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This announcement, 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 the Growth Enterprise Market (“GEM”) 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 announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.


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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code on Main Board: 3638)

(Stock Code on GEM Board: 8036)

**TRANSFER OF LISTING FROM
THE GROWTH ENTERPRISE MARKET
TO THE MAIN BOARD
OF THE STOCK EXCHANGE OF HONG KONG LIMITED**

Financial adviser to the Company



Guotai Junan Capital Limited

On 31 July 2015, an application was made by the Company to the Stock Exchange for the transfer of listing from GEM to the Main Board and the renewal of such application on 18 February 2016.

The Company has applied for the listing of and permission to deal in (i) 293,880,000 Shares in issue, and (ii) 24,000,000 new Shares, being the maximum number of new Shares which may fall to be issued upon the exercise of all options which may be granted under the Share Option Scheme, on the Main Board by way of transfer of the listing from GEM to the Main Board.

The approval-in-principle has been granted by the Stock Exchange on 18 March 2016 for the Shares to be listed on the Main Board and de-listed from GEM. The last day of dealings in the Shares on GEM (Stock code: 8036) will be 29 March 2016. Dealings in the Shares on the Main Board (Stock code: 3638) will commence at 9:00 a.m. on 30 March 2016. All pre-conditions for the Transfer of Listing have, insofar as applicable, been fulfilled in relation to the Company and the Shares.

The Transfer of Listing will have no effect on the existing share certificates in respect of the Shares which will continue to be good evidence of legal title and be valid for trading, settlement and registration purposes and will not involve any transfer or exchange of the existing share certificates. No change will be made to the English and Chinese stock short names of the Company, the existing share certificates, the board lot size, the trading currency of the Shares and the share registrars and transfer offices of the Company following the Transfer of Listing.

Reference is made to the announcement issued by the Company dated 31 July 2015 in relation to the formal application submitted to the Stock Exchange for the Transfer of Listing pursuant to the relevant provisions of the GEM Listing Rules and Main Board Listing Rules. Reference is also made to the announcement of the Company made on 18 February 2016 in relation to the renewal of such application.

TRANSFER OF LISTING OF THE SHARES FROM GEM TO THE MAIN BOARD

On 31 July 2015, an application was made by the Company to the Stock Exchange for the transfer of listing from GEM to the Main Board and the renewal of such application on 18 February 2016.

The Company has applied for the listing of and permission to deal in (i) 293,880,000 Shares in issue, and (ii) 24,000,000 new Shares, being the maximum number of new Shares which may fall to be issued upon the exercise of all options which may be granted under the Share Option Scheme, on the Main Board by way of transfer of the listing from GEM to the Main Board. The approval-in-principle has been granted by the Stock Exchange on 18 March 2016 for the Shares to be listed on the Main Board and to be de-listed from GEM.

The Board confirms that all pre-conditions for the Transfer of Listing have, insofar as applicable, been fulfilled in relation to the Company and the Shares as at the date of this announcement.

REASONS FOR THE TRANSFER OF LISTING

The Company has been listed on GEM since 9 September 2013. The Group is principally engaged in manufacturing and sales of DRAM modules, USB flash drives and other data memory products, as well as trading of data memory related components including DRAM chips, NAND flash chips and CPU chips and other computer peripheral products.

The Board believes that the 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 announcement, the Board has no immediate plans to change the nature of the business of the Group following the Transfer of Listing. Save as disclosed above, the Transfer of Listing will not involve any issue of new Shares by the Company.

DEALINGS IN THE SHARES ON THE MAIN BOARD

The Shares have been accepted as eligible securities by HKSCC for deposit, clearance and settlement in the CCASS with effect from 9 September 2013, the date on which the Shares were first listed on GEM. Subject to the continued compliance with the stock admission requirements of HKSCC, the Shares will continue to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS once dealings in the Shares on the Main Board commence, and that all activities under CCASS are subject to the General Rules of the CCASS and CCASS Operational Procedures in effect from time to time.

The last day of dealings in the Shares on GEM (Stock code: 8036) will be 29 March 2016. Dealings in the Shares on the Main Board (Stock code: 3638) will commence at 9:00 a.m. on 30 March 2016.

The Transfer of Listing will have no effect on the existing share certificates in respect of the Shares which will continue to be good evidence of legal title and be valid for trading, settlement and registration purposes and will not involve any transfer or exchange of the existing share certificates. Currently, the Shares are traded in a board lot of 3,000 Shares each and are traded in Hong Kong dollars. The principal share registrar and transfer office of the Company is Maples Fund Services (Cayman) Limited and the Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited. No change will be made to the English and Chinese stock short names of the Company, the existing share certificates, the board lot size, the trading currency of the Shares and the abovementioned share registrars and transfer offices of the Company following the Transfer of Listing.

SHARE OPTION SCHEME

The Share Option Scheme was adopted by the Company on 21 August 2013. The Share Option Scheme will remain effective following the Transfer of Listing subject to certain immaterial amendments to the Share Option Scheme and will be implemented in full compliance with the requirements of Chapter 17 of the Main Board Listing Rules.

Pursuant to the Share Option Scheme, the Board may, at its discretion, grant options to eligible participants (being Directors and employees of the Group) entitling them to subscribe for Shares. The total number of Shares in respect of which options may be granted under the Share Option Scheme

shall not exceed 24,000,000 Shares. As at the date of this announcement, no share option has been granted. The listing of the Shares to be issued pursuant to the Share Option Scheme will also be transferred to the Main Board.

PUBLIC FLOAT

The Directors confirm that 25% of the total issued share capital of the Company was held by the public (as defined in the Main Board Listing Rules) as at the date of this announcement. Accordingly, the minimum 25% public float requirement has been maintained in compliance with Rule 8.08 of the Main Board Listing Rules.

COMPETING BUSINESS

As at the date of this announcement, none of the Directors or controlling Shareholders or their respective associates has any interest in a business which competes or may compete, either directly or indirectly, with the business of the Group pursuant to Rule 9A.09(10) of the Main Board Listing Rules.

FINANCIAL INDEPENDENCE

The Group has an independent financial system and makes financial decisions according to its own business needs. There have no financial assistance, guarantee and/or security provided by the Controlling Shareholders and their respective associates for the Group since Listing and up to the date of this announcement. The Directors believe that the Company is capable of obtaining financing from third parties without reliance on the Controlling Shareholders.

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

Pursuant to Rule 9A.12 of the Main Board Listing Rules, the general mandates granted by the Shareholders at the annual general meeting of the Company held on 17 August 2015 to the Directors to allot and issue new Shares and repurchase Shares will continue to be valid and remain in effect until the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by laws or regulations of Cayman Islands or the Articles of the Company to be held; or
- (c) the date on which such authority is revoked or varied by an ordinary resolution of Shareholders in general meeting.

PUBLICATION OF FIRST QUARTERLY RESULTS, PROFIT WARNING ANNOUNCEMENT, INTERIM RESULTS AND THIRD QUARTERLY RESULTS OF 2015

The first quarterly results for 2015 of the Company were published. Please refer to the first quarterly results announcement and first quarterly report of the Company for 2015 both dated 14 August 2015 for details.

The Company issued a profit warning announcement on 2 November 2015 stating that it was expected to record a significant decrease in profit for the three months ended 30 September 2015 as compared to the three months ended 30 September 2014. Please refer to the announcement of the Company dated 2 November 2015 for details.

The interim results for 2015 of the Company were published. Please refer to the interim results announcement and the interim report of the Company for 2015 both dated 13 November 2015 for details.

The third quarterly results for 2015 of the Company were published. Please refer to the third quarterly results announcement and the third quarterly report of the Company for 2015 both dated 29 January 2016 for details.

PUBLICATION OF RESULTS

Upon the Transfer of Listing, the Company will cease the practice of reporting financial results on a quarterly basis and will follow the relevant requirements of the Main Board Listing Rules, which include publishing its interim results and annual results within 2 months and 3 months from the end of the relevant periods or financial year ends respectively.

