Goldenmars Technology Holdings Limited
晶芯科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code:8036

2014 Annual Report

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This report, for which the directors of Goldenmars Technology Holdings Limited (the "Company" and the "Directors", respectively) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (the "GEM Listing Rules") of the Stock Exchange 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 report 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 report misleading.

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. George Lu *(Chairman)*
Ms. Shen Wei
Ms. Lau Wing Sze *(Chief Executive Officer)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Loo Hong Shing Vincent
Mr. Pang Chung Fai Benny
Mr. Wan Tak Shing

AUTHORIZED REPRESENTATIVES

Ms. Lau Wing Sze
Mr. Lo Kam Hon, Gary *FCCA, CPA*

COMPLIANCE OFFICER

Mr. George Lu

COMPANY SECRETARY

Mr. Lo Kam Hon, Gary *FCCA, CPA*

AUDIT COMMITTEE

Mr. Wan Tak Shing *(Chairman)*
Mr. Pang Chung Fai Benny
Mr. Loo Hong Shing Vincent

REMUNERATION COMMITTEE

Mr. Loo Hong Shing Vincent *(Chairman)*
Mr. Wan Tak Shing
Mr. Pang Chung Fai Benny

NOMINATION COMMITTEE

Mr. Pang Chung Fai Benny *(Chairman)*
Mr. George Lu
Mr. Loo Hong Shing Vincent

CORPORATE GOVERNANCE COMMITTEE

Mr. Lo Kam Hon Gary *(Chairman)*
Ms. Lau Wing Sze
Ms. Lu Qinzhen

REGISTERED OFFICE

PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

29th Floor
Enterprise Square Two
3 Sheung Yuet Road
Kowloon Bay
Kowloon, Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PRC

Floor 5A Block 1
Xin Yuan Industrial Zone
Xin Tian Shui Ku Road
Fu Yong Bao An District
Shenzhen the PRC

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
HSBC Main Building
1 Queen's Road Central
Central
Hong Kong

DBS Bank (Hong Kong) Limited
16th Floor, The Centre
99 Queen's Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square
Grand Cayman, KY1-1102
Cayman Islands

CORPORATE INFORMATION

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

LEGAL ADVISERS TO THE COMPANY

As to Hong Kong law
Angela Ho & Associates
1109, 11th Floor, Tower 1, Lippo Centre
89 Queensway
Hong Kong

As to PRC law
AllBright Law Offices
14th Floor, Citigroup Tower
33 Hua Yuan Shi Qiao Road
Pudong New Area, Shanghai
People's Republic of China
200120

As to Cayman Islands law
Maples and Calder
53rd Floor, The Center
99 Queen's Road Central
Hong Kong

AUDITORS

PricewaterhouseCoopers
Certified Public Accountants
22nd Floor, Prince's Building
Central
Hong Kong

COMPLIANCE ADVISER

China Everbright Capital Limited
17th Floor
Far East Finance Centre
16 Harcourt Road
Admiralty
Hong Kong

STOCK CODE

8036

COMPANY WEBSITE ADDRESS

www.goldenmars.com
(information contained in this website does not form part of this report)

FINANCIAL SUMMARY

HIGHLIGHTS

Turnover for the year ended 31 March 2014 was approximately HK$788 million, representing a 54% increase from that of the Last Corresponding Year.

Profit attributable to equity holders of the Company for the year ended 31 March 2014 was approximately HK$17 million, representing a 6% decrease from that of the Last Corresponding Year.

Basic and diluted earnings per share attributable to the equity holders of the Company for the year ended 31 March 2014 and Last Corresponding Year were approximately HK7.68 cents and HK9.93 cents, respectively.

No final dividend in respect of the year ended 31 March 2014 was proposed.

FINANCIAL HIGHLIGHTS

A summary of the results and of the assets and liabilities of the Group for the last three financial years is set out as follows:

	Year ended 31 March		
	2014	2013	2012
	HK$'000	HK$'000	HK$'000
Revenue	**787,650**	511,799	461,715
Gross profit	**52,530**	49,809	45,799
Profit before income tax	**24,243**	23,891	83,504
Profit attributable to equity shareholders of the Company	**16,790**	17,876	76,500
Total assets	**391,846**	287,664	264,039
Total liabilities	**223,671**	176,046	170,449
Net assets	**168,175**	111,618	93,590

CHAIRMAN'S STATEMENT

I represent the board of directors (the "Board") of Goldenmars Technology Holdings Limited (the "Company"), to present the audited annual results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2014 for shareholders' review.

During the year, the shares of the Company were successful listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), making the year a milestone for the development of the Company. The Company completed the placing of 69,000,000 shares ("Placing") of par value of HK$0.01 each at an issue price of HK$0.90 per share, raising net proceeds of approximately HK$36 million.

DRAM prices climbed up steadily after the fire accident at Hynix Wuxi factory in September 2013. Responding to rapid market changes, the Group adhered to its prudent business strategy and strict inventory control so as to maintain consistent and stable earnings, which further consolidated the development of its existing business and paved the way towards a more robust long-term business model.

During the year, the Group recorded revenue of approximately HK$788 million, increased by approximately 54% compared to approximately HK$512 million for 2013. Gross profit margin was approximately 6.7%, and approximately 9.7% for the year ended 31 March 2013. Profit attributable to equity holders of the Company was approximately HK$17 million for the year, decreased by approximately 6% compared to approximately HK$18 million for the year ended 31 March 2013.

The Group has been steadily expanding its overseas markets, with the Taiwan branch formally established in late 2013. Through recruiting new sales force, the Group recorded satisfactory growth in business, thereby greatly enhancing its market penetration.

In November 2013, using the cash flows from business operations of the Group, the Group entered into a joint venture agreement with VST Computers (H.K) Limited (a wholly-owned subsidiary of VST Holdings Limited, a company listed on the Main Board of Hong Kong) and Bozhou Shichuang Investment Company Limited to acquire a 35% interest in a Chinese-foreign equity joint venture, Bozhou Botong Supply Chain Co., Ltd. (the "JV") in Bozhou city, Anhui Province, the People's Republic of China ("PRC") for the purposes of research and development, production and sale of smartphones and computer peripheral products.

The Board considers that an appropriate allocation of resources to the development of related products in the electronics industry is conducive to the long-term development of the Group, and is in the interests of the Company and the shareholders as a whole. The investment in the JV, which allows the Group to broaden the scope of its business, is resolved based on industry outlook and product demand. The future dividend income from the JV will support continuous development of the Group, and deliver more stable and attractive returns for the Group in the future.

Looking ahead, the Group will adhere to its strategies of enhancing its market position in the third-party DRAM module market and increasing its global market share. While the PRC will remain as the major market, the above objectives will be achieved by expanding the sales and marketing force, strengthening the research and development and design capabilities, as well as enhancing quality control. The Taiwan branch and the JV will serve as the new growth engines and generate sustainable long-term revenue for the Group.

On behalf of the Board, I would like to take this opportunity to express my heartfelt gratitude to members of the Board, the management team and all staff members for their efforts and contributions!

George Lu
Chairman

Hong Kong, 23 June 2014

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECT

Business Review

Looking back at 2013, the consolidation of the DRAM industry has gradually contributed to a better balance between supply and demand, with the market predominated by three major brands, namely Samsung, SK Hynix and Micron. Adjustments to production capacities by DRAM chips plants, coupled with the fire accident at SK Hynix factory in September 2013, led to a steady rise in DRAM demand. Attributed to the industry development in 2013, the Group's sales amount for the current year increased 54% over that of last year, and riding on the robust business strategy and appropriate inventory management, the Group was able to obtain full support from suppliers while effectively satisfying customer needs at the same time. The robust business model not only enhanced customer confidence in the Group, but also increased our market share significantly, creating a win-win situation for the Group and its customers.

Since its establishment in late 2013, the Taiwan branch has already contributed approximately 9% of the Group's sales volume in just a few months. The newly recruited sales force significantly boosted the Group's market share and further consolidated the Group's business development.

The capital contribution by each of the shareholders of the JV was already in place. The relevant production equipment for the JV, has also been delivered and installed. The JV is expected to commence production in the second half of 2014.

Outlook

The Group believes that with the steady rise in the demand for cloud-related applications, coupled with the effect of the termination of updates and patches for Windows XP by Microsoft, the demand for DRAM will be boosted in the coming year. The Group's long-term and close cooperative relationships with suppliers and customers is conducive to further enhancing the scale of operation and competitive edge of the Group's core business.

The Taiwan branch will continue to contribute to the sales and development of the Group. The management will also examine the market conditions from time to time, and adjust its strategies and allocate resources in a timely manner, so as to cope with the overall development trend.

With the JV expected to officially commence operation in the second half of 2014, the Group will continue to move steadily forward under the established development policy to further expand its business scope in the electronics industry.

Looking forward, the Group will uphold its robust and healthy business strategies and proactively develop its business to achieve higher returns for the shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue and Gross Profit Margin

The Group's revenue increased by approximately 54% from HK$512 million for the year ended 31 March 2013 ("Last Corresponding Year") to HK$788 million for the year ended 31 March 2014 ("Current Year").

Increase in revenue is mainly resulted from (i) new customers captured in the Current Year; (ii) trading of new products series, namely NAND Flash and CPU chips; (iii) increase in trading orders of DRAM chips as driven by market demand; and (iv) the setting up of Taiwan branch in late 2013.

Gross profit margin 6.7% was recorded for the Current Year and 9.7% was recorded for the Last Corresponding Year. Decrease in gross profit margin was mainly caused by the fluctuation in market price of DRAM chips and NAND Flash.

Selling Expenses

The increase in selling expenses was mainly resulted from the new sales force recruited for Taiwan branch.

General and Administrative Expenses

General and administrative expenses remains fairly stable for both the Current Year and Last Corresponding Year, which was mainly caused by the decrease in listing expenses and partially offset by the increase in other legal and professional fees and staff costs.

Other (Loss)/Income

It mainly represents loss on disposal of two SMT production lines to the JV at a fair price agreed by the relevant parties with reference to a valuation report.

Income Tax Expense

The increase in income tax expense was mainly due to the increase in Hong Kong assessable profits.

Profit Attributable to Equity Holders of the Company

The decrease in profit attributable to equity holders of the Company by approximately HK$1 million for the Current Year was mainly attributable to the increase in income tax expense of approximately HK$1.4 million.

Dividends

The Company has declared a special dividend of approximately HK$14.83 million on 21 August 2013 as stated in the prospectus issued by the Company dated 30 August 2013 (the "Prospectus"), which was fully settled during the year.

Apart from the aforementioned, the Board does not recommend the payment of a final dividend for the year ended 31 March 2014 (2013: Nil).

Liquidity and Financial Resources

During the Current Year, the long-term funding and working capital required by the Group were primarily derived from income generated from its core business operations and the net proceeds from the Placing and were used to settle the suppliers trade payable. The Group's liquidity position was well-managed in the Current Year.

As at 31 March 2014, the Group's gearing ratio was approximately 20.1% (2013: 37.0%). This ratio is calculated as net debt divided by total capital (the sum of total equity and net debt), net debt is calculated as total borrowings less pledged structured deposits at banks and cash and cash equivalents. The improved gearing ratio is mainly caused by the increase in bank deposits and cash. Current ratio was slightly improved from 1.29 in the Last Corresponding Year to 1.41 in the Current Year.

The Group's financial resources are sufficient to support its business operations.

Capital Commitments

As at 31 March 2014, there is no significant capital commitment.

Pledge of Assets

The Group has pledged the buildings and structured bank deposits with aggregate carrying values of approximately HK$63 million as at 31 March 2014 (2013: buildings of HK$49 million) to secure general banking facilities granted to the Group.

Capital Structure

The shares of the Company were listed on GEM of the Stock Exchange on 9 September 2013 ("Listing Date"). There has been no change in the capital structure of the Company since the Listing Date. The capital of the Company comprises only ordinary shares.

Foreign Currency Exposure

The Group exposes to certain foreign currency risk primarily with respect to Renminbi and United States Dollars. During the Year, there was no material impact to the Group arising from the fluctuation in the exchange rates of these currencies. No hedging or other alternatives have been implemented.

As at 31 March 2014, the Group had no significant exposure to fluctuations in foreign exchange rates.

Contingent Liabilities

The Group had no contingent liabilities as at 31 March 2014 and 2013.

Employees and Emolument Policy

As at 31 March 2014, the Group had a total of 59 employees. Employee benefit expenses, including Directors' remuneration for the year ended 31 March 2014, amounted to approximately HK$13 million (2013: 11 million). The Group's remuneration policy is based on position, duties and performance of the employees. The employees' remuneration varies according to their positions, which may include salary, overtime allowance, bonus and various subsidies. The Group offers a comprehensive and competitive remuneration and benefits package to all its employees. In addition, the Group has adopted a share option scheme for the purpose of providing incentives and rewards to eligible persons who contribute to the success of the Group's operations.

The Group has also adopted other employee benefit including a provident fund scheme for its employees in Hong Kong, as required under the Mandatory Provident Fund Schemes Ordinance, and has participated in employee pension schemes organised and governed by the relevant local governments for its employees in the PRC.

