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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 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 that 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.

*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.*

The board of the Directors (the "**Board**") is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2020, together with the comparative figures for the year ended 31 December 2019, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	**2020** **HK$'000**	2019 *HK$'000*
Revenue	*4*	**292,748**	347,973
Cost of sales and services rendered		**(246,095)**	(288,541)
Gross profit		**46,653**	59,432
Other income		**8,442**	3,170
Other gains and losses		**(3,165)**	(1,167)
Change in fair value of investment properties		**(500)**	(230)
Share of profit of joint ventures		**1,325**	1,135
Selling and distribution expenses		**(7,280)**	(8,941)
Administrative expenses		**(47,796)**	(37,853)
(Loss)/profit before taxation	*7*	**(2,321)**	15,546
Income tax expense	*6*	**(2,801)**	(3,676)
(Loss)/profit for the year		**(5,122)**	11,870
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**2,460**	(758)
Share of other comprehensive income of joint ventures		**101**	—
		2,561	(758)
Total comprehensive income for the year		**(2,561)**	11,112
(Loss)/profit for the year attributable to:			
Owners of the Company		**(4,576)**	12,255
Non-controlling interests		**(546)**	(385)
		(5,122)	11,870
Total comprehensive income for the year attributable to:			
Owners of the Company		**(2,015)**	11,497
Non-controlling interests		**(546)**	(385)
		(2,561)	11,112
			(Re-presented)
(Loss)/earnings per share			
Basic and diluted	*9*	**HK(0.67) cents**	HK1.89 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**50,417**	47,712
Right-of-use assets		**8,828**	8,014
Investment properties		**14,250**	14,750
Interests in joint ventures		**5,189**	3,763
Deposits paid		**—**	949
		78,684	75,188
CURRENT ASSETS			
Inventories		**50,589**	35,345
Trade and other receivables	*10*	**69,284**	64,791
Contract assets		**3,052**	1,250
Amount due from a joint venture		**10**	—
Bank balances and cash		**56,403**	79,871
		179,338	181,257
TOTAL ASSETS		**258,022**	256,445
CURRENT LIABILITIES			
Trade payables, other payables and accruals	*11*	**78,761**	81,936
Contract liabilities		**1,556**	5,253
Lease liabilities		**309**	413
Tax liabilities		**43,299**	38,770
		123,925	126,372
NET CURRENT ASSETS		**55,413**	54,885
TOTAL ASSETS LESS CURRENT LIABILITIES		**134,097**	130,073
NON-CURRENT LIABILITIES			
Lease liabilities		**908**	401
TOTAL LIABILITIES		**124,833**	126,773
NET ASSETS		**133,189**	129,672
CAPITAL AND RESERVES			
Share capital	*12*	**7,040**	6,400
Reserves		**126,640**	123,217
Equity attributable to owners of the Company		**133,680**	129,617
Non-controlling interests		**(491)**	55
TOTAL EQUITY		**133,189**	129,672

Notes:

1. GENERAL

The Company was incorporated in the Cayman Islands and continued in Bermuda with limited liability. The shares of the Company were listed on GEM of the Exchange on 4 January 2002.

The addresses of the registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the principal place of business in Hong Kong is at Room 1033, 10/F, Central Building, 1-3 Pedder Street, Central, Hong Kong.

The Company acts as an investment holding company and its subsidiaries are principally engaged in the manufacturing and trading of connectivity products mainly for computers and peripheral products, and provision of comprehensive architectural services.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"). The functional currency of the Company is United States dollars. As the Company is listed in Hong Kong, the Directors consider that it is appropriate to present the consolidated financial statements in HK$.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and amendments to HKFRSs that are mandatorily effective for the current year

The Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

- Amendments to HKFRS 3, Definition of a Business
- Amendments to HKAS 1 and HKAS 8, Definition of Material
- Amendments to HKAS 39, HKFRS 7 and HKFRS 9, Interest Rate Benchmark Reform

Amendments to HKFRS 3, Definition of a Business

The amendments clarify the definition of a business and introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The election to apply the concentration test is made for each transaction. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If the concentration test is met, the set of activities and assets is determined not to be a business. If the concentration test is failed, the acquired set of activities and assets is further assessed based on the elements of a business.

