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 2012

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 the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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 2012, together with the comparative figures for the corresponding period of 2011, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	NOTES	**2012**	2011
		HK$'000	*HK$'000*
Revenue	*4*	**291,376**	370,848
Cost of sales		**(254,418)**	(344,830)
Gross profit		**36,958**	26,018
Other income		**3,568**	2,593
Other gains and losses		**(214)**	(2,848)
Change in fair value of investment properties		**3,950**	1,650
Selling and distribution expenses		**(10,845)**	(11,666)
Administrative expenses		**(26,502)**	(27,488)
Profit (loss) before taxation		**6,915**	(11,741)
Income tax expense	*6*	**(1,648)**	(1,441)
Profit (loss) for the year	*7*	**5,267**	(13,182)
Other comprehensive income for the year			
Exchange differences arising from translation of foreign operations		**365**	2,346
Total comprehensive income (expense) for the year		**5,632**	(10,836)
Profit (loss) for the year attributable to:			
Owners of the Company		**4,901**	(13,288)
Non-controlling interests		**366**	106
		5,267	(13,182)
Total comprehensive income (expense) attributable to:			
Owners of the Company		**5,266**	(10,942)
Non-controlling interests		**366**	106
		5,632	(10,836)
Earnings (loss) per share	*8*		
Basic		**HK0.77 cents**	(HK2.08 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2012

	NOTES	**2012**	2011
		HK$'000	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**62,635**	69,064
Prepaid lease payments		**9,630**	9,797
Investment properties		**10,700**	6,750
Available-for-sale investments		**4,469**	1,189
Club debenture		**560**	560
Deposits for land use rights		**660**	655
Deposits paid for acquisition of property, plant and equipment		**1,705**	1,764
Other receivable		**1,342**	2,644
		91,701	92,423
CURRENT ASSETS			
Inventories		**24,367**	34,828
Trade and other receivables	*10*	**63,072**	102,786
Bank balances and cash	*11*	**157,985**	131,704
		245,424	269,318
CURRENT LIABILITIES			
Trade and other payables	*12*	**135,979**	167,006
Amounts due to directors	*14*	**1,371**	1,371
Taxation payable		**25,856**	24,077
		163,206	192,454
NET CURRENT ASSETS		**82,218**	76,864
		173,919	169,287
CAPITAL AND RESERVES			
Share capital		**64,000**	64,000
Reserves		**108,896**	104,590
Equity attributable to owners of the Company		**172,896**	168,590
Non-controlling interests		**1,023**	697
		173,919	169,287

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2012

	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 2011	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
Profit for the year	**–**	**–**	**–**	**4,901**	**4,901**	**366**	**5,267**
Other comprehensive income	**–**	**–**	**365**	**–**	**365**	**–**	**365**
Total comprehensive income for the year	**–**	**–**	**365**	**4,901**	**5,266**	**366**	**5,632**
Acquisition of additional interest in a subsidiary	**–**	**–**	**–**	**–**	**–**	**(40)**	**(40)**
Dividends recognised as distribution ***(Note 12)***	**–**	**–**	**–**	**(960)**	**(960)**	**–**	**(960)**
At 31 December 2012	**64,000**	**680**	**11,987**	**96,229**	**172,896**	**1,023**	**173,919**