COMPARISON BETWEEN BUSINESS PLAN WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business plan as set out in the Prospectus with the Group's actual business progress for the period from 26 August 2013, being the latest practicable date as defined in the Prospectus, to 31 March 2014 (the "Review Period") is set out below:

Business plan for the Review Period	Actual Business Progress up to 31 March 2014
Increase market share	
• expand our sales and marketing team to focus on soliciting of new customers	Employed 5 new personnel
• continue to participate in electronic and computer products exhibitions	Participated in the Hong Kong Electronics Fair (Autumn Edition) 2013 held in October 2013

Business plan for the Review Period	Actual Business Progress up to 31 March 2014
Strengthen R&D and design capability	
• conduct researches on the latest technologies with focus on developing and improving mainly DRAM modules and USB flash drives	Rescheduled to the period from 1 April 2014 to 31 September 2014. The Group have entered into a joint venture contract in relation to the establishment of the JV as disclosed in the announcement dated 15 November 2013. To further develop DRAM Modules and USB market in the PRC, the Group have disposed two SMT production lines to the JV and is undergoing installation and testing process. The Group will proceed these business plan after production go smooth in the JV.
• purchase of hardware for PCB correction for DRAM modules purchase of software for PCB design (1 set), two types of software design (1 set for each), flash control testing equipment, hardware for development of USB flash drivers, hardware and software for testing USB flash drives, and ancillary software for USB flash drives	
• employ PCB designer and engineers	
Enhance quality control and improve production capability	
• purchase of quality control, testing and other ancillary machines	
• purchase of various DRAM module testing software and hardware	

Use of Proceeds

The net proceeds from the Placing were approximately HK$36 million, which was based on the final placing of 69,000,000 shares at HK$0.9 per share and the actual expenses related to the Placing.

During the Review Period, the net proceeds from the Placing had been applied as follows:

	Intended use of proceeds as shown in the Prospectus during the Review Period	Actual use of proceeds during the Review Period
	HK$'000	HK$'000
Increase market share	1,340	713
Strengthen R&D and design capability	2,270	–
Enhance quality control and improve production capability	860	–
General working capital	300	–
	4,770	713

The Directors will constantly evaluate the Group's business plan and may change or modify plans against the changing market condition to attain sustainable business growth of the Group.

All the unutilised balances have been placed in licensed banks in Hong Kong.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. George LU (陸建明), aged 51, our founder and is also the chairman of the Board of Directors. Mr. Lu is responsible for the overall management, operations and strategic development of the Group's business and has over eleven years of experience in the DRAM module industry. Mr. Lu is also a member of Nomination Committee.

Mr. Lu is the spouse of Ms. Shen Wei, an executive Director and a Controlling Shareholder of the Company, and is also the elder brother of Ms. Lu Qinzhen, a senior management of our Group.

Ms. SHEN Wei (沈 薇), aged 50, is also a founder of Group, and is responsible for the financial and administrative management of the Group. Ms. Shen has acquired over eleven years of experience in general administration management of DRAM module business. Ms. Shen studied Pharmacology at the China Pharmaceutical University and graduated with a Bachelor of Science degree in 1987. Ms. Shen also obtained a Master of Science degree in Toxicology from the University of New Mexico in 1991 and worked as a postgraduate researcher in the School of Pharmacy, Department of Pharmacy of the University of California, San Francisco from 1991 to 1994.

Ms. Shen is the spouse of Mr. Lu, an executive Director and the Chairman of our Company and the sister-in-law of Ms. Lu Qinzhen, a senior management of our Group.

Ms. LAU Wing Sze (劉詠詩), aged 38, executive Director and chief executive officer of the Group and is responsible for procurement and inventory control. Ms. Lau has more than six years of experience in management of DRAM module business. Ms. Lau graduated with a Higher Diploma in Business Studies from the City University of Hong Kong in 1998. Ms. Lau also obtained a Master of Business Administration which is a long distance course from the University of Bradford. Ms. Lau is also a member of the Corporate Governance Committee.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LOO Hong Shing Vincent (盧康成), aged 48, was appointed as an independent non-executive Director on 26 June 2012. Mr. Loo has over 26 years of experience in the accounting, auditing, corporate finance and business advisory areas. Prior to joining the Group, Mr. Loo has over 16 years of auditing experience with Messrs. PricewaterhouseCoopers in Hong Kong. Mr. Loo joined Hengan International Group Company Limited (Stock Code: 1044), a company listed on the Main Board of the Stock Exchange, in 2004 as the chief financial controller and was appointed as its executive director in 2005. Mr. Loo graduated from the Hong Kong Polytechnic University with a Professional Diploma in Accountancy in 1988 and has been a member of the Hong Kong Institute of Certified Public Accountants since 1992 and a fellow member of the Association of Chartered Certified Accountants since 1996. Mr. Loo is currently involved in the financial management and compliance aspects of the Company. He is also the chairman of the Remuneration Committee.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. PANG Chung Fai, Benny (彭中輝), aged 41, has been our independent non-executive Director since 26 June 2012. Mr. Pang has been the member of each of the audit committee and remuneration committee of the Company and the chairman of the nomination committee of the Company. Mr. Pang is the managing partner of Messrs. Pang & Co., in association with Loeb & Loeb LLP. Between 1997 and 2009, Mr. Pang practiced as a lawyer with several international law firms in Hong Kong and Sydney. Mr. Pang received his bachelor's degree in laws (honors) from Bond University, Australia, in 1996. In 1997, Mr. Pang obtained his Graduate Diploma in Legal Practice and master's degree in laws from The College of Law, Sydney and the University of New South Wales, Australia, respectively. He has been admitted as a legal practitioner of the Supreme Court of New South Wales, Australia since 1997 and as a solicitor of the High Court of Hong Kong since 2009. He is a member of both the Law Society of New South Wales, Australia and the Law Society of Hong Kong.

Mr. Pang has been appointed as an independent non-executive director of Yuanda China Holdings Limited (Stock Code: 2789), a company listed on the Main Board of the Stock Exchange, since 2011. Mr. Pang has also been appointed as an independent non-executive director of China Bio-Med Regeneration Technology Limited (GEM Stock Code: 8158), a company listed on GEM, since 2012.

Mr. WAN Tak Shing (溫德勝), aged 49, was appointed as an independent non-executive Director on 26 June 2012. Mr. Wan has over 19 years of experience in the audit profession. Mr. Wan joined the Hong Kong office of Messrs. PKF which is a member of PKF International in 2001 and became a partner in 2006. Prior to his current placement with Messrs. PKF, Mr. Wan worked in Messrs. Ernst & Young Hong Kong as manager from 1997 to 2001. Mr. Wan graduated with a Bachelor of Economics degree from the Macquarie University in 1994. Mr. Wan is a practising member of the Hong Kong Institute of Certified Public Accountant and a member of the Certified Practising Accountant Australia since 1996. Mr. Wan Tak Shing is also the chairman of the Audit Committee.

SENIOR MANAGEMENT

Mr. LO Kam Hon Gary (勞錦漢), aged 50, joined the Group in March 2012. He is the chief financial officer of the Company. Mr. Lo is also the company secretary of the Company. He is responsible for the cash flow management, financial reporting, financial planning and risk management of the Group as well as the overall secretarial matters of our Company. Mr. Lo has over 16 years of experience in the accounting, auditing, tax planning and corporate finance areas. Mr. Lo is a fellow of the Association of Chartered Certified Accountants and an associate of the Hong Kong Institute of Certified Public Accountants. Currently Mr. Lo is also an executive director of Global Link Communications Holdings Limited (Stock Code: 8060), a company listed on GEM. His current directorship in Global Link Communications Holdings Limited in no way competes with the Group. The Group and Global Link Communications Holdings Limited and their respective substantial shareholders, directors, senior management members and associates are totally independent of each other and have no past or present relationship with each other at all. Mr. Lo is also the chairman of the Corporate Governance Committee.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Ms. LU Qinzhen (陸芹珍), aged 44, is the finance manager and the vice-chairman of the board of directors of Bodatong Technology (Shenzhen) Company Limited ("Bodatong"), a wholly owned subsidiary of the Group. Ms. Lu is responsible for accounting and financial management of Bodatong. Ms. Lu graduated from Suzhou Zhonghua Correspondence School of Accounting (蘇州市中華會計函授學校) in 2003, majoring in accounting (long distances course). Ms. Lu is also a member of the Corporate Governance Committee.

Ms. Lu is the younger sister of Mr. George Lu, an executive Director and sister-in-law of Ms. Shen Wei, an executive Director.

Mr. LI Guotao (李國濤), aged 36, is the deputy general manager of Bodatong. Mr. Li joined Bodatong in September 2011 and is responsible for the general management of Bodatong. Prior to joining the Group, he was employed as the manager for manufacturing systems and management representative at Kongtop Industrial Company Limited from 2009 to 2011. From 2008 to 2009, Mr. Li worked as the manager at the engineering department of Hongfutai Electronic Science and Technology Company Limited.

Mr. LIANG Zhiyuan (梁智淵), aged 33, is the general manager of the research and development division of Bodatong. He joined Bodatong in May 2007 and is primarily responsible for the research, design and development and resolving problems relating to product technology. Prior to joining our Group, Mr. Liang worked for Kinwei Technology (Shenzhen) Co., Ltd. (建威科技(深圳)有限公司) during 2004 to 2007 as an engineer responsible for designs of various products such as DRAM modules and USB flash drives. Mr. Liang graduated with a Bachelor in Control Technology and Instrument from Guilin Institute of Electronics* (桂林電子工業學院) (now known as Guilin University of Electronic Technology* (桂林電子科技大學)) in 2003.

REPORT OF THE DIRECTORS

The Directors present their annual report and the audited consolidated financial statements of the Company and the Group for the year ended 31 March 2014.

CORPORATE REORGANISATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands on 23 February 2011. Pursuant to a reorganisation to rationalise the group structure in preparation for the Listing, the Company became the holding company of the Group. Details of the reorganisation are set out in the section headed "History, Reorganization and Group Structure" of the Prospectus. The Company's shares have been listed on GEM of the Stock Exchange since 9 September 2013.

PRINCIPAL ACTIVITIES

The Company is an investment holding company.

PRINCIPAL SUBSIDIARIES AND JV

Details of the principal subsidiaries and JV as at 31 March 2014 are set out in notes 7 and 8 to the consolidated financial statements respectively.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2014 are set out in the consolidated income statement and consolidated statement of comprehensive income on pages 33 and 34 of this annual report.

The Company has declared a special dividend of approximately HK$14.83 million on 21 August 2013 as stated in the Prospectus, which was fully settled during the year.

Apart from the aforementioned, the Board does not recommend the payment of a final dividend for the year ended 31 March 2014 (2013: Nil).

USE OF PLACING PROCEEDS

The proceeds (net of underwriting fees and other listing expenses) from the Placing were approximately HK$36 million. For details of the use of the above proceeds, please refer to the "Use of Proceeds" paragraph under the section headed "MANAGEMENT DISCUSSION AND ANALYSIS" on page 11 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group are set out in note 6 to the consolidated financial statements.

REPORT OF THE DIRECTORS

SHARE CAPITAL

Details of movements in the share capital of the Company are set out in note 14 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provision for pre-emptive rights under the Company's articles of association or the relevant law of the Cayman Islands, being the jurisdiction in which the Company was incorporated which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

RESERVES

Details of the movements in the reserves of the Company and the Group during year are set out in note 15 to the consolidated financial statements and the consolidated statement of changes in equity on page 35, respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2014, the Company's reserves available for distribution to equity holders, comprising the share premium, contributed surplus and retained earnings, amounted to approximately HK$147 million.

Under the Companies Law of the Cayman Islands, the share premium account of the Company in the amount of HK$52 million may be applied for paying distributions or dividends to shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of purchases and sales for the year attributable to the Group's major suppliers and customers are as follows:

Purchases	
– the largest supplier	34%
– five largest suppliers combined	65%
Sales	
– the largest customer	19%
– five largest customers combined	60%

None of the Directors, or any of their associates or any shareholder (which to the best knowledge of the Directors own more than 5% of the Company's issued share capital) had any beneficial interest in the major suppliers or customers noted above.

REPORT OF THE DIRECTORS

BOARD OF DIRECTORS

The Directors who were in office during year and up to the date of this report are named as follows:

Executive Directors

Mr. George Lu *(Chairman)*
Ms. Shen Wei
Ms. Lau Wing Sze *(Chief Executive Officer)*

Independent Non-executive Directors (the "INEDs")

Mr. Loo Hong Shing Vincent
Mr. Pang Chung Fai Benny
Mr. Wan Tak Shing

In accordance with Articles 16.18 of the Articles of Association, Mr. George Lu and Mr. Loo Hong Shing Vincent will retire from office by rotation and being eligible, have offered themselves for re-election at the forthcoming Annual General Meeting ("AGM").

