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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

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 higher 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 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 or deceptive;*

2. *there are no other matters the omission of which would make any statement herein and 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 2011, together with the comparative figures for the corresponding period of 2010, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011

	NOTES	**2011** *HK$'000*	2010 *HK$'000*
Revenue	*7*	**370,848**	391,734
Cost of sales		**(344,830)**	(348,544)
Gross profit		**26,018**	43,190
Other income		**2,593**	2,803
Other gains and losses		**(2,848)**	620
Change in fair value of investment properties		**1,650**	800
Selling and distribution expenses		**(11,666)**	(11,963)
Administrative expenses		**(27,488)**	(25,481)
(Loss) profit before taxation		**(11,741)**	9,969
Income tax expense	*9*	**(1,441)**	(1,703)
(Loss) profit for the year	*10*	**(13,182)**	8,266
Other comprehensive (expense) income for the year			
Exchange differences arising from translation of foreign operations		**2,346**	2,169
Total comprehensive (expense) income for the year		**(10,836)**	10,435
(Loss) profit for the year attributable to:			
Owners of the Company		**(13,288)**	7,953
Non-controlling interests		**106**	313
		(13,182)	8,266
Total comprehensive (expense) income attributable to:			
Owners of the Company		**(10,942)**	10,122
Non-controlling interests		**106**	313
		(10,836)	10,435
(Loss) earnings per share	*11*		
Basic		**(HK2.08 cents)**	HK1.24 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2011

	NOTES	**2011**	2010
		HK$'000	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**69,064**	72,380
Prepaid lease payments		**9,797**	9,628
Investment properties		**6,750**	5,100
Available-for-sale investments		**1,189**	2,607
Club debenture		**560**	560
Deposits for land use rights		**655**	628
Deposits paid for acquisition of property, plant and equipment		**1,764**	1,999
Other receivable	13	**2,644**	–
		92,423	92,902
CURRENT ASSETS			
Inventories		**34,828**	33,977
Trade and other receivables	*13*	**102,786**	100,088
Bank balances and cash	*14*	**131,704**	94,176
		269,318	228,241
CURRENT LIABILITIES			
Trade and other payables	*15*	**167,006**	115,297
Amounts due to directors		**1,371**	1,371
Taxation payable		**24,077**	22,432
		192,454	139,100
NET CURRENT ASSETS		**76,864**	89,141
		169,287	182,043
CAPITAL AND RESERVES			
Share capital		**64,000**	64,000
Reserves		**104,590**	117,452
Equity attributable to owners of the Company		**168,590**	181,452
Non-controlling interests		**697**	591
		169,287	182,043

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2011

	Equity attributable to owners of the Company						
	Share capital	**Merger reserve**	**Translation reserve**	**Retained profits**	**Sub-total**	**Non-controlling interests**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2010	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 12)*	–	–	–	(6,400)	(6,400)	–	(6,400)
At 31 December 2010	64,000	680	9,276	107,496	181,452	591	182,043
Loss for the year	–	–	–	(13,288)	(13,288)	106	(13,182)
Other comprehensive income	–	–	2,346	–	2,346	–	2,346
Total comprehensive income (expense) for the year	–	–	2,346	(13,288)	(10,942)	106	(10,836)
Dividends recognised as distribution *(Note 12)*	–	–	–	(1,920)	(1,920)	–	(1,920)
At 31 December 2011	64,000	680	11,622	92,288	168,590	697	169,287

