



**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)

**Interim Report 2015**

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

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This report, for which the directors (the “Directors”) of Goldenmars Technology Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this 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.*

## **HIGHLIGHTS**

Turnover for the six months ended 30 September 2015 was approximately HK\$555.6 million, representing a 52.0% increase from that of the Last Corresponding Period.

Profit attributable to equity holders of the Company for the six months ended 30 September 2015 was approximately HK\$7.4 million, representing a 29.7% decrease from that of the Last Corresponding Period.

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2015 (2014: Nil).

The Company has submitted a formal application to the Stock Exchange on 31 July 2015 for the transfer of listing of shares from GEM to the Main Board pursuant to Chapter 9A of the Main Board Listing Rules (reference to the announcement of the Company dated 31 July 2015).

## **INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015**

The board of Directors (the “Board”) of Goldenmars Technology Holdings Limited (the “Company”) is pleased to announce the following unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months ended 30 September 2015 and six months ended 30 September 2015 (“Current Period”) together with the unaudited comparative figures for the corresponding periods in 2014 (“Last Corresponding Period”).

The audit committee, comprising all of the independent non-executive Directors, has reviewed the unaudited interim condensed consolidated results of the Group for the three months ended 30 September 2015 and six months ended 30 September 2015 and is of the opinion that such results comply with the applicable accounting standards and requirement, and that adequate disclosure has been made.

## CONDENSED CONSOLIDATED INCOME STATEMENT

	<i>Notes</i>	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
		2015	2014	2015	2014
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	4	337,251	179,689	555,554	365,507
Cost of sales	6	<u>(324,030)</u>	<u>(164,311)</u>	<u>(529,453)</u>	<u>(339,833)</u>
<b>Gross profit</b>		<b>13,221</b>	15,378	<b>26,101</b>	25,674
Selling expenses	6	(485)	(641)	(902)	(1,350)
General and administrative expenses	6	(4,271)	(3,672)	(8,149)	(8,108)
Other (expenses)/income, net		<u>(1,709)</u>	<u>157</u>	<u>(1,468)</u>	<u>671</u>
<b>Operating profit</b>		<b>6,756</b>	11,222	<b>15,582</b>	16,887
Gain on deemed partial disposal of a joint venture		–	633	–	633
Share of loss of a joint venture		(1,689)	(982)	(2,546)	(1,527)
Finance costs	5	<u>(1,613)</u>	<u>(1,077)</u>	<u>(2,871)</u>	<u>(2,263)</u>
<b>Profit before income tax</b>		<b>3,454</b>	9,796	<b>10,165</b>	13,730
Income tax expense	7	<u>(1,289)</u>	<u>(1,841)</u>	<u>(2,735)</u>	<u>(3,154)</u>
<b>Profit attributable to equity holders of the Company</b>		<b><u>2,165</u></b>	<b><u>7,955</u></b>	<b><u>7,430</u></b>	<b><u>10,576</u></b>
<b>Earnings per share attributable to equity holders of the Company</b>					
Basic and diluted	8	<b><u>HK0.74 cents</u></b>	<u>HK3.19 cents</u>	<b><u>HK2.54 cents</u></b>	<u>HK4.25 cents</u>
<b>Dividends</b>	9	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Unaudited		Unaudited	
	Three months		Six months	
	ended 30 September		ended 30 September	
	2015	2014	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Comprehensive income</b>				
Profit for the period	<b>2,165</b>	7,955	<b>7,430</b>	10,576
<b>Other comprehensive income</b>				
Currency translation differences	<u>94</u>	<u>59</u>	<u>79</u>	<u>43</u>
<b>Total comprehensive income attributable to equity holders of the Company</b>	<u><b>2,259</b></u>	<u>8,014</u>	<u><b>7,509</b></u>	<u>10,619</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