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 2012

	2012	2011
	HK$'000	*HK$'000*
OPERATING ACTIVITIES		
Profit (Loss) before taxation	**6,915**	(11,741)
Adjustments for:		
Interest income	**(999)**	(242)
Depreciation of property, plant and equipment	**9,178**	12,028
Amortisation of prepaid lease payments	**238**	234
(Reversal of allowance) allowance for inventories	**(604)**	2,051
Change in fair value of investment properties	**(3,950)**	(1,650)
Loss on disposal of property, plant and equipment	**28**	140
Impairment loss on an available-for-sale investment	**317**	1,418
Operating cash flows before movements in working capital	**11,123**	2,238
Decrease (increase) in inventories	**10,960**	(2,281)
Decrease (increase) in trade and other receivables	**39,692**	(2,678)
Decrease in trade and other payables	**(30,978)**	(5,310)
Cash generated from operations	**30,797**	(8,031)
Income taxes paid	**(33)**	(579)
NET CASH FROM OPERATING ACTIVITIES	**30,764**	(8,610)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(2,296)**	(5,959)
Purchase of available-for-sale investments	**(2,045)**	–
Interest received	**999**	242
Advance paid for potential investments	**(250)**	(2,644)
Deposits paid for acquisition of property, plant and equipment	**–**	(91)
Proceeds from disposal of property, plant and equipment	**–**	100
Advances received from third parties and a director	**–**	56,327
NET CASH FROM (USED IN) INVESTING ACTIVITIES	**(3,592)**	47,975
FINANCING ACTIVITIES		
Dividends paid	**(960)**	(1,920)
Acquisition of additional interest in a subsidiary	**(40)**	–
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(1,000)**	(1,920)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**26,172**	37,445
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	**131,704**	94,176
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**109**	83
CASH AND CASH EQUIVALENTS CARRIED FORWARD represented by bank balances and cash	**157,985**	131,704

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 amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets; and
Amendments to HKFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets

Amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets"

The Group has applied for the first time the amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets" in the current year. Under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property" are presumed to be recovered entirely through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The Group measures its investment properties using the fair value model. As a result of the application of the amendments to HKAS 12, the directors reviewed the Group's investment property portfolios and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors have determined that the "sale" presumption set out in the amendments to HKAS 12 is not rebutted.

The application of the amendments to HKAS 12 has resulted in the Group not recognising any deferred taxes on changes in fair value of the investment properties as the Group is not subject to any income taxes in relation to the fair value gain or loss of investment properties. The amendments to HKAS 12 have been applied retrospectively.

In the current year, no deferred taxes have been provided for changes in fair value of the Group's investment properties.

The application of the amendments has had no impact on profit and loss in the current or prior year as the deferred tax liabilities recognised on the fair value change of the investment properties was fully offset by the deferred tax assets recognised on unused tax losses. Accordingly, no impact on deferred tax amount and tax losses recognised in prior year.

The application of the other amendments to 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 HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle[1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[2]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[2]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

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

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:

All recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are 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.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

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.

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 the application of the new standard may result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 Presentation of Items of Other Comprehensive Income introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a "statement of comprehensive income" is renamed as a "statement of profit or loss and other comprehensive income". The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in future accounting periods.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations 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. REVENUE

	2012	2011
	HK$'000	*HK$'000*
Sales of connectivity products mainly for computers and peripheral products	**291,376**	370,848

5. 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:

	2012			2011		
	OEM customers	**Retail distributors**	**Total**	OEM customers	Retail distributors	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
SEGMENT REVENUE						
– External sales	**237,345**	**54,031**	**291,376**	305,149	65,699	370,848
SEGMENT PROFIT	**31,281**	**5,677**	**36,958**	22,844	3,174	26,018
Unallocated expenses			**(37,347)**			(39,154)
Other income			**3,568**			2,593
Other gains and losses			**(214)**			(2,848)
Change in fair value of investment properties			**3,950**			1,650
Profit (loss) before taxation			**6,915**			(11,741)

	2012			2011		
	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)*	**41,683**	**12,766**	**54,449**	80,438	16,180	96,618
Property, plant and equipment, prepaid lease payments and inventories *(Note)*			**96,870**			113,923
			151,319			210,541
Other unallocated assets			**185,806**			151,200
Total assets			**337,125**			361,741

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

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 property, plant and equipment, prepaid lease payments and receivables are not separately allocated to the individual segments. In contrast, the Group's executive directors regularly review trade receivables by operating segment.

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 enterprise income tax in the PRC. The applicable enterprise income tax rate of the PRC is 25% (2011: 25%) in accordance with the relevant income tax law and regulations in the PRC, except for certain subsidiaries of the companies, which are taxed at a preferential rate in 2011. These tax concessions expired in 2011.