BUSINESS REVIEW SINCE ITS LISTING ON GEM

The Group has been principally engaged in manufacturing and sales of DRAM modules and USB flash drives, as well as trading of DRAM chips since its GEM listing. The Group has also been engaged in the sales of NAND flash chips and other computer peripheral products. To expand the Group's product range, the Group commenced selling CPU chips in early 2014. The advantage in ordering CPU chips from the Company is the competitive credit periods that the Company provides. For details, please refer to the sub-sections headed "Top customers" and "Reasons for customers to purchase CPU chips from the Group and the increase in CPU chip sales" below.

Manufacturing business

The Group manufactures its own branded products under its Goldenmars brand. It also manufactures non-branded products. For own branded products, the research and development team works on the hardware, software and mechanical design and engineering of the products. Customers normally order products with reference to the prototypes produced or readily available models developed by the Group, and add on or require modification of the specification they desire. The Group fulfil the orders

by delivery of existing stock (if such stock suits customers' need). If not, it would procure the necessary raw materials and manufacture the products. When customers do not specify the brand of DRAM modules, the sourcing team would try to source readily available DRAM modules and compare (i) the relevant purchase costs with (ii) the costs for the Group to source DRAM chips and manufacture the DRAM modules itself. If the costs for the former is more competitive than the latter, as well as taking into account of the lead time saved for manufacturing, the Group tends to purchase readily available DRAM modules from suppliers rather than manufacturing itself.

The principal types of raw materials and components used in the production of DRAM modules mainly include DRAM chips and the major component for production of USB flash drives are NAND flash chips. To the best information and knowledge of the Directors, the market prices of DRAM chips and NAND flash chips fluctuate from time to time. As there are only a handful DRAM chips and NAND flash chips manufacturers globally, the prices of these chips may fluctuate due to various factors, in particular the supply of these chips which may in turn be affected by the production volume of manufacturers and whether there were any particular accidents or natural disasters affecting the production volume.

DRAM chips and NAND flash chips are the major component of costs of sales of DRAM modules and USB flash drives respectively. Given the Group may order DRAM chips and NAND flash chips prior to receiving formal manufacturing orders from customers, and if the Group is unable to pass on any increase in raw material costs to the customers by increasing the selling price of the products, the gross profit margins may be adversely affected.

Further, according to the iSuppli Corporation (an Independent Third Party and a market intelligence company which offers electronics and technology research and advisory services as well as produces analysis reports and databases), when there is supply shortage in the DRAM chip market, it would be difficult for third party module manufacturers to procure the type of DRAM chip they desire. Stable supply of quality DRAM chips would be one of the keys to success of the Group's business.

The Group does not enter into long-term purchase agreements with its suppliers. Therefore, if one or more of its key suppliers demand higher prices from us on short notice, there is no assurance that the Group would be able to locate an alternative supplier who can provide quality and reliable raw materials and components and who would be willing and able to supply the quantity the Group require at a similar price in time to meet customers' orders. In extreme circumstances, there is a risk that the Group is not able to meet customers' orders. As the Group would generally accept orders only when there is stock lasts or it had checked with the suppliers on the availability of raw materials in advance, there had been no incidence that the Group was not able to fulfil the customers' orders for the three years ended 31 March 2015 and the nine months ended 31 December 2015.

Trading business

The Group generally bulk purchases DRAM chips and NAND flash chips to fulfill the orders of DRAM modules and USB flash drives respectively, and would take advantage of economy of scale from the bulk purchase by ordering extra quantity when it is expected the prices and demand of

DRAM chips and NAND flash chips to increase. All purchased chips would be kept at the Group's storage. The Group keeps less stock of NAND flash chips than DRAM chips as the manufacturing quantity of USB flash drives is not large.

Existing or potential customers make verbal enquiry as to the availability of the DRAM chips and NAND flash chips including specification, volume and expected delivery time. In case the Group does not have sufficient stock, its sourcing team would check with supplier on the availability of stock, prices and the expected delivery date. Upon receiving formal or informal response from the suppliers, sales team will revert to customers verbally. Based on the assessment of the market condition of the DRAM chips and NAND flash chips by the trading team, the Group may order from the supplier before or after the purchase order was received from customers. The customers would arrange their own delivery or pickup at the warehouse of the Group.

In the event the Group places orders before receiving formal orders from the customers, and if the Group is unable to pass on any increase in purchase costs of goods to the customers by increasing the selling price of the products, the gross profit margins may be adversely affected. In extreme circumstances, there is a risk that the Group is not able to meet customers' orders. To minimize such risk, the Group generally accepts orders only when the stock lasts or it had checked with the suppliers on the availability of stock in advance, there had been no incidence that the Group was not able to fulfil the customers' orders for the three years ended 31 March 2015 and the nine months ended 31 December 2015.

For CPU chips, given the unit cost for CPU chips is about 30 to 50 times higher than DRAM chips and NAND flash chips, as a risk management policy, the Group does not stock up CPU chips as it would have a large negative impact on the cashflow of the Group. When customer makes verbal enquiry as to the availability of the CPU chips, the sourcing team will check if any supplier has the relevant stock. Sales team will revert to customers verbally. To the best information and knowledge of the Directors, there are two major CPU chip suppliers in the world namely Intel and AMD with Intel taking the majority of the market share, and the global supply of CPU chips are generally stable. Prices of CPU chips with same specification do not fluctuate substantially. The Group's average selling price of CPU chips for the two years ended 31 March 2015 and for the nine months ended 31 December 2015 ranged from HK\$707.0 to HK\$947.1, and this was mainly due to changes in sales mix as more advanced model of CPU chips and CPU chips with higher specification attracts higher unit price. Changes in the Group's average selling price of CPU chips for the same model generally ranged from 1.6% to 12.2% since early 2014 to 31 December 2015. Prices vary mainly depending on the advancement of model and the speed of the CPU chips. Although the prices of CPU chips are much more stable than those of DRAM chips and NAND flash chips due to stable supply in the market by Intel, the major CPU chip supplier in the world, the sourcing team would only place orders with suppliers after formal orders are secured from customers due to the relatively high unit cost abovementioned, and to minimise any price fluctuation risk, the relevant purchase orders to suppliers would be made within one hour after the sales orders are received.

Comparison of business and operational model between trading of CPU and other products

The table below sets out the comparison of business and operational model between trading of CPU and other products:

	Trading of DRAM chips and NAND flash chips	Trading of CPU chips
Inventory control	<ul style="list-style-type: none"> Keep inventory level to keep customers' needs and orders for 30 days 	<ul style="list-style-type: none"> No inventory are kept; Would only place orders from suppliers upon purchase orders are secured from customers
General payment terms offered to customers	<ul style="list-style-type: none"> Up to one month credit term is granted 	<ul style="list-style-type: none"> The advantage in ordering CPU chips from the Company is the competitive credit periods that the Company provides. Up to 85 credit term was granted during the Track Record Period. New credit terms to be agreed since December 2015 is up to 60 days.
General payment terms offered by suppliers	<ul style="list-style-type: none"> Telegraphic transfer or payment on delivery 	<ul style="list-style-type: none"> Telegraphic transfer or payment on delivery
Utilisation of trust receipt loans	<ul style="list-style-type: none"> The Group utilises trust receipt loan facilities where the bank could settle the payment to the supplier up front and the Group can repay the bank within a credit period of 90 days to manage the cashflow 	<ul style="list-style-type: none"> The Group utilises trust receipt loan facilities where the bank could settle the payment to the supplier up front and the Group can repay the bank within a credit period of 90 days to manage the cashflow
Gross profit margin	<ul style="list-style-type: none"> Gross profit margin could be up to more than 10%, which are generally higher than those of CPU chips 	<ul style="list-style-type: none"> Prices tend to be stable, and the Group also manage to keep gross profit margin from 2% to 3%. Although the relevant gross profit margin tends to be lower than those of DRAM chips and NAND flash chips, the relevant unit prices are substantially higher than those DRAM chips and NAND flash chips and hence it generates stable gross profit for the Group.

Trading of DRAM chips and NAND flash chips

Associated risks

- **Price fluctuation risk** – The market prices of DRAM chips and NAND flash chips fluctuate from time to time. Given the Group may order DRAM chips and NAND flash chips prior to receiving formal orders from customers, if the Group is unable to pass on any increase in purchase costs to the customers by increasing the selling price of the profits, the gross profit margins may be adversely affected.

