



GLORY MARK HI-TECH (HOLDINGS) LIMITED

輝煌科技(控股)有限公司

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

(Stock Code: 8159)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2019

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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 Stock 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.

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*This announcement, for which the directors (the “**Directors**”) of GLORY MARK HI-TECH (HOLDINGS) LIMITED (the “**Company**”, together with its subsidiaries, the “**Group**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (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 “**Board**”) of the Company is pleased to present the unaudited condensed consolidated financial statements of the Group for the three months (the “**Second Quarter**”) and six months (the “**Half-Year Period**”) ended 30 June 2019 (collectively the “**Periods**”) together with the comparative unaudited figures for the corresponding periods in 2018 as follows:

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

For the three months and six months ended 30 June 2019

		Three months ended 30 June		Six months ended 30 June	
		2019	2018	2019	2018
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Notes	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	3	100,347	88,071	178,716	171,621
Cost of sales		(84,250)	(74,869)	(151,775)	(149,200)
Gross profit		16,097	13,202	26,941	22,421
Other income		1,560	982	2,473	2,299
Selling and distribution expenses		(2,941)	(2,797)	(5,079)	(5,177)
Administrative expenses		(9,454)	(7,691)	(17,715)	(15,248)
Share of profit of a joint venture		965	1,941	775	2,134
Profit before taxation	5	6,227	5,637	7,395	6,429
Income tax expenses	6	(1,214)	(638)	(1,937)	(1,286)
Profit for the period		5,013	4,999	5,458	5,143
Other comprehensive income/(expense) for the period:					
Exchange differences arising from translation of foreign operation		(638)	(951)	(306)	117
Total comprehensive income/(expense) for the period		4,375	4,048	5,152	5,260
Profit for the period attributable to:					
– Equity holders of the Company		5,100	4,990	5,545	5,022
– Non-controlling interests		(87)	9	(87)	121
		5,013	4,999	5,458	5,143
Total comprehensive income/(expense) attributable to:					
– Equity holders of the Company		4,462	4,039	5,239	5,139
– Non-controlling interests		(87)	9	(87)	121
		4,375	4,048	5,152	5,260
Earnings per share					
Basic	7	HK0.80 cents	HK0.78 cents	HK0.87 cents	HK0.78 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

		As at 30 June 2019 <i>HK\$'000</i> (Unaudited)	As at 31 December 2018 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	9	49,684	51,766
Prepaid lease payments		7,379	7,498
Investment properties	9	14,980	14,980
Interest in a joint venture		3,404	2,628
Club debenture	10	1,160	1,160
Deposits paid		1,578	1,445
		<u>78,185</u>	<u>79,477</u>
CURRENT ASSETS			
Inventories		38,694	43,930
Trade and other receivables	11	83,307	80,525
Contract assets		7,709	5,630
Prepaid lease payments		220	220
Bank balances and cash		63,640	65,087
		<u>193,570</u>	<u>195,392</u>
CURRENT LIABILITIES			
Trade and other payables	12	107,113	103,147
Contract liabilities		2,464	12,770
Amounts due to directors		737	1,473
Taxation payable		37,729	36,999
		<u>148,043</u>	<u>154,389</u>
NET CURRENT ASSETS		<u>45,527</u>	<u>41,003</u>
NET ASSETS		<u>123,712</u>	<u>120,480</u>
CAPITAL AND RESERVES			
Share capital	13	6,400	6,400
Reserves		116,959	113,640
		<u>123,359</u>	<u>120,040</u>
Equity attributable to owners of the Company		353	440
Non-controlling interests			
Total Equity		<u>123,712</u>	<u>120,480</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019 – unaudited

	Share capital	Merger reserve	Translation reserve	Retained profits	Sub-total	Non- Controlling interest	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2018	6,400	680	11,443	87,353	105,876	462	106,338
Profit for the period	-	-	-	5,022	5,022	121	5,143
Other comprehensive expense	-	-	117	-	117	-	117
Total comprehensive (expense) income for the year	-	-	117	5,022	5,139	121	5,260
Dividends recognized as distribution	-	-	-	(9,600)	(9,600)	-	(9,600)
At 30 June 2018	6,400	680	11,560	82,775	101,415	583	101,998
At 1 January 2019	6,400	680	10,751	102,209	120,040	440	120,480
Profit for the period	-	-	-	5,545	5,545	(87)	5,458
Other comprehensive expense	-	-	(306)	-	(306)	-	(306)
Total comprehensive (expense) income for the year	-	-	(306)	5,545	5,239	(87)	5,152
Dividends recognised as distribution	-	-	-	(1,920)	(1,920)	-	(1,920)
At 30 June 2019	6,400	680	10,445	105,834	123,359	353	123,712

