



GLORY MARK HI-TECH (HOLDINGS) LIMITED

輝煌科技(控股)有限公司

(Incorporated in the Caymans Islands and continued in Bermuda with limited liability)

(Stock Code: 8159)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK 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.

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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.

INTERIM RESULTS

The board of directors (the “**Directors**” or “**Board**”) of the Company is pleased to present the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the three months (the “**Second Quarter**”) and six months (the “**Half-Year**”) ended 30 June 2017 (collectively the “**Periods**”) together with the comparative unaudited figures for the corresponding periods in 2016 as follows:

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

For the six months ended 30 June 2017

		Three months ended 30 June		Six months ended 30 June	
		2017	2016	2017	2016
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Notes	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	3	92,284	75,073	179,737	138,832
Cost of sales		(77,926)	(65,688)	(152,990)	(122,813)
Gross profit		14,358	9,385	26,747	16,019
Other income		1,192	724	2,092	1,214
Selling and distribution expenses		(2,904)	(3,042)	(6,269)	(5,395)
Administrative expenses		(6,868)	(8,975)	(13,138)	(16,780)
Profit/(Loss) before taxation	5	5,778	(1,908)	9,432	(4,942)
Income tax expenses	6	(652)	(589)	(1,219)	(1,001)
Profit/(Loss) for the period		5,126	(2,497)	8,213	(5,943)
Other comprehensive income/(expense) for the period:					
Exchange differences arising from translation of foreign operation		446	(709)	1,535	(112)
Total comprehensive income/(expense) for the period		5,572	(3,206)	9,748	(6,055)
Profit for the period attributable to:					
– Equity holders of the Company		4,943	(2,581)	7,861	(5,382)
– Non-controlling interests		183	84	352	(561)
		5,126	(2,497)	8,213	(5,943)
Total comprehensive income/(expense) attributable to:					
– Equity holders of the Company		5,389	(3,290)	9,396	(5,494)
– Non-controlling interests		183	84	352	(561)
		5,572	(3,206)	9,748	(6,055)
Earnings/(Loss) per share					
Basic	7	HK0.77 cents	(HK0.40 cents)	HK1.23 cents	(HK0.84 cents)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

		30 June 2017 <i>HK\$'000</i> (Unaudited)	31 December 2016 <i>HK\$'000</i> (Audited)
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment	9	55,583	54,665
Prepaid lease payments		7,900	7,749
Investment properties	9	11,490	11,490
Club debenture	10	1,160	1,160
Deposit for land use rights		610	590
Deposits paid for acquisition of property, plant and equipment		397	—
		<u>77,140</u>	<u>75,654</u>
CURRENT ASSETS			
Inventories		21,981	27,364
Trade and other receivables	11	81,038	81,472
Prepaid lease payments		222	215
Bank balances and cash		58,701	43,031
		<u>161,942</u>	<u>152,082</u>
CURRENT LIABILITIES			
Trade and other payables	12	106,103	106,820
Amounts due to directors		1,937	1,463
Dividend payable	8	1,920	—
Taxation payable		32,048	30,207
		<u>142,008</u>	<u>138,490</u>
NET CURRENT ASSETS		<u>19,934</u>	<u>13,592</u>
NET ASSETS		<u>97,074</u>	<u>89,246</u>
CAPITAL AND RESERVES			
Share capital	13	6,400	6,400
Reserves		89,619	82,143
		<u>96,019</u>	<u>88,543</u>
Equity attributable to owners of the Company		96,019	88,543
Non-controlling interests		1,055	703
Total Equity		<u>97,074</u>	<u>89,246</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Share capital HK\$'000	Merger reserve HK\$'000	Translation reserve HK\$'000	Contribution surplus HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000	Non- Controlling interest HK\$'000	Total HK\$'000
At 1 January 2016	64,000	680	9,885	-	77,636	152,201	1,176	153,377
(loss) for the period	-	-	-	-	(5,382)	(5,382)	(561)	(5,943)
Capital reduction	(57,600)	-	-	57,600	-	-	-	-
Other comprehensive (expense)	-	-	(112)	-	-	(112)	-	(112)
Total comprehensive (expense)								
income for the year	(57,600)	-	(112)	57,600	(5,382)	(5,494)	(561)	(6,055)
Dividends recognized as distribution	-	-	-	-	(6,400)	(6,400)	-	(6,400)
At 30 June 2016	6,400	680	9,773	57,600	65,854	140,307	615	140,922
At 1 January 2017	6,400	680	9,194	-	72,269	88,543	703	89,246
Profit for the period	-	-	-	-	7,861	7,861	352	8,213
Other comprehensive income	-	-	1,535	-	-	1,535	-	1,535
Total comprehensive income for the year	-	-	1,535	-	7,861	9,396	352	9,748
Dividends recognised as distribution	-	-	-	-	(1,920)	(1,920)	-	(1,920)
At 30 June 2017	6,400	680	10,729	-	78,210	96,019	1,055	97,074