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

	2012	2011
	HK$'000	*HK$'000*
Profit (loss) before taxation	**6,915**	(11,741)
Tax at the domestic income tax rate of 25% (2011: 25%)	**1,729**	(2,935)
Tax effect of income not taxable for tax purpose	**(3,089)**	(3,279)
Tax effect of expenses not deductible for tax purpose	**2,328**	6,558
Tax effect of unrecognised tax losses	**590**	1,084
Effect of different tax rates of subsidiaries operating in other jurisdictions	**90**	168
Income tax on concessionary rate of 12.5% (2011: 12.5%)	**–**	(155)
Taxation charge for the year	**1,648**	1,441

At 31 December 2012, the Group has unused tax losses of HK$13,767,000 (2011: HK$11,407,000) 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. Unused tax losses related to PRC subsidiaries being amounted to HK$2,507,000 (2011: HK$611,000) and will expire between 2013 and 2017 (2011: between 2012 and 2016).

7. PROFIT (LOSS) FOR THE YEAR

	2012	2011
	HK$'000	*HK$'000*
Profit (loss) for the year has been arrived at after charging and (crediting):		
Directors' remuneration	**6,002**	6,026
Other staff costs		
Salaries and other benefits	**60,236**	66,487
Retirement benefit scheme contributions (excluding directors)	**3,304**	2,888
Total staff costs	**69,542**	75,401
Auditor's remuneration	**715**	715
Depreciation of property, plant and equipment	**9,178**	12,028
Amortisation of prepaid lease payments	**238**	234
Cost of inventories recognised as expenses (including reversal of allowance for inventories of HK$604,000 (2011: allowance of inventories of HK$2,051,000))	**254,418**	344,830
Impairment loss on available-for-sale investments	**317**	1,418
Loss on disposal of property, plant and equipment	**28**	140
Net foreign exchange (gain) loss	**(131)**	1,290
Interest income on bank deposits recorded as other income	**(999)**	(242)

8. EARNINGS (LOSS) PER SHARE

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

	2012	2011
	HK$'000	*HK$'000*
Profit (loss) for the year attributable to the owners of the Company	**4,901**	(13,288)

	'000	*'000*
Number of ordinary shares for the purpose of basic earnings (loss) per share	**640,000**	640,000

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

9. DIVIDENDS

	2012	2011
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
2011 Final – HK0.15 cents (2011: 2010 final dividend of HK0.30 cents) per share	**960**	1,920

The final dividend of HK0.30 cents in respect of the year ended 31 December 2012 (2011: final dividend of HK0.15 cents in respect of the year ended 31 December 2011) per share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

10. TRADE AND OTHER RECEIVABLES

	2012	2011
	HK$'000	*HK$'000*
Trade receivables	**55,017**	97,186
Less: Allowance for doubtful debts	**(568)**	(568)
	54,449	96,618
Other receivables, prepayment to suppliers and deposits *(Note)*	**8,623**	6,168
Total trade and other receivables	**63,072**	102,786

Other receivable classified as non-current asset as at 31 December 2012 of HK$1,342,000 (2011: HK$2,644,000) included in non-current asset as at 31 December 2012 represents advances made to third parties to procure potential investment projects which is are not refundable. The amount will be transferred to available-for-sale investments upon share allotment.

The Group allows an average credit period ranging from 30 to 180 days 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 which approximated the respective revenue recognition dates:

	2012	2011
	HK$'000	*HK$'000*
0-30 days	**19,605**	36,456
31-120 days	**33,577**	57,356
121-180 days	**965**	2,754
Over 180 days	**302**	52
	54,449	96,618

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of HK$2,204,000 (2011: HK$1,900,000) 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 95 days (2011: 87 days).

Ageing of trade receivables which are past due but not impaired

	2012	2011
	HK$'000	*HK$'000*
31-120 days	**948**	1,848
121-180 days	**954**	–
Over 180 days	**302**	52
	2,204	1,900

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:

	2012	2011
	HK$'000	*HK$'000*
USD	**380**	2,036

11. BANK BALANCES AND CASH

Bank balances comprise short-term bank deposits with the original maturity of three months or less of HK$122,716,000 (2011: HK$68,856,000) at fixed interest rates ranging from 0.28% to 3.28% (2011: 0.1% to 1.7%) per annum and bank balances of HK$34,078,000 (2011: HK$62,535,000) at variable interest rates with effective interest rates ranging from 0.003% to 0.35% (2011: 0.01% to 0.5%) per annum and cash balances of HK$1,191,000 (2011: HK$313,000).