		<b>Unaudited 30 September 2015 HK\$'000</b>	Audited 31 March 2015 HK\$'000
	<i>Notes</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<i>10</i>	<b>50,074</b>	50,915
Investment in a joint venture		<b>17,812</b>	21,078
Non-current deposits	<i>11</i>	<b>196</b>	196
		<u><b>68,082</b></u>	<u>72,189</u>
		-----	-----
<b>Current assets</b>			
Inventories		<b>3,668</b>	31,836
Trade receivables	<i>11</i>	<b>197,060</b>	140,579
Deposits, prepayments and other receivables	<i>11</i>	<b>434</b>	2,255
Pledged deposits at bank	<i>14</i>	<b>15,358</b>	15,790
Cash and cash equivalents		<b>228,663</b>	215,363
		<u><b>445,183</b></u>	<u>405,823</u>
		-----	-----
<b>Total assets</b>		<u><b>513,265</b></u>	<u>478,012</u>
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<b>EQUITY</b>			
<b>Capital and reserves attributable to the equity holders of the Company</b>			
Share capital	<i>15</i>	<b>2,939</b>	2,640
Other reserves		<b>157,573</b>	123,013
Retained earnings		<b>89,059</b>	81,629
		<u><b>249,571</b></u>	<u>207,282</u>
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<b>Total equity</b>		<u><b>249,571</b></u>	<u>207,282</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)**

	<b>Unaudited</b>	Audited
	<b>30 September</b>	31 March
	<b>2015</b>	2015
<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Deferred tax liabilities	<u>15</u>	<u>68</u>
	<u>15</u>	<u>68</u>
<b>Current liabilities</b>		
Trade payables	<i>12</i> 10,406	31,206
Other payables and accrued expenses	<i>12</i> 3,236	6,950
Borrowings	<i>13</i> 247,754	231,131
Current income tax liabilities	<u>2,283</u>	<u>1,375</u>
	<u>263,679</u>	<u>270,662</u>
<b>Total liabilities</b>	<u>263,694</u>	<u>270,730</u>
<b>Total equity and liabilities</b>	<u>513,265</u>	<u>478,012</u>
<b>Net current assets</b>	<u>181,504</u>	<u>135,161</u>
<b>Total assets less current liabilities</b>	<u>249,586</u>	<u>207,350</u>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited  
Attributable to equity holders of the Company

	Other reserves						Sub total	Retained earnings	Total
	Share capital	Share premium	Merger reserve	Capital reserve	Statutory reserve	Exchange reserve			
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
			<i>Note (a)</i>	<i>Note (b)</i>	<i>Note (c)</i>				
<b>For 6 months ended 30 September 2014</b>									
Balance as at 1 April 2014	2,490	51,806	50,374	2,480	1,042	3,701	109,403	56,282	168,175
<b>Comprehensive income</b>									
Profit for the period	-	-	-	-	-	-	-	10,576	10,576
<b>Other comprehensive income</b>									
Currency translation differences	-	-	-	-	-	43	43	-	43
Total comprehensive income	-	-	-	-	-	43	43	10,576	10,619
<b>Balance as at 30 September 2014</b>	<b>2,490</b>	<b>51,806</b>	<b>50,374</b>	<b>2,480</b>	<b>1,042</b>	<b>3,744</b>	<b>109,446</b>	<b>66,858</b>	<b>178,794</b>
<b>For 6 months ended 30 September 2015</b>									
Balance as at 1 April 2015	2,640	65,333	50,374	2,480	1,042	3,784	123,013	81,629	207,282
<b>Comprehensive income</b>									
Profit for the period	-	-	-	-	-	-	-	7,430	7,430
<b>Other comprehensive income</b>									
Currency translation differences	-	-	-	-	-	79	79	-	79
Total comprehensive income	-	-	-	-	-	79	79	7,430	7,509
<b>Transaction with owners</b>									
Issuance of shares by placing	299	35,557	-	-	-	-	35,557	-	35,856
Share issuance expenses	-	(1,076)	-	-	-	-	(1,076)	-	(1,076)
<b>Balance as at 30 September 2015</b>	<b>2,939</b>	<b>99,814</b>	<b>50,374</b>	<b>2,480</b>	<b>1,042</b>	<b>3,863</b>	<b>157,573</b>	<b>89,059</b>	<b>249,571</b>



*Notes:*

**(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 now 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 People's Republic of China (the "PRC") is required to transfer 10% of its profit after income tax calculated in accordance with the PRC accounting standards and regulations to the statutory reserve until the balance reaches 50% of its respective registered capital, where further transfers will be at its 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.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>Unaudited</b> <b>Six months</b> <b>ended 30 September</b>	
	<b>2015</b> <i>HK\$'000</i>	<b>2014</b> <i>HK\$'000</i>
Net cash used in operating activities	(34,304)	(31,241)
Net cash generated from investing activities	80	43,253
Net cash generated from/(used in) financing activities	48,532	(35,419)
	14,308	(23,407)
Net increase/(decrease) in cash and cash equivalents	14,308	(23,407)
Cash and cash equivalents as at 1 April	215,363	119,734
Effect of foreign exchange rates changes on cash and cash equivalents	(1,008)	(22)
	228,663	96,305
Cash and cash equivalents as at 30 September	228,663	96,305

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 1. GENERAL INFORMATION

Goldenmars Technology Holdings Limited 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 Company's shares are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 9 September 2013 (the "Listing").