Trading of CPU chips

- **Reliance on top one customer** – Since the commencement of trading of CPU chips and up to 30 June 2015, there had been only one single customer purchasing CPU chips from the Group. For the year ended 31 March 2015 and the nine months ended 31 December 2015, sales to the single largest CPU chip customer amounted to approximately HK\$422.1 million and HK\$476.3 million respectively, which accounted for approximately 45.9% and 53.7% of the total revenue of the Group during the relevant periods respectively. Approximately HK\$397.3 million and HK\$390.6 million out of these revenue were attributable to sales of CPU chips for the year ended 31 March 2015 and the nine months ended 31 December 2015, which accounted for approximately 43.2% and 44.0% of the total revenue during the relevant periods. There is no long term sales agreement entered into with the relevant customer. If the relevant customer substantially reduces its orders or terminates its business relationship with the Group, the revenue and the gross profit may drop and the financial performance of the Group, including revenue, gross profit and net profit may be adversely affected. The historical records as shown in this announcement may not be indicative.

Trading of DRAM chips and NAND flash chips

Trading of CPU chips

Although the Group managed to commence business with three more CPU chip customers during September to November 2015, there is no assurance that they would be able to maintain long term relationship with these new customers to alleviate the risk of reliance on the relevant top customer. For further details, please refer to the paragraph headed “Risk of reliance on top customers” in this announcement.

- **Low gross margin** – Given the margin of CPU chips was only around 2% to 3% which are much lower than those of DRAM chips, DRAM modules and NAND flash chips, the overall profit margin of the Group would be lower as compared to the years where the proportion of sales of CPU chips was lower.
- **Impact on cashflow** – The Group utilises trust receipt loan facilities where the bank could settle the payment to the suppliers up front and the Group can repay the bank within a credit period of 90 days to manage the cashflow. The Group granted 30 days to 85 days credit period to CPU customers, if they delay in settling the trade receivables beyond 90 days, it would cause adverse impact on the Group’s cashflow.

Product segments

Revenue, sales quantity and average selling price

The table below sets out the revenue breakdown by product segments for each of the three years ended 31 March 2015 and for the nine months ended 31 December 2014 and 2015:

	For the year ended 31 March						For the nine months ended 31 December			
	2013		2014		2015		2014		2015	
	Revenue <i>HK\$'000</i>	Percentage of total revenue %	Revenue <i>HK\$'000</i>	Percentage of total revenue %	Revenue <i>HK\$'000</i>	Percentage of total revenue %	Revenue <i>HK\$'000</i>	Percentage of total revenue %	Revenue <i>HK\$'000</i>	Percentage of total revenue %
DRAM chips	223,288	43.6	354,782	45.0	166,670	18.1	134,043	21.1	126,263	14.2
DRAM modules	173,346	33.9	195,201	24.8	222,822	24.2	151,133	23.8	122,012	13.8
NAND flash chips	87,744	17.1	165,470	21.0	119,867	13.0	91,850	14.5	191,686	21.6
CPU chips	–	–	50,824	6.5	397,338	43.2	247,273	38.9	437,486	49.3
USB flash drives	24,719	4.8	20,154	2.5	10,104	1.1	8,243	1.3	6,027	0.7
Others	2,702	0.6	1,219	0.2	3,468	0.4	2,774	0.4	3,753	0.4
Total:	511,799	100.0	787,650	100.0	920,269	100.0	635,316	100.0	887,227	100.0

The table below sets out the total sales volume and average selling prices by product segments for each of the three years ended 31 March 2015 and for the nine months ended 31 December 2014 and 2015:

	For the year ended 31 March						For the nine months ended 31 December			
	2013		2014		2015		2014		2015	
	Sales quantity <i>Unit</i>	Average selling price <i>HK\$</i>	Sales quantity <i>Unit</i>	Average selling price <i>HK\$</i>	Sales quantity <i>Unit</i>	Average selling price <i>HK\$</i>	Sales quantity <i>Unit</i>	Average selling price <i>HK\$</i>	Sales quantity <i>Unit</i>	Average selling price <i>HK\$</i>
DRAM chips	26,389,410	8.5	18,629,099	19.0	6,333,721	26.3	4,838,180	27.7	9,144,181	13.8
DRAM modules	1,505,353	115.2	1,010,360	193.2	830,406	268.3	566,105	267.0	663,135	184.0
NAND flash chips	3,690,603	23.8	6,328,053	26.1	6,527,413	18.4	4,821,796	19.0	13,537,334	14.2
CPU chips	–	–	71,890	707.0	431,799	920.2	269,396	917.9	461,923	947.1
USB flash drives	532,263	46.4	449,996	44.8	292,872	34.5	240,044	34.3	161,071	37.4
Others	260,744	10.4	256,887	4.7	556,738	6.2	521,760	5.3	552,165	6.8

General

DRAM chips, DRAM modules and NAND flash chips were three of the four major products offered by the Group during the three years ended 31 March 2015. Total sales of DRAM chips, DRAM modules and NAND flash chips amounted to approximately HK\$484.4 million, HK\$715.5 million and HK\$509.4 million for each of the three years ended 31 March 2015, respectively. The increase in total sales for the year ended 31 March 2014 was mainly because new customers were captured for NAND flash chips and increased in demand for higher capacity of DRAM chips with higher unit price. Further reasons for the fluctuation are elaborated below. Total sales of DRAM chips, DRAM modules and NAND flash chips amounted to approximately HK\$377.0 million and HK\$440.0 million for the nine months ended 31 December 2014 and 2015, respectively. Such increase was primarily due to the increase in sales volume of NAND flash chips driven by the market demand but was offset by the decrease in revenue attributable to DRAM chips which was resulted from decrease of their average selling prices from HK\$27.7 per unit for the nine months ended 31 December 2014 to HK\$13.8 per unit for the nine months ended 31 December 2015. Since the introduction of CPU chips to expand the Group's product range in early 2014, CPU chips also became one of the major products offered for the year ended 31 March 2015, attributing to approximately 43.2% of the Group's total revenue. Given the average selling price of a CPU chip is much higher (ranging from 30 to 50 times) than those of DRAM chips and NAND flash chips, increase in sales of CPU chips were notable. Such sales also attributed to the substantial increase in revenue for the year ended 31 March 2015 as well as for the nine months ended 31 December 2015.

The Group's revenue increased substantially from the year ended 31 March 2013 to 2015, with a CAGR of approximately 34.1%, which primarily due to introduction of sale of CPU chips mentioned above and gradual increase of the sale of CPU Chips.

DRAM chips and DRAM modules

Total sales of DRAM chips and DRAM modules increased by approximately 38.7% from approximately HK\$396.6 million for the year ended 31 March 2013 to approximately HK\$550.0 million for the year ended 31 March 2014, and such increase was primarily due to the increase in demand for higher capacity from 256Mbx8 to 512Mbx8 with the later at higher selling price and increase in DRAM chip prices after the fire accident at the factory of Hynix (a large DRAM chip supplier in the market) in Wuxi, the PRC in September 2013. Average selling price of DRAM chips increased from HK\$8.5 per unit to HK\$19.0 per unit, and the average selling price of DRAM modules increased from 115.2 per unit to 193.2 per module.

Total sales of DRAM chips and modules dropped by approximately 29.2% from approximately HK\$550.0 million for the year ended 31 March 2014 to approximately HK\$389.5 million for the year ended 31 March 2015 back to similar level of the relevant sales of approximately HK\$396.6 million for the year ended 31 March 2013. Total sales of DRAM chips decreased by approximately 53.0% from approximately HK\$354.8 million for the year ended 31 March 2014 to HK\$166.7 million for the year ended 31 March 2015. This was primarily due to the decrease in sales volume of DRAM chips because one of the major customers ceased to engage in DRAM and NAND flash related industry

since 2014 and decrease in sales order of DRAM chips from another major customer who is a manufacturer of DRAM modules. Total sales of DRAM modules increased by approximately 14.2% from approximately HK\$195.2 million for the year ended 31 March 2014 to HK\$222.8 million for the year ended 31 March 2015 as a result of a net-off effect of decrease in sales quantity but increase in average selling prices in DRAM modules. There was increase in average selling prices of the DRAM chips and DRAM modules from the year ended 31 March 2014 to the year ended 31 March 2015, which was primarily due to the increase in demand for DRAM chips and DRAM modules with higher capacity for more advanced models of computers and other electronic products.