Amendments to HKAS 1 and HKAS 8, Definition of Material

The amendments clarify the definition and explanation of "material" aligning the definition across all HKFRSs and the Conceptual Framework, and incorporating supporting requirements in HKAS 1 into the definition.

Amendments to HKAS 39, HKFRS 7 and HKFRS 9, Interest Rate Benchmark Reform

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("RFR"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

The adoption of the above amended HKFRSs did not have significant impact on the Group's results and financial position.

New and amendments to HKFRSs in issue but not yet effective

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

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[5]
Amendments to HKAS 16	Proceeds before Intended Use[3]
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract[3]
HKFRS 17	Insurance Contracts[5]
Amendments to HKFRS 3	Reference to the Conceptual Framework[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[6]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions[1]
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[2]
Annual Improvements to HKFRSs 2018-2020[3]	

1 Effective for annual periods beginning on or after 1 June 2020

2 Effective for annual periods beginning on or after 1 January 2021

3 Effective for annual periods beginning on or after 1 January 2022

4 Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022

5 Effective for annual periods beginning on or after 1 January 2023

6 The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

Amendments to HKAS 1, Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the reporting period. The amendments also introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

HK Interpretation 5 (2020) was revised as a consequence of the Amendments to HKAS 1 issued in August 2020. The revision to HK Interpretation 5 (2020) updates the wordings in the interpretation to align with the Amendments to HKAS 1 with no change in conclusion and do not change the existing requirements.

The Group does not expect the adoption of these amendments will have significant impact on the Group's result and financial position.

Amendments to HKAS 16, Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

The Group does not expect the adoption of these amendments will have significant impact on the Group's result and financial position.

Amendments to HKAS 37, Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The Group does not expect the adoption of these amendments will have significant impact on the Group's result and financial position.

HKFRS 17, Insurance Contracts

The new standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes HKFRS 4, Insurance Contracts. The standard outlines a 'General Model', which is modified for insurance contracts with direct participation features, described as the 'Variable Fee Approach'. The General Model is simplified if certain criteria are met by measuring the liability for remaining coverage using the Premium Allocation Approach.

The Group does not expect the adoption of this standard will have significant impact on the Group's result and financial position.

Amendments to HKFRS 3, Reference to the Conceptual Framework

The amendments update HKFRS 3 so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010. The amendments add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK(IFRIC)-Int 21 Levies, the acquirer applies HK(IFRIC)-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The Group does not expect the adoption of these amendments will have significant impact on the Group's result and financial position.

Amendments to HKFRS 10 and HKAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. When the transaction with an associate or joint venture that is accounted for using the equity method, any gains or losses resulting from the loss of control of a subsidiary that does not contain a business are recognised in the profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, any gains or losses resulting from the remeasurement of retained interest in any former subsidiary (that has become an associate or a joint venture) to fair value are recognised in the profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The Group does not anticipate that the application of this amendments in the future will have significant impact on the consolidated financial statements.

Amendment to HKFRS 16, Covid-19-Related Rent Concessions

HKFRS 16 was amended to provide a practical expedient to lessees in accounting for rent concessions arising as a result of the Covid-19 pandemic, by including an additional practical expedient in HKFRS 16 that permits entities to elect not to account for rent concessions as modifications. The practical expedient applies only to rent concessions occurring as a direct consequence of Covid-19 pandemic and only if all of the following criteria are satisfied:

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) the reduction in lease payments affects only payments originally due on or before 30 June, 2021; and

(c) there is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with this practical expedient, which means the lessee does not need to assess whether the rent concession meets the definition of lease modification. Lessees shall apply other requirements of HKFRS 16 in accounting for the rent concession.