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 2011

	2011 HK$'000	2010 HK$'000
OPERATING ACTIVITIES		
(Loss) profit before taxation	**(11,741)**	9,969
Adjustments for:		
Interest income	**(242)**	(367)
Depreciation of property, plant and equipment	**12,028**	11,837
Amortisation of prepaid lease payments	**234**	224
Allowance (reversal of allowance) for inventories	**2,051**	(965)
Change in fair value of investment properties	**(1,650)**	(800)
Gain on disposal of prepaid lease payments	**–**	(353)
Loss (gain) on disposal of property, plant and equipment	**140**	(154)
Impairment loss on an available-for-sale investment	**1,418**	200
Operating cash flows before movements in working capital	**2,238**	19,591
Increase in inventories	**(2,281)**	(3,176)
(Increase) decrease in trade and other receivables	**(2,678)**	2,383
(Decrease) increase in trade and other payables	**(5,310)**	5,431
Cash (used in) generated from operations	**(8,031)**	24,229
Income taxes paid	**(579)**	(432)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	**(8,610)**	23,797
INVESTING ACTIVITIES		
Deposits received for potential investments	**56,327**	–
Interest received	**242**	367
Proceeds from disposal of property, plant and equipment	**100**	539
Purchase of property, plant and equipment	**(5,959)**	(11,900)
Advance paid for potential investments	**(2,644)**	–
Deposits paid for acquisition of property, plant and equipment	**(91)**	(1,999)
Purchase of available-for-sale investments	**–**	(1,241)
Proceeds from disposal of prepaid lease payments	**–**	405
NET CASH FROM (USED IN) INVESTING ACTIVITIES	**47,975**	(13,829)
FINANCING ACTIVITIES		
Dividends paid	**(1,920)**	(6,400)
Capital contribution from non-controlling interests	**–**	39
NET CASH USED IN FINANCING ACTIVITIES	**(1,920)**	(6,361)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**37,445**	3,607
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	**94,176**	90,180
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**83**	389
CASH AND CASH EQUIVALENTS CARRIED FORWARD, represented by bank balances and cash	**131,704**	94,176

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 Company is listed on the Growth Enterprise Market operated by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 4 January 2002. The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information to the annual report.

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

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related Party Disclosures
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HK(IFRIC) – Int 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the new and revised HKFRSs in the current year has had no material effect on the consolidated financial statements.

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

Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets[1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[5]
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets[4]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[6]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

[1] Effective for annual periods beginning on or after 1 July 2011.
[2] Effective for annual periods beginning on or after 1 January 2013.
[3] Effective for annual periods beginning on or after 1 January 2015.
[4] Effective for annual periods beginning on or after 1 January 2012.
[5] Effective for annual periods beginning on or after 1 July 2012.
[6] Effective for annual periods beginning on or after 1 January 2014.

HKFRS 9 "Financial Instruments"

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be subsequently measured at 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 reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

The directors anticipate that the adoption of HKFRS 9 in the future may have impact on amounts reported in respect of the Group's classification and measurement of available-for-sale investments that are measured at cost less impairment at the end of the reporting period. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed. Currently, the Group does not have financial liabilities designated at fair value through profit or loss and accordingly not expect to have impact in the Group's liability.

HKFRS 13 "Fair Value Measurement"

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 "Financial Instruments: Disclosures" will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of HKFRS 13 may result in more extensive disclosures in the consolidated financial statements.

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.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the 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, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimated allowance for doubtful debts of trade receivables

Estimated allowance for doubtful debts are provided and assessed based on the directors' estimation of the collectability of each individual debtor. When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2011, the carrying amount of trade receivables is HK$96,618,000 (2010: HK$92,736,000) (net of allowance for doubtful debts of HK$568,000 (2010: HK$568,000).

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure the entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued share capital and various reserves.

The directors of the Company review the capital structure periodically. As part of this review, the directors consider the cost of capital and risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as issue of new debts.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2011	2010
	HK$'000	*HK$'000*
Financial assets		
Loans and receivables (including cash and cash equivalents)	**228,783**	187,719
Available-for-sale investments	**1,189**	2,607
Financial liabilities at amortised cost	**155,003**	103,058

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, bank balances, trade and other payables and amounts due to directors. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments included market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Market risk

Currency risk

Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

	2011	2010
	HK$'000	*HK$'000*
Assets		
USD *(Note 1)*	**2,784**	1,004
New Taiwan dollar ("NTD") *(Note 2)*	**4,760**	43
Renminbi ("RMB") *(Note 2)*	**6,895**	17,781
Euro dollar ("EUR") *(Note 2)*	**20,161**	–
Liabilities		
USD *(Note 1)*	**1,803**	–
NTD *(Note 2)*	**1,859**	3,979
RMB *(Note 2)*	**2,475**	1,828
EUR *(Note 2)*	**21,876**	–

Note 1: Functional currency of the respective subsidiaries is RMB/NTD.