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:

	2012	2011
	HK$'000	*HK$'000*
USD	**482**	748
NTD	**5,069**	4,760
RMB	**97,972**	6,895
EUR	**12**	20,161

12. TRADE AND OTHER PAYABLES

The Group has been granted an average credit period ranging from 30 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:

	2012	2011
	HK$'000	*HK$'000*
Trade payables		
Within 30 days	**12,857**	20,391
31 – 90 days	**23,747**	35,869
91 – 150 days	**13,793**	25,812
Over 150 days	**3,140**	3,144
	53,537	85,216
Other payables *(Note)*		
Temporary receipt for potential investments	**56,327**	56,327
Receipt-in-advance	**2,742**	2,644
Others	**23,373**	22,819
	82,442	81,790
	135,979	167,006

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

As at 31 December 2012, included in other payable are temporary receipt for potential investments advances of HK$56,327,000 (2011: HK$56,327,000) received from third parties. The Group intends to cooperate with these parties to procure potential investments. The amount is refundable to third parties upon termination of the potential investments. The negotiation for the potential investments is on on-going basis. Upon finalization of the terms, the amount will be transferred to the counter party as the investment cost.

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:

	2012	2011
	HK$'000	*HK$'000*
USD	**–**	1,803
NTD	**15,603**	1,859
RMB	**1,397**	2,475
EUR	**18**	21,876

13. AMOUNTS DUE TO DIRECTORS

The amounts are unsecured, interest free and repayable on demand. One of the directors is also a shareholder who has significant influence over the Company.

14. RELATED AND CONNECTED PARTY TRANSACTIONS

In addition to the related party balances disclosed in note 14, during the year, the Group entered into the following transactions with related and connected parties:

Name	**Nature of transactions**	**2012**	2011
		HK$'000	*HK$'000*
Glory Mark Electronic Limited (incorporated in Taiwan) ("GM (Taiwan)")	Rental paid by the Group	**158**	158
Billion Mass Limited ("Billion Mass")	Rental paid by the Group	**804**	816
San Chen Company ("San Chen")	Rental paid by the Group	**158**	158
Yu Lan	Rental paid by the Group	**126**	–

Mr. Pang Kuo-Shi, director and shareholder with significant influence over the Company, and Mr. Wong Chun and Mr. Hsia Chieh-Wen, directors and substantial shareholders of the Company, together hold 79% controlling interest in GM (Taiwan) and 100% controlling interest in Billion Mass. San Chen is 42.75% owned by Mr. Pang Kuo-Shi and Yu Lan is the spouse of Mr. Pang Kuo-Shi. 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.

For the year ended 31 December 2011, the Group received an advance of HK$621,000 from Mr. Pang Kuo-Jang, a connected party of the Company, to procure potential investments.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue and gross profit

For the year ended 31 December 2012, the Group recorded a consolidated turnover of approximately HK$291.4 million (2011: approximately HK$370.8 million), representing a decrease of approximately 21.4% as compared to the corresponding previous year.

Revenue to OEM customers and retail distributors were approximately HK$237.3 million and 54.0 million respectively, decreased by approximately 22.2% and 17.8% respectively as compared to 2011. In terms of geographical segments analysis, the turnover to ROC, Japan, USA and Korea decreased by approximately 45.7%, 5.4%, 1.4% and 7.2% respectively. Revenue to the other regions increased by approximately 40.4%.

Gross profit margin was 12.7% in 2012 as compared to 7.0% in 2011. The increase in gross profit margin was mainly due to the marketing strategy adopted in 2012. During the discussing year, the Group rejected the orders with very low or negative gross profit margins from all the customers. As a consequence, the Group recorded a lower turnover in the discussing year. Despite of these, the Group managed to achieved a net profit attributable to shareholders of approximately HK$4.9 million for the year ended 31 December 2012 (2011: a net loss of approximately HK$13.3 million respectively).

Other income

Other income was approximately HK$3.6 million as compared to approximately HK$2.6 million in 2011. During 2012, the Group placed its surplus cash into Renminbi deposits. The increase in other income during the discussing year was mainly attributable to the gain in exchange and the higher interest rates of the captioned deposits.