Accounting for rent concessions as lease modifications would have resulted in the Group remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, the Group is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

The Group does not expect the adoption of these amendments will have significant impact on the Group's result and financial position.

Annual Improvements to HKFRSs 2018-2020

The annual improvements amends a number of standards, including:

- HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards, which permit a subsidiary that applies paragraph D16(a) of HKFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to HKFRSs.

- HKFRS 9, Financial Instruments, which clarify the fees included in the '10 per cent' test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other's behalf are included.

- HKFRS 16, Leases, which amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

- HKAS 41, Agriculture, which remove the requirement to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The Group does not anticipate that the application of this standards in the future will have significant impact on the consolidated financial statements.

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16, Interest Rate Benchmark Reform – Phase 2

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the "Reform"). The amendments complement those issued in November 2019 and relate to (a) changes to contractual cash flows in which an entity will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate; (b) hedge accounting in which an entity will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and (c) disclosures in which an entity will be required to disclose information about new risks arising from the Reform and how it manages the transition to alternative benchmark rates.

The Group does not anticipate that the application of this amendments in the future will have significant impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties that are measured at fair values at the end of each accounting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

4. REVENUE

(i) Disaggregation of revenue from contracts with customers

For the year ended 31 December 2020

	Sales of connectivity products	Contracts of comprehensive architectural services	Total
	HK$'000	*HK$'000*	*HK$'000*
Geographical markets			
Korea	72,354	—	72,354
The PRC	10,189	31,141	41,330
Japan	66,537	—	66,537
The United States of America (“USA”)	77,806	—	77,806
Taiwan	19,343	—	19,343
Others	15,378	—	15,378
Total	261,607	31,141	292,748
Types of customers			
Original equipment manufacturer (“OEM”) customers	153,840	—	153,840
Retail distributors	107,767	—	107,767
Contractors	—	31,141	31,141
Total	261,607	31,141	292,748
Timing of revenue recognition			
At a point in time	261,607	—	261,607
Over time	—	31,141	31,141
Total	261,607	31,141	292,748

For the year ended 31 December 2019

	Sales of connectivity products	Contracts of comprehensive architectural services	Total
	HK$'000	*HK$'000*	*HK$'000*
Geographical markets			
Korea	94,425	—	94,425
The PRC	10,058	67,078	77,136
Japan	68,709	—	68,709
The USA	71,366	—	71,366
Taiwan	24,107	—	24,107
Others	12,230	—	12,230
Total	280,895	67,078	347,973
Types of customers			
OEM customers	183,933	—	183,933
Retail distributors	96,962	—	96,962
Contractors	—	67,078	67,078
Total	280,895	67,078	347,973
Timing of revenue recognition			
At a point in time	280,895	—	280,895
Over time	—	67,078	67,078
Total	280,895	67,078	347,973

(ii) Performance obligations for contracts with customers

(a) Sales of connectivity products

For trading of connectivity products, the Group sells connectivity products to OEM customers and retail distributors. Revenue is recognised when control of the goods has transferred, being when the goods have been delivered to the specific location and confirmed by the customers.

(b) Contracts of comprehensive architectural services

The Group provides comprehensive architectural services to independent contractors. Revenue from such services are recognised when a performance obligation is satisfied over time as the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation using input method.

The Group's service contracts include payment schedules which require stage payments over the design period once certain specified milestones are reached. The Group requires certain customers to provide upfront deposits range from 10% to 30% of total contract sum, when the Group receives a deposit before comprehensive architectural service commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount of the deposit received.