Total sales of DRAM chips and DRAM modules decreased from approximately HK\$285.2 million for the nine months ended 31 December 2014 to approximately HK\$248.3 million for the nine months ended 31 December 2015. Such decrease was primarily due to the decrease in the average selling price of DRAM chips from HK\$27.7 to HK\$13.8 per unit. The market price of DRAM chips kept on decreasing from early 2015 since DDR3 DRAM chips, the most common DRAM chips sold in the past few years, had been launched for certain period of time and the market's then expectation of the launch of DDR4.

NAND flash chips

Sales of NAND flash chips increased by approximately 88.6% from approximately HK\$87.7 million for the year ended 31 March 2013 to approximately HK\$165.5 million for the year ended 31 March 2014, and such increase was primarily because new customers captured during the year and the increase in demand driven by the increase in popularity of smartphones and tablets.

Sales of NAND flash chips decreased by approximately 27.6% from approximately HK\$165.5 million for the year ended 31 March 2014 to approximately HK\$119.9 million for the year ended 31 March 2015, such decrease was primarily due to decrease in average selling price from HK\$26.1 per unit to HK\$18.4 per unit during the corresponding periods.

Sales of NAND flash chips increased by approximately 108.7% from approximately HK\$91.9 million for the nine months ended 31 December 2014 to approximately HK\$191.7 million for the nine months ended 31 December 2015. Such increase was primarily due to (i) increase in sales of NAND flash chips with 128Gb capacity, which has higher unit price and larger capacity than the 64Gb sold in the nine months ended 31 December 2014 driven by market demand; and (ii) large sales orders with lower specification were received from customers. The decrease in average selling price was mainly caused by the decrease in selling price of NAND flash chips with 64Gb capacity by 22% due to the decrease in market demand of the relevant products and the lower selling price for sales order with lower specification.

CPU chips

Sales of CPU chips increased substantially by HK\$346.5 million from approximately HK\$50.8 million for the year ended 31 March 2014 to HK\$397.3 million for the year ended 31 March 2015. The increase in sales for the nine months ended 31 December 2015 from the corresponding period in

2014 amounted to approximately HK\$190.2 million. Over 75.4% of the increases were attributed to the increase in orders by the single and largest customer of CPU chips of the Group. Sales quantity of CPU chips increased from 71,890 units for the year ended 31 March 2014 to 431,799 for the year ended 31 March 2015, which primarily because the Group started to sell CPU chips to the customer only from the early 2014. Sales quantity of CPU chips increased from 269,396 for the nine months ended 31 December 2014 to 461,923 for the nine months ended 31 December 2015. Such increase was primarily because when the customer just started to source CPU chips from the Group, the Group did not grant credit period to the relevant customer. When the customer's credit was gradually built up, the Group then commenced granting 60 days credit period to the relevant customer in January 2014, and extended the credit period to 70 days in February 2014, and up to 85 days in January 2015. Purchases of CPU chips from large suppliers generally need telegraphic transfer in advance or payment on delivery. As the Group is able to provide competitive credit period to the customer by utilising its trust receipt loan facilities, the customer increased their sales order placed with the Group substantially.

Gross profit and gross profit margin

	For the year ended 31 March						For the nine months ended 31 December			
	2013		2014		2015		2014		2015	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
DRAM chips	31,627	14.2	42,189	11.9	14,718	8.8	11,314	8.4	11,956	9.5
DRAM modules	14,442	8.3	8,934	4.6	20,096	9.0	13,936	9.2	14,022	11.5
NAND flash chips	85	0.1	136	0.1	9,166	7.6	8,236	9.0	8,780	4.6
CPU chips	-	-	1,207	2.4	11,076	2.8	6,613	2.7	10,784	2.5
USB flash drives	1,867	7.6	388	1.9	637	6.3	2,092	25.4	1,025	17.0
Others	1,788	66.2	(324)	(26.5)	437	12.6	327	11.8	506	13.5
Total:	49,809	9.7	52,530	6.7	56,130	6.1	42,518	6.7	47,073	5.3

Gross profit of the Group increased by approximately 5.5% from approximately HK\$49.8 million for the year ended 31 March 2013 to approximately HK\$52.5 million for the year ended 31 March 2014, which was primarily due to the increased demand for higher capacity of DRAM chips from 256Mbx8 to 512Mbx8 which resulted in the increase in average selling price of DRAM chips during the year. The gross profit further increased by approximately 6.9% to approximately HK\$56.1 million for the year ended 31 March 2015, which was primarily due to the increase in average selling prices of DRAM chips and DRAM modules and the increase in sales of NAND flash chips and CPU chips. There was substantial increase in gross profit from NAND flash chips from approximately HK\$85,000 for the year ended 31 March 2013 to approximately HK\$136,000 for the year ended 31 March 2014 to approximately HK\$9.2 million for the year ended 31 March 2015. This was primarily

because the Group only started to trade NAND flash chips in December 2012 to complement the product portfolio. At that period of time, in order to capture new customers and expand revenue base, the management tended to accept certain orders even they were with low profit margin. Upon establishing customer base, the management increased the profit margin gradually for NAND flash chip for the year 31 March 2015 to keep up with those of DRAM chips. The gross profit margin for NAND flash chips decreased from 9.0% for the nine months ended 31 December 2014 to 4.6% for the nine months ended December 2015. Such decrease was mainly due to the increase in sales of NAND flash chips with 128Gb capacity which had relative lower gross profit margin. Gross profit margin of the Group decreased from 6.7% for the nine months ended 31 December 2014 to 5.3% for the nine months ended December 2015, which was primarily due to the increase in sales of CPU chips which generally were of lower gross profit margin than other products as well as the decrease in gross profit margin in NAND flash chips during the period as explained above.

The Group generally sets gross profit margin to CPU chip orders at 2.0% to 3.0%, which is much lower than those of DRAM modules and NAND flash chips. Due to the rather stable supply and high unit cost of the CPU chips, the profit margin would not be too high. The management considered that such range of profit margin keeps the selling price of the CPU chips sold by the Group at competitive range. Notwithstanding the lower profit margin attached to CPU chips, the absolute amount of the gross profit per unit would still be higher than those of DRAM modules and NAND flash chips.

Gross profit margin of the Group has been decreasing from 9.7% for the year ended 31 March 2013 to 6.7% for the year ended 31 March 2014, which was primarily due to the decrease in profit margin for sales of DRAM chips and DRAM modules resulted from the instability and growing competitiveness of the DRAM market for DDR3. Gross profit margin of the Group further decreased to 6.1% for the year ended 31 March 2015 and to 5.3% for the nine months ended 31 December 2015. This was primarily due to further decrease in profit margin for DRAM chips due to increase in competitiveness and the increase in sales of CPU chips which generally were of lower gross profit margin than other products.

Net profit

The Group recorded net profits attributable to equity holders of the Company of approximately HK\$17.9 million, HK\$16.8 million and HK\$25.3 million for each of the three years ended 31 March 2015, respectively. The increase in profit for the year ended 31 March 2014 to the year ended 31 March 2015 was mainly due to (i) the increase in revenue and gross profit from DRAM modules as a result of the increase in average selling price of DRAM modules due to the increase in demand of DRAM modules with higher capacity and speed; (ii) the gross profit attributable to CPU chips since the launch of the business in 2014; and (iii) partially offset by the decrease in trading orders of DRAM chips due to the reduced market demand.

The Group recorded net profits attributable to equity holders of the Company of approximately HK\$10.6 million and HK\$7.4 million for the six months ended 30 September 2014 and 2015, respectively. Such decrease was mainly attributable to the exchange loss recognised in currency translation in the amount of HK\$1.88 million for the six months ended 30 September 2015 as a result of devaluation of RMB which was partially offset by the decrease in income tax expenses.

