a similar manner. Accordingly, the Group's executive directors regularly review trade receivables by operating segment.

Geographical information

The Group's operations are located in Hong Kong, the PRC, the Republic of China ("ROC") and Macau.

The Group's revenue from external customers by geographical location of the customers and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers	
	2010 *HK$'000*	2009 *HK$'000*
ROC	**188,791**	228,548
Japan	**79,641**	65,310
United States of America	**47,320**	30,857
Korea	**68,820**	26,447
Others	**7,162**	19,284
	391,734	370,446

	Non-current assets (excluding available-for-sale investments and club debenture)	
	2010 *HK$'000*	2009 *HK$'000*
PRC	**72,825**	78,646
Hong Kong	**16,086**	5,176
Others	**824**	393
	89,735	84,215

Information about major customers

Each of the two (2009: two) largest customers of the Group contributes more than 10% of the Group's revenue for the current year. For the year ended 31 December 2010, revenue of HK$153,937,000[1] and HK$47,800,000[2] are attributed to these two customers respectively. For the year ended 31 December 2009, revenue of HK$129,836,000[1] and HK$38,273,000[2] were attributed to those two customers, respectively.

1 Revenue from OEM customers
2 Revenue from Retail distributors

6. INCOME TAX EXPENSE

The amount represents current tax charge on assessable profits arising in jurisdictions other than Hong Kong and is calculated at the rates prevailing in the relevant jurisdictions. Majority of the subsidiaries are subject to tax in the PRC. The applicable enterprise income tax rate of the PRC is 25% (2009: 25%) in accordance with the relevant income tax law and regulations in the PRC, except for certain subsidiaries of the Company, which are taxed at preferential rates.

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as there is no assessable profits for both years.

The taxation charge for the year can be reconciled to the profit before taxation per the consolidated statement of comprehensive income as follows:

	2010	2009
	HK$'000	*HK$'000*
Profit before taxation	**9,969**	26,536
Tax at the domestic income tax rate of 25% (2009: 25%)	**2,492**	6,634
Tax effect of income not taxable for tax purpose	**(3,837)**	(6,862)
Tax effect of expenses not deductible for tax purpose	**2,811**	1,686
Tax effect of unrecognised tax losses	**492**	866
Effect of different tax rates of subsidiaries operating in other jurisdictions	**131**	(295)
Others	**(386)**	(138)
Taxation charge for the year	**1,703**	1,891

At 31 December 2010, the Group has unused tax losses of HK$39,098,000 (2009: HK$43,441,000) available for offset against future profits. No deferred tax asset has been recognised 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. PROFIT FOR THE YEAR

	2010	2009
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Directors' remuneration	**6,002**	6,002
Other staff costs		
Salaries and other benefits	**66,155**	57,613
Retirement benefit scheme contributions (included directors)	**2,612**	2,450
Total staff costs	**74,769**	66,065
Auditor's remuneration	**715**	715
Depreciation	**11,837**	11,147
Amortisation of prepaid lease payments	**224**	220
Cost of inventories recognised as expenses (including reversal of allowance for inventories of HK$965,000 (2009: HK$6,914,000)	**349,509**	318,267
Impairment loss on trade receivables	**–**	24
Impairment loss on an available-for-sale investment	**200**	–
Loss on disposal of property, plant and equipment	**–**	1
and after crediting:		
Interest income on bank deposits recorded as other income	**367**	182
Gain on disposal of property, plant and equipment	**154**	–
Gain on disposal of prepaid lease payments	**353**	–
Net foreign exchange gain	**313**	62

8. DIVIDENDS

	2010	2009
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
2009 Final – HK2.0 cents (2009: 2008 final dividend HK1.0 cents) per share	**6,400**	3,200

The final dividend of HK0.3 cents in respect of the year ended 31 December 2010 (2009: final dividend of HK2.0 cents in respect of the year ended 31 December 2009) per share has been proposed by the directors and is subject to approval by the shareholders in general meeting.

9. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	2010	2009
	HK$'000	*HK$'000*
Profit for the year attributable to the owners of the Company	**7,953**	24,855
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**640,000**	640,000

The weighted average number of ordinary shares for the purpose of basic earnings per share for the year ended 31 December 2009 has been adjusted for the bonus issue of shares on a one-to-one basis on 8 June 2010.