CONFIRMATION OF INDEPENDENCE OF INEDS

The Company has received from each of the INEDs an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers all of them to be independent.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical information of the Directors and senior management of the Group are set out on pages 12 to 14 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company, pursuant to which each of them has agreed to act as an executive Director for three years with effect from the Listing Date. The appointment of an executive Director may be terminated by the giving of three months' written notice by the Company to that executive Director or vice versa.

Each of the INEDs has been appointed for an initial term of three years commencing from the Listing Date. The appointment of an INED may be terminated by the giving of three months' written notice by the Company to that INED or vice versa.

None of the Directors proposed for re-election at the AGM and stated in the paragraph headed "Board of Directors" above, has entered into any other service contract with the Company.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and the five individuals with the highest emoluments are set out in note 23 to the consolidated financial statements.

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

As at 31 March 2014, the interests of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or were required pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long positions in ordinary shares of the Company

Name of Director	Capacity/nature of interest	Number of issued ordinary shares held	Approximate percentage of issued share capital
Mr. George Lu	Interest of controlled corporation (Note 1)	179,640,000	72.14
Ms. Shen Wei	Interest of controlled corporation (Note 1)	179,640,000	72.14
Ms. Lau Wing Sze	Interest of controlled corporation (Note 2)	360,000	0.14
Ms. Lau Wing Sze	Beneficial owner	348,000	0.14

(1) Each of Mr. George Lu and Ms. Shen Wei, husband and wife, holds 50% interest in Forever Star Capital Limited ("Forever Star"), a company incorporated in the British Virgin Islands, respectively. Therefore, both of them are deemed to be interested in all the Shares which are beneficially owned by Forever Star.

(2) The 360,000 shares were registered in the name of Nice Rate Limited ("Nice Rate"), a company incorporated in the British Virgin Islands, the entire issued share capital of which is held by Ms. Lau Wing Sze.

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

As at 31 March 2014, so far as it was known by or otherwise notified to any Directors or the chief executive of the Company, the following interest of which would fall to be disclosed under Division 2 and 3 of part XV of the SFO, or the particulars of the corporations or persons (other than a Director or the chief executive of the Company) which had 5% or more interests in the Shares and the underlying Shares as recorded in the register kept under section 336 of the SFO were as follows:

Long positions in ordinary shares of the Company

Name	Nature of interest	Number of shares held	Approximate percentage of issued share capital
Forever Star Capital Limited	Beneficial owner	179,640,000	72.14

(1) Each of Mr. George Lu and Ms. Shen Wei holds 50% interest in Forever Star Capital Limited respectively.

SHARE OPTION SCHEME

The Company's existing Share Option Scheme was conditionally approved by a written resolution of the Shareholders of our Company dated 21 August 2013, which comply with Chapter 23 of the GEM Listing Rules governing share option schemes of listed companies. A summary of the principal terms of the Share option Scheme is set out in the paragraph headed "Share Option Scheme" in Appendix V to the Prospectus.

During the year ended 31 March 2014, no option was granted, exercised or lapsed under the Share Option Scheme.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURE

Save as disclosed above, at no time during the year was the Company, or any of its subsidiaries a party to any arrangements to enable the Directors, their respective spouses or children under the age of 18 to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

INTEREST OF COMPLIANCE ADVISER

As stated in the announcement of the Company dated 9 June 2014, the Company and Tanrich Capital Limited ("Tanrich") have mutually agreed to terminate the compliance adviser's agreement with effect from 9 June 2014 due to the personnel changes and material changes in the human resources of Tanrich.

As notified by Tanrich, except for the compliance adviser agreement entered into between the Company and Tanrich dated 28 August 2013, neither Tanrich nor any of its directors or employees or associates had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) as at 31 March 2014 which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

On 17 June 2014, the Company has appointed China Everbright Capital Limited ("China Everbright") as compliance adviser. As notified by China Everbright, except for the compliance adviser agreement entered into between the Company and China Everbright dated 17 June 2014, neither China Everbright nor any of its directors or employees or associates had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) up to the date of this report which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

DIRECTORS' INTERESTS IN CONTRACTS

No Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

COMPETING INTEREST OF DIRECTORS, CONTROLLING SHAREHOLDERS AND THEIR RESPECTIVE ASSOCIATES

For the year ended 31 March 2014, none of the Directors, controlling shareholders of the Company or any of their respective associates is considered to have interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group and any other conflicts of interests, which is required to be disclosed under Rule 11.04 of the GEM Listing Rules.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Board on the basis of position, duties and performance of the employees.

The emoluments of the Directors are decided by the board of Directors, having regard to the Company's operating results, individual performance and comparable market statistics.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted a code of conduct regarding securities transactions by directors 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 Company had made specific enquiries of all Directors and was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors during the year ended 31 March 2014.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Board confirms that the Company has maintained a sufficient public float (i.e. at least 25% of the issued Shares were held by the public) as required by Rule 17.38A of the GEM Listing Rules since the Listing Date and up to the date of this report.

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

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities since the Listing Date.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 22 to 27 of this annual report.

REPORT OF THE DIRECTORS

REVIEW BY AUDIT COMMITTEE

The audited consolidated financial statements of the Group for the year ended 31 March 2014 have been reviewed by the Audit Committee. The audit committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 March 2014 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

AUDITORS

The consolidated financial statements for the year ended 31 March 2014 have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment at the forthcoming AGM. A resolution to re-appoint PricewaterhouseCoopers and to authorise the Directors to fix its remuneration will be proposed at the forthcoming AGM.

On behalf of the Board

George Lu

Chairman

Hong Kong, 23 June 2014

As at the date of this report, the Executive Directors of the Company are Mr. George Lu, Ms. Shen Wei, and Ms. Lau Wing Sze; and the independent Non-Executive Directors of the Company are Mr. Pang Chung Fai Benny, Mr. Wan Tak Shing and Mr. Loo Hong Shing Vincent.

CORPORATE GOVERNANCE REPORT

The Board is committed to maintaining a good corporate governance standard. The Board believes that a good corporate governance standard will provide a framework for the Company and its subsidiaries (collectively the "Group") to formulate the business strategies and policies, and manage the associated risks through effective internal control procedures. It will also enhance the transparency of the Group and strengthen the accountability to the shareholders and creditors. In this regard, a corporate governance committee of the Board has been established with primary responsibility for developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board.

Before the Listing Date, the Company was not required to comply with the requirements under the code provisions set out in the Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules.

The Company has adopted the CG Code as its own code of corporate governance. During the Review Period, the Company had complied with the code provisions set out in the CG Code, to the extent applicable and permissible.

Accordingly, the Board is pleased to present this Corporate Governance Report for the Review Period.

DIRECTORS' SECURITIES TRANSACTIONS

The Company had adopted a code of conduct regarding securities transactions by directors 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. Having made specific enquiries of all Directors, all the Directors confirmed that they had complied with the required standard of dealings and the Company's code of conduct regarding securities transactions by Directors from the Listing Date up to 31 March 2014.

BOARD OF DIRECTORS

Throughout the Review Period and as at the date of this annual report, the Board comprises six members, three of which are executive Directors, namely Mr. George Lu who is the chairman of the Company, Ms. Shen Wei and Ms. Lau Wing Sze who is the chief executive officer of the Company. Three other members are independent non-executive Directors, namely Mr. Loo Hong Shing Vincent, Mr. Pang Chung Fai Benny and Mr. Wan Tak Shing. The biographical details of the Directors and relationship between them (if any) are set out in the section headed "Biographical Details of Directors and Senior Management" on page 12 to 14 of this annual report.

The Articles of Association provide that one-third of the Directors for the time being, or, if their number is not a multiple of three, the number nearest to but not less than one-third shall retire from office by rotation at each AGM provided that every Director shall be subject to retirement by rotation at least once every three years. The retiring Directors shall be eligible for re-election.

The Board is responsible for the formulation of the Group's business strategies and overall policies, and monitoring the performance of the management and corporate governance functions. The executive Directors are delegated with the power to execute the business strategies, develop and implement the policies in the daily operation of the Group. The independent non-executive Directors provide their professional advices to the Group whenever necessary.

Composition of the Board, including names of the independent non-executive Directors, is disclosed in all corporate communications to shareholders of the Company.

All Directors have full and timely access to all the information and accounts of the Group. The Directors may seek independent professional advice in appropriate circumstances, at the expense of the Company. The Company will, upon request, provide separate independent professional advice to the Directors to assist them to discharge their duties to the Company. The Company has arranged appropriate insurance cover for the Directors.

ATTENDANCE OF DIRECTORS AT MEETINGS

The Board held six Board meetings during the Review Period. No general meeting was held during the Review Period.

The attendances of the Directors at various meetings held during the Review Period and up to the date of this report are set out below:

	Number of meetings attended/held					
	General meeting	**Board meeting**	**Audit Committee meetings**	**Remuneration Committee meetings**	**Nomination Committee meetings**	**Corporate Governance Committee meetings**
Mr. George Lu	0/0	6/6	N/A	N/A	1/1	N/A
Ms. Shen Wei	0/0	6/6	N/A	N/A	N/A	N/A
Ms. Lau Wing Sze	0/0	6/6	N/A	N/A	N/A	1/1
Mr. Loo Hong Shing Vincent	0/0	6/6	3/3	1/1	1/1	N/A
Mr. Pang Chung Fai Benny	0/0	6/6	3/3	1/1	1/1	N/A
Mr. Wan Tak Shing	0/0	6/6	3/3	1/1	N/A	N/A

DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

All Directors had confirmed that they had complied with the code provision A.6.5 of the CG Code during the Review Period by participating in continuous professional development. The Company will arrange an in-house seminar on GEM Listing Rules for the Directors in August 2014, to ensure all Directors can have the most update information.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. George Lu is the chairman of the Company and Ms Lau Wing Sze is the chief executive officer of the Company, and they have segregated and clearly defined roles. The chairman of the Company provides leadership for the Board. The chief executive officer of the Company is responsible for the Group's overall business and development strategies, and general daily management.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has three independent non-executive Directors, all of them has appropriate professional qualification or related financial management expertise. The Company has received a written confirmation of independence from each of the independent non-executive Directors. The Company considers that each of the independent non-executive Directors is independent.

TERM OF APPOINTMENT OF NON-EXECUTIVE DIRECTORS

All the independent non-executive Directors have been appointed for a term of three years commencing from the Listing Date.

REMUNERATION COMMITTEE

The Board has established a remuneration committee (the "Remuneration Committee") with its role and function set out in its specific written terms of reference in accordance with the provisions set out in the Code, which are posted on the websites of the Stock Exchange and the Company. The principal duties of the Remuneration Committee are to formulate the Company's remuneration policy and recommend remuneration packages of the Directors and senior management of the Company to the Board for approval. The Company remuneration policy is based on position, duties and performance of the employees. The employees' remuneration varies according to their positions, which may include salary, overtime allowance, bonus and various subsidies. The performance appraisal system varies according to the positions of the employees. The performance appraisal is supervised by the performance management committee.

During the Review Period and as at the date of this annual report, the Remuneration Committee comprised three independent non-executive Directors, namely Mr. Loo Hong Shing Vincent as the chairman of the Remuneration Committee, Mr. Wan Tak Shing and Mr. Pang Chung Fai Benny.

During the Review Period, no meeting of the Remuneration Committee was held. Subsequent to 31 March 2014 and up to the date of this report, one meeting of the Remuneration Committee was held to make recommendation to the Board on the Company's policy and structure for all remuneration of the Directors and the senior management and on the establishment of a procedure for developing policy on such remuneration; and determine or recommend to the Board on the remuneration packages of all the executive Directors and the senior management, and recommend to the Board of the remuneration of the non-executive Directors. All members of the Remuneration Committee attended the meeting.

NOMINATION COMMITTEE

The nomination committee with specific written terms of reference in accordance with the provisions set out in the CG Code, which are posted on the websites of the Stock Exchange and the Company.

During the Review Period and as at the date of this annual report, the Nomination Committee comprised two independent non-executive Directors, namely Mr. Pang Chung Fai Benny as the Chairman of the Nomination Committee, Mr. Loo Hong Shing Vincent and Mr. George Lu, an executive director.

Major responsibilities of the Nomination Committee are to formulate and implement the policy for nominating candidates for election by shareholders at the general meeting (either to fill a casual vacancy or as an addition to the Board), assess the independence of non-executive Directors and propose re-election of retiring Directors.

During the Review Period, no meeting of the Nomination Committee was held. Subsequent to 31 March 2014 and up to the date of this report, one meeting of the Nomination Committee was held to review the structure and composition of the Board, adoption of the board diversity policy and revised written terms of reference to the Nomination Committee. All members of the Nomination Committee attended the meeting.

BOARD DIVERSITY POLICY

During the Review Period, the Board adopted a board diversity policy setting out the approach to achieve diversity on the Board. The Company considered diversity of board members can be achieved through consideration of a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All Directors appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

AUDIT COMMITTEE

The Board has established an audit committee (the "Audit Committee") with written terms of reference in accordance with the provisions set out in the CG Code, which are posted on the websites of the Stock Exchange and the Company. The principal duties of the Audit Committee are to review the Company's financial statement, accounts, quarterly and interim results and to provide advice and comments thereon to the Board. The Audit Committee will also be responsible for reviewing and supervising the Group's financial reporting and internal control procedures.