The Company is an investment holding company. The Group is principally engaged in manufacturing and sales of electronic components and products.

This interim condensed consolidated financial information has not been audited.

## 2. BASIS OF PREPARATION

Pursuant to a group reorganisation (the "Reorganisation") to rationalise the structure of the Group in preparation for the Listing, the Company became the holding company of the Group on 27 June 2012, the details of which are as set out in the prospectus issued by the Company dated 30 August 2013.

The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity.

The interim condensed consolidated financial information has been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the "GEM Listing Rules") and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

## 3. ACCOUNTING POLICIES

The accounting policies adopted in preparing the interim condensed consolidated financial information are consistent with those adopted in the preparation of the Group's annual financial statements for the year ended 31 March 2015, except for the adoption of the new and revised Hong Kong Financial Reporting Standards (the "New and Revised HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA that have become effective for accounting period beginning on 1 April 2015.

The adoption of the New and Revised HKFRSs has had no significant effect on the interim condensed consolidated financial information and there have been no significant changes to the accounting policies applied in the interim condensed consolidated financial information.

The Group has not applied new and revised standards, amendments or interpretations that have been issued but are not yet effective. The Group is currently assessing the impact of the adoption of such new and revised standards, amendments or interpretations to the Group but is yet to be in a position to state whether they would have any material financial impact on the Group's results of operations and financial position.

The interim condensed consolidated financial information have been prepared under historical basis.

The interim condensed consolidated financial information are presented in Hong Kong Dollars ("HK\$") which is the same as the functional currency of the Company.

#### 4. REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker ("CODM") has been identified as the executive directors of the Company. 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 sale of CPU chips, DRAM chips, DRAM modules, NAND flash chips, USB flash drives and related products. CODM assesses the performance of this single segment based on revenue and operating result.

Revenue and segment information of the Group are analysed as follows:

	Unaudited Three months ended 30 September						Unaudited Six months ended 30 September					
	2015			2014			2015			2014		
	Quantity unit	Gross HK\$'000	profit %	Quantity unit	Gross HK\$'000	profit %	Quantity unit	Gross HK\$'000	profit %	Quantity unit	Gross HK\$'000	profit %
CPU chips	167,296	154,229	2.6	71,792	61,608	2.6	304,384	279,036	2.8	148,857	124,729	2.7
DRAM chips	2,208,385	32,994	8.1	921,859	30,842	11.8	3,008,114	48,491	8.7	2,642,262	75,542	8.2
DRAM modules	212,656	39,477	9.7	192,902	57,973	10.2	396,850	77,696	12.5	381,728	104,086	9.7
NAND flash chips	7,158,690	107,315	2.2	1,297,855	24,710	15.2	9,194,474	144,550	2.5	2,844,966	53,488	8.6
USB flash drives	60,164	1,925	14.8	86,893	3,363	7.9	82,167	2,697	16.2	136,858	5,083	20.4
Provision of assembly services	186,410	1,231	10.2	60,066	441	32.2	466,948	3,000	12.5	181,393	1,238	23.8
Others	1,557	80	1.3	188,676	752	2.1	1,607	84	4.8	318,118	1,341	3.9
	<u>9,995,158</u>	<u>337,251</u>	<u>3.9</u>	<u>2,820,043</u>	<u>179,689</u>	<u>8.6</u>	<u>13,454,544</u>	<u>555,554</u>	<u>4.7</u>	<u>6,654,182</u>	<u>365,507</u>	<u>7.0</u>

The Group's sales were mostly originated in Hong Kong during the periods.