Note 2: Functional currency of the respective subsidiaries is USD.

The following table details the Group's sensitivity to a 5% increase and decrease in USD against RMB, NTD and EUR. 5% is the sensitivity rate used by management for the assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in the foreign currency rates. A positive number (negative number) indicates a decrease in loss/an increase in profit (an increase in loss/a decrease in profit) where RMB, NTD and EUR strengthens against the USD.

	Impact of RMB		**Impact of NTD**		**Impact of EUR**	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Impact on loss/profit for the year	**221**	798	**87**	(197)	**(76)**	–

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank deposits and cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances. However, the directors consider the Group's exposure to such interest rate risks is not significant as bank balances are all short-term in nature.

The sensitivity analysis below has been determined based on the exposure to interest rates on its variable-rate bank balances at the end of the reporting period. A 4 (2010: 4) basis point increase or decrease is used by the management for the assessment of the possible change in interest rates.

If interest rates had been 4 (2010: 4) basis point higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 December 2011 would decrease/increase by HK$15,400 (2010: post-tax profit would increase/decrease by HK$2,700).

(ii) Credit risk

As at 31 December 2011, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of respective recognised assets as stated in the consolidated statement of financial position.

The Group's principal financial assets are trade and other receivables and bank balances.

The Group's credit risk is primarily attributable to its trade receivables. The Group is exposed to concentration of credit risk as a substantial portion of its sales is generated from a limited number of customers. At 31 December 2011, the top five customers of the Group accounted for about 74.1% (2010: 67.8%) of the Group's trade receivables. The Group manages its credit risk by closely monitoring the granting of credit. The Group also reviews the recoverable amount of each individual trade receivable at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit rating agencies.

(iii) Liquidity risk

The Group's liquidity position is monitored closely by the management of the Company by maintaining an adequate level of bank balances and cash. The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	0-30 days	**31-90 days**	**91-365 days**	**Total undiscounted cash flows**	**Carrying amount**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2011					
Non-interest bearing	109,060	37,427	8,516	155,003	155,003
As at 31 December 2010					
Non-interest bearing	51,668	40,384	11,006	103,058	103,058

(c) Fair value

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

7. REVENUE

	2011	2010
	HK$'000	*HK$'000*
Sales of connectivity products mainly for computers and peripheral products	**370,848**	391,734

8. 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 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:

	2011			2010		
	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	**305,149**	**65,699**	**370,848**	321,451	70,283	391,734
SEGMENT PROFIT	**22,844**	**3,174**	**26,018**	35,846	7,343	43,189
Unallocated expenses			**(39,154)**			(37,443)
Other income			**2,593**			2,803
Other gains and losses			**(2,848)**			620
Change in fair value of investment properties			**1,650**			800
(Loss) profit before taxation			**(11,741)**			9,969

	2011			2010		
	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)*	**80,438**	**16,180**	**96,618**	75,248	17,488	92,736
Property, plant and equipment, prepaid lease payments and inventories *(Note)*			**113,923**			116,209
			210,541			208,945
Other unallocated assets			**151,200**			112,198
Total assets			**361,741**			321,143

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

OTHER INFORMATION (included in segment results)

Depreciation	**9,897**	**2,131**	**12,028**	9,813	2,024	11,837

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.