Note:

- 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.
- The Capital reorganization has become effective on 10 March 2016, the par value of each of the then issued shares of the Company of HK\$0.10 each in the share capital of the Company be reduced from HK\$0.10 to HK\$0.01 by cancelling the capital paid-up thereon to the extent of HK\$0.09 on each of the issued share such that the par value of each of the then issued share be reduced from HK\$0.10 to HK\$0.01.
- On 3 August 2016, the Directors declared a special dividend of HK\$0.093 per share of the Company (the "Special Dividend"), which was paid to the eligible shareholders on 6 September 2016. The Special Dividend in the total amount of HK\$59,520,000 was paid out from the distributed reserve accounts of the Company, HK\$57,600,000 of which was debited to the contributed surplus account.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the six months ended 30 June 2017

	Six months ended 30 June 2017 <i>HK\$'000</i> (Unaudited)	Twelve months ended 31 December 2016 <i>HK\$'000</i> (Audited)
NET CASH FROM OPERATING ACTIVITIES	17,568	20,011
NET CASH (USED IN) INVESTING ACTIVITIES	(2,629)	(4,098)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	474	(65,787)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	257	1,156
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	15,670	(48,718)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	43,031	91,749
CASH AND CASH EQUIVALENTS AT END OF PERIOD	58,701	43,031
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS represented by bank balances and cash	58,701	43,031

Notes:

1. GENERAL AND BASIS OF PRESENTATION

The Company was incorporated in the Cayman Islands and continued in Bermuda with limited liability. The Company is listed on the GEM 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 for the year ended 31 December 2016 and the announcement of Change of Domicile, Registered Office Address, Principal Share Registrar and Share Transfer Agent; and Adoption of New Memorandum of Continuance and Bye-laws date 19 February 2016.

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.

The unaudited Half-Yearly consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Exchange”) and with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), and accounting principles generally accepted in Hong Kong.

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited half-yearly consolidated financial statements have been prepared under the historical cost convention except for investment properties, which are measured at fair value. The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2016 (“the 2016 Financial Statements”), except for the amendments and interpretations of HKFRSs (“New HKFRSs”) issued by HKICPA, which have become effective in this period as detailed in notes of the 2016 Financial Statements. The adoption of such New HKFRSs has no material impact on the accounting policies in the Group’s condensed consolidated financial statements for the period.

3. REVENUE

Revenue represents the amounts received and receivable, net of discounts and returns, from the sales of connectivity products mainly for computers, computer peripheral products, multi-media consumable electronics products, communication products, automobile electronics accessories, wire harness and medical equipments and subcontracting service rendered during the period under review.