## 5. FINANCE COSTS

	Unaudited Three months ended 30 September 2015		Unaudited Six months ended 30 September 2015	
	HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Finance costs				
– Interest expenses on bank borrowings	<u>1,613</u>	<u>1,077</u>	<u>2,871</u>	<u>2,263</u>

## 6. EXPENSES BY NATURE

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

	Unaudited Three months ended 30 September 2015		Unaudited Six months ended 30 September 2015	
	HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Cost of inventories sold	323,779	163,453	528,096	338,934
Auditor's remuneration	300	225	608	458
Depreciation of property, plant and equipment	742	813	1,513	1,593
Advertising expenses	4	12	4	12
Freight and transportation expenses	119	91	194	182
Other legal and professional fees	719	121	1,311	495
Employee benefit expenses	2,448	2,882	4,783	6,002
Reversal of impairment of inventory	(451)	–	(50)	(1,000)
Operating lease rentals of premises	157	165	316	354
Utilities expense	135	140	244	255
Others	834	722	1,485	2,006
Total	<u>328,786</u>	<u>168,624</u>	<u>538,504</u>	<u>349,291</u>

## 7. INCOME TAX EXPENSE

	<b>Unaudited Three months ended 30 September 2015</b>		<b>Unaudited Six months ended 30 September 2015</b>	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current income tax				
– Hong Kong profits tax	<b>1,315</b>	1,813	<b>2,788</b>	3,085
Deferred income tax				
– Hong Kong profits tax	<b>(26)</b>	28	<b>(53)</b>	69
	<b><u>1,289</u></b>	<u>1,841</u>	<b><u>2,735</u></b>	<u>3,154</u>

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% for the periods 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% for the periods. No PRC corporate income tax has been provided as the PRC subsidiary has no assessable profits for the periods.

## 8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to the equity holders of the Company for the three months ended 30 September 2015 and six months ended 30 September 2015 of approximately HK\$2,165,000 and HK\$7,430,000 respectively (three months ended 30 September 2014 and six months ended 30 September 2014: HK\$7,955,000 and HK\$10,576,000 respectively), and of the weighted average number of approximately 293,880,000 and 292,573,770 (three months ended 30 September 2014 and six months ended 30 September 2014: 249,000,000 and 249,000,000) ordinary shares in issue during the periods respectively.

Diluted earnings per share were same as the basic earnings per share as there were no potential dilutive ordinary shares in existence during the reporting periods.

## 9. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2015 (2014: Nil).

**10. PROPERTY, PLANT AND EQUIPMENT**

	<b>Unaudited 30 September 2015 HK\$'000</b>
Opening balance	50,915
Additions	742
Depreciation	(1,513)
Exchange realignment	(70)
	<hr/>
<b>Closing balance</b>	<b>50,074</b>
	<hr/> <hr/>

**11. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**

	<b>Unaudited 30 September 2015 HK\$'000</b>	Audited 31 March 2015 HK\$'000
<b>Non-current</b>		
Non-current deposits	<b>196</b>	196
	<hr/> <hr/>	<hr/> <hr/>
<b>Current</b>		
Trade receivables	<b>197,060</b>	140,579
	<hr/> <hr/>	<hr/> <hr/>
Deposits	88	110
Prepayments	339	2,095
Value added tax receivables	–	44
Other receivables	7	6
	<hr/>	<hr/>
Deposits, prepayments and other receivables	<b>434</b>	2,255
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>Unaudited 30 September 2015 HK\$'000</b>	Audited 31 March 2015 HK\$'000
1 – 30 days	134,824	74,852
31 – 60 days	21,673	47,580
61 – 90 days	40,379	18,145
Over 90 days	184	2
	<hr/>	<hr/>
	<b>197,060</b>	140,579
	<hr/> <hr/>	<hr/> <hr/>

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

For new customers (which we have less than three months business relationship), we generally require payment upon delivery and do not provide any credit period. For existing customers, we, upon internal approval, generally grant credit periods of up to 85 days (2014: 80 days).

**12. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES**

	<b>Unaudited 30 September 2015 HK\$'000</b>	Audited 31 March 2015 HK\$'000
Trade payables	<u>10,406</u>	<u>31,206</u>
Other payables and accrued expenses:		
Accrued expenses	3,177	2,358
Receipt in advance	36	4,564
Other payables	<u>23</u>	<u>28</u>
	<u>3,236</u>	<u>6,950</u>
Total	<u><u>13,642</u></u>	<u><u>38,156</u></u>

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

	<b>Unaudited 30 September 2015 HK\$'000</b>	Audited 31 March 2015 HK\$'000
1 – 30 days	9,687	30,748
31 – 60 days	15	171
61 – 90 days	92	119
Over 90 days	<u>612</u>	<u>168</u>
	<u><u>10,406</u></u>	<u><u>31,206</u></u>

**13. BORROWINGS**

	<b>Unaudited 30 September 2015 HK\$'000</b>	Audited 31 March 2015 HK\$'000
Bank loans	17,637	22,678
Trust receipt loans	<u>230,117</u>	<u>208,453</u>
	<u><u>247,754</u></u>	<u><u>231,131</u></u>