The Group recorded net profits attributable to equity holders of the Company of approximately HK\$8.0 million and HK\$2.2 million for the three months ended 30 September 2014 and 2015, respectively. Such decrease was mainly attributable to (i) decrease in gross profit margin attributable to recording of lower profit margin for NAND flash chips and the decrease in market prices of DRAM chips and NAND flash chips, (ii) the exchange loss recognised in currency translation in the amount of HK\$1.92 million for the three months ended 30 September 2015 as a result of devaluation of RMB; and (iii) professional fee amounting to approximately HK\$0.69 million incurred for the Transfer of Listing. Recording of lower profit margin for NAND flash chips was mainly due to large sales orders with lower specification were received from customers for the three months ended 30 September 2015 as compared to the corresponding period in 2014. The market price of DRAM chips kept on decreasing from early 2015 because DRAM chip 512Mbx8 had been launched for certain period of time (more than two years) and the then expectation of the launch of DDR4.

The Group recorded net profits attributable to equity holders of the Company of approximately HK\$8.7 million and HK\$11.6 million for the three months ended 31 December 2014 and 2015, respectively. Such increase was mainly due to the increase in revenue and gross profit attributable to DRAM modules and NAND flash chips as a result of the increased market demand of these products.

The Group recorded stable net profits attributable to equity holders of the Company of approximately HK\$19.3 million and HK\$19.0 million for the nine months ended 31 December 2014 and 2015, respectively.

Top customers

Revenue from the Group's top five customers amounted to approximately HK\$305.5 million, HK\$471.8 million, HK\$752.2 million and HK\$808.5 million for each of the three years ended 31 March 2015 and the nine months ended 31 December 2015, respectively, which contributed to 59.7%, 59.9%, 81.7% and 91.1% of the total sales of the Group for the corresponding periods, respectively. Revenue from the Group's largest customer amounted to approximately HK\$102.0 million, HK\$149.5 million, HK\$422.1 million and HK\$476.3 million for each of the three years ended 31 March 2015 and the nine months ended 31 December 2015, which accounted for approximately 19.9%, 18.9%, 45.9% and 53.7% of the Group's revenue for the corresponding periods, respectively.

Revenue from the Group's top five customers for its DRAM chips, DRAM modules and NAND flash chips business (non-CPU chip businesses) amounted to approximately HK\$305.5 million, HK\$421.0 million, HK\$354.8 million and HK\$397.5 million for each of the three years ended 31 March 2015 and the nine months ended 31 December 2015, respectively, which accounted for approximately 59.7%, 57.1%, 67.9% and 88.4% of its total revenue generated from such businesses during the

corresponding periods respectively. The significant increase in the sales contribution from these top five customers during the periods was mainly because more sales orders for NAND flash chips were received from two of the top five customers for the year ended 31 March 2015 and the nine months ended 31 December 2015, and to the best information and knowledge of the Directors, such increase was driven by the increase in market demand of smartphones and mobile devices.

The Group had four CPU chip customers during the Track Record Period. Revenue from these customers amounted to nil, approximately HK\$50.8 million, HK\$397.3 million and HK\$437.5 million for each of the three years ended 31 March 2015 and the nine months ended 31 December 2015.

Background leading to the arising of CPU chip customers

In early 2014, an existing customer who used to purchase DRAM chips and NAND flash chips from the Group enquired the Group's sales team of the availability of CPU chips, a type of processing and memory chips for computers. The relevant customer is a group of companies which have subsidiaries in Hong Kong, Taiwan, Singapore and the PRC, primarily engaged in trading and licensing of computer and related components including CPU chips, DRAM chips, NAND flash chips, hard disks and motherboards with target markets in Hong Kong, the PRC, south east Asia, India and Taiwan. It is an authorised agent of a well-known Japanese brand hard disk in the PRC and Taiwan being responsible of sales and after-sale service of the products in the aforesaid regions. It is also an authorised agent of solid-state-disks and hard disks of a well established global hard disk provider.

To the best information and knowledge of the Directors, the unit cost for a CPU chip is about 30 to 50 times of the unit cost of a DRAM chip and NAND flash chip, and the trading of CPU chips by the Group would cause higher cashflow needs on the Group as the working capital required to purchase CPU chips would be higher as compared with the purchase of DRAM chips and NAND flash chips.

The management, after taking into account of that the Group had been able to obtain higher banking facilities after the listing of the Company and the availability of access to the relevant suppliers, considered that it would be a good opportunity to expand the Group's product portfolio, increase revenue and profit drivers of the Group, the management decided to commence the trading of CPU chips. Although the gross profit margin from CPU chips trading business is much lower than other products of the Group, given the unit price of the CPU is much higher than those of DRAM modules and NAND flash chips, the absolute amount of the gross profit per unit would still be higher than those of DRAM modules and NAND flash chips. The management considered that it would be beneficial for the Group to expand its product range and revenue source when business opportunities arose.

Credit terms granted to the largest CPU chip customer

Given the high unit costs for CPU chips, it is the Group's policy not to place purchase orders with suppliers unless purchase orders are secured from the relevant customer. The relevant customer started making orders of small amount, and the Group did not grant any credit period to the relevant customer. After completion of HK\$53.2 million sales orders, the Group then commenced offering

credit period of up to 60 days and the relevant customer gradually increased its order size but requested for better credit terms. Taking into account of the then satisfactory repayment history and the Group's availability of existing banking facilities for trust receipt loan arrangements where the bank could settle the payment to the supplier up front and the Group can repay the bank within a credit period of 90 days, the Group gradually extended the credit period available to the relevant customer to 70 days and then further to 85 days for trade receivables of up to USD20 million.

Personal guarantees obtained for the largest CPU chip customer

In consideration of the granting the credit terms to the relevant customer, two personal guarantees were obtained from the customer's sole shareholder on 1 December 2014 and 1 July 2015 pursuant to which in the event the relevant customer fails to pay any trade payables when it falls due, (i) it cannot place new orders until the outstanding trade payables are settled; (ii) the outstanding payments shall be subject to 1.5% monthly interests; and (iii) the guarantors shall settle the payments within 30 days shall the relevant customer becomes unable to settle the payments. The relevant agreements was effective for one year upon signing and would be automatically extended for another 12 months unless any party issues notice of early termination. If any party breaches the term of the relevant agreement and the disputes cannot be resolved, it may be early terminated by a non-defaulting party by giving three month notice to the defaulting party. Since December 2015, to tighten the credit control, the trade receivable limit entitling the relevant customer for 85 days credit period has been reduced from USD20 million to USD10 million. The credit period previously agreed with the relevant customer for the remaining USD10 million limit was 30 to 85 days but the Group would tend to keep the credit period granted at 60 days.

Reasons for customers to purchase CPU chips from the Group and the increase in CPU chip sales

The increase in the proportion attributable to the top one customer was mainly due to the increase in sales of CPU chips to such customer and per unit sales price of CPU chips is significantly higher (ranging from 30 to 50 times) than the Group's traditional products of DRAM chips and NAND flash chips. Such increase was mainly because the sourcing team has been managed to source CPU chips and the Group can offer the CPU chips at terms acceptable to the relevant customer from time to time. In particular, the Group managed to provide competitive credit terms to the relevant customer by utilizing its own banking facilities available to manage the working capital needs where at the same time the customers found the prices that the Group offers acceptable. The advantage in ordering CPU chips from the Company is the competitive credit periods that the Company provides. To the best information and knowledge of the Directors, the customers purchase CPU chips, DRAM chips and NAND flash chips from the Group due to the following reasons: (i) purchases of CPU chips, DRAM chips and NAND flash chips from manufacturers generally need telegraphic transfer in advance or payment on delivery. As the Group is able to provide competitive credit period to the customer by utilising its trust receipt loan facilities, its CPU customers could better manage their cashflow; and (ii) there are handful of manufacturers of CPU chips, DRAM chips and NAND flash chips who are multi-national corporations, there are generally various thresholds to meet for industry players to purchase from these manufacturers directly. For example, the industry players who would like to purchase these products need to be large in scale with strong financial position and credit as

well as going through various assessments by the manufacturers to the manufacturers' satisfaction. To the best information and knowledge of the Directors, save as aforesaid, there is no other major factors that the Group could secure orders from the relevant customer. In the event the relevant customer no longer finds the terms the Group offers attractive to them, there is risk that it would decrease or cease to purchase from the Group.