During the Review Period and as at the date of this annual report, the Audit Committee comprised three independent non-executive Directors, namely Mr. Wan Tak Shing as the Chairman of the Audit Committee, Mr. Pang Chung Fai Benny and Mr. Loo Hong Shing Vincent. The Audit Committee held three meetings during the Review Period and up to the date of this report to review the quarterly results, interim results, annual results and internal control system of the Group. One of the meetings were attended with the Company's independent auditors so that the members of the Audit Committee could exchange their views and concerns on the financial reporting process of the Group with the auditors. All members of the Audit Committee attended the three meetings held.

CORPORATE GOVERNANCE COMMITTEE

The Board has established a corporate governance committee ("Corporate Governance Committee") with written terms of reference in accordance with the provisions set out in the CG Code and Corporate Governance Report as set out in the GEM Listing Rules, which are posted on the websites of the Company.

Its primary functions include: (i) to develop and review the Company's policies and practices on corporate governance and make recommendations to our Board; (ii) to review and monitor the training and continuous professional development of directors and senior management; (iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (iv) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to Directors and employees of the Group; (v) to review the Company's compliance with the Code as set out in Appendix 15 to the GEM Listing Rules and disclosure in the Corporate Governance Report as required under Appendix 15 to the GEM Listing Rules; and (vi) to consider other matters, as authorised by the Board.

During the Review Period and as at the date of this annual report, the Corporate Governance Committee comprised one executive Director and two senior management, namely Mr. Lo Kam Hon Gary as the Chairman of the Corporate Governance Committee, Ms. Lau Wing Sze and Ms. Lu Qinzhen. The Corporate Governance Committee held one meeting during the Review Period and up to the date of this report.

CORPORATE GOVERNANCE FUNCTIONS

The Board and the Corporate Governance Committee have reviewed the Company's policies and practices on corporate governance and compliance with the CG Code, reviewed and monitored the training and continuous professional development of Directors and senior management and reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements during the Review Period.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparing the financial statements of the Group which give a true and fair view of the state of affairs of the Group and of its profit and cash flows for the year ended 31 March 2014. The Directors have prepared the financial statements of the Group on a going concern basis, and have selected appropriate accounting policies and applied them consistently, with applicable disclosures required under the GEM Listing Rules and pursuant to the relevant statutory requirements.

The statement issued by the auditors of the Company, PricewaterhouseCoopers, regarding their reporting responsibilities is set out in the section headed "Independent Auditor's Report" on pages 28 to 29 of this annual report.

INTERNAL CONTROLS

The Board has the overall responsibility for the internal control of the Group, including risk management, and setting appropriate policies having regard to the objectives of the Group. The Board, through the Audit Committee, had conducted a review on the effectiveness of the Group's internal control system of financial and non-financial controls during the Review Period. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss. Controls are monitored by management review.

AUDITORS' REMUNERATION

The auditors, PricewaterhouseCoopers, provide both audit and non-audit services to the Group. The Audit Committee is responsible for making recommendations to the Board on the appointment, re-appointment, removal and remuneration of the independent auditor.

For the year ended 31 March 2014, the fee for audit services provided to the Group amounted to approximately HK$1 million. Non-audit services include acting as the Company's reporting accountants in relation to the Company's initial public offering, and the fee for these non-audit services of approximately HK$471,000 have already been accrued in the year ended 31 March 2013.

CONSTITUTIONAL DOCUMENTS

During the Review Period, there is no significant change in the Company's constitutional documents.

COMMUNICATION WITH SHAREHOLDERS

The Company provides information in relation to the Group to the shareholders in a timely manner through a number of formal channels, including interim and annual reports, announcements and circulars. Such published documents together with the corporate information of the Group are also available on the Company's website (www.goldenmars.com).

Subject to applicable laws and regulations, including the GEM Listing Rules and the Articles of Association as amended from time to time, shareholders may convene a general meeting/put forward proposals in accordance with the following provisions:

1. One or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid-up capital of the Company having the right of voting at general meetings can deposit a written request to convene a special general meeting ("SGM") at the principal place of business of the Company in Hong Kong (the "Hong Kong Office"), for the attention of the Board or the Company Secretary.
2. The written request must state the name of the shareholders concerned, their respective shareholdings, the objects of the meeting, including details of the business(es) and resolutions proposed to be considered and approved at the meeting, signed by the shareholders concerned.
3. The request will be verified with the Company's Branch Share Registrars and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board to convene a SGM by serving sufficient notice in accordance with the statutory requirements to all the shareholders. On the contrary, if the request has been verified as not in order, the shareholders concerned will be advised of this outcome and accordingly, a SGM will not be convened as requested.
4. If within 21 days of such deposit of the requisition, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.
5. The notice period to be given to the shareholders in respect of the SGM varies according to the nature of the proposal. Notice of the SGM at which the passing of a special resolution is to be considered, notice of the SGM shall be arranged to be sent to the shareholders at least 21 clear days or 10 clear business days (whichever is longer) before such SGM.

Procedures for shareholders sending enquiries to the Board

1. Enquiries about shareholdings

Shareholders should direct their enquiries about their shareholdings to the Company's branch share registrar, Tricor Investor Services Limited, via its online holding enquiry service at www.tricoris.com, or send email to is-enquiries@hk.tricorglobal.com or go in person to its public counter at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

2. Enquiries about corporate governance or other matters to be put to the Board and the Company

The Company will not normally deal with verbal or anonymous enquiries. Shareholders may send written enquiries to the Company, for the attention of the Board or Company Secretary, by mail to 29th Floor, Enterprise Square Two, 3 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong. Shareholders may call the Company at (852) 2314 0822 for any assistance.

pwc 羅兵咸永道

TO THE SHAREHOLDERS OF GOLDENMARS TECHNOLOGY HOLDINGS LIMITED

(incorporated in Cayman Islands with limited liability)

We have audited the consolidated financial statements of Goldenmars Technology Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 30 to 87, which comprise the consolidated and company statements of financial position as at 31 March 2014, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

TO THE SHAREHOLDERS OF GOLDENMARS TECHNOLOGY HOLDINGS LIMITED (CONTINUED)

(incorporated in Cayman Islands with limited liability)

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 23 June 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

	Note	As at 31 March **2014** **HK$'000**	 2013 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	**52,169**	60,305
Investment in a joint venture	8	**24,010**	–
Non-current deposits	10	**196**	196
Deferred tax assets	19	**36**	–
		76,411	60,501
Current assets			
Inventories	9	**86,736**	86,179
Trade receivables	10	**48,231**	5,698
Deposits, prepayments and other receivables	10	**12,243**	5,096
Amounts due from related parties	31	**–**	26,798
Amount due from a joint venture	31	**3,683**	–
Pledged structured deposits at banks	11	**15,298**	–
Bank deposits with original maturity over three months	12	**29,510**	–
Cash and cash equivalents	13	**119,734**	103,392
		315,435	227,163
Total assets		**391,846**	287,664

The notes on pages 38 to 87 are integral parts of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 March 2014

	Note	As at 31 March 2014 HK$'000	2013 HK$'000
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	14	**2,490**	100
Other reserves	15	**109,403**	57,196
Retained earnings		**56,282**	54,322
Total equity		**168,175**	111,618
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	19	**–**	15
		–	15
Current liabilities			
Trade payables	16	**41,667**	1,772
Other payables and accrued expenses	16	**2,576**	3,534
Amounts due to related parties	31	**–**	13,066
Borrowings	17	**177,210**	154,637
Finance lease liabilities	18	**–**	1,130
Current income tax liabilities		**2,218**	1,892
		223,671	176,031
Total liabilities		**223,671**	176,046
Total equity and liabilities		**391,846**	287,664
Net current assets		**91,764**	51,132
Total assets less current liabilities		**168,175**	111,633

These consolidated financial statements on pages 30 to 87 were approved for issue by the Board of Directors on 23 June 2014 and were signed on its behalf

George Lu
Director

Lau Wing Sze
Director

The notes on pages 38 to 87 are integral parts of these consolidated financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

	Note	As at 31 March 2014 HK$'000	2013 HK$'000
ASSETS			
Non-current assets			
Interests in subsidiaries	7	**147,214**	95,214
Current asset			
Amount due from a subsidiary	31	**2,234**	–
Total assets		**149,448**	95,214
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	14	**2,490**	100
Other reserves	15	**146,920**	95,114
Retained earnings/(accumulated losses)		**38**	(65)
Total equity		**149,448**	95,149
LIABILITIES			
Current liabilities			
Amount due to a subsidiary	31	**–**	65
Total liabilities		**–**	65
Total equity and liabilities		**149,448**	95,214
Net current assets/(liabilities)		**2,234**	(65)
Total assets less current liabilities		**149,448**	95,149

These consolidated financial statements on pages 30 to 87 were approved for issue by the Board of Directors on 23 June 2014 and were signed on its behalf

George Lu
Director

Lau Wing Sze
Director

The notes on pages 38 to 87 are integral parts of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2014

	Note	Year ended 31 March 2014 HK$'000	2013 HK$'000
Revenue	5	**787,650**	511,799
Cost of sales	21	**(735,120)**	(461,990)
Gross profit		**52,530**	49,809
Selling expenses	21	**(3,740)**	(3,399)
General and administrative expenses	21	**(19,766)**	(19,984)
Other (loss)/income	24	**(1,079)**	552
Operating profit		**27,945**	26,978
Share of loss of a joint venture	8	**(228)**	–
Finance costs	25	**(3,474)**	(3,087)
Profit before income tax		**24,243**	23,891
Income tax expense	26	**(7,453)**	(6,015)
Profit for the year attributable to equity holders of the Company		**16,790**	17,876
Earnings per share attributable to the equity holders of the Company			
(Expressed in HKD per share)			
Basic and diluted	28	**HK7.68 cents**	HK9.93 cents

The notes on pages 38 to 87 are integral parts of these consolidated financial statements.

	Note	Year ended 31 March 2014 HK$'000	2013 HK$'000
Dividends	27	**14,830**	–

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2014

	Year ended 31 March	
	2014	2013
	HK$'000	HK$'000
Comprehensive income		
Profit for the year	**16,790**	17,876
Other comprehensive income		
Items that may be reclassified to profit or loss		
Currency translation differences	**401**	152
Total comprehensive income for the year attributable to equity holders of the Company	**17,191**	18,028

The notes on pages 38 to 87 are integral parts of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014

		Attributable to equity holders of the Company								
			Other reserves							
	Note	Share capital	Share premium	Merger reserve Note 15(i)(a)	Capital reserve Note 15(i)(b)	Statutory reserve Note 15(i)(c)	Exchange reserve	Sub total	Retained earnings	Total
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
For the year ended 31 March 2014										
Balance at 1 April 2013		100	–	50,374	2,480	1,042	3,300	57,196	54,322	111,618
Comprehensive income										
Profit for the year		–	–	–	–	–	–	–	16,790	16,790
Other comprehensive income										
Currency translation differences		–	–	–	–	–	401	401	–	401
Total comprehensive income		–	–	–	–	–	401	401	16,790	17,191
Transaction with owners										
Issuance of shares by placing	14(b)	690	61,410	–	–	–	–	61,410	–	62,100
Capitalisation issue	14(c)	1,700	(1,700)	–	–	–	–	(1,700)	–	–
Listing and share issuance expenses		–	(7,904)	–	–	–	–	(7,904)	–	(7,904)
Special dividend declared on 21 August 2013	27	–	–	–	–	–	–	–	(14,830)	(14,830)
Balance at 31 March 2014		**2,490**	**51,806**	**50,374**	**2,480**	**1,042**	**3,701**	**109,403**	**56,282**	**168,175**

The notes on pages 38 to 87 are integral parts of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 March 2014

		Attributable to equity holders of the Company							
			Other reserves						
		Share capital	Merger reserve	Capital reserve	Statutory reserve	Exchange reserve	Sub total	Retained earnings	Total
	Note		Note 15(i)(a)	Note 15(i)(b)	Note 15(i)(c)				
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
For the year ended 31 March 2013									
Balance at 1 April 2012		100	50,374	2,480	1,042	3,148	57,044	36,446	93,590
Comprehensive income									
Profit for the year		–	–	–	–	–	–	17,876	17,876
Other comprehensive income									
Currency translation differences		–	–	–	–	152	152	–	152
Total comprehensive income		–	–	–	–	152	152	17,876	18,028
Balance at 31 March 2013		100	50,374	2,480	1,042	3,300	57,196	54,322	111,618

The notes on pages 38 to 87 are integral parts of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2014

	Note	Year ended 31 March 2014 HK$'000	2013 HK$'000
Cash flows from operating activities			
Cash generated from operations	29	**17,777**	28,607
Income tax paid		**(7,148)**	(9,622)
Tax refund		**–**	321
Net cash generated from operating activities		**10,629**	19,306
Cash flows from investing activities			
Interest received		**5**	9
Purchase of property, plant and equipment	6	**(316)**	(352)
Proceeds from disposal of property, plant and equipment	29	**114**	200
Investment in a joint venture		**(24,238)**	–
Increase in bank deposits with original maturity over three months		**(29,510)**	–
Increase in pledged structured deposits at banks		**(15,298)**	–
Net cash used in investing activities		**(69,243)**	(143)
Cash flows from financing activities			
Interest paid		**(3,474)**	(3,087)
Drawdown of bank borrowings		**531,570**	343,237
Repayment of bank borrowings		**(508,997)**	(331,570)
Repayment of finance lease liabilities		**(1,130)**	(1,105)
Decrease in amounts due to related parties		**–**	(15)
Proceeds from issuance of ordinary shares		**62,100**	–
Payment of listing and share issuance expenses		**(4,065)**	(1,691)
Dividend paid		**(30)**	–
Net cash generated from financing activities		**75,974**	5,769
Net increase in cash and cash equivalents		**17,360**	24,932
Cash and cash equivalents at beginning of year		**103,392**	78,451
Effect of change in exchange rate		**(1,018)**	9
Cash and cash equivalents at end of the year	13	**119,734**	103,392

The notes on pages 38 to 87 are integral parts of these consolidated financial statements.