Information about the Group's revenue from external customers is presented based on the geographical location of the customers. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers	
	2011	2010
	HK$'000	*HK$'000*
ROC	**153,397**	188,791
Japan	**76,097**	79,641
United States of America	**41,524**	47,320
Korea	**94,581**	68,820
Others	**5,249**	7,162
	370,848	391,734

	Non-current assets (excluding available- for-sale investments, club debenture and other receivable)	
	2011	2010
	HK$'000	*HK$'000*
PRC	**79,577**	72,825
Hong Kong	**7,588**	16,086
Others	**865**	824
	88,030	89,735

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the Group's revenue are as follows:

	2011	2010
	HK$'000	*HK$'000*
Customer A[1]	**99,053**	153,937
Customer B[2]	**44,313**	47,800

1 Revenue from OEM customers

2 Revenue from Retail distributors

9. 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% (2010: 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 rate.

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 (loss) profit before taxation per the consolidated statement of comprehensive income as follows:

	2011	2010
	HK$'000	*HK$'000*
(Loss) profit before taxation	**(11,741)**	9,969
Tax at the domestic income tax rate of 25% (2010: 25%)	**(2,935)**	2,492
Tax effect of income not taxable for tax purpose	**(3,279)**	(3,837)
Tax effect of expenses not deductible for tax purpose	**6,558**	2,811
Tax effect of unrecognised tax losses	**1,084**	492
Effect of different tax rates of subsidiaries operating in other jurisdictions	**168**	131
Income tax on concessionary rate	**(155)**	(386)
Taxation charge for the year	**1,441**	1,703

At 31 December 2011, the Group has unused tax losses of HK$43,434,000 (2010: HK$39,098,000) 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 unused tax losses can be utilised. The tax losses arising from Hong Kong subsidiaries may be brought forward indefinitely while those arising from PRC subsidiaries may be brought forward for 5 years.

10. (LOSS) PROFIT FOR THE YEAR

	2011	2010
	HK$'000	*HK$'000*
(Loss) profit for the year has been arrived at after charging and (crediting):		
Directors' remuneration	**6,026**	6,026
Other staff costs		
Salaries and other benefits	**66,487**	66,155
Retirement benefit scheme contributions (excluding directors)	**2,888**	2,588
Total staff costs	**75,401**	74,769
Auditor's remuneration	**715**	715
Depreciation of property, plant and equipment	**12,028**	11,837
Amortisation of prepaid lease payments	**234**	224
Cost of inventories recognised as expenses (including allowance for inventories of HK$2,051,000 (2010: Nil))	**344,830**	348,544
Impairment loss on an available-for-sale investment	**1,418**	200
Loss (gain) on disposal of property, plant and equipment	**140**	(154)
Gain on disposal of prepaid lease payments	**–**	(353)
Net foreign exchange loss (gain)	**1,290**	(313)
Interest income on bank deposits recorded as other income	**(242)**	(367)

11. (LOSS) EARNINGS PER SHARE

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

	2011	2010
	HK$'000	*HK$'000*
(Loss) profit for the year attributable to the owners of the Company	**(13,288)**	7,953
	'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 2010 has been adjusted for the bonus issue of shares on a one-to-one basis on 8 June 2010.

No dilutive (loss) earnings per share has been presented because the Company did not have any outstanding potential dilutive ordinary share during both years.

12. DIVIDENDS

	2011	2010
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
2010 Final – HK0.3 cents (2010: 2009 final dividend of HK2.0 cents) per share	**1,920**	6,400

The final dividend of HK0.15 cents in respect of the year ended 31 December 2011 (2010: final dividend of HK0.30 cents in respect of the year ended 31 December 2010) per share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

13. TRADE AND OTHER RECEIVABLES

	2011	2010
	HK$'000	*HK$'000*
Trade receivables	**97,186**	93,304
Less: Allowance for doubtful debts	**(568)**	(568)
	96,618	92,736
Other receivables *(Note)*	**6,168**	7,352
Total trade and other receivables	**102,786**	100,088

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

Other receivable of HK$2,644,000 included in non-current asset as at 31 December 2011 represents advance made to third parties to invest in potential investment projects.