4. SEGMENT INFORMATION

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

Segment information reported internally for the purposes of resources allocation and performance assessment is analysed based on the class of customers which is the same as information reported to the chief operating decision makers. The Group is currently engaged in the sales of connectivity products to 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:

Business segments

	Three months ended 30 June		Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Revenue				
OEM customers	56,149	53,122	122,691	100,732
Retail distributors	36,135	21,951	57,046	38,100
	<u>92,284</u>	<u>75,073</u>	<u>179,737</u>	<u>138,832</u>
Segment Profit				
OEM customers	10,642	7,851	19,558	13,903
Retail distributors	3,716	1,534	7,189	2,116
	<u>14,358</u>	<u>9,385</u>	<u>26,747</u>	<u>16,019</u>
Other income	1,192	724	2,092	1,214
Unallocated expenses	(9,772)	(12,017)	(19,407)	(22,175)
Profit/(Loss) before taxation	<u>5,778</u>	<u>(1,908)</u>	<u>9,432</u>	<u>(4,942)</u>

Geographical segments

Sales analysis by geographical customer market:

	Three months ended 30 June				Six months ended 30 June			
	2017 HK\$'000 (Unaudited)	%	2016 HK\$'000 (Unaudited)	%	2017 HK\$'000 (Unaudited)	%	2016 HK\$'000 (Unaudited)	%
Korea	41,224	44.7%	35,531	47.3%	79,354	44.2%	63,602	45.8%
Japan	22,131	24.0%	19,200	25.6%	43,169	24.0%	32,965	23.8%
Taiwan	6,469	7.0%	11,340	15.1%	23,435	13.0%	24,435	17.6%
United States of America (“U.S.A.”)	12,359	13.4%	4,935	6.6%	21,189	11.8%	11,247	8.1%
Others	10,101	10.9%	4,067	5.4%	12,590	7.0%	6,583	4.7%
	<u>92,284</u>	<u>100.0%</u>	<u>75,073</u>	<u>100.0%</u>	<u>179,737</u>	<u>100.0%</u>	<u>138,832</u>	<u>100.0%</u>

5. PROFIT/(LOSS) BEFORE TAXATION

Profit/(Loss) before taxation has been arrived at after charging:

	Three months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Depreciation and amortisation	<u>1,654</u>	<u>1,757</u>	<u>3,252</u>	<u>3,498</u>

6. INCOME TAX EXPENSES

The amount represents current tax charge on assessable profit arising in jurisdiction other than Hong Kong and is calculated at the rates prevailing in the relevant jurisdiction. No provision for Hong Kong profits tax has been made in the condensed consolidated financial statements, as the Group has no assessable profit arising in Hong Kong in both periods.

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

7. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings per share for the Second Quarter and Half-Year is based on the consolidated profit attributable to shareholders of approximately HK\$4,943,000 and HK\$7,861,000 respectively (consolidated (loss) attributable to shareholders for three months and six months ended 30 June 2016: HK\$(2,581,000) and HK\$(5,382,000) respectively) and on the number of 640,000,000 shares (2016: 640,000,000 shares) in issue.

No dilutive earnings per share has been presented for the Second Quarterly Period and Half-Yearly Period because there is no outstanding share options in the respective periods.

8. DIVIDEND

During the period, a dividend of HK0.3 cents per share (2016: HK1.0 cents) was payable to shareholders as the final dividend for 2016.

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2017. (six months ended 30 June 2016: nil).

9. PROPERTY, PLANT AND EQUIPMENT, AND INVESTMENT PROPERTIES

During the period, the Group acquired property, plant and equipment at a total cost of approximately HK\$2,272,000 (six months ended 30 June 2016: HK\$1,750,000). The investment properties were valued at HK\$11,490,000 on 31 December 2016 by Centaline Surveyors Limited, an independent qualified professional valuer not connected with the Group.

The fair value was determined using direct comparison approach assuming sales of the properties in their respective existing state and by making reference to comparable sales evidences as available on the market. There has been no change from the valuation technique used in the prior year.

The Directors consider that the fair value of the investment properties as at 30 June 2017 was not significantly different from their carrying value as at 31 December 2016.

