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GLORY MARK HI-TECH (HOLDINGS) LIMITED

輝煌科技(控股)有限公司

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

(Stock Code: 8159)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given the companies listed on GEM are generally small and mid-sized companies, 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 (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 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**”) 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 2020 (collectively the “**Periods**”) together with the comparative unaudited figures for the corresponding periods in 2019 as follows:

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

For the three months and six months ended 30 June 2020

		Three months ended 30 June		Six months ended 30 June	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
	Notes				
Revenue	3	101,333	100,347	156,723	178,716
Cost of sales and services rendered		(74,912)	(84,250)	(125,608)	(151,775)
Gross profit		26,421	16,097	31,115	26,941
Other income		1,033	1,560	1,887	2,473
Other gains and losses		(251)	—	(893)	—
Share of profit of joint ventures		2,093	965	537	775
Selling and distribution expenses		(1,811)	(2,941)	(3,277)	(5,079)
Administrative expenses		(12,126)	(9,454)	(22,289)	(17,715)
Profit before taxation	5	15,359	6,227	7,080	7,395
Income tax expenses	6	(756)	(1,214)	(1,176)	(1,937)
Profit for the period		14,603	5,013	5,904	5,458
Other comprehensive income for the period:					
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Exchange differences arising from translation of foreign operations		(1,070)	(638)	(74)	(306)
Total comprehensive income for the period		13,533	4,375	5,830	5,152
Profit/(loss) for the period attributable to:					
— Owners of the Company		14,752	5,100	6,311	5,545
— Non-controlling interests		(149)	(87)	(407)	(87)
		14,603	5,013	5,904	5,458
Total comprehensive income attributable to:					
— Owners of the Company		13,682	4,462	6,237	5,239
— Non-controlling interests		(149)	(87)	(407)	(87)
		13,533	4,375	5,830	5,152
Earnings per share					
Basic	7	HK2.25 cents	(Re-presented) HK0.78 cents	HK0.97 cents	(Re-presented) HK0.85 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	44,287	47,712
Right-of-use assets		7,708	8,014
Investment properties	9	14,750	14,750
Interests in joint ventures		4,300	3,763
Deposits paid		1,177	949
		<u>72,222</u>	<u>75,188</u>
CURRENT ASSETS			
Inventories		41,275	35,345
Trade and other receivables	10	99,052	64,791
Contract assets		2,158	1,250
Bank balances and cash		56,305	79,871
		<u>198,790</u>	<u>181,257</u>
CURRENT LIABILITIES			
Trade and other payables	11	87,749	81,936
Contract liabilities		2,727	5,253
Lease liabilities		413	413
Tax liabilities		38,347	38,770
		<u>129,236</u>	<u>126,372</u>
NET CURRENT ASSETS		<u>69,554</u>	<u>54,885</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>141,776</u>	<u>130,073</u>
NON-CURRENT LIABILITIES			
Lease liabilities		196	401
TOTAL LIABILITIES		<u>129,432</u>	<u>126,773</u>
NET ASSETS		<u>141,580</u>	<u>129,672</u>
CAPITAL AND RESERVES			
Share capital	12	7,040	6,400
Reserves		134,892	123,217
Equity attributable to owners of the Company		141,932	129,617
Non-controlling interests		(352)	55
TOTAL EQUITY		<u>141,580</u>	<u>129,672</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020 – unaudited

	Share capital HK\$'000 (Note 12)	Share premium HK\$'000 (Note i)	Merger reserve HK\$'000 (Note ii)	Translation reserve HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000	Non- controlling interest HK\$'000	Total HK\$'000
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 income	—	—	—	(306)	—	(306)	—	(306)
Total comprehensive income for the period	—	—	—	(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
At 1 January 2020	6,400	—	680	9,993	112,544	129,617	55	129,672
Profit for the period	—	—	—	—	6,311	6,311	(407)	5,904
Other comprehensive income	—	—	—	(74)	—	(74)	—	(74)
Total comprehensive income for the period	—	—	—	(74)	6,311	6,237	(407)	5,830
Issue of new shares (Note i)	640	5,438	—	—	—	6,078	—	6,078
At 30 June 2020	7,040	5,438	680	9,919	118,855	141,932	(352)	141,580

Notes:

- On 3 June 2020, the Company entered into a placing agreement with a placing agent pursuant to which the placing agent placed 64,000,000 placing shares at the placing price of HK\$0.1 per placing share to certain independent placees. The net proceeds from the subscription, net of related issued costs and expenses, will be used for general working capital of the Group.
- 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.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
NET CASH (USED IN)/ GENERATED FROM OPERATING ACTIVITIES	(30,426)	2,964
NET CASH GENERATED FROM/ (USED IN) INVESTING ACTIVITIES	347	(1,440)
NET CASH GENERATED FROM/ (USED IN) FINANCING ACTIVITIES	5,873	(2,656)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	640	(315)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(23,566)	(1,447)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	79,871	65,087
CASH AND CASH EQUIVALENTS AT END OF PERIOD	56,305	63,640
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
represented by bank balances and cash	56,305	63,640

Notes:

1. GENERAL AND BASIS OF PRESENTATION

The Company was incorporated in the Cayman Islands and continued in Bermuda with limited liability. The shares of the Company (the “**Shares**”) were listed on GEM of The Stock Exchange of Hong Kong Limited 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 2019.

The condensed 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 HK\$.

The Company acts as an investment holding company.

The unaudited condensed 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 condensed 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 2019 (“**the 2019 Financial Statements**”).

3. REVENUE

Sales of connectivity products

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.

Provision of comprehensive architectural services

Where the outcome of a contract of comprehensive architectural services can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs. Variations in contract work, claims, and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

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, and 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 2020				Six months ended 30 June 2019			
	OEM Customers <i>HK\$'000</i>	Retail distributors <i>HK\$'000</i>	Provision of comprehensive architectural services <i>HK\$'000</i>	Total <i>HK\$'000</i>	OEM Customers <i>HK\$'000</i>	Retail distributors <i>HK\$'000</i>	Provision of comprehensive architectural services <i>HK\$'000</i>	Total <i>HK\$'000</i>
SEGMENT REVENUE								
— External sales	77,214	64,873	14,636	156,723	92,884	52,168	33,664	178,716
SEGMENT PROFIT	14,171	13,429	3,515	31,115	14,970	2,728	9,243	26,941
Unallocated expenses				(25,566)				(22,794)
Other income				1,887				2,473
Other gains and losses				(893)				—
Share of profit of joint ventures				537				775
Profit before taxation				7,080				7,395

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			
	2020		2019		2020		2019	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
	(Unaudited)		(Unaudited)		(Unaudited)		(Unaudited)	
Korea	19,969	19.7%	20,096	20.0%	29,879	19.1%	44,904	25.1%
Japan	23,312	23.0%	23,299	23.2%	36,895	23.5%	41,636	23.3%
Taiwan	8,273	8.2%	10,710	10.7%	14,498	9.3%	17,545	9.8%
United States of America	31,028	30.6%	16,819	16.8%	46,140	29.4%	32,258	18.1%
PRC	11,617	11.5%	24,949	24.9%	19,208	12.3%	34,850	19.5%
Others	7,134	7.0%	4,474	4.4%	10,103	6.4%	7,523	4.2%
	<u>101,333</u>	<u>100.0%</u>	<u>100,347</u>	<u>100.0%</u>	<u>156,723</u>	<u>100.0%</u>	<u>178,716</u>	<u>100.0%</u>

5. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging:

	Three months ended		Six months ended	
	30 June		30 June	
	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Depreciation and amortisation	<u>1,527</u>	<u>1,751</u>	<u>3,161</u>	<u>3,565</u>

6. INCOME TAX EXPENSES

The amount mainly represents current tax expense on assessable profits arising in the PRC and is calculated at the rates prevailing in the PRC. Majority of the subsidiaries are subject to enterprise income tax in the PRC. The applicable enterprise income tax rate of the PRC is 25% in accordance with the relevant income tax law and regulations in the PRC for both periods, except for those subsidiaries described below.

Certain subsidiaries operating in the PRC fall within the Preferential Corporate Income Tax Catalogue in the specific zone. According to Cai Shui (2014) No.26, qualified companies in Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone are granted for a reduced enterprise income tax rate of 15% during the period from 1 January 2014 to 31 December 2020.

Also, certain subsidiaries operating in the PRC were accredited as “Cultural Innovation Enterprise” by the local tax authorities and were registered with the local tax authorities to be eligible to the reduced 15% enterprise income tax rate for a period of four years from 2017 to 2020. As a result, the tax rate of 15% is used to calculate the amount of current taxation.