Note:

- i. 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.
- ii. 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.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019	2018
	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	2,964	(1,786)
NET CASH (USED IN) INVESTING ACTIVITIES	(1,440)	(1,692)
NET CASH (USED IN) FINANCING ACTIVITIES	(2,656)	(9,600)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(315)	454
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,447)	(12,624)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	65,087	61,608
CASH AND CASH EQUIVALENTS AT END OF PERIOD	63,640	48,984
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
represented by bank balances and cash	63,640	48,984

Notes:

1. GENERAL AND BASIS OF PRESENTATION

The Company was incorporated in the Cayman Islands and continued in Bermuda with limited liability. The Company was listed on 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 of the annual report of the Company for the year ended 31 December 2018.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”). 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 consolidated financial statements for the Half-Year Period have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules and with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), and accounting principles generally accepted in Hong Kong.

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited consolidated financial statements for the Half-Year Period 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 2018 (“**the 2018 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 2018 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. During the year of 2018, the Group started to engage in the provision of comprehensive architectural services (master-planning and architectural design). The Group’s operating segments under HKFRS 8 are as follows:

	Six months ended 30 June 2019				Six months ended 30 June 2018			
	OEM Customers HK\$'000	Retail distributors HK\$'000	Provision of comprehensive architectural services HK\$'000	Total HK\$'000	OEM Customers HK\$'000	Retail distributors HK\$'000	Provision of comprehensive architectural services HK\$'000	Total HK\$'000
SEGMENT REVENUE								
– External sales	92,884	52,168	33,664	178,716	107,553	53,800	10,268	171,621
SEGMENT PROFIT	14,970	2,728	9,243	26,941	15,635	3,107	3,679	22,421
Unallocated expenses				(22,019)				(18,291)
Other income				2,473				2,299
Profit before taxation				7,395				6,429

Note: The nature of products, the production processes and the methods used to distribute the products to the OEM customers and retail 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 inventories are not separately allocated to the individual segments. In contrast, the Group’s executive directors regularly review trade receivables by operating segments.

Geographical segments

The Group's operation are located in Hong Kong, the PRC and Taiwan.

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							
	Three months ended 30 June				Six months ended 30 June			
	2019		2018		2019		2018	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(Unaudited)		(Unaudited)		(Unaudited)		(Unaudited)	
Korea	20,096	20.0%	38,326	43.5%	44,904	25.1%	75,058	43.7%
Japan	23,299	23.2%	16,936	19.2%	41,636	23.3%	37,245	21.7%
Taiwan	10,710	10.7%	2,564	2.9%	17,545	9.8%	7,016	4.1%
United States of America ("U.S.A.")	16,819	16.8%	17,902	20.3%	32,258	18.1%	32,734	19.1%
PRC	24,949	24.9%	7,622	8.7%	34,850	19.5%	11,304	6.6%
Others	4,474	4.4%	4,721	5.4%	7,523	4.2%	8,264	4.8%
	<u>100,347</u>	<u>100.0%</u>	<u>88,071</u>	<u>100.0%</u>	<u>178,716</u>	<u>100.0%</u>	<u>171,621</u>	<u>100.0%</u>

5. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging:

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Depreciation and amortisation	<u>1,751</u>	<u>1,965</u>	<u>3,565</u>	<u>3,953</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 PER SHARE

The calculation of basic loss per share for the Second Quarter and Half-Year Period is based on the consolidated profit attributable to shareholders of approximately HK\$5,100,000 and HK\$5,545,000 respectively (consolidated profit attributable to shareholders for three months and six months ended 30 June 2018: HK\$4,990,000 and HK\$5,022,000 respectively) and on the number of 640,000,000 shares (2018: 640,000,000 shares) in issue.

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

8. DIVIDEND

The Directors do not recommend the payment of any interim dividend for the Half-Year Period (six months ended 30 June 2018: nil).