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 23 February 2011 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and the principal place of business is 29th Floor, Enterprise Square Two, 3 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong.

The Company is an investment holding company. Its subsidiaries (which together with the Company, are collectively referred to as "the Group") is principally engaged in (i) manufacturing and sales of dynamic random-access memory ("DRAM") modules and USB flash drives and other data memory products, and (ii) trading of DRAM chips, NAND flash chips, DRAM modules and CPU chips (the "Business").

The directors considered Mr. George Lu and Ms. Shen Wei, spouse of Mr. Lu, to be the ultimate controlling shareholders.

The Company's shares have been listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("the Stock Exchange") since 9 September 2013.

These consolidated financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated.

2. SUMMARY OF ACCOUNTING POLICIES

2.1 Basis of preparation

Pursuant to a reorganisation in preparation for the listing of the Company's shares on the Stock Exchange ("the Reorganisation") which was completed on 27 June 2012, the Company became the holding company of the other companies comprising the Group. As the Reorganisation is merely a reorganisation of the businesses previously undertaken by the group companies with no change in management and ultimate owners, the accompanying financial statements are presented using the historical carrying values of the businesses as if the current group structure has been in existence since 1 April 2012.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and under the historical cost convention.

The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

(a) New standards, amendments and interpretations which are relevant to the Group's operations and are mandatory for the financial year beginning on or after 1 April 2013:

Amendment to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendment to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
Amendment to HKFRS 10, 11 and 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 13	Fair value measurement
HKAS 27 (Revised 2011)	Separate Financial Statements
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures
Annual Improvements Project	Annual Improvements 2009-2011 Cycle

2. SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(a) *(Continued)*

The adoption of the new standards, amendments and interpretations does not have any significant effect on the results and financial position of the Group except for certain additional disclosure in the consolidated financial statements.

(b) The following new standards, amendments and interpretations are relevant to the Group, but not yet effective for accounting periods beginning on 1 April 2013 and have not been early adopted:

		Effective for annual periods beginning on or after
HKFRS 9	Financial Instruments	To be determined
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosures	1 January 2015
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (Revised 2011)	Investment Entities	1 January 2014
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendment to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendment to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
HK(IFRIC) – Int 21	Levies	1 January 2014
Annual Improvements Project	Annual Improvements to HKFRSs	1 July 2014

Management is in the process of making an assessment of the impact of these new standards, amendments and interpretations but has considered on a preliminary basis that these standards will not have a significant impact on the Group's financial statements in the coming year.

2. SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances, income and expenses or transactions between group companies are eliminated. Profits and losses resulting from inter-company transaction that are recognised in asset are also eliminated. Accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

(a) Business combinations

The Group applies the acquisition method to account for business combinations, except for those carried out under common control which are accounted for using the principles of merger accounting. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

2. SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.2 Subsidiaries *(Continued)*

2.2.1 Consolidation (Continued)

(a) Business combinations *(Continued)*

Acquisition-related costs are expensed as incurred.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2. SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.3 Joint ventures

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.4 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in HK dollars, which is the Company's presentation and functional currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

All foreign exchange gains and losses that relate to borrowings, pledged structured deposits at banks, bank deposits with original maturity over three months, and cash and cash equivalents are presented in the consolidated income statement within 'other (loss)/income'.

2. SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.4 Foreign currency translation *(Continued)*

(c) *Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange differences are recognised in the other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in equity.

2.5 Property, plant and equipment

Land and buildings comprise mainly offices. Leasehold land classified as finance lease and all other property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Leasehold land classified as finance lease commences amortisation from the time when the land interest becomes available for its intended use. Amortisation on leasehold land classified as finance lease and depreciation on property, plant and equipment are calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

2. SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.5 Property, plant and equipment *(Continued)*

Leasehold land classified as finance lease	Over the lease terms
Leasehold improvements	5 years or over the remaining lease terms, whichever is a shorter period
Buildings	40 to 50 years or over the lease terms, whichever is a shorter period
Machineries	3 to 10 years
Office equipment	5 years
Furniture and fixtures	5 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount.

2.6 Impairment of investments in subsidiaries and non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.7 Financial assets

2.7.1 Classification

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise trade and other receivables, deposits, amounts due from related parties, amount due from a joint venture, pledged structured deposits at banks, bank deposits with original maturity over three months and cash and cash equivalents in the consolidated statement of financial position.

Loans and receivables are carried at amortised cost using the effective interest method.

2. SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.7 Financial assets *(Continued)*

2.7.2 Impairment of financial assets

Assets carried at amortised cost

The Group assesses at the end to each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. If a receivable has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

Carrying amount of an impaired asset is reduced through the use of an allowance account, and the amount of loss is recognised in profit or loss, when a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the profit or loss.

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods comprises raw materials and assembly cost. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2. SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.9 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or assembly service performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.10 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand and deposits held at call with banks with original maturities of three months or less.

2.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.12 Trade and other payables

Trade payables are obligations to pay for goods that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.13 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statements over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.14 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2. SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.15 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statements, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) *Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the statement of financial position in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) *Deferred income tax*

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

(c) *Offsetting*

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2. SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.17 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

2.18 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) *Sales of goods*

Sales of goods are recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customer, the customer has accepted the products and collectability of the related receivables is reasonably assured. Deposits received in advance from customers for goods that have not been delivered are recognised as "Receipt in advance" in the consolidated statement of financial position.

(b) *Interest income*

Interest income represents bank interest income and is recognised on time-proportion basis using the effective interest method.

2. SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.18 Revenue recognition *(Continued)*

(c) Other service income

Other service income is recognised when the related services are rendered.

2.19 Employee benefits

(a) Pension obligations

The Group participates in general defined contribution pension schemes. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

In accordance with the rules and regulations in the People's Republic of China ("PRC"), the PRC based employees of the subsidiary participate in various defined contribution retirement benefit, housing fund, medical insurance and unemployment fund plans organised by the relevant municipal and provincial governments in the PRC under which the subsidiary and the employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised in profit or loss as employee benefit expenses when they are incurred.

(b) Bonus plans

The expected cost of bonus payments are recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(c) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the date of the statement of financial position. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

2. SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.20 Leases

(i) Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(ii) Finance lease

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in current and non-current liabilities. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.21 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

2.22 Dividend distribution

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the respective shareholders of the group companies.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group has not used any derivative financial instruments to hedge its risk exposures.

(a) *Market risk*

(i) Foreign exchange risk

The Group operates principally in HK and the PRC and is exposed to foreign exchange risk arising from various currencies, primarily with respect to the United States dollar ("US$") and Renminbi ("RMB"). Foreign exchange risk arises from commercial transactions or recognised assets and liabilities denominated in a currency that is not the entity's functional currency.

As HK$ is pegged to US$, in the opinion of the directors, the Group does not have any significant foreign exchange risk with respect to US$.

The Group is subject to foreign exchange risk of RMB in relation to its manufacturing function in the PRC. However, in the opinion of the directors, the exposure is not significant because raw materials costs that comprise the majority of the Group's production cost are mainly denominated in US$.

(ii) Price risk

The Group is exposed to fluctuations in the market price of its products including integrated chips, DRAM and USB flash drives, the prices of which are influenced by global as well as regional supply and demand conditions. The Group is able to partially recover increase in costs from customers through price adjustments, which may partially mitigate the price risk. The Group has not used any derivative instruments to hedge such economic exposures.

(iii) Cash flow interest rate risk

The Group's interest rate risk arises mainly from bank borrowings. Borrowings carried at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates.

The Group currently does not use any interest rate swap contracts or other financial instruments to hedge against its interest rate risk exposure. Management monitors interest rate fluctuations to ensure that exposure to interest rate risk is within an acceptable level.

Based on the sensitivity analysis performed by management, if interest rates had been 100 (2013: 100) basis points higher/lower on the Group's bank borrowings (net of bank deposits) with all other variable held constant, the profit for the year would have been HK$320,000 (2013: HK$579,000) lower/higher.

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) Credit risk

Credit risk is managed at group level. Credit risk primarily arises from trade receivables and other receivables, deposits, amounts due from related parties, amount due from a joint venture, pledged structured deposits at banks, bank deposits with original maturities over three months and cash and cash equivalents included in the consolidated statement of financial position which represent the Group's maximum exposure to credit risk in relation to its financial assets.

The credit risk on liquid funds is limited because cash at banks are placed with reputable financial institutions in Hong Kong and the PRC which management believes are of sound credit quality and without major credit risk.

For receivables from its related companies and its directors, the directors consider the Group's credit risk of these receivables to be minimal taking into account the financial position of the counterparts.

The Group has concentrations of credit risk which arise from trade receivables from its customers. Trade receivables from the Group's five largest customers in aggregate account for 95% (2013: 74%) of the Group's total trade receivables at 31 March 2014. Management does not expect any losses from non-performance by these counterparties. The Group maintains frequent communications with these customers to ensure relevant transactions are running effectively and smoothly and balances are reconciled. Settlements from these customers are closely monitored on an ongoing basis by management of the Group to ensure any overdue debts are identified. Follow-up action is taken to recover the overdue debts.

(c) Liquidity risk

With prudent liquidity risk management, the Group aims to maintain sufficient cash and cash equivalents and ensure the availability of funding through an adequate amount of available financing, including short-term bank borrowings.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the date of the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Where the loan agreement contains a repayable on demand clause which gives the lender the unconditional right to call the loan at any time, the amounts repayable are classified in the earliest time bracket in which the lender could demand repayment. Balances due within twelve months other than borrowings and finance lease liabilities equal their carrying balances, as the impact of discounting is not significant.

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(c) Liquidity risk (Continued)

Group

	On demand HK$'000	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Over 2 years HK$'000	Total HK$'000
As at 31 March 2014					
Borrowings	177,644	–	–	–	177,644
Trade and other payables (excluding non-financial liabilities)	–	43,608	–	–	43,608
	177,644	43,608	–	–	221,252
As at 31 March 2013					
Borrowings	155,368	–	–	–	155,368
Finance lease liabilities	–	1,143	–	–	1,143
Trade and other payables (excluding non-financial liabilities)	–	4,503	–	–	4,503
Amounts due to related parties	–	13,066	–	–	13,066
	155,368	18,712	–	–	174,080

Company

	On demand HK$'000	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Over 2 years HK$'000	Total HK$'000
As at 31 March 2013					
Amount due to a subsidiary	65	–	–	–	65

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital (the sum of total equity and net debt), as shown in the consolidated statement of financial position. Net debt is calculated as total borrowings less pledged structured deposits at banks and cash and cash equivalents.

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Capital risk management *(Continued)*

The Group's strategy was to maintain a solid capital base to support the operations and development of its business in the long term. The gearing ratios as at 31 March 2014 and 2013 were as follows:

	As at 31 March	
	2014	2013
	HK$'000	HK$'000
Borrowings (Note 17)	**177,210**	154,637
Finance lease liabilities (Note 18)	**–**	1,130
Amounts due to related parties (Note 31(c))	**–**	13,066
Total borrowings	**177,210**	168,833
Less: Cash and cash equivalents (Note 13)	**(119,734)**	(103,392)
Pledged structured deposits at banks (Note 11)	**(15,298)**	–
Net debt	**42,178**	65,441
Total equity	**168,175**	111,618
Total capital	**210,353**	177,059
Gearing ratio	**20.1%**	37.0%

Decrease in gearing ratio during the year was mainly due to the decrease in net debt and the increase in total equity.

3.3 Fair value estimation

The carrying amounts of the Group's financial assets and financial liabilities including trade and other receivables, amount due from a joint venture, amount due from related parties, pledged structured deposits at banks, bank deposits with original maturity over three months, cash and cash equivalents, trade and other payables, amounts due to related parties, bank borrowings and finance lease liabilities approximate their respective fair values.