Selling and distribution expenses

Selling and distribution expenses decreased by 7.0% to approximately HK$10,845,000 in 2012 (2011: approximately HK$11,666,000). The decrease was in line with the turnover between the two comparative years.

Administrative expenses

Administrative expenses decreased by 3.6% to approximately HK$26,502,000 in 2012, compared to approximately HK$27,488,000 in 2011, which was a result of effective cost control exercised by the Group.

Financial cost

The Group did not incur any financial cost in both 2012 and 2011.

Income tax expenses

The Group recorded an income tax expense of approximately HK$1,648,000 in 2012, compared to HK$1,441,000 in 2011.

Profit for the year attributable to owners of the Company

Profit for the year attributable to owners of the Company was approximately HK$4,901,000 in 2012, compared to a loss of approximately HK$13,288,000 in 2011.

YEAR IN REVIEW

Liquidity and Financial Resources

As at 31 December 2012, the Group's net current assets, cash and bank balances and shareholders' funds amounted to approximately HK$82.2 million (2011: HK$76.9 million), HK$158.0 million (2011: HK$131.7 million) and HK$172.9 million (2011: HK$168.6 million) respectively. The current ratio, expressed as current assets over current liabilities, was maintained at the satisfactory level of 1.50 (2011: 1.40). The Group had no bank borrowing 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 54 engineers/technicians in the research and development department as at 31 December 2012.

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 2012, the Group had 1,245 (2011: 1,652) employees. Employee remuneration, excluding directors' emoluments, for the year ended 31 December 2012 was approximately HK$60.8 million (2011: HK$69.4 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 4.78%, 46.39%, 33.15% and 15.68% respectively for the year ended 31 December 2012. (2011: 6.82%, 52.76%, 26.79% and 13.63% respectively).

Prospect

The Directors anticipated that the weak economic recovery in U.S.A. and the European countries, the significant uptick in wages and shortage of labour in PRC will continue to weigh on our industry in 2013. The Group is seeking for alternative production site in ASEAN countries in order to minimise part of these unfavourable effects. 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 HK0.30 cents (2011: 0.15 cents) per share, which is subject to the approval by the shareholders in annual general meeting for the year ended 31 December 2012. The final dividend will be payable on 11 June 2013, Tuesday to the shareholders whose names appear on the register on Members of the Company on 14 May 2013, Tuesday. The amount absorbed thereby is HK$1,920,000.00 (final dividend for year ended 31 December 2011: HK$960,000.00).

Closure of Register for AGM

The register of members of the Company will be closed from 3 May 2013, Friday to 7 May 2013, Tuesday (both dates inclusive), for the purposes of determining the entitlements of the Shareholders to attend and vote at the AGM. No transfer of the Shares may be registered on those dates. In order to qualify to attend and vote at the AGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on 2 May 2013, Thursday.

Closure of Register for Final Dividend

The register of members of the Company will be closed from 14 May 2013, Tuesday to 16 May 2013, Thursday (both dates inclusive), for the purposes of determining the entitlements of the Shareholders to the proposed final dividend upon the passing of relevant resolution. No transfer of the Shares may be registered on those dates. In order to qualify for the proposed final dividend, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on 13 May 2013, Monday.

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

At 31 December 2012, 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 2012.

SHARE OPTION SCHEME

During the year ended 31 December 2012, no share options were granted or exercised. As at 31 December 2012, no share options were outstanding.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than as disclosed above, at no time during the year ended 31 December 2012 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 2012.

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 as having notifiable interest in the issued share capital of the Company as at 31 December 2012.

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 expense of HK$158,000 (2011: HK$158,000) 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 15, 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 ended 31 December 2012.

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 of the Company.

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 ended 31 December 2012.

DONATIONS

During the year ended 31 December 2012, the Group made charitable and other donations amounting to HK$21,000.

CORPORATE GOVERNANCE

The Company complied throughout the year ended 31 December 2012 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 A.4.1 provides that non-executive Directors should be appointed for specific term, subject to reelection. The Company deviated from this provision in that 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.

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 2013

As at the date of this announcement, the Board comprises Messrs. Pang Kuo-Shi also known as Steve Pang, Wong Chun and Hsia Chieh-Wen also known as Paul Hsia 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/investor.htm.