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

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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\$14,752,000 and HK\$6,311,000 respectively (consolidated profit attributable to shareholders for three months and six months ended 30 June 2019: approximately HK\$5,100,000 and HK\$5,545,000 respectively) and on the weighted average number of approximately 655,202,000 and 652,524,000 ordinary shares respectively (2019: 649,846,000 (re-presented) and 649,846,000 (re-presented) ordinary shares respectively) in issue.

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

Basic earnings per share for three months and six months ended 30 June 2019 are re-presented to reflect the bonus element of the placing of Shares during the period.

8. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Half-Year Period (six months ended 30 June 2019: 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\$155,000 (six months ended 30 June 2019: approximately HK\$1,431,000). The investment properties were valued at HK\$14,750,000 on 31 December 2019 by Savills Valuation and Professional Services 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 2020 was not significantly different from their carrying value as at 31 December 2019.

10. 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:

	As at 30 June 2020 HK\$'000	As at 31 December 2019 HK\$'000
Within 30 days	32,951	22,830
From 31 days to 120 days	45,172	33,178
From 121 days to 180 days	1,700	1,851
Over 180 days	4,004	368
	83,827	58,227
Other receivables	15,225	6,564
Total	99,052	64,791

11. 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 2020 <i>HK\$'000</i> (Unaudited)	As at 31 December 2019 <i>HK\$'000</i> (Audited)
Within 30 days	15,953	14,400
From 31 days to 90 days	28,917	12,156
From 91 days to 150 days	9,447	10,553
Over 150 days	4,502	3,501
	<u>58,819</u>	<u>40,610</u>
Other payables	<u>28,930</u>	<u>41,326</u>
Total	<u><u>87,749</u></u>	<u><u>81,936</u></u>

12. SHARE CAPITAL

On 3 June 2020, the Company entered into a placing agreement with a placing agent pursuant to which the placing agent placed 64,000,000 placing shares at the placing price of HK\$0.1 per placing share to certain independent placees. The net proceeds from the subscription, net of related issued costs and expenses, will be used for general working capital of the Group.

The share capital of the Company was then increased from HK\$6,400,000 to HK\$7,040,000.

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 “**Architectural Design Business**”) which involves master-planning work, general design work and architectural schematic design work.

Financial Review

Revenue

The Electronics Business

During the Half-Year Period, the outbreak of the COVID-19 pandemic globally has imposed adverse impact on the consumer demand for electronic products globally and the Group’s production capacity and efficiencies in the PRC. The Directors believe that these are the main factors that will affect the Electronics Business of the Group in the future. To the extent manageable, the Group has used its best endeavours to fulfill its committed sales orders, remain in close contacts and liaison with its customers to closely follow up the delivery schedules and upcoming sales orders.

The Electronics Business contributed revenue of approximately HK\$142.1 million to the Group during the Half-Year Period (corresponding period in 2019: approximately HK\$145.1 million), representing a decrease of approximately 2.0%.

The Group will continue to assess the impact of COVID-19 on the Group’s business operations and will take appropriate measures as and when necessary.

The Architectural Design Business

The revenue recognised from this business segment was growing satisfactorily since the introduction of this business in the third quarter of 2017. Due to the outbreak of COVID-19 over the Half-Year Period, some of our design projects in the PRC were suspended and hence adversely affect this business segments. This business segment contributed revenue of approximately HK\$14.6 million during the Half-Year Period (corresponding period in 2019: approximately HK\$33.7 million), decreased significantly by approximately 56.5%.

Having considered the unfavourable and uncertain economic 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 outbreak of the COVID-19.

Gross profit

The Group recorded a gross profit of approximately HK\$31,115,000 for the Half-Year Period, representing an increase of approximately 15.5% as compared to approximately HK\$26,941,000 as recorded in the last corresponding period. The gross profit margin increased from approximately 15.1% for the six months ended 30 June 2019 to approximately 19.9% for the Half-Year Period as the Group had launched some higher value-added products and actively discussing the sales of such products at a mutually beneficial price and sales volume in order to minimise any possible negative impact on its business under to the outbreak of the COVID-19.