Profitability of CPU chip business

Although the gross profit margin for CPU trading business only ranged from 2.4% to 2.8% whereas the effective interest rates for trust receipt loans ranged 2.9% to 4.2% per annum during the Track Record Period, the relevant business segment remains profitable for the reasons set out below.

The Group settles the payments for the purchases of CPU chips partly through funds from trust receipt loans and partly from its general working capital after taking into account of various factors, including among others, the cashflow position of the Group, the internal resources of the Group and the trust receipt loan facilities available to keep the business profitable.

The credit terms granted to CPU chip customers ranged from 20 days to 85 days during the Track Record Period which was shorter than the settlement term of the trust receipt loan of 90 days.

The total finance costs (including interests and other bank charges) for CPU chip business for each of the two years ended 31 March 2015 and the nine months ended 31 December 2015 amounted to approximately HK\$0.2 million, HK\$2.0 million, HK\$2.6 million, representing approximately 15.2%, 18.1% and 24.4% of the gross profit for the CPU trading business respectively during the corresponding periods. It is believed that with the tightening of the credit control to reduce the credit period granted to the customers to speed up the repayment of the trust receipt loans, the relevant finance costs would be reduced.

The management would also strike the balance to keep the credit period offered to customers competitive with proper credit control to keep relevant business profitable as a whole. For policies on credit control of CPU chip business, please refer to the paragraph headed "Internal control to manage the CPU chip business" in this announcement for details.

Reliance of top customers and means to diversify customer base

As the sales volume of CPU chips increased, and given CPU chips has much higher unit price than other products, revenue attributable to the Group's top customer as well as top five customers increased. Given the Group had only commenced trading CPU products in early 2014, this business (similar to other infant business) was started off with one single customer. This remained the case throughout the three years ended 31 March 2015, but the Group has successfully secured the orders from three other CPU customers in during September and November 2015 as the Group so wish.

While the revenue from the single largest CPU customer, who also purchase DRAM chips, DRAM modules and NAND flash chips from the Group, represented approximately 45.9% and 53.4% of the total revenue of the Group for the year ended 31 March 2015 and the nine months ended 31 December 2015 respectively (due to the significantly higher per-unit sales price of the CPU chips), the gross profits generated from such CPU chip sales only represent approximately 19.7% and 22.9% of the total gross profits of the Group for the relevant periods respectively. That means, the majority of the Group's profitability was not contributed by the CPU chip sales for the three years ended 31 March 2015 and the nine months ended 31 December 2015. The gross profit margin of CPU chips for the year ended 31 March 2015 and the nine months ended 31 December 2015 were approximately 2.8% and 2.5%, respectively. Without taking into account the revenue and profits generated from the CPU chip business for the three years ended 31 March 2015 and the nine months ended 31 December 2015, the Group continued to enjoy a spread of customers for its non-CPU business (the top five customers of the DRAM chips, DRAM modules and NAND flash chips during the three years ended 31 March 2015 and the nine months ended 31 December 2015 represent 59.7%, 57.1%, 67.9% and 88.4% of the Group's total revenue (other than from the sales of CPU chips), which were in line with the Group's position at the time when it was listed on GEM in August 2013) and a gross profit margin of 9.5%, 7.2%, 8.6% and 7.9%.

In fact, there have been various existing and potential customers enquired the Group's sales team on the availability of CPU chips during the three years ended 31 March 2015 and the nine months ended 31 December 2015. The management assesses whether to accept CPU chip orders from a customer after taking into account of various factors including among others, background, credit, historical business relationship (if any) of the relevant customer, quantity ordered, payment term and credit period asked for, potential long term business relationship, whether the shareholders or management of the customer is able to provide any personal guarantee for the payables to the Group. However, in order to control the credit risk and the Group did not want to expand the CPU chip business over aggressively, the management tended not to actively promote and sell CPU chips to new CPU chip customers. After one and a half year trading of CPU chips and observing the growth of the CPU chip business with the relevant customer, the management considers it would be beneficial for the Group to start commencing business with other CPU chip customers so as to diverse customer base for CPU chip customers gradually. Given the Group's sales team and sourcing team are familiarised with various specifications of DRAM modules, NAND flash chips and various essential computer components and most computers use Intel CPU, most salespersons and sourcing personnel have basic knowledge of CPU chips and it is easy for them to familiarise with various specifications of CPU chips for the business. As CPU chips are essential components like DRAM chips and NAND flash chips, quite a number of existing customers also do CPU trading business. More than one tenth of the Group's customers during the three years ended 31 March 2015 and the nine months ended 31 December 2015 also trade CPU chips. The Group could get in touch with existing customers for CPU chip orders. It could also explore new potential customers. Although there are numerous trading and computer manufacturing companies sourcing CPU chips, the Group tends to explore new potential customer through referral from its business network in the industry.

The management considers it is an important due diligence process to understand the background of the potential customers, in particular the experience of the management of these customers and their credit from various familiarised industry players.

Since September 2015, with the effort of the sales team, the Group secured CPU chip orders from three new customers during September and November 2015. A total of approximately HK\$31.1 million of revenue has been recognised, representing approximately 8.6% of the Group's total revenue from September to November 2015. The new customer secured in September was referred by the shareholders of a previous top customer. It is a private limited company in Hong Kong primarily engaged in trading of various computer components including among others, CPU chips. Its shareholder has been in the CPU chip trading and computer industry for more than 15 years. Credit terms of 20 days for trade receivables of up to USD500,000 were granted and the terms of the orders were on normal commercial terms. In consideration of the granting the credit terms to the relevant customer, a personal guarantee was obtained from the customer's shareholder and her spouse on 22 September 2015 pursuant to which in the event the relevant customer fails to pay any trade payables when it falls due, (i) it cannot place new orders until the outstanding trade payables are settled; (ii) the outstanding payments shall be subject to 1.5% monthly interests; and (iii) the guarantors shall settle the payments within 30 days shall the relevant customer becomes unable to settle the payments. The relevant agreement was effective for one year upon signing and would be automatically extended for another 12 months unless any party issues notice of early termination. If any party breaches the term of the relevant agreement and the disputes cannot be resolved, it may be early terminated by a non-defaulting party by giving three month notice to the defaulting party.

The new customer secured in October was referred to the Group by one of its customers which is a computer manufacturer. It is a private limited company in Hong Kong primarily engaged in sales of electronic parts and components such as hard disks, CPU chips and DRAM chips in the PRC, Hong Kong, Singapore and Dubai. Its customers include a well-established integrated IT service provider in China. The director and general manager of this new customer has been in computer electronic component industry for more than 10 years. Credit terms of 14 days were granted and the terms of the orders were on normal commercial terms.

The new customer secured in November was referred by a customer with long term business relationship with the Group. It is a private limited company in Hong Kong primarily engaged in trading of hard disks, CPU chips, DRAM chips and DRAM modules focusing markets in Wuhan and Nanjing, the PRC. Its shareholder has been in computer component industry for more than ten years. Credit terms of 20 days for trade receivables of up to USD500,000 were granted and the terms of the orders were on normal commercial terms. In consideration of granting the credit terms to the relevant customer, a personal guarantee was obtained from the customer's shareholder in November 2015 with substantially the same terms as the guarantee provided by the customer secured in September 2015.

Risk of reliance on top customers

The Group's sales are conducted on an order by order basis and there is no long term sales agreement entered into with the Group's customers. In the event any major customer substantially reduces its orders or terminate its business relationship with the Group, the revenue and the gross profit may drop and the financial performance of the Group may be adversely affected. In particular, there were only four customers purchased CPU chips from the Group for the two years ended 31 March 2015 and the nine months ended 31 December 2015, and sales of the CPU chips attributed to approximately 6.5%, 43.2% and 49.3% for the year ended 31 March 2015 and the nine months ended 31 December 2015, respectively. Although there is no indication that the customer would stop purchasing CPU chips from us in the near future, the Group cannot guarantee that it would be able to keep the business relationship with the customer in the long run. If such business relationship terminates and there is no new customer purchasing CPU chip from the Group, the financial performance of the Group, including revenue, gross profit and net profit would be adversely affected. The historical financial records as shown in this announcement may not indicative.