A contract asset, net of contract liability related to the same contract, is recognised over the period in which the comprehensive architectural services are performed representing the Group's right to consideration for the services performed because the rights are conditioned on the Group's future performance in achieving specified milestones. The contract assets are transferred to trade receivables when the rights become unconditional upon meeting the billing milestones.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

Contracts of comprehensive architectural services are typically completed within one year. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

5. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision makers ("CODM"), for the purpose of resources allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Segment information reported internally for the purposes of resource allocation and performance assessment is analysed based on the class of customers which is the same as information reported to the CODM:

Specifically, the Group's reportable segments under HKFRS 8 are as follows:

1. OEM customers

2. Retail distributors

3. Provision of comprehensive architectural services

No operating segments have been aggregated in arriving at the reportable segments of the Group.

Segment results represent the profit earned by each segment without allocation of administrative expenses, selling and distribution expenses, share of profit of joint ventures, other income, other gains and losses and change in fair value of investment properties. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

The Group's segment assets exclude bank balances and cash, other receivables, investment properties, interests in joint ventures and deposits paid (non-current assets).

The Group's segment liabilities excluded other payables and accruals and tax liabilities.

The following is an analysis of the Group's revenue and results from continuing operations by reportable segments:

	2020				2019			
	OEM customers	**Retail distributors**	**Provision of comprehensive architectural services**	**Total**	**OEM customers**	**Retail distributors**	**Provision of comprehensive architectural services**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
SEGMENT REVENUE								
— External sales	**153,840**	**107,767**	**31,141**	**292,748**	183,933	96,962	67,078	347,973
SEGMENT PROFIT	**20,045**	**19,085**	**7,523**	**46,653**	27,233	15,648	16,551	59,432
Unallocated expenses				**(55,076)**				(46,794)
Other income				**8,442**				3,170
Other gains and losses				**(3,165)**				(1,167)
Change in fair value of investment properties				**(500)**				(230)
Share of profit of joint ventures				**1,325**				1,135
(Loss)/profit before taxation				**(2,321)**				15,546
Other segment information:								
Depreciation included in cost of goods sold								
— Right-of-use assets	**(130)**	**(87)**	**—**	**(217)**	(213)	(146)	—	(359)
— Property, plant and equipment	**(3,104)**	**(2,056)**	**—**	**(5,160)**	(3,490)	(2,398)	—	(5,888)
Reversal/(provision) of allowance on inventories	**1,572**	**1,042**	**—**	**2,614**	(675)	(463)	—	(1,138)

	2020					2019				
	OEM customers	**Retail distributors**	**Sub-total**	**Provision of comprehensive architectural services**	**Total**	OEM customers	Retail distributors	Sub-total	Provision of comprehensive architectural services	Total
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
SEGMENT ASSETS										
Trade receivables *(Note)*	**24,303**	**24,038**	**48,341**	**3,418**	**51,759**	26,228	26,773	53,001	5,226	58,227
Property, plant and equipment, right-of-use assets, inventories and contract assets *(Note)*			**108,858**	**4,028**	**112,886**			89,860	2,461	92,321
Total segment assets			**157,199**	**7,446**	**164,645**			142,861	7,687	150,548
Other unallocated assets			**77,263**	**16,114**	**93,377**			66,813	39,084	105,897
Total assets			**234,462**	**23,560**	**258,022**			209,674	46,771	256,445
SEGMENT LIABILITIES										
Trade payable			**44,304**	**1,094**	**45,398**			40,541	69	40,610
Contract liabilities and lease liabilities			**1,866**	**–**	**1,866**			4,122	1,544	5,666
Total segment liabilities			**46,170**	**1,094**	**47,264**			44,663	1,613	46,276
Other unallocated liabilities			**70,976**	**6,593**	**77,569**			56,012	24,485	80,497
Total liabilities			**117,146**	**7,687**	**124,833**			100,675	26,098	126,773

Note: The nature of products, the production processes and the methods used to distribute the products to the OEM customers and retail distributors are similar. The Group's production facilities and inventories are located in the PRC. These two classes of customers utilise the Group's resources in a similar manner. Accordingly, the property, plant and equipment, right-of-use assets, prepaid lease payments and inventories are not separately allocated to the individual segments of the OEM customers and retail distributors. In contrast, the Group's CODM regularly review trade receivables by operating segment.