10. CLUB DEBENTURE

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

11. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period ranging from 30 days to 180 days to its trade customers. The following is an aged analysis of trade receivables at the reporting date:

	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Within 30 days	29,977	29,868
From 31 days to 120 days	42,646	44,924
From 121 days to 180 days	2,722	295
Over 180 days	43	46
	75,388	75,133
Other receivables	5,650	6,339
	81,038	81,472

12. TRADE AND OTHER PAYABLES

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

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

	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Within 30 days	17,065	21,135
From 31 days to 90 days	33,976	32,134
From 91 days to 150 days	8,505	9,827
Over 150 days	3,540	3,435
	63,086	66,531
Other payables	43,017	40,289
	106,103	106,820

13. SHARE CAPITAL

Pursuant to an unanimously resolution passed by the shareholders in the extraordinary general meeting held on 28 January 2016, the par value of each of the then issued share of HK\$0.10 each in the share capital of the Company (“Share(s)”) be reduced from HK\$0.10 to HK\$0.01 by cancelling the capital paid-up thereon to the extent of HK\$0.09 on each of the then issued Shares such that the par value of each of the then Share be reduced from HK\$0.10 to HK\$0.01.

The total capital of Company is then reduced from HK\$64,000,000 to HK\$6,400,000.

14. RELATED PARTY TRANSACTIONS

During the period, the Group entered into the following transactions with related parties:

Name of related party	Nature of transactions	Three months ended		Six months ended	
		30 June 2017	30 June 2016	30 June 2017	30 June 2016
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Glory Mark Electronic Limited (incorporated in Republic of China) (“ GM Taiwan ”) (Note 1)	Rentals paid	39	36	77	71
Billion Mass Limited (“ Billion Mass ”) (Note 1)	Rentals paid	258	258	516	516
San Chen Company Limited (“ San Chen ”) (Note 2)	Rentals paid	39	36	77	71
Yu Lan (Note 2)	Rental paid	32	30	62	57

Note 1: Mr. Pang Kuo-Shi, Mr. Wong Chun, directors and shareholders of the Company, together hold 79% controlling interest in GM (Taiwan) and 100% controlling interest in Billion Mass.

Note 2: San Chen is 42.75% owned by Mr. Pang Kuo-Shi and Ms. 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 GEM Listing Rules that constitutes connected transactions.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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

Benefit from some higher value-added products launched by the Group, the depreciation of Renminbi and the stabilized labour cost in PRC, the gross profit ratio of the Group during the discussion period increased by approximately 3.3% as compared with the last corresponding period.

The Group will enhance the launching of higher value-added products and continue to exercise careful cost controls to withstand the sluggish global demand.

With an effort to further develop the business of the Group and improve the financial performance of the Group and achieve better return for the shareholders of the Company, on 4 July 2017, the Group entered a conditional business cooperation agreement (the “Agreement”) with the relevant companies beneficially owned by Mr. Wang Li Feng, Mr. Kong Lixing and Mr. Zhao Guo Xing, all are executive directors of the Company, for the solicitation of architectural design business (the “Business”) from independent developers. The Agreement is subject to the approval of the independent shareholders of the Company in a forthcoming special general meeting. Detail of which should be referred to the announcements of the Company dated 23 May 2017 and 4 July 2017 respectively.

The Directors hold a positive view as to the results of the Group in the coming quarters.

Financial Review

Revenue and gross profit

The Group recorded a revenue of HK\$179,737,000 for the six months ended 30 June 2017 (six month ended 30 June 2016: HK\$138,832,000), representing an increase of 29.5%.

Revenue generated from OEM customers and retail distributors increased by approximately 21.8% and 49.7% respectively as compared with the last corresponding period.

Revenue generated in Korea, Japan, USA and the other regions increased by 24.8%, 31.0%, 88.4% and 91.2% respectively. Revenue generated from Taiwan slightly decreased by 4.1%.

Other income

The Group earned other income of approximately HK\$2,092,000 during the six months ended 30 June 2017 (six months ended 30 June 2016: HK\$1,214,000).

Selling and distribution expenses

The selling and distribution expenses was approximately HK\$6,269,000 during the six months end 30 June 2017 (six months end 30 June 2016: HK\$5,395,000). The increase in these expenses matched with the revenue increment.