No dilutive earnings per share has been presented because the Company did not have any outstanding share options at the end of the reporting period.

10. TRADE AND OTHER RECEIVABLES

	2010	2009
	HK$'000	*HK$'000*
Trade receivables	**93,304**	99,656
Less: Allowance for doubtful debts	**(568)**	(568)
	92,736	99,088
Other receivables *(Note)*	**7,352**	3,321
Total trade and other receivables	**100,088**	102,409

Note: Other receivables mainly include prepayment to suppliers and deposits.

The Group allows an average credit period ranging from 30 days to 180 days in both years to its trade customers. The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the reporting date:

	2010	2009
	HK$'000	*HK$'000*
0-30 days	**34,780**	37,269
31-120 days	**56,043**	59,547
121-180 days	**1,612**	2,271
Over 180 days	**301**	1
	92,736	99,088

The amount of the Group's trade and other receivables denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2010	2009
	HK$'000	*HK$'000*
USD	**734**	2,209
NTD	**43**	23

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of HK$2,463,000 (2009: HK$7,799,000) which have been past due at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. The average age of these receivables is 108 days (2009: 89 days).

Ageing of trade receivables which are past due but not impaired

	2010	2009
	HK$'000	*HK$'000*
31-120 days	**2,034**	6,117
121-180 days	**128**	1,681
Over 180 days	**301**	1
	2,463	7,799

The Group has provided fully for receivables over 180 days if there are no more trading activities with the debtor because historical experience shows that such receivables are generally not recoverable.

Movement in the allowance for doubtful debts is set out below:

	2010	2009
	HK$'000	*HK$'000*
Balance at beginning of the year	**568**	544
Impairment losses recognised on receivables	**–**	24
Balance at end of the year	**568**	568

11. BANK BALANCES AND CASH

Bank balances and cash comprise short-term bank deposits of HK$57,888,000 (2009: HK$28,437,000) at fixed interest rates ranging from 0.07% to 1.00% (2009: 0.04% to 1.415%) per annum and bank balances of HK$35,248,000 (2009: HK$60,234,000) at variable interest rates with effective interest rates ranging from 0.01% to 0.05% (2009: 0.006% to 0.36%) per annum.

The amount of the Group's bank balances and cash denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2010	2009
	HK$'000	*HK$'000*
USD	**270**	542
RMB	**17,781**	–

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 for both years.

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2010	2009
	HK$'000	*HK$'000*
Trade payables		
Within 30 days	**24,743**	20,356
31-90 days	**38,014**	36,356
91-150 days	**25,297**	23,206
Over 150 days	**2,800**	2,388
	90,854	82,306
Other payables *(Note)*	**24,443**	26,365
	115,297	108,671

Note: Other payables mainly comprise of payables for property, plant and equipment, construction in progress, receipt-in-advance, payables to consignees and other sundry creditors.

The amount of the Group's trade and other payables denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2010	2009
	HK$'000	*HK$'000*
USD	**–**	2,112
NTD	**3,979**	174
RMB	**1,828**	214

13. SHARE CAPITAL

	Number of shares		**Amount**	
	2010	2009	**2010**	2009
	'000	*'000*	***HK$'000***	*HK$'000*
Ordinary shares of HK$0.1 each				
Authorised:				
Ordinary shares of HK$0.1 each	**1,000,000**	1,000,000	**100,000**	100,000
Issued and fully paid:				
At beginning of year	**320,000**	320,000	**32,000**	32,000
Bonus issue of shares on a one-to-one basis *(Note)*	**320,000**	–	**32,000**	–
At end of year	**640,000**	320,000	**64,000**	32,000

Note: On 8 June 2010, 320,000,000 ordinary shares of the Company of HK$0.1 each were issued on a one-to-one basis. Further details of the bonus issues were set out in the circular of the Company dated 5 May 2010.

14. CONNECTED AND RELATED PARTY TRANSACTIONS

During the year, the Group entered into the following transactions with connected and related parties:

		2010	2009
Name	**Nature of transactions**	***HK$'000***	*HK$'000*
Glory Mark Electronic Limited (incorporated in Taiwan) ("GM (Taiwan)")	Rental paid by the Group	**149**	141
Glory Mark Enterprises Limited ("GM Enterprises")	Rental paid by the Group	**–**	447
Billion Mass Limited ("Billion Mass")	Rental paid by the Group	**700**	–
San Chen Company ("San Chen")	Rental paid by the Group	**149**	141

Mr. Pang Kuo-Shi, 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 Kuo-Shi holds 40% interest in San Chen. All the above related parties are also connected persons as defined under Chapter 20 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange that constitutes connected transactions.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue and gross profit

For the year ended 31 December 2010, the Group recorded a consolidated revenue of approximately HK$391.7 million (2009: approximately HK$370.4 million), representing a slightly increase of approximately 5.8% as compared to the corresponding previous year.