Geographical information

The Group's operations 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	
	2020	2019
	HK$'000	*HK$'000*
Korea	**72,354**	94,425
The PRC	**41,330**	77,136
Japan	**66,537**	68,709
The USA	**77,806**	71,366
Taiwan	**19,343**	24,107
Others	**15,378**	12,230
	292,748	347,973

	Non-current assets	
	2020	2019
	HK$'000	*HK$'000*
The PRC	**58,262**	54,695
Hong Kong	**18,418**	20,241
Others	**2,004**	252
	78,684	75,188

Information about major customers

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

	2020	2019
	HK$'000	*HK$'000*
Customer A[1]	**57,709**	56,417
Customer B[2]	**56,926**	84,539
Customer C[2]	**32,885**	N/A[3]

1 Revenue from Retail distributor

2 Revenue from OEM customer

3 The corresponding revenue did not contribute over 10% of the total revenue of the Group for the respective period.

6. INCOME TAX EXPENSE

The amount mainly represents current tax expense on assessable profits arising in the PRC and is calculated at the rates prevailing in the PRC. The Company subsidiaries operating in the PRC 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 years, 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. The concessionary tax rates has been concluded at the end of 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 inclusive. 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 consolidated financial statements as there are no assessable profits for both years.

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

Income tax expense for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2020	2019
	HK$'000	*HK$'000*
(Loss)/profit before taxation	**(2,321)**	15,546
Tax at the domestic income tax rate of 25%	**(580)**	3,887
Tax effect of share of profit of joint ventures	**(219)**	(284)
Tax effect of income not taxable for tax purpose	**(557)**	(473)
Tax effect of expenses not deductible for tax purpose	**3,529**	650
Tax effect of tax losses not recognised	**180**	1,018
Income tax at concessionary rate	**(77)**	(565)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**525**	(557)
Income tax expense for the year	**2,801**	3,676

At 31 December 2020, subject to the agreement by Inland Revenue Department, the Group has unused tax losses of HK$23,465,000 (2019: HK$22,374,000) available for offset against future profits. The tax losses are arising from certain Hong Kong subsidiaries which may be carried forward indefinitely. No deferred tax assets has been recognised in respect of such tax losses due to unpredictability of future profit streams.

7. (LOSS)/PROFIT BEFORE TAXATION

	2020	2019
	HK$'000	*HK$'000*
(Loss)/profit before taxation has been arrived at after charging/(crediting):		
Directors' remuneration	**4,466**	5,226
Other staff costs		
– Salaries and other benefits	**83,382**	105,067
– Retirement benefits scheme contributions	**2,892**	7,027
Total staff costs	**90,740**	117,320
Auditor's remuneration	**1,400**	1,351
Cost of inventories recognised as expenses	**222,477**	238,014
Depreciation		
– Property, plant and equipment	**5,839**	6,642
– Right-of-use assets included land use rights and buildings	**1,517**	394
Interest expenses on lease liabilities	**49**	4
Provision of allowance for credit losses	**1,866**	2,123
Rental expenses for short-term leases	**2,327**	5,096
(Reversal)/provision of allowance for inventories (included in cost of sales and services rendered)	**(2,614)**	1,138
Items included in other income:		
Interest income on bank deposits	**(659)**	(385)
Rental income	**(1,997)**	(2,092)
Government subsidies (Note)	**(854)**	—
Tooling and sampling	**(1,114)**	—
Reversal of other payables and accruals	**(2,688)**	—
Items included in other gains and losses:		
Net foreign exchange losses	**945**	717
Gain on effect of lease modification	**(9)**	—
Loss/(gain) on disposal of property, plant and equipment	**240**	(338)
Impairment loss on club debenture	**—**	788

Note: The amount represents salaries and wage subsidies granted under (i) Anti-epidemic Fund by the Government of the Hong Kong Special Administrative Region for the use of paying wages of employees of HK$777,000 and (ii) Employment Support Scheme provided by the PRC government of HK$77,000 during the financial year.