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 end of the reporting period:

	2011	2010
	HK$'000	*HK$'000*
0-30 days	**36,456**	34,780
31-120 days	**57,356**	56,043
121-180 days	**2,754**	1,612
Over 180 days	**52**	301
	96,618	92,736

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of HK$1,900,000 (2010: HK$2,463,000) which have been past due at the end of the reporting period 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 87 days (2010: 108 days).

Ageing of trade receivables which are past due but not impaired

	2011	2010
	HK$'000	*HK$'000*
31-120 days	**1,848**	2,034
121-180 days	**–**	128
Over 180 days	**52**	301
	1,900	2,463

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.

There was no movement in the allowance for doubtful debts for both years.

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:

	2011	2010
	HK$'000	*HK$'000*
USD	**2,036**	734
NTD	**–**	43

14. BANK BALANCES AND CASH

Bank balances and cash comprise short-term bank deposits of HK$68,856,000 (2010: HK$57,888,000) at fixed interest rates ranging from 0.1% to 1.7% (2010: 0.07% to 1.00%) per annum and bank balances of HK$62,535,000 (2010: HK$35,248,000) at variable interest rates with effective interest rates ranging from 0.01% to 0.5% (2010: 0.01% to 0.05%) 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:

	2011	2010
	HK$'000	*HK$'000*
USD	**748**	270
NTD	**4,760**	–
RMB	**6,895**	17,781
EUR	**20,161**	–

15. 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:

	2011	2010
	HK$'000	*HK$'000*
Trade payables		
Within 30 days	**20,391**	24,743
31 – 90 days	**35,869**	38,014
91 – 150 days	**25,812**	25,297
Over 150 days	**3,144**	2,800
	85,216	90,854
Other payables *(Note)*	**81,790**	24,443
	167,006	115,297

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.

As at 31 December 2011, included in other payable are advances of HK$56,327,000 received from third parties and a director of the Company. The Group intends to cooperate with these parties to procure potential investments.

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:

	2011	2010
	HK$'000	*HK$'000*
USD	**1,803**	–
NTD	**1,859**	3,979
RMB	**2,475**	1,828
EUR	**21,876**	–

16. AMOUNTS DUE TO DIRECTORS

The amounts are unsecured, interest free and repayable on demand.

17. RELATED PARTY AND CONNECTED TRANSACTIONS

In addition to the related party balances disclosed in note 16, during the year, the Group entered into the following transactions with connected and related parties:

Name	Nature of transactions	2011	2010
		HK$'000	*HK$'000*
Glory Mark Electronic Limited (incorporated in Taiwan) ("GM (Taiwan)")	Rental paid by the Group	**158**	149
Billion Mass Limited ("Billion Mass")	Rental paid by the Group	**816**	700

Mr. Pang Kuo-Shi, Mr. Wong Chun and Mr. Hsia Chieh-Wen, directors and shareholders of the Company, together hold 79% controlling interest in GM (Taiwan) and 100% controlling interest in Billion Mass. 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 2011, the Group recorded a consolidated revenue of approximately HK$370.8 million (2010: approximately HK$391.7 million), representing a slightly increase of approximately 5.3% as compared to the corresponding previous year.

Revenue to OEM customers and retail distributors were approximately HK$305.1 million and 65.7 million respectively, slightly decreased by 5.1% and 6.5% respectively as compared to 2010. In terms of geographical segments analysis, the turnover to ROC, Japan, USA and the other regions decreased by approximately 18.7%, 4.4%, 12.3% and 26.7% respectively. Revenue to Korea increased by approximately 37.5%.

Gross profit margin was 7.0% in 2011 as compared to 11.0% in 2010. The decrease in gross profit margin was mainly due to the increase in material costs and labour costs in China and the appreciation of Renminbi.

Other income

Other income was approximately HK$2.6 million as compared to approximately HK$2.8 million in 2010.

Selling and distribution expenses

Selling and distribution expenses decreased by 2.5% to approximately HK$11,666,000 in 2011, compared to approximately HK$11,963,000 in 2010. The decrease was in line with the turnover between the two comparative years.

Administrative expenses

Administrative expenses increased by 7.9% to approximately HK$27,488,000 in 2011, compared to approximately HK$25,481,000 in 2010.