9. PROPERTY, PLANT AND EQUIPMENT, AND INVESTMENT PROPERTIES

During the Half-Year Period, the Group acquired property, plant and equipment at a total cost of approximately HK\$1,431,000 (six months ended 30 June 2018: HK\$2,069,000). The investment properties were valued at HK\$14,980,000 on 31 December 2018 by Centaline Surveyors Limited, an independent qualified professional valuer.

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 2019 was not significantly different from their carrying value as at 31 December 2018.

10. CLUB DEBENTURE

The club debenture represents entrance fee paid to a golf club. The Directors consider that no impairment is identified with reference to market price of the club debenture.

11. TRADE AND OTHER RECEIVABLES

The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period which approximately the respective revenue recognition dates:

	Total 30 June 2019 <i>HK\$'000</i>	31 December 2018 <i>HK\$'000</i>
Within 30 days	29,709	28,282
From 31 days to 120 days	44,018	42,555
From 121 days to 180 days	3,393	1,378
Over 180 days	60	—
	77,180	72,215
Other receivables	6,127	8,310
Total	83,307	80,525

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 aging analysis of trade payables at the reporting date:

	As at 30 June 2019 <i>HK\$'000</i> (Unaudited)	As at 31 December 2018 <i>HK\$'000</i> (Audited)
Within 30 days	11,123	6,085
From 31 days to 90 days	38,340	11,769
From 91 days to 150 days	6,085	12,617
Over 150 days	4,347	25,248
	59,895	55,719
Other payables	47,218	47,428
Total	107,113	55,719

13. SHARE CAPITAL

Pursuant to an unanimously resolution passed by the shareholders at the extraordinary general meeting of the Company 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 was then reduced from HK\$64,000,000 to HK\$6,400,000.

14. AMOUNTS DUE TO DIRECTORS

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is engaging 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 “**Electronics Business**”). The Group is one of the leading VGA cables manufacturers in the world. To diversify the Group’s business and seek new exponential growth, the Group is also engaging in master-planning and architectural design business (the “**Master-planning and Architectural Design Business**”) which involves master-planning work, general design work and architectural schematic design work.

Financial Review

Revenue and profit

The Electronics Business

During the Half-Year Period, the Group continued to be dragged down by the Sino-US trade war. Revenue of this business segment decreased by 10.1% as compared with the corresponding period in 2018. Although the Group had launched some higher value-added products and tried to improve its production cost efficiencies during the Half-Year Period, the gross profit of this business segment dropped approximately 5.6% as compared with the corresponding period in 2018.

The Electronics Business contributed revenue and gross profit of approximately HK\$145.1 million and HK\$17.7 million respectively to the Group during the Half-Year Period (corresponding period in 2018: HK\$161.3 million and HK\$18.7 million respectively).

The Directors anticipated that the impact of the Sino-US trade war is still highly uncertain, which is the main factor that will affect the Electronics Business of the Group in the coming periods.

The Master-planning and Architectural Design Business

The Directors recognized that the introduction of this business segment in 2017 is a good decision. The revenue recognized from this business segment was growing satisfactorily since the introduction of this business in the third quarter of 2017. This business segment contributed revenue and gross profit of approximately HK\$33.7 million and HK\$9.2 million respectively during the Half-Year Period (corresponding period in 2018: HK\$10.3 million and HK\$3.7 million respectively), increased significantly by approximately 227.2% and 148.6% respectively.

Despite the business of providing comprehensive architectural services may not be affected by the Sino-US trade war, it is uncertain as to whether the Sino-US trade war would produce a chain reaction and as such, there is no guarantee that this business segment would not be affected in near future.

Having considered the overall situations, the Directors keep a very conservative view as to the results of the Group in the coming quarters and the Company will pay close attention to the market condition and the development of the Sino-US trade war.

Other income

The Group earned other income of approximately HK\$2,473,000 during the Half-Year Period (corresponding period in 2018: HK\$2,299,000).

Selling and distribution expenses

The selling and distribution expenses was approximately HK\$5,079,000 during the Half-Year Period (corresponding period in 2018: HK\$5,177,000). The decrease in these expenses matched with the drop of revenue.

Administrative expenses

The administrative expenses was approximately HK\$17,715,000 during the Half-Year Period (corresponding period in 2018: HK\$15,248,000). The increase of administrative expense is in line with the rapid growth of the Master-planning and Architectural Design Business.

Financial cost

The Group did not incur any financial cost for both periods ended 30 June 2019 and 2018.