8. DIVIDENDS

	2020	2019
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year: Nil (2019: payment of 2018 final dividend of HK0.3 cents) per share	**—**	1,920

No dividend has been proposed by the Directors in respect of the year ended 31 December 2020 (2019: Nil).

9. (LOSS)/EARNINGS PER SHARE

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

	2020	2019
	HK$'000	*HK$'000*
(Loss)/profit for the year attributable to owners of the Company	**(4,576)**	12,255
	'000	*'000*
		Re-presented
Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share	**678,255**	649,846

For the year ended 31 December 2020, the calculation of basic loss per share is based on the consolidated loss attributable to shareholders of approximately HK$4,576,000 and on the weighted average number of approximately 678,255,000 ordinary shares in issue.

For the year ended 31 December 2019, the calculation of basic earnings per share is based on the consolidated profit attributable to shareholders of approximately HK$12,255,000 and on the weighted average number of approximately 649,846,000 (re-presented) ordinary shares in issue.

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

Basic (loss)/earnings per share are represented to reflect the bonus element of the placing of shares during the both years.

10. TRADE AND OTHER RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Trade receivables		
— sales of connectivity products	**51,886**	56,725
— provision of comprehensive architectural services	**6,043**	5,806
	57,929	62,531
Less: Allowance for credit losses	**(6,170)**	(4,304)
	51,759	58,227
Prepayments	**10,508**	3,129
Refundable rental deposits paid	**418**	306
Value added tax receivables	**4,441**	934
Others	**2,158**	2,195
	69,284	64,791

The following is an aged analysis of trade receivables net of allowance for credit losses, presented based on the invoice dates at the end of the reporting period.

	Provision of comprehensive architectural services		**Sales of connectivity products**	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
0–30 days	**996**	1,602	**18,962**	21,228
31–120 days	**1,169**	3,018	**29,221**	30,160
121–180 days	**547**	261	**110**	1,590
Over 180 days	**706**	345	**48**	23
	3,418	5,226	**48,341**	53,001

The following is an aged analysis of trade receivables net of allowance for credit losses, presented based on the due dates at the end of the reporting period.

	Provision of comprehensive architectural services		**Sales of connectivity products**	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Not past due	**996**	4,620	**45,491**	50,833
Less than 31 days past due	**1,169**	—	**2,454**	1,988
31-120 days past due	—	261	**348**	6
121–180 days past due	**547**	—	**43**	174
Over 180 days past due	**706**	345	**5**	—
	3,418	5,226	**48,341**	53,001

Before accepting any new customer, the Group assesses the potential customers' credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed regularly.

For the sales of connectivity products, the Group allows an average credit period ranging from 15 to 120 days (2019: 30 to 180 days) to its trade customers.

As for the provision of comprehensive architectural services, the Group does not have a standardised and universal credit period granted to its customers. The credit period granted to individual customer is within 90 days in general, which the Group considered on a case-by-case basis, depending on the credibility and reputation of the customers and as stipulated in the project contract.

11. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

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

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2020	2019
	HK$'000	*HK$'000*
Trade payables		
Within 30 days	**13,247**	14,400
31–90 days	**21,535**	12,156
91–150 days	**7,524**	10,553
Over 150 days	**3,092**	3,501
	45,398	40,610
Staff salaries and welfare payables	**12,856**	27,805
Refundable rental deposits received	**260**	358
Value added tax payable and other tax payables	**1,421**	377
Accrued operating expenses	**18,201**	11,440
Others	**625**	1,346
	33,363	41,326
	78,761	81,936

12. SHARE CAPITAL

	Number of shares *'000*	Share capital *HK$'000*
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2019, 31 December 2019 and 31 December 2020	10,000,000	100,000
Issued and fully paid:		
At 1 January 2019 and 31 December 2019	640,000	6,400
Issue of new shares	64,000	640
At 31 December 2020	704,000	7,040

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 is net of related issued costs and expenses.