Further, although there were three new customers started to place orders of CPU chips during September and November 2015, the Group cannot guarantee that it could maintain long term relationship with such customer.

The Group strategically put more effort to expand customer base since 2014 by employing additional five salespersons to enhance sales force and diversify customer base. For each of the three years ended 31 March 2015 and the nine months ended 31 December 2015, there were new customers ranking within the top five. On the other hand, other than one of the major customer who ceased to engage in DRAM and NAND flash related industry since 2014, the Group has been able to keep various major customers over the past few years. Four out of top five customers for the year ended 31 March 2015 and three out of top five customers for the nine months ended 31 December 2015 have business relationship with the Group ranging from four to ten years. The Directors, after taking into account the historical business relationship with the major customers, consider that the Group would be able to maintain its relationship with its major customers. The Group's management team, which is led by the chairman and chief executive officer who had experience ranging from ten to fifteen years in the industry, has built a strong business network, and is confident that the Group's customer base will continue to expand and diversify. As technology continue to develop in high speed, where demands of computers, tablets, smartphones and other electronic products requiring data memory and computer processing functions (including CPU chips, DRAM chips, DRAM modules, NAND flash chips and USB flash drives) continue to grow, the Group's management expects the industry in which the Group is primarily engaged will remain strong and be well driven by the relevant market demand.

The Group had strategically invested effort to expand its customer base since 2014, by employing additional five salespersons to enhance the sales force. For each of the three years ended 31 March 2015 and the nine months ended 31 December 2015, there were new customers (and in fact suppliers as well) getting into the top five ranks. On the other hand, the Group has also been able to keep various core customers.

It is still not the Group's plan to expand CPU chip business aggressively in the coming twelve months. It would tend to put major resources and focus on business of DRAM chips, DRAM modules, NAND flash chips and USB flash drives. The management would only work towards to reduce reliance on single CPU customer and continue to work towards diversifying the Group's customer base as a whole.

Internal control to manage the price fluctuation risk for DRAM chips, DRAM modules and NAND flash business

During the Track Record Period, DRAM chips and NAND flash chips were the Group's major raw materials and purchases for DRAM chips, DRAM modules and NAND flash business. For each of the three years ended 31 March 2015 and the nine months ended 31 December 2015, the total cost of sales of DRAM chips, DRAM modules and NAND flash chips amounted to approximately HK\$461.1 million, HK\$684.0 million, HK\$474.8 million and HK\$410.2 million respectively, which accounted for approximately 99.8%, 93.0%, 54.9% and 48.8% of the Group's costs of sales during the relevant periods.

The average unit costs for DRAM chips were approximately HK\$7.3 per unit, HK\$16.8 per unit, HK\$24.0 per unit and HK\$12.5 per unit for each of the three years ended 31 March 2015 and the nine months ended 31 December 2015, respectively. The average unit costs for NAND flash chips were approximately HK\$23.8 per unit, HK\$26.1 per unit, HK\$17.0 per unit and HK\$13.5 per unit for each of the three years ended 31 March 2015 and the nine months ended 31 December 2015, respectively.

The increase in average unit cost of DRAM chips from the year ended 31 March 2013 to 31 March 2015 was mainly due to the launch of DRAM chips with higher capacity. The relevant decrease for the nine months ended 31 December 2015 was due to the advancement of technology and the then expected launch of DDR4. The decreasing trend in average unit costs of NAND flash chips over the Track Record Period was due to the rather stable supply and the advancement of technology which causes decrease of prices in the chips with common specifications where on the other hand the market has not yet picked up chips with high specifications with high costs.

Internal control to manage the CPU chip business

The Group adopted various internal control policies to manage related business and credit risks of the CPU chip business:

- Various factors shall be taken into account before accepting orders from a new CPU chip customer. These include among others, background, credit, historical business relationship (if any) of the relevant customer, quantity ordered, payment term and credit period asked for, potential long term business relationship, whether the shareholder(s) of the relevant customer is able to provide personal guarantee;

- For new customers, due diligence include among others, public searches, credit checks, reference checks with industry players, site visits shall be conducted;
- The first time order shall be approved by both the chairman and the chief executive officer;
- Quotation shall be obtained from at least three suppliers;
- Purchase orders to suppliers shall be placed within one business day after receipt of the orders from customers;
- No inventory shall be kept for CPU chips; sourcing team shall only place purchase orders after sales orders are secured from customers;
- Obtain personal guarantee from the shareholders of the CPU customer(s) to the extent possible; and
- Credit limit shall be imposed for the credit terms granted to CPU chip customers. No new orders with credit terms can be accepted in the event the relevant customer fails to pay any trade payables when it falls due. Since December 2015, in order to tighten the credit control of CPU chip business, the credit limit granted to the largest CPU customer with 85 days credit period has been reduced from USD20 million to USD10 million and although the credit period previously agreed with the relevant customer for the remaining USD10 million limit was 30 to 85 days, the Group would tend to keep the credit period granted at 60 days; further, any new credit terms to be agreed with other customers shall not exceed 60 days unless approved by the Chairman, the chief executive officer and the chief financial officer. Accounts manager shall send reminders to the relevant customers one week in advance of the due date for settlement of the invoices and report to the chief executive officer directly within 1 business day upon noting any non-settlement of invoices when they fall due.

The table below sets out the background information and length of relationship of the top five customers for each of the three years ended 31 March 2015 and the nine months ended 31 December 2015:

Customer	Length of business relationship with the Group	Products purchased from the Group	Background information
Group F	2.5 years <ul style="list-style-type: none"> • Top three customer for the year ended 31 March 2014 • Top one customer for the year ended 31 March 2015 and the nine months ended 31 December 2015 • Top three supplier for the year ended 31 March 2014 	<ul style="list-style-type: none"> • DRAM chips • NAND flash chips • CPU chips • DRAM modules 	<ul style="list-style-type: none"> • A group of companies which have subsidiaries in Hong Kong, Taiwan, Singapore and the PRC principally engaged in trading and licensing of CPU chips, DRAM chips, DRAM modules, NAND flash chips, flash cards, hard drives and motherboards • An authorised agent of a well-known Japanese brand hard disk in the PRC and Taiwan being responsible of sales and after-sale service of the products in the aforesaid regions. It is also an authorised agent of solid-state-disks and hard disks of a well established global hard disk provider
Group J	4.5 years <ul style="list-style-type: none"> • Top three customer for each of the two years ended 31 March 2013 and 2015 and the nine months ended 31 December 2015 • Top five supplier for the year ended 31 March 2015 	<ul style="list-style-type: none"> • DRAM chips • DRAM modules • NAND flash chips 	<ul style="list-style-type: none"> • A private Chinese entity and a private Hong Kong company both principally engaged in trading of DRAM chips, DRAM modules, and NAND flash chips in the PRC