### 13. BORROWINGS (Continued)

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:

	<b>Unaudited 30 September 2015 HK\$'000</b>	Audited 31 March 2015 HK\$'000
Bank loans		
Within one year	3,345	7,372
Between one and two years	2,066	2,043
Between two and five years	6,482	6,409
Over five years	5,744	6,854
	<u>17,637</u>	<u>22,678</u>
Trust receipt loans		
Within one year	<u>230,117</u>	<u>208,453</u>

Borrowings of the Group are denominated in the following currencies:

	<b>Unaudited 30 September 2015 HK\$'000</b>	Audited 31 March 2015 HK\$'000
HK\$	16,311	17,401
US\$	<u>231,443</u>	<u>213,730</u>
	<u>247,754</u>	<u>231,131</u>

### 14. PLEDGED DEPOSITS AT BANK

As at 31 March 2015 and 30 September 2015, the Group's pledged deposits at bank were denominated in RMB, interest bearing at 2.0% and 2.6% per annum respectively, with maturity of one month and pledged as security of the Group's bank borrowings.

## 15. SHARE CAPITAL

	Unaudited 30 September 2015		Audited 31 March 2015	
	Number of shares '000	Amount HK\$'000	Number of shares '000	Amount HK\$'000
<i>Issued and fully paid:</i>				
Ordinary shares of HK\$0.01 each				
At beginning of the period	264,000	2,640	249,000	2,490
Share issued by placing (Note (i))	29,880	299	15,000	150
At end of the period	<u>293,880</u>	<u>2,939</u>	<u>264,000</u>	<u>2,640</u>

Note:

- (i) On 9 April 2015, the Company completed a placing of 29,880,000 ordinary shares under general mandate, and the net proceeds, after deducting the placing commission and other related expense payable by the Company, were approximately HK\$34.8 million. The Company intended to use such net proceeds as general working capital (reference to the announcement of the Company dated 9 April 2015).

## 16. COMMITMENTS

### (a) Operating lease commitments

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

	Unaudited 30 September 2015 HK\$'000	Audited 31 March 2015 HK\$'000
Not later than 1 year	<u>98</u>	<u>291</u>

### (b) Capital commitments

There is no significant capital commitment as at 31 March 2015 and 30 September 2015.

## 17. CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 31 March 2015 and 30 September 2015.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### Business Review and Prospect

Looking back to the first half of 2015, the Group grasped the market trends, and effectively made good use of business and management strategies to reduce the risk arising from the rapid changes of the market. In the meantime, the efforts made by the Group in the first half of 2015 allowed the Group to maintain a stable growth in revenue and made a contribution to its profits.

The joint venture (the “JV Company”), in which the Group holds 16.74% equity interest, has shown a steady growth in sales order since commencement of production in December 2014, and is expected to deliver a steady revenue in the second half of 2015.

On 25 August 2015, the JV Company and Qian Hai Rui Geng Investments Company Limited 前海瑞耕投資有限責任公司 (“Rui Geng”), entered into a Capital Increase Agreement (the “Capital Increase”), pursuant to which (i) the registered capital of the JV Company shall be increased from RMB115 million to RMB155 million; and (ii) Rui Geng agreed to make cash contributions of RMB40 million into the registered capital of the JV Company. Rui Geng, a company incorporated in the PRC, was held 33.4% by the sole shareholder of Bozhou Shichuang Investment Company Limited (“Shichuang Investment”) – a founding partner of the JV Company, and 66.6% held by two independent third parties. Upon completion of the Capital Increase, the equity interests in the JV Company will be held as to 12.42% by the Group, as to 38.03% by VST Computers (H.K.) Limited, as to 20.03% by Shichuang Investment, as to 3.71% by Mr. Zhu He, and as to 25.81% by Rui Geng. The sole shareholder of Shichuang Investment will have 28.65% beneficial interest in the JV Company through the interest in Shichuang Investment and Rui Geng upon completion of the Capital Increase.

The total investment of RMB40 million has been made by Rui Geng in September 2015 and will be applied by the JV Company to general working capital. The completion of Capital Increase is pending the approval from relevant PRC government authorities and expected to complete by the end of 2015.

Following completion of the Capital Increase, the Group's equity interests in the JV Company will be diluted from 16.74% to 12.42%. The Capital Increase constitutes a deemed disposal for the Group pursuant to Rule 19.29 of the GEM Listing Rules. As at the date of this report, based on the latest information available, the Group estimated that approximately HK\$1.1 million gain on deemed partial disposal of the JV Company will be recognized upon completion of the Capital Increase.