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS *(Continued)*

(a) Estimated impairment of inventories

The carrying value of inventory is reviewed by management at each reporting date to ensure that it is not recorded at a value higher than net realisable value. Management tests whether inventory suffered any impairment based on estimates of the net realisable value of the inventory. Net realisable value of inventory is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

Management estimates the net realisable value for finished goods and raw materials based primarily on current market conditions and the historical experience of manufacturing and selling products of similar nature and make allowance if the net realisable value is lower than the cost. These estimates could change significantly as a result of changes in customer preferences and competitor actions in response to severe industry cycles. Where the actual net realisable values are less than expected, an allowance may arise. Management will reassess the estimations at the date of the statement of financial position.

(b) Estimated provision for doubtful debts

The Group makes provision for doubtful debts based on assessment of the recoverability of trade and other receivables. Provisions are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires the use of judgment and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables and doubtful debt expenses in the period in which such estimate has been changed.

(c) Useful lives and depreciation of property, plant and equipment

The Group determines the estimated lives for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to industry cycles.

The Group will increase the depreciation charge where useful lives are less than previously estimated lives, or will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS *(Continued)*

(d) Current and deferred income tax

The Group is principally subject to income taxes both in Hong Kong and the PRC. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred income tax assets relating to temporary differences are recognised when management expects it is probable that future taxable profits will be available to utilise against the temporary differences. Where the expectations are different from the original estimates, such differences will impact the recognition of deferred income tax assets in the period in which such estimates have been changed.

(e) Impairment of non-current assets

Non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs to sell. These calculations require the use of judgements and estimates.

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group’s financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the income statement.

5. REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive directors of the Company ("CODM"). The CODM reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segment based on these reports.

The CODM considers that the Group has a single operating and reporting segment which is the manufacturing and sales of DRAM chips, DRAM modules, NAND flash chips, CPU chips, USB flash drives and related products. CODM assesses the performance of this single segment based on revenue and operating result.

Revenue of the Group is analysed as follows:

	Year ended 31 March	
	2014	2013
	HK$'000	HK$'000
Sales of DRAM chips	**354,782**	223,288
Sales of DRAM modules	**195,201**	173,346
Sales of NAND flash chips	**165,470**	87,744
Sales of CPU chips	**50,824**	–
Sales of USB flash drives	**20,154**	24,719
Provision of assembly services	**505**	1,866
Others	**714**	836
	787,650	511,799

All sales of the Group were carried out by a subsidiary in Hong Kong.

Revenue from the top five customers is as follows:

	Year ended 31 March	
	2014	2013
	HK$'000	HK$'000
Revenue from top five customers	**471,796**	305,543
Total revenue	**787,650**	511,799
Percentage	**60%**	60%
Number of customers that individually accounted for more than 10% of the Group's revenue	**3**	3

For the year ended 31 March 2014, there were three customers that individually accounted for approximately 19%, 14% and 13% (2013: 20%, 12% and 10%) of the Group's revenue respectively.

The Group's total non-current assets (excluding investment in a joint venture) are located in the following regions:

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

	As at 31 March	
	2014	2013
	HK$'000	HK$'000
Hong Kong	**49,524**	51,388
The PRC	**2,744**	9,113
Others	**133**	–
	52,401	60,501

6. PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties	Leasehold improvements	Machineries	Office equipment	Furniture and fixtures	Motor vehicles	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 March 2013							
Opening net book amount	50,902	1,376	9,781	665	122	1,202	64,048
Additions	–	–	306	46	–	–	352
Depreciation (Note 21)	(1,404)	(334)	(1,513)	(325)	(29)	(556)	(4,161)
Exchange realignment	–	–	63	2	–	1	66
Closing net book amount	49,498	1,042	8,637	388	93	647	60,305
At 31 March 2013							
Cost	52,306	1,656	13,379	1,430	159	3,109	72,039
Accumulated depreciation	(2,808)	(614)	(4,742)	(1,042)	(66)	(2,462)	(11,734)
Net book amount	49,498	1,042	8,637	388	93	647	60,305
Year ended 31 March 2014							
Opening net book amount	49,498	1,042	8,637	388	93	647	60,305
Additions	–	85	2	179	50	–	316
Disposals	–	–	(4,808)	(67)	–	–	(4,875)
Depreciation (Note 21)	(1,404)	(341)	(1,476)	(294)	(33)	(181)	(3,729)
Exchange realignment	–	–	144	4	–	4	152
Closing net book amount	**48,094**	**786**	**2,499**	**210**	**110**	**470**	**52,169**
At 31 March 2014							
Cost	52,306	1,741	4,820	1,182	209	2,647	62,905
Accumulated depreciation	(4,212)	(955)	(2,321)	(972)	(99)	(2,177)	(10,736)
Net book amount	**48,094**	**786**	**2,499**	**210**	**110**	**470**	**52,169**

6. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The Group's interests in leasehold properties are analysed as follows:

	As at 31 March	
	2014	2013
	HK$'000	HK$'000
In Hong Kong, held on:		
Leases of between 10 and 50 years	**48,094**	49,498

Depreciation of the Group's property, plant and equipment has been charged to the consolidated income statement as follows:

	Year ended 31 March	
	2014	2013
	HK$'000	HK$'000
Cost of sales	**1,579**	1,658
General and administrative expenses	**2,150**	2,503
	3,729	4,161

Machineries include the following amounts where the Group is a lessee under a finance lease of two years:

	As at 31 March	
	2014	2013
	HK$'000	HK$'000
Cost – capitalised finance leases	**–**	3,900
Accumulated depreciation	**–**	(743)
	–	3,157

The Group's leasehold properties were pledged as collateral for the Group's bank borrowings as at 31 March 2014 (2013: same) (Note 17).

7. INTERESTS IN SUBSIDIARIES – THE COMPANY

(a) Interests in subsidiaries

	As at 31 March	
	2014	2013
	HK$'000	HK$'000
Unlisted investment, at cost	**95,214**	95,214
Amount due from a subsidiary	**52,000**	–
	147,214	95,214

7. INTERESTS IN SUBSIDIARIES – THE COMPANY *(Continued)*

(a) Interests in subsidiaries *(Continued)*

Amount due from a subsidiary is unsecured, non-interest bearing and not repayable within the next twelve months from the date of the statements of financial position.

The directors are of the opinion that the underlying values of the subsidiaries were not less than their carrying values as at 31 March 2014.

As at the date of this report, the Company had direct and indirect interests in the following subsidiaries, all being limited liability companies:

Name	Place and date of incorporation	Principal activities	Particulars of issued registered/paid up capital	Interest held 2014	Interest held 2013
Directly owned:					
Golden Profit Global Trading Limited	British Virgin Islands ("BVI"), 16 November 2010	Investment holding	10,000 ordinary shares of US$1 each	100%	100%
Indirectly owned:					
Great Success Global Investments Limited	BVI, 4 January 2011	Investment holding	3 ordinary shares of US$1 each	100%	100%
Treasure Fantasy Limited	BVI, 10 January 2011	Investment holding	200 ordinary shares of US$1 each	100%	100%
Top Harvest Capital Limited	BVI, 4 January 2011	Property holding	100 ordinary shares of US$1 each	100%	100%
Goldenmars Technology (Hong Kong) Limited	Hong Kong, 26 April 2005	Assembling and trading of electronic components and products	43,000,000 ordinary shares totaling HK$43,000,000	100%	100%
Boda Technology (International) Limited	Hong Kong, 10 April 2007	Trading of electronic component and investment holding	8,000,000 ordinary shares totaling HK$8,000,000	100%	100%
Bodatong Technology (Shenzhen) Company Limited	PRC, 11 July 2007	Manufacturing of electronic components	RMB10,000,000 registered capital	100%	100%
Goldenmars Technology Investment Ltd	BVI, 20 December 2013	Investment holding	100 ordinary shares of US$1 each	100%	–

8. INVESTMENT IN A JOINT VENTURE

	As at 31 March 2014 HK$'000
At beginning of the year	–
Unlisted investment, at cost	24,238
Share of loss for the year	(228)
At end of the year	24,010

Details of the joint venture is as follows:

Name of entity	Place of incorporation	Principal activities	Particulars of capital	Interest held by the Group
Bozhou Botong Supply Chain Co., Limited ("the Joint Venture")	The PRC	Manufacturing and selling of smartphone and computer peripheral products	RMB55,000,000 registered capital	35%

During the year, the Group acquired a 35% interest in the Joint Venture at consideration of HK$24,238,000. The acquisition was completed on 20 December 2013. As at the date of completion of the acquisition, the major assets of the joint venture comprised a land use right and certain property, plant and equipment. The Group's share of the fair value of the identifiable assets and liabilities of the Joint Venture as at the date of acquisition approximated the cost of acquisition by the Group.

8. INVESTMENT IN A JOINT VENTURE *(Continued)*

Set out below is the summarised financial information for Bozhou Botong Supply Chain Co., Limited which has been accounted for using the equity method.

Summarised statement of financial position

	As at 31 March 2014 HK$'000
ASSETS	
Non-current assets	
Land use rights	29,637
Property, plant and equipment	73,681
Prepayments	16,085
	119,403
Current assets	
Deposits, prepayment and other receivables	750
Amount due from a shareholder	5,036
Cash and cash equivalents	18,606
	24,392
Total assets	143,795
EQUITY	
Share capital	69,251
Accumulated losses	(1,231)
Total equity	68,020
LIABILITIES	
Non-current liabilities	
Deferred income	21,996
	21,996
Current liabilities	
Other payables and accrued expenses	50,096
Amount due to a shareholder	3,683
	53,779
Total liabilities	75,775
Total equity and liabilities	143,795

8. INVESTMENT IN A JOINT VENTURE *(Continued)*

Summarised statement of comprehensive income

	Since date of acquisition (20 December 2013) to 31 March 2014 HK$'000
Other operating expenses	(441)
Depreciation and amortisation	(218)
Interest income	8
Loss before income tax expense	(651)
Income tax expense	–
Loss after income tax expense and total comprehensive loss	(651)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in the joint venture.

	As at 31 March 2014 HK$'000
Opening net assets	–
Net assets at acquisition date	69,251
Loss for the period	(651)
Closing net assets	68,600
Percentage of interest held in joint venture	35%
Carrying value at 31 March 2014	24,010

Commitments and contingent liabilities in respect of a joint venture

Capital expenditure contracted for at the end of the year but not yet incurred is as follows:

	As at 31 March	
	2014	2013
	HK$'000	HK$'000
Property, plant and equipment	**6,466**	–

There are no contingent liabilities relating to the Group's interest in the joint venture.

9. INVENTORIES

	As at 31 March	
	2014	2013
	HK$'000	HK$'000
Raw materials	**82,074**	80,709
Work-in-progress	**1,461**	1,393
Finished goods	**9,215**	6,515
	92,750	88,617
Less: provision for impairment of inventories	**(6,014)**	(2,438)
	86,736	86,179

The cost of inventories recognised as expenses and included in cost of sales amounted to HK$724,642,000 (2013: HK$452,367,000).

Movements in provision for impairment of inventories are as follows:

	As at 31 March	
	2014	2013
	HK$'000	HK$'000
At beginning of the year	**2,438**	1,256
– Provision for impairment of inventories	**3,576**	1,674
– Inventory write-down	**–**	(492)
At end of the year	**6,014**	2,438

10. TRADE RECEIVABLES AND DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 March	
	2014	2013
	HK$'000	HK$'000
Non-current		
Non-current deposits	**196**	196
Current		
Trade receivables	**48,231**	6,044
Less: provision for impairment	**–**	(346)
Trade receivables	**48,231**	5,698
Deposits	**110**	368
Prepayments	**11,680**	395
Prepaid listing expenses	**–**	4,041
Value added tax receivables	**60**	183
Other receivables	**393**	109
Deposits, prepayments and other receivables	**12,243**	5,096
Total trade receivables and deposits, prepayments and other receivables	**60,670**	10,990

As at 31 March 2014 and 2013, the directors consider that the carrying amounts of trade receivables and deposits, prepayments and other receivables approximate their fair value.

The Group grants credit period ranges from 5 days to 70 days (2013: 10 days to 60 days) to certain customers. The aging analysis of trade receivables (mostly denominated in US$) at the date of the statement of financial position is as follows:

	As at 31 March	
	2014	2013
	HK$'000	HK$'000
1 – 30 days	**40,062**	5,319
31 – 60 days	**8,110**	24
61 – 90 days	**–**	313
Over 90 days	**59**	388
	48,231	6,044

10. TRADE RECEIVABLES AND DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES *(Continued)*

As at 31 March 2014, trade receivables of approximately HK$3,827,000 (2013: HK$2,810,000), were past due but not impaired. These relate to a few customers with no recent history of default. Based on historic default rates, the Group believes that no impairment provision is necessary. The aging analysis of these receivables is as follows:

	As at 31 March	
	2014	2013
	HK$'000	HK$'000
1 – 30 days	**3,154**	2,445
31 – 60 days	**614**	10
61 – 90 days	**–**	313
Over 90 days	**59**	42
	3,827	2,810

Movements in the provision for impairment of trade receivables are as follows:

	As at 31 March	
	2014	2013
	HK$'000	HK$'000
At beginning of the year	**346**	346
Write-off of provision for impairment of trade receivables	**(346)**	–
At end of the year	**–**	346

As at 31 March 2014 and 2013, the maximum exposures of the Group to credit risk was the carrying value of trade receivables mentioned above.