Following the completion of the placing of shares on 22 June 2020, the amounts of HK$640,000 and HK$5,438,000 were credited to the Company's share capital and share premium account respectively.

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 Video Graphics Array ("**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

For the year ended 31 December 2020 ("**Year 2020**"), 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. In order to limit the impact of such disruption, 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.

In Year 2020, the revenue of the Electronics Business decreased by approximately 6.9% as compared with the revenue for the year ended 31 December 2019 ("**Year 2019**"). In Year 2020, the Electronic Business contributed revenue and gross profit in the amounts of approximately HK$261.6 million (2019: approximately HK$280.9 million) and approximately HK$39.1 million (2019: HK$42.9 million) to the Group, respectively. The gross profit margin remained stable at approximately 15.0% in Year 2020 (2019: approximately 15.3%).

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 had been growing satisfactorily since the introduction of this business in the third quarter of 2017. However, due to the outbreak of COVID-19 during Year 2020, some of our design projects in the PRC were suspended. This business segment contributed revenue of approximately HK$31.1 million in Year 2020 (2019: approximately HK$67.1 million), decreased by approximately 53.6%. This business segment contributed gross profit of approximately HK$7.5 million in Year 2020, compared to approximately HK$16.6 million in Year 2019. The gross profit margin remained stable at approximately 24.2% in Year 2020 (2019: approximately 24.6%).

Having considered the unfavourable and uncertain economic situations, the Directors maintain a 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 COVID-19.

Selling and Distribution Expenses

The selling and distribution expenses were approximately HK$7.3 million in Year 2020 (2019: approximately HK$8.9 million). The decrease was mainly due to the management effort on cost controls that resulted in a decrement in a greater extent than the decrease in revenue.

Administrative Expenses

The administrative expenses were approximately HK$47.8 million in Year 2020 (2019: approximately HK$37.9 million), representing an increase of approximately 26.3%. The increase in Year 2020 compared to Year 2019 was mainly caused by a one-off additional royalties charged for the use of licensed label on our products and legal and professional fee in relation to certain corporate restructurings in our Group in Hong Kong, Taiwan and PRC that took place during Year 2020.

Net Loss

The Group reported a net loss attributable to owners of the Company for Year 2020 of approximately HK$4.6 million (2019: net profit attributable to owners of the Company of approximately HK$12.3 million). The significant decrease was substantially attributable to the adverse impact of COVID-19 to both segments of Electronic Business and Architectural Design Business.

Loss per share

The basic loss per share in Year 2020 was approximately HK0.67 cents, while the basic earnings per share for Year 2019 was approximately HK1.89 cents (re-presented).

Liquidity and financial resources

As at 31 December 2020, the Group's net current assets, cash and bank balances and equity attributable to owners of the Company amounted to approximately HK$55.4 million, HK$56.4 million and HK$133.7 million (31 December 2019: approximately HK$54.9 million, HK$79.9 million and HK$129.6 million) respectively. The current ratio of the Group as at 31 December 2020, expressed as current assets over current liabilities, was maintained at the level of approximately 1.45 (31 December 2019: approximately 1.43). The Group had no interest-bearing debt as at 31 December 2020 (31 December 2019: nil).

Gearing ratio

The gearing ratio of the Group is defined as a percentage of total debts at the end of the reporting period divided by total equity at the end of the reporting period. The Group did not have any debt as at 31 December 2020 (2019: Nil). There was no borrowing cost incurred during the year ended 31 December 2020 (2019: Nil), hence no gearing ratio of the Group was presented.