As at the date of this report, the JV Company is a jointly controlled entity of the Group, and equity method is used to account for the Group's investment in the JV Company in its consolidated financial statements. Upon completion of the Capital Increase, there will be no significant changes in the accounting treatment of the JV investment, and the JV Company will continue to be accounted for under equity method and it is expected that there will not be any significant impact on both the Group's consolidated statement of financial position and consolidated income statement.

Looking forward to the second half of 2015, there will be no pressure of supply growth in the short term after the expansion process of the upstream OEM has apparently slowed down, and with the rapid development of science and technology, demands for the semiconductor market will still continue to grow. The Group continues to strive for excellence, and firmly believes that by leveraging its efforts and commitments, the Group will further consolidate its core businesses in order to enhance its competitiveness and profitability, which is expected to generate sustainable and satisfactory returns to the shareholders.

## **PROPOSED TRANSFER OF LISTING**

The Company has submitted a formal application to the Stock Exchange on 31 July 2015 for the transfer of listing of shares from GEM to the Main Board (the "Proposed Transfer of Listing") pursuant to Chapter 9A of the Main Board Listing Rules (reference to the announcement of the Company dated 31 July 2015).

The Proposed Transfer of Listing will not involve the issue of any new shares by the Company.

The Board believes that the Proposed Transfer of Listing will enhance the profile of the Group and increase the trading liquidity of the shares. The Board also considers that the listing of the shares on the Main Board will be beneficial to the future growth, financing flexibility and business development of the Group.

As at the date of this report, the Board had no intention to change the nature of business of the Group.

The Company has appointed Guotai Junan Capital Limited as the financial adviser to the Company in relation to the Proposed Transfer of Listing.

## **FINANCIAL REVIEW**

The Group's revenue increased by approximately 52.0% from approximately HK\$365.5 million to approximately HK\$555.6 million for the six months ended 30 September 2015 as compared with the Last Corresponding Period.

Increase in revenue was mainly resulted from increase in trading orders of CPU chips and NAND flash chips due to the increased market demand, which was partially offset by the decrease in sales revenue from DRAM chips and modules as a result of decrease in average selling prices. The prices of DRAM chips kept on fluctuating from early 2015, and are expected to continue to fluctuate because DDR3 had been launched for a certain period of time and that DDR4 are expected to be launched in the near future.

Gross profit margin 4.7% was recorded for the Current Period (Last Corresponding Period: 7.0%). Such decrease was mainly caused by the relative lower gross profit margin earned from CPU chips as compared with other products and during the three months ended 30 September 2015, lower margin were recorded from NAND flash chips mainly due to large sales orders with lower specification were received from customers.

Selling expenses decreased by approximately 33.2% from the Last Corresponding Period mainly due to the decrease in employee benefit expenses following the enhancement of organizational structure in previous year.

General and administrative expenses for the Current Period remained fairly stable when compared with the Last Corresponding Period. This was mainly due to the increase in professional expenses incurred for the Proposed Transfer of Listing, which was partially offset by decrease in employee benefit expenses following the enhancement of organizational structure in previous year.

The net amount of other expenses/income for the Current Period mainly comprised approximately HK\$1.9 million exchange loss (2014: HK\$5,000 exchange gain) in currency translation as a result of devaluation of RMB and HK\$0.4 million (2014: HK\$0.4 million) interest income earned.

The JV Company has recorded approximately HK\$34.9 million revenue for the Current Period. The Group's share of loss of the JV Company increased by approximately HK\$1.0 million, or 66.7% for the Current Period, which was mainly due to the fact that the JV Company only commenced production in December 2014 and higher production overheads was incurred for the Current Period.

The decrease in profit attributable to equity holders of the Company by approximately HK\$3.1 million, or 29.7% for the Current Period was mainly attributable to the exchange loss recognised in currency translation as a result of devaluation of RMB, which was partially offset by the decrease in income tax expenses.

For the three months ended 30 September 2015, the decrease in profit attributable to equity holders of the Company by HK\$5.8 million, or 72.8% as compared with the three months ended 30 September 2014, was mainly caused by (i) decrease in gross profit margin due to the fluctuation in market price; (ii) exchange loss in currency translation as a result of devaluation of RMB; and (iii) professional fee incurred for the Proposed Transfer of Listing.