Trade receivables, deposits, prepayments and other receivables are denominated in the following currencies:

	As at 31 March	
	2014	2013
	HK$'000	HK$'000
HK$	**904**	4,800
RMB	**242**	589
New Taiwan Dollar ("TWD")	**63**	–
US$	**59,461**	5,601
	60,670	10,990

The Directors consider the balances of deposits and other receivables are neither past due nor impaired.

The Group does not hold any collateral as security for trade receivables, deposits and other receivables.

11. PLEDGED STRUCTURED DEPOSITS AT BANKS

As at 31 March 2014, the Group's structured deposits at banks were denominated in RMB, interest bearing at 2.20% per annum, with maturity of six months and pledged as security of the Group's bank borrowings as at 31 March 2014 (2013: Nil) (Note 17).

Pledged structured deposits at banks are non-derivative financial assets with fixed and determinable interest payment which are not quoted in an active market.

12 BANK DEPOSITS WITH ORIGINAL MATURITY OVER THREE MONTHS

As at 31 March 2014, the Group's bank deposits with original maturity over three months was denominated in RMB and interest bearing at 2.65% per annum (2013: Nil).

13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are denominated in the following currencies:

	As at 31 March	
	2014	2013
	HK$'000	HK$'000
Cash on hand		
RMB	**10**	34
HK$	**22**	1
	32	35
Cash at banks		
HK$	**34,958**	1,893
RMB	**1,223**	1,251
TWD	**20**	–
US$	**83,501**	100,213
	119,702	103,357
	119,734	103,392

The effective interest rate on cash at bank was 0.26% (2013: 0.01%) per annum.

The conversion of bank and cash balances denominated in RMB into foreign currencies in the PRC and the remittance of these deposits or cash out of the PRC is subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government. As at 31 March 2014, the Group's cash at banks of HK$1,223,000 (2013: HK$1,251,000) were deposited at banks in the PRC.

14. SHARE CAPITAL

The Group and the Company

Authorised shares:

The total authorised number of ordinary shares is 8,000 million shares (2013: 8,000 million shares) with a par value of HK$0.01 per share (2013: HK$0.01 per share).

Issued shares:

	Number of shares issued and fully paid	Share capital HK'000
As at 31 March 2012	1	–
Issue of shares (Note (a))	9,999,999	100
As at 31 March 2013	10,000,000	100
As at 31 March 2013	10,000,000	100
Issuance of shares by placing (Note (b))	69,000,000	690
Capitalisation issue (Note (c))	170,000,000	1,700
As at 31 March 2014	**249,000,000**	**2,490**

Note:

(a) On 27 June 2012, 9,999,999 shares were allotted and issued at par value of HK$0.01 each at consideration of HK$100,000.

(b) On 9 September 2013, the Company issued 69,000,000 ordinary shares of HK$0.01 each at price of HK$0.90 each through placement for an aggregate consideration of approximately HK$62,100,000.

(c) On 9 September 2013, pursuant to a shareholders' resolution dated 21 August 2013, 170,000,000 shares of the Company were issued to the then shareholders of the Company, which were paid up by the capitalisation of the share premium account of the Company.

15. OTHER RESERVES

(i) Group

(a) Merger reserve

The Group's merger reserve represents the difference between the share capital of the Company and the aggregate amount of share capital of other companies comprising the Group, after elimination of intra-group investments.

(b) Capital reserve

The Group's capital reserve represents deemed contribution by the Controlling Shareholders as Ms. Shen Wei acquired the remaining non-controlling interests of Boda Technology (International) Limited and contributed to the Group at no cost prior to 1 April 2011.

(c) Statutory reserve

The Company's subsidiary in the PRC is required to transfer 10% of its profit after income tax calculated in accordance with the PRC accounting standards and systems to the statutory reserve until the balance reaches 50% of its respective registered capital, where further transfers will be at their directors' discretion. The statutory reserve can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to equity holders of the PRC subsidiary in proportion to their existing shareholding or by increasing the par value of the shares currently held by them, provided that the remaining balance of the statutory reserve after such issue is no less than 25% of share capital of the PRC subsidiary.

15. OTHER RESERVES *(Continued)*

(ii) Company

	Note	Share premium HK$'000	Contributed surplus HK$'000 Note (a)	Retained earnings/ (accumulated losses) HK$'000	Total HK$'000
For the year ended 31 March 2014					
Balance at 1 April 2013		–	95,114	(65)	95,049
Comprehensive income					
Profit for the year		–	–	14,933	14,933
Total comprehensive income		–	–	14,933	14,933
Transaction with owners					
Issuance of shares by placement	14(b)	61,410	–	–	61,410
Capitalisation issue	14(c)	(1,700)	–	–	(1,700)
Listing and share issuance expenses		(7,904)	–	–	(7,904)
Special dividend declared on 21 August 2013	27	–	–	(14,830)	(14,830)
Balance at 31 March 2014		**51,806**	**95,114**	**38**	**146,958**

15. OTHER RESERVES *(Continued)*

(ii) Company *(Continued)*

		Company			
	Note	Share premium HK$'000	Contributed surplus HK$'000 Note (a)	Accumulated losses HK$'000	Total HK$'000
For the year ended 31 March 2013					
Balance at 1 April 2012		–	–	(63)	(63)
Comprehensive income					
Loss for the year		–	–	(2)	(2)
Total comprehensive income		–	–	(2)	(2)
Transaction with owners					
Excess of nominal value of shares issued and aggregate net asset value of subsidiaries acquired pursuant to the Reorganisation		–	95,114	–	95,114
Balance at 31 March 2013		–	95,114	(65)	95,049

(a) *Contributed surplus*

Contributed surplus represents the difference between the excess of the nominal value of the Company shares issued and the aggregate net asset value of the subsidiaries acquired pursuant to the Reorganisation.

16. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

	As at 31 March	
	2014	2013
	HK$'000	HK$'000
Trade payables	**41,667**	1,772
Other payables and accrued expenses:		
Accrued expenses	**1,941**	2,731
Receipt in advance	**635**	803
	2,576	3,534
Total	**44,243**	5,306

Payment terms granted by suppliers are mainly on credit. The credit period ranges from 30 to 60 days after the end of the month in which the relevant purchases occurred.

The aging analysis of the trade payables based on invoice dates is as follows:

	As at 31 March	
	2014	2013
	HK$'000	HK$'000
1 – 30 days	**40,242**	113
31 – 60 days	**414**	20
61 – 90 days	**720**	659
Over 90 days	**291**	980
	41,667	1,772

Trade payables, accrued expenses and other payables of the Group are denominated in the following currencies:

	As at 31 March	
	2014	2013
	HK$'000	HK$'000
US$	**41,306**	1,075
RMB	**815**	1,513
HK$	**1,487**	1,915
	43,608	4,503

17. BORROWINGS

	As at 31 March	
	2014	2013
	HK$'000	HK$'000
Bank loans	**63,231**	25,170
Trust receipt bank loans	**113,979**	129,467
	177,210	154,637

The maturities of the borrowings at the respective dates of the statement of financial position in accordance with the scheduled repayment dates are as follows:

	As at 31 March	
	2014	2013
	HK$'000	HK$'000
Bank loans		
Within one year	**40,553**	4,313
Between one and two years	**7,375**	3,456
Between two and five years	**6,270**	6,233
Over five years	**9,033**	11,168
	63,231	25,170
Trust receipt bank loans		
Within one year	**113,979**	129,467

The Group's bank loans that contain a clause giving the lenders the unconditional right to demand repayment at any time has been classified as current liability irrespective of the probability that the lender will invoke the clause without cause. As at 31 March 2014, the Group's bank loans that were due for more than one year amounting to HK$22,678,000 (2013: HK$20,857,000) contain such repayment on demand clauses and were therefore classified under current liabilities.

As at 31 March 2014, the weighted average effective interest rate on borrowings was 2.1% (2013: 2.1%) per annum.

The Group's borrowings are secured by the Group's leasehold properties (Note 6) and pledged structured deposits at banks (Note 11).

Borrowings of the Group are denominated in the following currencies:

	As at 31 March	
	2014	2013
	HK$'000	HK$'000
HK$	**20,857**	25,170
US$	**156,353**	129,467
	177,210	154,637

18. FINANCE LEASE LIABILITIES

The Group's finance lease liabilities were repayable as follows:

	As at 31 March	
	2014	2013
	HK$'000	HK$'000
No later than 1 year	**–**	1,143
Later than 1 year and no later than 5 years	**–**	–
	–	1,143
Future finance charges on finance leases	**–**	(13)
Present value of finance lease liabilities	**–**	1,130
The present value of finance lease liabilities:		
No later than 1 year	**–**	1,130
Later than 1 year and no later than 5 years	**–**	–
	–	1,130

The above finance lease liabilities are denominated in HK$.

19. DEFERRED INCOME TAX

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	As at 31 March	
	2014	2013
	HK$'000	HK$'000
Deferred tax assets		
– Deferred tax assets to be recovered after more than 12 months	**(36)**	–
– Deferred tax assets to be recovered within 12 months	**–**	–
	(36)	–
Deferred tax liabilities		
– Deferred tax liabilities to be recovered after more than 12 months	**–**	–
– Deferred tax liabilities to be recovered within 12 months	**–**	15
	–	15
Deferred tax (assets)/liabilities, net	**(36)**	15

19. DEFERRED INCOME TAX *(Continued)*

The movement on the deferred income tax is as follows:

	As at 31 March	
	2014	2013
	HK$'000	HK$'000
At beginning of the year	**15**	327
Credited to consolidated income statement (Note 26)	**(51)**	(312)
At end of the year	**(36)**	15

Movements of deferred tax assets:

	Decelerated tax depreciation As at 31 March	
	2014	2013
	HK$'000	HK$'000
At beginning of the year	**–**	–
Credited to consolidated income statement	**(36)**	–
At end of the year	**(36)**	–

Movements of deferred tax liabilities:

	Accelerated tax depreciation As at 31 March	
	2014	2013
	HK$'000	HK$'000
At beginning of the year	**15**	327
Credited to consolidated income statement	**(15)**	(312)
At end of the year	**–**	15

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of HK$3,224,000 (2013: HK$1,056,000) in respect of losses amounting to HK$12,893,000 (2013: HK$4,223,000) that can be carried forward against future taxable income. Losses amounting to HK$4,223,000 (2013: HK$4,223,000) and HK$8,670,000 (2013: nil) expire in 2018 and 2019 respectively.

20. FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 March 2014 HK$'000	2013 HK$'000
Loans and receivables		
Assets as per consolidated statement of financial position		
Trade receivables, deposits and other receivables, excluding prepayments	**48,990**	6,554
Amounts due from related parties	**–**	26,798
Amount due from a joint venture	**3,683**	–
Pledged structured deposits at banks	**15,298**	–
Bank deposits with original maturity over three months	**29,510**	–
Cash and cash equivalents	**119,734**	103,392
	217,215	136,744
Other financial liabilities at amortised cost		
Liabilities as per consolidated statement of financial position		
Trade and other payables (excluding non-financial liabilities)	**43,608**	4,503
Amounts due to related parties	**–**	13,066
Borrowings	**177,210**	154,637
	220,818	172,206

21. EXPENSES BY NATURE

Expenses included in cost of sales, selling expenses, and general and administrative expenses are analysed as follows:

	Year ended 31 March 2014 HK$'000	2013 HK$'000
Cost of inventories sold	**724,642**	452,367
Provision for impairment of inventories (Note 9)	**3,576**	1,674
Auditor's remuneration	**1,000**	1,346
Depreciation of property, plant and equipment (Note 6)	**3,729**	4,161
Advertising expenses	**557**	844
Freight and transportation expense	**934**	1,271
Listing expenses	**3,660**	6,918
Other legal and professional fees	**1,348**	88
Employee benefit expenses (Note 22)	**12,532**	11,237
Commission expense	**213**	25
Operating lease rentals of premises	**1,127**	1,125
Utilities expense	**629**	620
Others	**4,679**	3,697
Total	**758,626**	485,373

22. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended 31 March	
	2014	2013
	HK$'000	HK$'000
Wages and salaries	**11,815**	10,816
Pension costs – defined contribution plans (Note a)	**555**	421
Others	**162**	–
	12,532	11,237

(a) These mainly represent:

(i) the Group's contributions to the Mandatory Provident Funds (MPF) for employees working in Hong Kong. Under the MPF scheme, each of the group companies (the employer) and its employees make monthly contributions to the scheme at 5% of the employees' earnings with a maximum of HK$1,250 for employee's monthly contribution as defined under the Hong Kong Mandatory Provident Funds legislations.