During Year 2020, the shares of a subsidiary in the PRC were fully pledged as security in order to procure a loan facility of RMB29 million (equivalent to approximately HK$34.5 million) from an independent third party. As at 31 December 2020, the full amount remain available for future drawdown.

Capital Expenditures and Capital Commitments

Capital expenditures incurred by the Group during Year 2020 amounted to approximately HK$6.0 million (2019: approximately HK$4.0 million). Capital commitments contracted for but not provided for in the financial statements of the Group as at 31 December 2020 amounted to approximately HK$Nil (2019: approximately HK$382,000).

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 aforesaid placing, net of related issued costs and expenses, would be used for general working capital of the Group. The share capital of the Company was then increased from HK$6.4 million to HK$7.0 million.

Save as mentioned above, the Company did not run any capital exercise in Year 2020.

OUTLOOK

The Architectural Design Business

The Group plans to introduce interior design business which includes software home decoration, furniture, interior design accessories for both residential and commercial spaces in the next 12 to 18 months. With our brilliant design products and strong marketing channels in the PRC, the Group intends to create a new market segment of providing a living aesthetic consulting services which combined interior design-based services and sales of interior accessories under our own brand name.

Adhering to our mission of "We never design for ourselves" and based on our deep understanding of market needs, the Group constantly change our architectural design strategy and provide our customers with innovative solutions. The Group is going to align the extensive experience in the field of construction engineering with virtual reality ("VR") technologies to deliver a superior engineering consulting services to customers.

Riding on the trend of "Internet plus cultural creativity", the Group target to offer a thorough one-stop integrated design services by enhancing the Internet interactive platform with users.

The Electronics Business

In recent two years, the Sino-US trade conflict made the the operation of the Electronic Business very challenging. For example, the increased tariffs lowered the demand of export of electronic products to the US. Several former major customers in Japan, South Korea and other regions are gradually shifting their supply chains to Southeast Asia. We are looking at possible options to geographically diversify our production lines in Southeast Asia and India, where appropriate, in the future for establishing a stable supply chain of raw materials and components to cope with the challenges from trade wars and the rising demand of the major customers.

Embarking upon our strategy to develop omnichannel marketing strategy, we have built an online store on renowned e-commerce platform in China starting December 2020. In the near future, the Group will continue to invest resources in expanding our online store by partnering with at least 5 more e-commerce platform and social media partners in China and overseas.

SHARE OPTIONS

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 full-time 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 of the Company 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 of the Company in issue at any point in time, without prior approval from the Company's 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 Company's 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 of the Company, and will be at least the highest of (i) the closing price of the Company's 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 were granted under the Scheme since its adoption.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Year 2020.

CORPORATE GOVERNANCE

The Company complied throughout the Year 2020 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 the Directors, all the Directors confirmed that they had compiled with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company during the Year 2020. 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

As at the date of this announcement, the Audit Committee comprises three independent non-executive Directors, namely Dr. Yan Ka Shing (Chairman), Dr. Fong Chi Wai, Alex and Dr. Feng Shen.

The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment and removal of external auditor, review and supervise the financial reporting process and internal control procedure of the Company. The Audit Committee has reviewed the audited annual results of the Group for the year ended 31 December 2020.

CLOSURE OF REGISTER FOR ANNUAL GENERAL MEETING ("AGM")

The register of members of the Company will be closed from Friday, 25 June 2021 to Wednesday, 30 June 2021 (both days inclusive), for the purposes of determining the entitlements of the shareholders to attend and vote at the AGM to be held on Wednesday, 30 June 2021. No transfer of Shares will be registered during the period. In order to qualify to attend and vote at the AGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited, at Shops 1712-16, 17th Floor, Hopwell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on Thursday, 24 June 2021.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2020 (2019: Nil).

On behalf of the Board
Wang Li Feng
Chairman and Executive Director

Hong Kong, 25 March 2021

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 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.