Net Profit

The Group reported a net profit attributable to owners of the Company for the Half-Year Period of approximately HK\$5,545,000 (corresponding period in 2018: HK\$5,022,000), increased by approximately 10.4%.

Profit per share

The basic earnings per share for the Half-Year Period was approximately HK0.87 cents (corresponding period in 2018: profit per share of approximately HK0.78 cents).

Liquidity and financial resources

As at 30 June 2019, the Group's net current assets, cash and bank balances and shareholders' funds amounted to approximately HK\$45.5 million, HK\$63.6 million and HK\$123.4 million (31 December 2018: HK\$41.0 million, HK\$65.1 million and HK\$120.0 million) respectively. The current ratio, expressed as current assets over current liabilities, was maintained at the level of 1.31 (31 December 2018: 1.27).

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

As at 30 June 2019, 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 (the “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 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 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

(a) Ordinary shares of HK\$0.1 each of the Company

Name of director	Capacity	Number of issued ordinary shares held	Percentage of issued share capital of the Company
Mr. Wang Li Feng (“ Mr. Wang ”) (<i>Note 1</i>)	Beneficial owner	355,620,000	55.57%
Mr. Pang Kuo-Shi (<i>Note 2</i>)	Interest in a controlled corporation	74,403,000	11.63%
Mr. Wong Chun (“ Mr. Wong ”)	Beneficial owner	31,390,000	4.9%

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 owned as to 90.17% by Mr. Wang, the chairman and an executive Director; approximately 3.97% by Aggregation Investment Limited; approximately 1.68% by Polygons Union Limited; and approximately 1.25% by Platinum Time Co., Ltd.) as to 63.28%, Zhao Li Holdings Limited (which is wholly-owned by Mr. Kong Lixing, an executive Director) as to approximately 6.65%, Infinity Glory Investments Limited (which is wholly-owned by Mr. Wang) as to approximately 23.79%, Atelier Urbaneer Limited (which is wholly-owned by Mr. Zhao Guo Xing, an executive Director) as to approximately 3.62% and Nexterm Holdings Limited (which is wholly-owned by Mr. He Yongyi, an executive Director) as to approximately 2.66%. Mr. Wang is deemed to be interested in the 355,620,000 Shares under the SFO.

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, under the SFO.

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 or any of the Company’s associated corporations as at 30 June 2019.

SHARE OPTION SCHEME

Pursuant to the Company's share option scheme adopted on 13 December 2001 (the “**Scheme**”) for the purpose of providing incentives to Directors and eligible employees, the Company may grant options to executive Directors and fulltime employees of the Group to subscribe for Shares of the Company.

The total number of Shares in respect of which options may be granted under the Scheme is not permitted to exceed 30% of the Shares in issue at any point in time, without prior approval from the Shareholders. The number of Shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the Shares in issue at any point in time, without prior approval from the Shareholders. Options granted to substantial Shareholders or independent non-executive Directors or their associates in excess of 0.1% of the Company's share capital or with a value in excess of HK\$5 million must be approved in advance by the Shareholders.

A nominal consideration of HK\$1 is payable on acceptance of the grant of options. Options may be exercised at any time from the thirteenth month from the date of grant to the fifth anniversary of the date of grant. The exercise price is determined by the Directors, and will be at least the highest of (i) the closing price of the Shares on the date of grant, (ii) the average closing price of the Shares for the five business days immediately preceding the date of grant, and (iii) the nominal value of the Shares.

No share options have been granted under the Scheme since its adoption.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save for the Scheme, at no time during the Half-Year Period was the Company or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

SUFFICIENCY OF PUBLIC FLOAT

The Company had maintained a sufficient public float throughout the Half-Year Period.

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 positions in the issued share capital of the Company as at 30 June 2019.

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 Half-Year Period, they have complied with the required standards of dealings and the Company's code of conduct regarding directors' securities transactions.