The Group has enhanced the inventory control policy to manage business risks associated with its principal activities which resulted in the decrease in inventories by approximately HK\$28.2 million, or 88.5% as compared with 31 March 2015 and improvement in inventories turnover days from 43.4 days for the Last Corresponding Period to 6.1 days for the Current Period.

Increase in trade receivables was mainly because more sales orders were received from a customer with longer credit period during the Current Period.

Trade payables have decreased by HK\$20.8 million, or 66.7% as a result of the enhanced inventory control and large purchase orders placed in the second half of March 2015.

## **PLACING OF SHARES UNDER GENERAL MANDATE**

On 9 April 2015, the Company completed a placing of 29,880,000 ordinary shares under general mandate, and the net proceeds, after deducting the placing commission and other related expenses payable by the Company, were approximately HK\$34.8 million. The Company intended to use such net proceeds as general working capital (reference to the announcement of the Company dated 9 April 2015).

The Company's total number of shares issued after the abovementioned placing of shares under general mandate was 293,880,000 shares.

## **COMPARISON BETWEEN BUSINESS PLAN WITH ACTUAL BUSINESS PROGRESS**

An analysis comparing the business plan as set out in the prospectus issued by the Company dated 30 August 2013 (the “Prospectus”) with the Group’s actual business progress up to 30 September 2015 (the “Review Period”) is set out below:

<b>Business plan for the Review Period</b>	<b>Actual business progress up to 30 September 2015</b>
<b>Increase market share</b>	
<ul style="list-style-type: none"><li>expand our sales and marketing team to focus on soliciting of new customers, engage in marketing and advertising</li></ul>	Employed 5 new personnel
<ul style="list-style-type: none"><li>continue to participate in electronic and computer products exhibitions</li></ul>	Participated in the Hong Kong Electronics Fair (Autumn Edition) 2013 held in October 2013.

**Business plan for the Review Period**

**Strengthen R&D and design capability**

- conduct researches on the latest technologies with focus on developing and improving existing and new products, mainly DRAM modules, USB flash drives and SSD product design
- purchase of hardware for PCB correction for DRAM modules, purchase of software for PCB design, two types of software design, flash control testing equipment, hardware for development of USB flash drivers and SSD, hardware and software for testing USB flash drives, and ancillary software for USB flash drives and SSD, two types of hardware for flash product testing
- employ PCB designers and engineers

Rescheduled as further elaborated below

**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



## **Reschedule of business plan**

In September 2013, a fire accident occurred at a production plant of SK Hynix Inc. in Wuxi, the PRC. There are only a handful of DRAM chip manufacturers worldwide and, SK Hynix has been one of the important players. The plant produces around 12 to 15 percent of global computer memory chips.

Although SK Hynix indicated that the fire accident did not cause material damage to the plant, the market conditions for DRAM chips were impacted by the fire accident, which led to a significant imbalance in demand and supply in the DRAM chips market.

Despite SK Hynix is a not a major supplier of the Group, in view of the unstable market conditions at that time, the Group decided to hold up the implementation of its business plan, mainly in the area of R&D and purchase of testing machines, including the related testing software and hardware, till the market condition resume to stable.

Although the market condition resumed to normal in 2014 and 2015, the Group continued to hold up the use of proceeds tentatively given the delay in launching DDR4 and the development of the JV Company as elaborated below.

DRAM chip and module market is characterized by industry standard. As disclosed in the Prospectus, according to the industry expert, PC chip-sets and memory chips need to be paired in harmony with each other. Given Intel has moved to processors that generally only run with DDR3 DRAM technology, it was expected that DDR3 should remain in the market through 2014, and the industry expert then expected that the upcoming generation DDR4 will become major form factor in 2015. It takes time for DDR4 to become popular. DDR4 has just been soft launched by DRAM chip makers, and there are only very limited DDR4 motherboards in the market. Both motherboard makers and computer manufacturers would need time to test using DDR4 chips in their products. DRAM chip makers in turn need to collect feedbacks from its customers to enhance the performance of their DRAM chips. To the best information of the Directors, it is expected that DDR4 would only become more popular when more computers products are equipped with DDR4 chips and modules in late 2016. As the technology development for DDR4 has been postponed, the management considered that it was appropriate to postpone the plan for use of proceed and to expend more resources on R&D and enhancement of product quality on the upcoming generation of DDR4 memory products rather than existing DDR3 products.