Financial cost

The Group did not incur any financial cost in both 2011 and 2010.

Income tax expenses

The Group recorded an income tax expenses of approximately HK$1,441,000 in 2011, compared to HK$1,703,000 in 2010.

Non-controlling interests

Profit shared by non-controlling interests was approximately HK$106,000 in 2011, compared to a profit of approximately HK$313,000 in 2010. Profit shared by non-controlling interests represented non-controlling interests' share of profit in a company, which is partly owned by two third parties.

Loss for the year attributable to owners of the Company

Loss for the year attributable to owners of the Company was approximately HK$13,288,000 in 2011, compared to a profit of approximately HK$7,953,000 in 2010.

YEAR IN REVIEW

Liquidity and Financial Resources

As at 31 December 2011, the Group's net current assets, cash and bank balances and shareholders' funds amounted to approximately HK$76.9 million (2010: HK$89.1 million), HK$131.7 million (2010: HK$94.2 million) and HK$168.6 million (2010: HK$181.5 million) respectively. The current ratio, expressed as current assets over current liabilities, was maintained at the satisfactory level of 1.40 (2010: 1.64). 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 57 engineers/technicians in the research and development department as at 31 December 2011.

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 2011, the Group had 1,652 (2010: 1,798) employees. Employee remuneration, excluding directors' emoluments, for the year ended 31 December 2011 was approximately HK$69.4 million (2010: HK$68.7 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 6.82%, 52.76%, 26.79% and 13.63% respectively for the year ended 31 December 2011. (2010: 7.73%, 55.53%, 25.98% and 10.76% respectively).

Prospect

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

- Significantly increase in labour costs in China
- Appreciation of Renminbi
- Increase in material costs in particular copper price
- Unable to fully share the increased costs with customers

The Directors will take the following measures to alleviate the adverse effect:

- Continue to enhance the management system of the Group to improve operating efficiency
- To cut the loss business
- To invest in higher value-added business

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 HK 0.15 cents (2010: 0.30 cents) per share, which is subject to the approval of the shareholders in general meeting for the year ended 31 December 2011. The final dividend will be payable on 18 June 2012 (Monday) to the shareholders whose names appear on the Register of Members of the Company on 28 May 2012 (Monday).

Closure of Register for Annual General Meeting

The Registers of Members of the Company to attend the annual general meeting (the "AGM") will be closed from 11 May 2012 (Friday) to 16 May 2012 (Wednesday) (both dates inclusive). All properly completed shares transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch register, Hong Kong Registrars Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 10 May 2012 (Thursday) for registration.

Closure of Register for Dividend

The registers of members of the company for entitlement of dividend will be closed from 23 May 2012 (Wednesday) to 28 May 2012 (Monday) (both days inclusive). All properly completed shares transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch register, Hong Kong Registrars Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 22 May 2012 (Tuesday) for registration.

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

At 31 December 2011, 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	116,544,000	18.21%
Mr. Hsia Chieh-Wen ("Mr. Hsia")	Beneficial owner	69,888,000	10.92%

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 2011.

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 2011, 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 has maintained a sufficient public float throughout the year ended 31 December 2011.

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.

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 shows that the following shareholder had notified the Company of relevant interests and short positions in the issued share capital of the Company as at 31 December 2011.

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

During the year, the Group paid rental expenses of HK$158,000 (2010:HK$149,000) to San Chen Company in which Mr. Pang Kuo Shi holds 42.75% equity interest and can exercise significant influence in it.

Other than as disclosed above and 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.

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.

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.

DONATIONS

During the year, the Group made charitable and other donations amounting to HK$18,000.

CORPORATE GOVERNANCE

The Company complied throughout the year ended 31 December 2011 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 reelection. 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 complied 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.

AUDITOR

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board
Pang Kuo Shi
Chairman

Hong Kong, 26 March 2012

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. 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 its date of publication and on the Company's website at www.glorymark.com.tw/hk/investors.htm.