Revenue to OEM customers and retail distributors were approximately HK$321.5 million and 70.3 million respectively, slightly increased by 6.7% and 1.6% respectively as compared to 2009. In terms of geographical segments analysis, the turnover to Japan, USA and Korea increased by approximately 21.9%, 53.4% and 160.2% respectively. Revenue to ROC and the other regions decreased by approximately 17.4% and 62.9% respectively.

Gross profit margin was 11.0% in 2010 as compared to 16.0% in 2009. The decrease in gross profit margin was mainly due to the increase in material costs and manpower costs in China and the appreciation of Renminbi.

Other income

Other income was approximately HK$3.6 million as compared to approximately HK$3.0 million in 2009.

Selling and distribution expenses

Selling and distribution expenses increased by 23.1% to approximately HK$11,963,000 in 2010, compared to approximately HK$9,717,000 in 2009. The increase was mainly attributable to the increase in sales commission and freight costs.

Administrative expenses

Administrative expenses decreased by 3.7% to approximately HK$25,681,000 in 2010, compared to approximately HK$26,661,000 in 2009. The reduction of administrative costs was a result of tight cost controls of the Group during the reporting year.

Bank overdraft interest

The Group did not incur any financial cost in 2010 (2009: approximately HK$7,000).

Income tax expenses

The Group recorded an income tax expenses of approximately HK$1,703,000 in 2010, compared to HK$1,891,000 in 2009.

Non-controlling interests

Profit shared by non-controlling interests was approximately HK$313,000 in 2010, compared to a loss of approximately HK$210,000 in 2009. Profit shared by non-controlling interests represented non-controlling interests' share of profit in a company, which is partly owned by two third parties.

Profit for the year attributable to owners of the Company

Profit for the year attributable to owners of the Company was approximately HK$7,953,000 in 2010, compared to approximately HK$24,855,000 in 2009.

YEAR IN REVIEW

Liquidity and Financial Resources

As at 31 December 2010, the Group's net current assets, cash and bank balances and shareholders' funds amounted to approximately HK$89.1 million (2009: HK$91.6 million), 94.2 million (2009: HK$90.2 million) and 181.5 million (2009: HK$177.7 million) respectively. The current ratio, expressed as current assets over current liabilities, was maintained at the satisfactory level of 1.64 (2009: 1.70). The Group had no unsecured bank overdraft at the end of both years.

Research and Development Capabilities

It is an ongoing strategy of the Group to focus on our research and development capabilities, as it is critical in maintaining the Group's competitive edge in the market. The Group had 69 engineers/technicians in the research and development department as at 31 December 2010.

Sales and Marketing

To deal with the downturn of the global market, the marketing team tried to secure the businesses with valuable customers and procure new reliable customers.

Employees

As at 31 December 2010, the Group had 1,798 (2009: 2,065) employees. Employee remuneration, excluding directors' emoluments, for the year ended 31 December 2010 was approximately HK$68.7 million (2009: HK$60.1 million). 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 are reviewed annually.

Currency Risk

The Group's purchases were made in NT$, US$, HK$ and RMB which represented approximately 7.73%, 55.53%, 25.98% and 10.76% respectively for the year ended 31 December 2010. (2009: 8.21%, 57.99%, 22.2% and 11.58% respectively).

Prospect

The Directors anticipated that the Group will face the following challenges in 2011:

- Shortage of labour and increase in manpower costs in China
- Appreciation of Renminbi
- Increase in material costs in particular copper price
- Unable to fully share the increased costs with customers
- The climbing up interest rate and inflation

The Directors will not underestimate these challenges and will take the following measures to alleviate the adverse effect:

- Sourcing for lower cost manufacturing sites
- Continue to enhance the management system of the Group to improve operating efficiency
- To invest in higher value-added business

On 17 March 2011, the Group invested in a company organised by the core members of Hong Kong Auto Parts Industry Association. The company will concentrate in research, development, production and/or sale of new engine and electronic controlling system. For more details of this newly formed company, please refer to the announcement of the Company dated 17 March 2011.