INTERESTS IN COMPETITORS

During the Half-Year Period, the following Directors had interests in the following business which were considered to compete or likely to compete, either directly or indirectly, with the business of the Group (other than those business where the Directors were appointed as directors to represent the interests of the Company and/or the Group):

Name of Director	Name of entity which were considered to compete or likely to compete with the business of the Group	Description of competing business	Nature of interests
Mr. Wang	Australia PT Design Consultants Limited (“PT Consultants”)	Provision of architectural design service (other than technical and documentation work)	Directly holding 27.6% interest in PT Consultants and a director
	PT Architectural Design (Shenzhen) Company Limited (“PT Shenzhen”)	Provision of architectural design service (other than technical and documentation work)	Indirectly holding 27.6% interest in PT Shenzhen through PT Consultants and a director
	Shanghai PT Architecture Design & Consultant Co., Ltd (“Shanghai PT”)	Provision of architectural design service (other than technical and documentation work)	Indirectly holding 17% interest in Shanghai PT and a director

Name of Director	Name of entity which were considered to compete or likely to compete with the business of the Group	Description of competing business	Nature of interests
Mr. Kong Lixing	PT Shenzhen	Provision of architectural design service (other than technical and documentation work)	Indirectly holding 22.0% interest through PT Consultants and a director
	Shanghai PT	Provision of architectural design service (other than technical and documentation work)	Indirectly holding 17% interest in Shanghai PT and a director
	PT Consultants	Provision of architectural design service (other than technical and documentation work)	A director and directly holding 22.0% interest in PT Consultants
Mr. Zhao Guo Xing	PT Consultants	Provision of architectural design service (other than technical and documentation work)	Directly holding 13.6% interest in PT Consultants
	PT Shenzhen	Provision of architectural design service (other than technical and documentation work)	Indirectly holding 13.6% interest through PT Consultants and a director and general manager
Mr. He Yongyi	Shanghai PT	Provision of architectural design service (other than technical and documentation work)	Indirectly holding 17% interest in Shanghai PT and a director

As (i) each of the above Directors is fully aware of their fiduciary duty to the Group, and will abstain from voting on any matter where there is or may be a conflict of interest; (ii) the architectural design service will be first undertaken by the Group as general design contractor, unless otherwise requested by independent developers; (iii) unless otherwise requested by independent developers, all master-planning work shall be first subcontracted to the Group; (iv) the Group have the first right of refusal on accepting the architectural schematic design work unless it is specifically requested by the independent developers that such work shall be performed by PT Consultants or PT Shenzhen; and (v) each of Mr. Wang, Mr. Kong Lixing and Mr. He Yongyi has not involved in the day-to-day management and operation of Shanghai PT, the Group is capable of carrying its business independently of and at arm's length from the businesses of these entities.

Save as disclosed above, during the Half-Year Period, none of the Directors or the controlling Shareholders or their respective close associates had an interest in a business, which competes or may compete with the business of the Group.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's bye-laws, or the laws of Bermuda, which would oblige the Company to offer new Shares on a pro-rata basis to the existing Shareholders.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Shares during the Half-Year Period.

DIVIDENDS

The Directors do not recommend the payment of any interim dividend for the Half-Year Period.

CORPORATE GOVERNANCE

The Company complied throughout the Half-Year Period with the code provisions in the Code on Corporate Governance Practices contained in Appendix 15 to the GEM Listing Rules, save as the following:—

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 Mr. Lau Ho Kit, Ivan, being independent non-executive Director, was not appointed for specific term. He is, 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 the Directors' service are appropriate given that the Directors ought to be committed to representing the long term interests of the Shareholders and the retirement and re-election requirements of non-executive Directors have already given the Shareholders the right to approve continuation of non-executive Directors' offices.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) comprises four members, namely Mr. Lau Ho Kit, Ivan, Dr. Hon. Lo Wai Kwok, SBS, MH, JP, Mr. Fong Chi Wai, Alex and Mr. Lu Yongchao who are all independent non-executive Directors. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and has also reviewed and confirmed the Group’s unaudited financial results for the Half-Year Period and discussed auditing, internal control, risk management systems and financial reporting matters of the Group.

On behalf of the Board

Wang Li Feng

Chairman

Hong Kong, 14 August 2019

As at the date of this announcement, the executive Directors are Mr. Wang Li Feng, Mr. Wong Chun, Mr. He Yongyi, Mr. Pang Kuo Shi, Mr. Kong Lixing and Mr. Zhao Guo Xing; and the independent non-executive Directors are Mr. Lau Ho Kit, Ivan, Dr. Hon. Lo Wai Kwok SBS, MH, JP., Mr. Fong Chi Wai, Alex and Mr. Lu Yongchao.

This announcement will remain on the “Latest Listed Company Information” page of the GEM website at www.hkgem.com 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.