Other income

The Group earned other income of approximately HK\$1,887,000 during the Half-Year Period (corresponding period in 2019: approximately HK\$2,473,000), representing a decrease of approximately 23.7%.

Selling and distribution expenses

The selling and distribution expenses were approximately HK\$3,277,000 during the Half-Year Period (corresponding period in 2019: approximately HK\$5,079,000). The decrease in these expenses matched with the drop of revenue.

Administrative expenses

The administrative expenses were approximately HK\$22,289,000 during the Half-Year Period (corresponding period in 2019: approximately HK\$17,715,000), representing an increase of approximately 25.8% which was mainly caused by the additional costs incurred under the outbreak of COVID-19.

Finance costs

The Group did not incur any financial costs for both periods ended 30 June 2020 and 2019.

Net Profit

The Group reported a net profit attributable to owners of the Company for the Half-Year Period of approximately HK\$6,311,000 (corresponding period in 2019: approximately HK\$5,545,000), increased by approximately 13.8%.

Earnings per share

The basic earnings per share for the Half-Year Period was approximately HK0.97 cents (corresponding period in 2019: approximately HK0.85 cents (re-presented)).

Liquidity and financial resources

As at 30 June 2020, the Group's net current assets, cash and bank balances and shareholders' funds amounted to approximately HK\$69.6 million, HK\$56.3 million and HK\$141.6 million (31 December 2019: approximately HK\$54.9 million, HK\$79.9 million and HK\$129.7 million) respectively. The current ratio, expressed as current assets over current liabilities, was maintained at the level of approximately 1.54 (31 December 2019: approximately 1.43).

Capital Structure

On 3 June 2020, the Company entered into a placing agreement with a placing agent pursuant to which the placing agent placed 64,000,000 placing shares at the placing price of HK\$0.1 per placing share to certain independent placees. The net proceeds from the subscription, net of related issued costs and expenses, will be used for general working capital of the Group.

The share capital of the Company was then increased from HK\$6,400,000 to HK\$7,040,000.

Save as mentioned above, the Company did not run any capital exercise during the Half-Year Period.

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

As at 30 June 2020, 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

Name of director	Capacity	Number of issued ordinary shares held	Percentage of issued share capital of the Company
Mr. Wang Li Feng ("Mr. Wang") (Note)	Beneficial owner	355,620,000(L)	50.51%

(L) denotes long position

Note: The 355,620,000 Shares are held by PT Design Group Holdings Limited which is indirectly wholly owned by Mr. Wang.

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 2020.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2020, the following persons, not being a Director or chief executive of the Company, had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is interested, directly or indirectly, in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Ordinary Shares of HK\$0.01 each

Name of shareholder	Capacity	Number of issued ordinary Shares held	Percentage of issued share capital of the Company
PT Design Group Holdings Limited	Beneficiary owner	355,620,000(L)	50.51%
Mr. Pang Kuo-Shi ("Mr. Pang") (<i>Note</i>)	Interest in a controlled corporation	74,403,000(L)	10.57%
Modern Wealth Assets Limited (<i>Note</i>)	Beneficiary owner	74,403,000(L)	10.57%

(L) denotes long position

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

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 Company's 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 2020.

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 and former directors of the Company	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
Mr. Kong Lixing (Resigned on 5 December 2019)	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 (Resigned on 5 December 2019)	PT Consultants	Provision of architectural design service (other than technical and documentation work)	Directly holding 13.6% interest in PT Consultants

Name of Director and former directors of the Company	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
	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 (Resigned on 5 December 2019)	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 an interim dividend for the Half-Year Period.

CORPORATE GOVERNANCE

The Company complied throughout the Period with the code provisions in the Code on Corporate Governance Practices contained in Appendix 15 to the GEM Listing Rules.

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 complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company during the Period.

The Company has received, from each of the independent non-executive Directors, a 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 (the “**Audit Committee**”) comprises three members, namely Dr. Fong Chi Wai, Alex, Dr. Yan Ka Shing and Dr. Feng Shen 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 2020

As at the date of this announcement, the executive Directors are Mr. Wang Li Feng, Mr. Yu Sanlong, Mr. Fan Xiaoling and Ms. Lee Jui-lan; and the independent non-executive Directors are Dr. Fong Chi Wai, Alex, Dr. Yan Ka Shing and Dr. Feng Shen.

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.