Having considered the unfavourable economic situations, the Directors keep a conservative view as to the results of the Group in the coming quarters.

Dividend

The Directors proposed a final dividend of HK0.3 cents (2009: 2.0 cents) per share, which is subject to the approval of the shareholders in general meeting for the year ended 31 December 2010. The final dividend will be payable on 30 May 2011 to the shareholders whose names appear on the register of Members of the Company on 9 May 2011.

Closure of Register

The Register of Members will be closed from 4 May 2011, Wednesday to 9 May 2011, Monday (both days are inclusive), during which period no share transfer will be registered. In order to be entitled to the recommended final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch registrar, Hong Kong Registrars Limited at Shops 1712-1726, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration by 4:30 p.m. on 3 May 2011.

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

At 31 December 2010, the interests of the directors and their associates in the shares and underlying shares of the Company, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the required standard of dealings by directors of listed issuer as referred to the Rules 5.46 to 5.67 of Chapter 5 of the Rules Governing the Listing of Securities on the Growth Enterprise Market ("GEM") operated by the Stock Exchange (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 31 December 2010.

SHARE OPTION SCHEME

Particulars of the Company's share option scheme are set out in note 27 to the consolidated financial statements.

During the year, no share options were granted or exercised. As at 31 December 2010, no share options were outstanding.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than as disclosed above, at no time during the year was the Company or any of its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

SUFFICIENT OF PUBLIC FLOAT

The Company maintained sufficient public float throughout the year ended 31 December 2010.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive directors, an annual confirmation on his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers all of the independent non-executive directors are independent.

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

No contract of significance, to which the Company or 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 the year or at any time during the year.

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 Futures Ordinance discloses the following person as having a modifiable interest or short positions in the issued share capital of the Company as at 31 December 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.

CONNECTED TRANSACTIONS AND DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Other than as disclosed in note 29 to the consolidated financial statements, there were no transactions, which need to be disclosed as connected transactions in accordance with the requirements of the GEM Listing Rules.

The independent non-executive directors confirm that the transactions have been entered into by the Group in the ordinary course of its business and in accordance with the terms of the agreement governing such transactions and are fair and reasonable and in the interest of the shareholders as a whole.

EMOLUMENT POLICY

The Group's employees are selected, remunerated and promoted based on their merit, qualifications and competence.

The emoluments of the Directors of the Company are determined with regard to the performance of individuals, the Company's operating results and market standards.

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.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

CORPORATE GOVERNANCE

The Company complied throughout the year ended 31 December 2010 with the code provisions in the Code on Corporate Governance Practices contained in Appendix 15 to the GEM Listing Rules, save for one exception:

Code provision A4.1 provides that non-executive Directors should be appointed for specific term, subject to re-election. The Company deviated from this provision in that all non-executive Directors of the Company were 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 already given the Company's shareholders the right to approve continuation of non-executive Directors' offices.

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all directors, all directors confirmed they have compiled with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company.

The Company has received, from each of the independent non-executive directors, an annual confirmation on his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers all of the independent non-executive directors are independent.

AUDIT COMMITTEE

The audit committee comprises three members – Dr. Lui Ming Wah, S.B.S., JP, Mr. Lau Ho Kit, Ivan and Mr. Wong Kwong Chi, who are independent non-executive directors.

During the year, the audit committee held three meetings and performed the following duties:

(1) reviewed and commented on the Company's draft annual, interim and quarterly financial announcements;

(2) reviewed and commented on the Group's internal controls; and

(3) met with the external auditors and participated in the reappointment and assessment of the performance of the external auditors.

The annual results presented herein have been reviewed by the Audit Committee.

On behalf of the Board
Pang Kuo-Shi
Chairman

Hong Kong, 25 March 2011

As at the date of this announcement, the board of Directors comprises Messrs. Pang Kuo-Shi also known as Steve Pang, Wong Chun, Hsia Chieh-Wen also known as Paul Hsia and Wong Ngok Chung being Executive Directors and Dr. Lui Ming Wah, S.B.S., JP, Mr. Lau Ho Kit, Ivan and Mr. Wong Kwong Chi being Independent Non-Executive Directors.

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.