(ii) the Group's contributions to defined contribution pension plans in the PRC for employees working in the PRC. These pension plans are organised by the respective municipal and provincial government of the PRC, and include elderly insurance, medical insurance and unemployment insurance at rates up to 20%, 7.5% and 2% respectively of the employees' basic salaries depending on the applicable local regulations.

The Group has no other material obligations for the payment of pensions and other post-retirement benefits of employees or retirees other than those disclosed above.

(b) On 21 August 2013 ("the date of adoption"), the Company conditionally approved a share option scheme ("the Scheme") under which options will be granted to eligible persons to subscribe for shares of the Company at subscription price which should not be less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a trading day ("Offer Date"); (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the Offer Date; and (iii) the nominal value of the Company's shares, provided that for the purpose of calculating the subscription price, where the Company has been listed for less than five trading days, the issue price shall be used as the closing price for any business day falling within the period before listing.

No option has been granted since the date of adoption of the Scheme.

23. DIRECTORS' AND SENIOR MANAGEMENT EMOLUMENTS

(a) Directors' remuneration

The remuneration of the directors and chief executive for the year ended 31 March 2014 are set out below:

	Fee	Salary	Retirement benefit-defined contribution scheme	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 March 2014				
Name of directors (Note (i))				
Executive directors				
Mr. George Lu	100	570	15	685
Ms. Lau Wing Sze	100	599	15	714
Ms. Shen Wei	100	320	9	429
	300	1,489	39	1,828
Independent non-executive directors				
Mr. Loo Hong Shing, Vincent	80	–	4	84
Mr. Pang Chung Fai, Benny	80	–	4	84
Mr. Wan Tak Shing	80	–	4	84
	240	–	12	252

23. DIRECTORS' AND SENIOR MANAGEMENT EMOLUMENTS *(Continued)*

(a) Directors' remuneration *(Continued)*

The remuneration of the directors and chief executive for the year ended 31 March 2013 are set out below:

	Fee	Salary	Retirement benefit-defined contribution scheme	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 March 2013				
Name of directors (Note (i))				
Executive directors				
Mr. George Lu	–	600	15	615
Ms. Lau Wing Sze	–	412	15	427
Ms. Shen Wei	–	–	–	–
	–	1,012	30	1,042
Independent non-executive directors				
Mr. Loo Hong Shing, Vincent	–	–	–	–
Mr. Pang Chung Fai, Benny	–	–	–	–
Mr. Wan Tak Shing	–	–	–	–
	–	–	–	–

Note:

(i) No directors waived or agreed to waive any emoluments during the year (2013: Nil). No incentive payment for joining the Group or compensation for loss of office was paid or payable to any directors during the year (2013: Nil).

23. DIRECTORS' AND SENIOR MANAGEMENT EMOLUMENTS *(Continued)*

(b) Five highest paid individuals

The five individuals whose remunerations were the highest in the Group are as follows:

	Year ended 31 March	
	2014	2013
	HK$'000	HK$'000
Directors	**1,828**	1,042
Employees	**1,587**	1,745
	3,415	2,787

The five individuals where emoluments were the highest in the Group include three (2013: two) directors whose emoluments were reflected in Note 23(a) above. The emoluments payable to the remaining two (2013: three) individuals during the year are as follows:

	Year ended 31 March	
	2014	2013
	HK$'000	HK$'000
Basic salaries	**1,557**	1,701
Pension costs – defined contribution plan	**30**	44
	1,587	1,745

The number of highest paid non-director individuals whose remunerations fell within the following bands:

	Year ended 31 March	
	2014	2013
Emolument Bands		
Nil to HK$500,000	**1**	1
HK$500,001 to HK$1,000,000	**–**	2
HK$1,000,001 to HK$1,500,000	**1**	–

(c) Senior management's emoluments

The emoluments of the four (2013: four) senior management fell within the following bands:

	Number of individuals	
	2014	2013
Nil to HK$500,000	**3**	3
HK$500,001 to HK$1,000,000	**–**	1
HK$1,000,001 to HK$1,500,000	**1**	–

24. OTHER (LOSS)/INCOME

	Year ended 31 March	
	2014	2013
	HK$'000	HK$'000
Freight income	**54**	101
Finance income	**392**	9
Exchange losses	**(1,237)**	(255)
Repair and testing income	**622**	395
(Loss)/gain on disposal of property, plant and equipment (Note 31)	**(1,078)**	200
Others	**168**	102
Total	**(1,079)**	552

25. FINANCE COSTS

	Year ended 31 March	
	2014	2013
	HK$'000	HK$'000
Finance costs		
– Interest expense on bank borrowings	**3,455**	3,052
– Interest expense on finance lease liabilities	**19**	35
	3,474	3,087

26. INCOME TAX EXPENSE

	Year ended 31 March	
	2014	2013
	HK$'000	HK$'000
Current income tax:		
– Hong Kong profits tax	**7,332**	6,648
– PRC Corporate Income Tax	**–**	–
Under/(over)-provision in prior years	**172**	(321)
Deferred income tax		
– Hong Kong profits tax (Note 19)	**(51)**	(312)
	7,453	6,015

The Group is subject to both Hong Kong profits tax and PRC Corporate Income Tax.

Hong Kong profits tax has been provided for at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits arising in or derived from Hong Kong. The subsidiary in the PRC is subjected to PRC corporate income tax at the rate of 25% (2013: 25%).

26. INCOME TAX EXPENSE *(Continued)*

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities in the respective jurisdictions as follows:

	Year ended 31 March	
	2014	2013
	HK$'000	HK$'000
Profit before income tax	**24,243**	23,891
Tax calculated at domestic tax rates applicable to profits in the respective countries	**3,704**	4,185
Tax effects of:		
– Expenses not deductible	**449**	1,007
– Income not subject to taxation	**(64)**	(33)
– Tax losses for which no deferred income tax was recognised	**3,249**	1,177
– Under/(over)-provision in prior year	**172**	(321)
– Others	**(57)**	–
Tax charge	**7,453**	6,015
Effective tax rate	**30.7%**	25.2%

27. DIVIDENDS

	Year ended 31 March	
	2014	2013
	HK$'000	HK$'000
Dividends paid (Note (a))	**14,830**	–
Proposed final dividends (Note (b))	**–**	–
	14,830	–

(a) Dividends paid

On 21 August 2013, the Company declared a special dividend of HK$14,830,000 to its then shareholders. Dividends of approximately HK$14,800,000 were settled through current accounts with shareholders prior to the Company's listing in August 2013 and the remaining amount of approximately HK$30,000 were paid during the year.

(b) Proposed final dividends

No final dividend in respect of the year ended 31 March 2014 was proposed.

28. EARNINGS PER SHARE

(a) Basic

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 March 2014	2013
Profit attributable to equity holders of the Company (HK$'000)	**16,790**	17,876
Weighted average number of ordinary shares in issue (Note 14)	**218,564,384**	180,000,000
Basic earnings per share	**HK7.68 cents**	HK9.93 cents

In determining the number of ordinary shares in issue for the year ended 31 March 2013, total of 180,000,000 ordinary shares were deemed to be in issue since 1 April 2012.

(b) Diluted

There were no potential dilutive ordinary shares outstanding during the year ended 31 March 2014 and hence the diluted earnings per share are the same as basic earnings per share (2013: same).

29. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of profit before income tax to cash generated from operations:

	Note	Year ended 31 March 2014 HK$'000	2013 HK$'000
Profit before income tax		**24,243**	23,891
Adjustments for:			
Depreciation	6	**3,729**	4,161
Provision for impairment of inventories, net	9	**3,576**	1,674
Loss/(gain) on disposal of property, plant and equipment	29(b)	**1,078**	(200)
Exchange losses, net		**1,237**	96
Finance income	24	**(392)**	(9)
Finance costs	25	**3,474**	3,087
Share of loss of a joint venture		**228**	–
Changes in working capital:			
– Inventories		**(4,133)**	(16,867)
– Trade receivables		**(42,533)**	15,259
– Deposits, prepayments and other receivables		**(10,599)**	1,693
– Amounts due from related parties		**(1,068)**	(2,495)
– Trade payables		**39,895**	(2,531)
– Other payables and accrued expenses		**(958)**	848
Cash generated from operations		**17,777**	28,607

29. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(b) In the consolidated statements of cash flows, proceeds from disposal of property, plant and equipment comprise:

	Year ended 31 March	
	2014	2013
	HK$'000	HK$'000
Net book amount of property, plant and equipment disposed (Note 6)	**4,875**	–
(Loss)/gain on disposal of property, plant and equipment	**(1,078)**	200
Proceeds from disposal of property, plant and equipment	**3,797**	200

Settled by:

	Year ended 31 March	
	2014	2013
	HK$'000	HK$'000
Cash proceeds	**114**	200
Included in amount due from a joint venture	**3,683**	–
Proceeds from disposal of property, plant and equipment	**3,797**	200

(c) Non-cash transaction

During the year, dividends of approximately HK$14,800,000 (2013: Nil) were settled through current accounts with the shareholders prior to the Company's listing (see Note 27).

30. COMMITMENTS

(a) Operating lease commitments

The Group leases warehouses and production plant in the PRC under non-cancellable operating lease agreements. The lease terms are five years and the majority of lease agreements are renewable at the end of the period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Year ended 31 March	
	2014	2013
	HK$'000	HK$'000
Not later than 1 year	**641**	629
Later than 1 year and not later than 5 years	**1,120**	1,729
	1,761	2,358

(b) Capital commitments

As at 31 March 2014, there is no significant capital commitment.

31. RELATED PARTY TRANSACTIONS

Parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise control or significant influence over the Group in making financial and operating decisions, or vice versa. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

Save as disclosed elsewhere in these consolidated financial statements, the Group had the following related party transactions during the year.

(a) The directors of the Company are of the view that the following companies that had transactions or balances with the Group are related parties:

Name	**Relationship with the Group**
Forever Star Capital Limited	Controlled by the Controlling Shareholders
Wider Technology Limited	Controlled by the Controlling Shareholders
Winston Technology HK Limited	Controlled by the Controlling Shareholders
Deluxe More Capital Limited	Controlled by the Controlling Shareholders
Bozhou Botong Supply Chain Company Limited	A joint venture of the Group

(b) **Transactions with related parties**

For the year ended 31 March 2014, the following transactions were undertaken by the Group with related parties:

	Year ended 31 March 2014 HK$'000
Consideration for disposal of machineries to a joint venture (Note (i))	
– Bozhou Botong Supply Chain Company Limited	3,683

Note:

(i) Disposal of machineries to a joint venture was charged at considerations based on mutually agreed prices and terms.

31. RELATED PARTY TRANSACTIONS *(Continued)*

(c) Year-end balances:

The Group

	As at 31 March	
	2014	2013
	HK$'000	HK$'000
(i) Amounts due from related parties		
Amounts due from related companies		
– Wider Technology Limited	**–**	92
– Deluxe More Capital Limited	**–**	21,052
	–	21,144
Amounts due from a shareholder		
– Forever Star Capital Limited	**–**	86
Amount due from a director		
– Ms. Shen Wei	**–**	5,568
Total	**–**	26,798

The maximum outstanding balances were as follows:

	Year ended 31 March	
	2014	2013
	HK$'000	HK$'000
Maximum outstanding balance due from:		
– Wider Technology Limited	**92**	92
– Deluxe More Capital Limited	**22,048**	21,052
– Forever Star Capital Limited	**27,800**	86
– Ms. Shen Wei	**5,568**	5,568

(ii) Amounts due to related parties		
– Winston Technology HK Limited	**–**	78
– Mr. George Lu	**–**	12,988
	–	13,066

The balances are denominated in HK$, unsecured, interest free and repayable on demand. The fair values of these balances approximate their carrying values.

31. RELATED PARTY TRANSACTIONS *(Continued)*

(c) Year-end balances: *(Continued)*

	As at 31 March	
	2014	2013
	HK$'000	HK$'000
(iii) Amount due from a joint venture	**3,683**	–

The balances are denominated in RMB, unsecured, interest free and repayable on demand. The fair value of the balance approximates its fair value.

The Company

	As at 31 March	
	2014	2013
	HK$'000	HK$'000
(i) Amount due from a subsidiary		
– Goldenmars Technology Hong Kong Limited	**2,234**	–
(ii) Amounts due to a subsidiary		
– Goldenmars Technology Hong Kong Limited	**–**	65
	–	65

The balances are denominated in HK$, unsecured, interest free and repayable on demand. The fair values of these balances approximate their carrying values.

(d) Key management compensation

	Year ended 31 March	
	2014	2013
	HK$'000	HK$'000
Basic salaries and allowances	**3,658**	2,154
Pension costs – defined contribution plan	**92**	62
	3,750	2,216

(e) Pledge of assets from related parties

As at 31 March 2013, bank borrowing of HK$86,630,000 was secured by, among others, properties owned by Deluxe More Capital Limited. Such pledges have been released upon listing of the Company's shares on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited on 9 September 2013.