The JV Company was established in late 2013 with primary focus on the production and sale of smartphones and computer peripheral products. The JV Company is still in a developing stage, and its main resources are currently applied for production of smartphone and computer peripheral products. The JV Company is expected to increase its resources such as labour to cater for the commencement of production of DRAM modules in 2016 when its business is on the track. Taking into account the progress of development of DDR4 in the market, the Group would increase sales force for new products and new customers, and would sub-contract certain sales orders to the JV Company as appropriate after taking into account the proximity with the customers.

In view of the above, the Directors decided to postpone its planned R&D activities, as well as the purchase of testing machines, which is located at the Group's wholly owned subsidiary in Shenzhen, the PRC, in the first quarter of 2016, in order to achieve a better economic benefit for the Group. Plan for the use of proceeds with revised schedule are set out in the paragraph "Use of Proceeds" below.

### Use of Proceeds

The net proceeds from the Initial Placing were approximately HK\$36 million, which was based on the final placing of 69,000,000 shares (the "Initial Placing") 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:

	<b>Intended use of proceeds as shown in the Prospectus during the Review Period</b> <i>HK\$'000</i>	<b>Actual use of proceeds during the Review Period</b> <i>HK\$'000</i>
Increase market share	5,380	713
Strengthen R&D and design capability	6,270	–
Enhance quality control and improve production capability	2,440	–
General working capital	1,500	1,500
	<u>15,590</u>	<u>2,213</u>

Revised schedule for the use of proceeds:

Actual use of proceeds up to 30 September	6 months ending									Total
	30		30		30		30		Total	
	31 March	September	31 March	September	31 March	September	31 March	September		
	2015	2016	2016	2017	2017	2018	2018	2019		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Increase market share	713	-	627	1,280	1,380	1,380	2,300	2,880	2,580	13,140
Strengthen R&D and design capability	-	590	1,680	1,040	8,464	510	510	510	556	13,860
Enhance quality control and improve production capability	-	300	560	510	560	510	960	1,051	949	5,400
General working capital	1,500	500	500	500	600	-	-	-	-	3,600
<b>Total</b>	<b>2,213</b>	<b>1,390</b>	<b>3,367</b>	<b>3,330</b>	<b>11,004</b>	<b>2,400</b>	<b>3,770</b>	<b>4,441</b>	<b>4,085</b>	<b>36,000</b>

As at 30 September 2015, 6.1% out of HK\$36 million had been applied for the above business plan. The Group does not intend to change the purpose of the use of proceeds from the Placing as disclosed in the Prospectus.

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.

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

As at 30 September 2015, 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	61.13
Ms. Shen Wei	Interest of controlled corporation (Note 1)	179,640,000	61.13
Ms. Lau Wing Sze	Interest of controlled corporation (Note 2)	360,000	0.12
Ms. Lau Wing Sze	Beneficial owner	1,578,000	0.54

(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 30 September 2015, 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 Divisions 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	61.13

(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 complies 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 Company's Prospectus.

During the six months ended 30 September 2015, no option was granted, exercised or lapsed under the Share Option Scheme.

## **INTEREST OF COMPLIANCE ADVISER**

As notified by China Everbright Capital Limited ("China Everbright"), the Company's compliance adviser, except for the compliance adviser agreement entered into between the Company and dated 17 June 2014, neither China Everbright nor any of its directors or employees or associates had any material 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 30 September 2015 which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

## **COMPETING INTEREST OF DIRECTORS, CONTROLLING SHAREHOLDERS AND THEIR RESPECTIVE ASSOCIATES**

For the six months ended 30 September 2015, 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.

## **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 six months ended 30 September 2015.

## **CORPORATE GOVERNANCE**

The Board is of the view that the Company has met the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 to the GEM Listing Rules throughout the six months ended 30 September 2015.

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

There were no purchases, sales or redemption of the Company's listed securities by the Company and any of its subsidiaries during the six months ended 30 September 2015.

## **AUDIT COMMITTEE**

The Company has established an audit committee with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls of the Company. The audit committee consists of three independent non-executive Directors, namely, Mr. Pang Chung Fai Benny, Mr. Wan Tak Shing and Mr. Loo Hong Shing Vincent.

The audit committee has reviewed the unaudited condensed consolidated financial information of the Group for the six months ended 30 September 2015 and is of the opinion that such information complies with the applicable accounting standards and requirement, and that adequate disclosure has been made.

By order of the Board  
**Goldenmars Technology Holdings Limited**  
**George Lu**  
*Chairman*

Hong Kong, 13 November 2015

*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.*