Administrative expenses

The selling and distribution expenses was approximately HK\$13,138,000 during the six months end 30 June 2017 (six months ended 30 June 2016: HK\$16,780,000). During the six months ended 30 June 2016, legal and professional expenses of approximately HK\$3.5 million was used for the takeovers issue.

Financial cost

The Group did not incur any financial cost for both periods ended 30 June 2017 and 2016.

Net Profit

The Group reported a net profit attributable to owners of the Company for the Half-Yearly Period of approximately HK\$7,861,000 (six months ended 30 June 2016: loss of approximately HK\$5,382,000).

Earnings/(Loss) per share

The basic earnings per share was approximately HK1.23 cents (six months ended 30 June 2016: loss per share of approximately HK0.84 cents)

Liquidity and financial resources

As at 30 June 2017, the Group's net current assets, bank balances and cash and shareholders' funds amounted to approximately HK\$19.9 million, HK\$58.7 million and HK\$96.0 million (31 December 2016: HK\$13.6 million, HK\$43.0 million and HK\$88.5 million) respectively. The current ratio, expressed as current assets over current liabilities, was maintained at the level of 1.14 (31 December 2016: 1.10).

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

As at 30 June 2017, the interests and short position of the directors, the chief executive and their associates in the shares and underlying shares of the Company or its associate corporation (within the meaning of Part XV of the Securities and Futures Ordinance Chapter 571 ("SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Exchange") pursuant to the required standards of dealings by directors of listed issuer as referred to the Rules 5.46 to 5.67 of Chapter 5 of the Rules Governing the Listing of Securities on the Growth Enterprise Market ("GEM") operated by the Exchange (the "GEM Listing Rules") and Divisions 7 and 8 of Part XV of the SFO, were as follows:

Ordinary shares of HK\$0.01 each of the Company

Name of director	Capacity	Number of issued ordinary shares held	Percentage of issued share capital of the Company
Wang Li Feng ("Mr. Wang") (Note 1)	Beneficial owner	355,620,000	55.57%
Mr. Pang Kuo-Shi (Note 2)	Interest in a controlled corporation	74,403,000	11.63%
Mr. Wong Chun ("Mr. Wong")	Beneficial owner	31,390,000	4.90%

Note 1: The 355,620,000 shares are held by PT Design Group Holdings Limited ("PT Design"). PT Design is held by Wise Thinker Holdings Limited (which is wholly owned by Mr. Wang, the chairman and an executive Director) as to approximately 63.28%, Zhao Li Holdings Limited (which is wholly owned by Mr. Kong Lixing, an executive Director) as to approximately 12.50%, Jin Hong Tai Holdings Limited (which is wholly owned by Mr. Dong Jianqiang, an executive Director) as to approximately 12.22%, Atelier Urbaneer Limited (which is wholly owned by Mr. Zhao Guo Xing, an executive Director) as to 7% and Nexterm Holdings Limited (which is wholly owned by Mr. He Yongyi, an executive Director) as to 5%.

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

Other than as disclosed above, none of the directors, the chief executive, nor their associates had any interests or short positions in any shares or underlying shares of the Company or any of its associated corporations at 30 June 2017.

SHARE OPTION SCHEMES

The share option scheme of the Company adopted on 13 December 2001 (the “Scheme”) for the purpose of providing incentives to directors and eligible employees was expired. No share option was granted under the Scheme since its adoption. Save as aforesaid, there is no other share option scheme subsist during the period under review.

SUBSTANTIAL SHAREHOLDERS

Other than the interests disclosed under the section headed “Directors’ and Chief Executive’s Interests and Short Positions in Shares and Underlying Shares” above, no person in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO was disclosed as having a notifiable interest or short position in the issued share capital of the Company as at 30 June 2017:

COMPLIANCE WITH GEM LISTING RULES 5.48 TO 5.67

The Company has adopted a code of conduct regarding directors’ securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Directors, upon specific enquiry being made, confirm that during the six months ended 30 June 2017, they have complied with the required standards of dealings and the Company’s code of conduct regarding directors’ securities transactions.

INTERESTS IN COMPETING BUSINESS

During the six months ended 30 June 2017, none of the Directors or the management shareholders or their respective associates of the Company had an interest in a business, which competes or may compete with the business of the Group.

CONNECTED TRANSACTIONS AND DIRECTORS’ INTERESTS IN CONTRACTS

Save as disclosed in note 14 above:

- (i) Reference is made to the announcements of the Company dated 23 May 2017 and 4 July 2017 in relation to continuing connected transactions. On 4 July 2017, PT Design International Limited (an indirect wholly-owned subsidiary of the Company) (“PT Design International”), Australia PT Design Consultants Limited (“PT Consultants”) and PT Technology and Science Holding Limited entered into the Agreement. Pursuant to which, the parties agree to cooperate with each other for the solicitation of the Business from independent developer. Unless otherwise requested by the independent developer, the Business will be first undertaken by PT Design International as general design contractor and PT Design International will be responsible for masterplanning and general design work while all architectural schematic design work will be subcontracted to PT Consultants. As PT Consultants is a company owned

and controlled by Mr. Wang Li Feng, the chairman and an executive Director, PT Consultants is a connected person of the Company. Therefore, the transactions contemplated under the Agreement will constitute continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

The Company is still in the course of preparing a circular containing, among other things, (i) a letter of recommendation from the independent board committee (the “IBC”) to the independent shareholders of the Company; (ii) a letter of advice from the independent financial adviser to the IBC and the shareholders of the Company; (iii) further details on the continuing connected transactions (including the proposed annual caps); and (iv) a notice to convene a special general meeting. The circular will be despatched to the shareholders of the Company as soon as practicable.

- (ii) save as disclosed, there were no transactions, which need to be disclosed as connected transactions in accordance with the requirements of the GEM Listing Rules; and
- (iii) no contract of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the period under review.

CORPORATE GOVERNANCE

The Company complied throughout the three months period ended 30 June 2017 with the code provisions in the Code on Corporate Governance Practices contained in Appendix 15 to the GEM Listing Rules, save as the following: –

- (i) 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 Dr. Lui Ming Wah and Mr. Lau Ho Kit, Ivan, all being 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.
- (ii) Code provision A.5.6 provides that the nomination committee (or the board) should have a policy concerning diversity of board members, and should disclose the policy or a summary of the policy in the corporate governance report. Given that the members of the nomination committee consider that the current composition allows the Board to perform its function efficiently, the nomination committee has yet adopted a diversity policy. The nomination committee will adopt such a policy and set measurable objectives therefore in year 2017 with an aim to evaluate the optimal composition of the Board.

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 of the Company comprises four members namely, Mr. Lau Ho Kit, Ivan (Chairman), Mr. Liu Ping Chun, Dr. Hon. Lo Wai Kwok SBS, MH, JP and Dr. Zhu Wenhui, who are all independent non-executive directors of the Company. The primary duties of the Audit Committee are to review and supervise the financial reporting and internal control procedures of the Company. The first quarterly results presented herein have not been audited but have been reviewed by the Audited Committee members who have provided advice and comments thereon

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the six months ended 30 June 2017.

On behalf of the Board
Wang Li Feng
Chairman

Hong Kong Special Administrative Region of the People's Republic of China
14 August 2017

As at the date of this announcement, the Board comprises Mr. Wang Li Feng, Mr. Kong Lixing, Mr. Dong Jianqiang, Mr. Zhao Guo Xing, Mr. He Yongyi, Mr. Pang Kuo-Shi also known as Steve Pang and Mr. Wong Chun being executive directors and Mr. Liu Ping Chun, Mr. Lau Ho Kit, Ivan, Dr. Hon. Lo Wai Kwok, SBS, MH, JP and Dr. Zhu Wenhui being independent non-executive directors.

This announcement will remain on the "Latest Company Announcements" page of the GEM website for at least seven days from the date of publication and on the Company's website at www.glorymark.com.tw/hk/investor.htm.

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