Customer	Length of business relationship with the Group	Products purchased from the Group	Background information	
Group H	10 years	<ul style="list-style-type: none"> • Top one customer for the year ended 31 March 2013 • Top three customer for each of the two years ended 31 March 2014 and 2015 • Top five customer for the nine months ended 31 December 2015 	<ul style="list-style-type: none"> • DRAM chips • DRAM modules • NAND flash chips 	<ul style="list-style-type: none"> • A private Chinese entity and a private Hong Kong company principally engaged in trading of DRAM, its own brand memory modules in the PRC and NAND flash chips
Company N	6.5 years	<ul style="list-style-type: none"> • Top five customer for each of the two years ended 31 March 2013 and 2015 • Top three customer for the nine months ended 31 December 2015 	<ul style="list-style-type: none"> • DRAM chips • DRAM modules • NAND flash chips 	<ul style="list-style-type: none"> • A private Hong Kong company principally engaged in trading of DRAM chips, NAND flash chips, and manufacturing of DRAM modules, solid-state disks, flash cards and USB flash drives
Company S1	7 year	<ul style="list-style-type: none"> • Top five customer for the year ended 31 March 2015 	<ul style="list-style-type: none"> • DRAM chips • DRAM modules 	<ul style="list-style-type: none"> • A private Hong Kong company principally engaged in trading of NAND flash chips, DRAM chips, DRAM modules and other electronic components and products
Group G	5 years	<ul style="list-style-type: none"> • Top three customer for each of the two years ended 31 March 2013 and 2014 • Top three suppliers for the year ended 31 March 2014 • Ceased to have business relationship since May 2014 	<ul style="list-style-type: none"> • DRAM chips • DRAM modules • NAND flash chips 	<ul style="list-style-type: none"> • Private Hong Kong companies used to be principally engaged trading of DRAM chips, NAND flash chips, USB flash drives and quitted the industry in 2014
Group S	2.5 years	<ul style="list-style-type: none"> • Top five customer for the year ended 31 March 2014 	<ul style="list-style-type: none"> • DRAM chips • NAND flash chips 	<ul style="list-style-type: none"> • Private Hong Kong companies principally engaged in trading of DRAM chips, NAND flash chips and manufacturing of DRAM modules and electronic components and products

Customer	Length of business relationship with the Group	Products purchased from the Group	Background information
Company L	6.5 years	<ul style="list-style-type: none"> • Top five customer for the year ended 31 March 2014 • DRAM chips 	<ul style="list-style-type: none"> • A private Hong Kong company principally engaged in trading of DRAM chips
Company E	2.5 years	<ul style="list-style-type: none"> • Top five customer for the year ended 31 March 2013 • DRAM chips • NAND flash chips 	<ul style="list-style-type: none"> • A private Hong Kong company principally engaged in trading of DRAM chips, DRAM modules and NAND flash
Company G2	3 months	<ul style="list-style-type: none"> • Top five customer for the nine months ended 31 December 2015 • CPU chips 	<ul style="list-style-type: none"> • A private limited company in Hong Kong primarily engaged in trading of various computer components such as CPU chips, DRAM chips and NAND flash chips

None of the top five customers for each of the three years ended 31 March 2015 and the nine months ended 31 December 2015 is connected with the Directors or a connected person of the Company.

The tables below set out the amount of sales to each of the Group's top five customers and the relevant attributable percentages to the Group's total revenue for each of the three years ended 31 March 2015 and the nine months ended 31 December 2015:

Top five customers for the year ended 31 March 2013

	Revenue HK\$'000	Percentage of total revenue %
Group H	102,045	19.9
Group G	59,783	11.7
Group J	52,882	10.3
Company N	45,835	9.0
Company E	44,998	8.8
Total for top five customers:	305,543	59.7

Top five customers for the year ended 31 March 2014

	Revenue <i>HK\$'000</i>	Percentage of total revenue %
Group G	149,496	19.0
Group H	108,166	13.8
Group F	103,359	13.1
Group S	63,720	8.1
Company L	47,053	6.0
	<hr/>	<hr/>
Total for top five customers:	471,794	60.0

Top five customers for the year ended 31 March 2015

	Revenue <i>HK\$'000</i>	Percentage of total revenue %
Group F	422,053	45.9
Group J	139,415	15.2
Group H	137,430	14.9
Company N	28,740	3.1
Company S1	24,549	2.7
	<hr/>	<hr/>
Total for top five customers:	752,187	81.8

Top five customers for nine months ended 31 December 2015

	Revenue <i>HK\$'000</i>	Percentage of total revenue %
Group F	476,291	53.7
Group J	176,272	19.9
Company N	70,387	7.9
Group H	57,521	6.5
Company G2	28,013	3.1
	<hr/>	<hr/>
Total for top five customers:	808,484	91.1

Major terms with major customers

There is no framework or long term supply agreement entered into with the Group's customers. Major terms of sales including the unit prices, quantity, credit period and settlement details are agreed order by order and are set out in customers' purchase orders or the Group's pro-forma invoices. The Group grants credit period from 60 days to 85 days to the CPU chip customer and grants credit period ranging from 14 to 30 days to other customers. Credit period are granted after taking into account of a number of factors, including among others, the credit history and historical sales performance of the customers.

Top suppliers

Purchases from the Group's top five suppliers amounted to approximately HK\$312.6 million, HK\$475.0 million, HK\$613.2 million and HK\$739.8 million for each of the three years ended 31 March 2015 and the nine months ended 31 December 2015, respectively, which contributed to 66.7%, 65.1%, 76.1% and 91.3% of the Group's total purchases of the Group for each of the three years ended 31 March 2015 and the nine months ended 31 December 2015, respectively. Purchases from the Group's largest supplier for each of the three years ended 31 March 2015 and the nine months ended 31 December 2015 amounted to approximately HK\$183.4 million, HK\$249.5 million, HK\$197.9 million and HK\$322.7 million, which accounted for approximately 39.1%, 34.2%, 24.6% and 39.8% of the Group's total purchases respectively.

In correspond with the commencement of CPU trading business with the Group's largest customer which have much higher unit costs, purchases of CPU chips accounted for a large proportion of the total purchases of the Group. Hence, proportion of purchases from the largest supplier and the top five suppliers attributable to the total purchase increased. The amount of purchases from the Company's top five suppliers for CPU chip business amounted to nil, approximately HK\$49.6 million, HK\$386.3 million and HK\$426.7 million for each of the three years ended 31 March 2015 and the nine months ended 31 December 2015, representing nil, approximately 100%, 100% and 100% of the total purchases for the Group's CPU business.

Although the largest supplier for the year ended 31 March 2015 and the nine months ended 31 December 2015 was both attributable to supplier of CPU chips, the two suppliers were not the same company. The Group had business with a total of 61 suppliers for the three years ended 31 March 2015 and the nine months ended 31 December 2015, five out of which supply CPU chips. Commercial terms, in particular prices of the products, offered by the suppliers vary from time to time. In July 2015, the Group started to purchase from one new CPU chip supplier. Electronic products are already highly commoditised, and there are numerous trading companies trading CPU chips, DRAM chips and NAND flash chips in the market, the Directors consider that it is not difficult at all for the Group to identify substitute suppliers and customers in case of need. Sometimes one supplier offers better terms than others or vice versa. The Group's sourcing team tends to source from the one who offers better terms than others. If other suppliers offer better terms than current suppliers, the Group would swap to other suppliers freely.

The Group's purchases from its top five suppliers for its non-CPU chip businesses amounted to approximately HK\$312.6 million, HK\$458.0 million, HK\$298.1 million and HK\$343.7 million for each of the three years ended 31 March 2015 and the nine months ended 31 December 2015, which accounted for approximately 66.7%, 67.4%, 71.0% and 89.6% of its total purchases for such businesses during the corresponding periods respectively. The significant increase in the purchase contribution from these top five suppliers during the periods was mainly due to the increased purchase of NAND flash chips from three of the top five suppliers who offered stable supply at competitive prices to satisfy the Group's increased sales orders from customers in respect of NAND flash chips.

Risk of reliance on top suppliers

There is no long term purchase agreement entered into with the Group's suppliers. In the event any major supplier terminate its business relationship with the Group, and if the Group is not able to source goods from other suppliers at similar price to fulfil customers' needs, the revenue and the gross profit may drop and the financial performance of the Group may be adversely affected.

The Directors, however, after taking into account the historical business relationship with the major suppliers, and that such relationship have been in good term, consider that the Group would be able to maintain its relationship with its major suppliers. Even if relationship with certain suppliers are terminated, it would not be difficult to source relevant products from other suppliers.

The table below sets out the background information and length of relationship of the top five suppliers for each of the three years ended 31 March 2015 and the nine months ended 31 December 2015:

Supplier	Length of business relationship with the Group	Products sold to the Group	Background information
Group W	8 years <ul style="list-style-type: none"> • Top five supplier for the year ended 31 March 2014 and the nine months ended 31 December 2015 • Top one for the year ended 31 March 2015 	<ul style="list-style-type: none"> • CPU chips • NAND flash chips • DRAM chips • DRAM modules 	<ul style="list-style-type: none"> • A group of companies which have subsidiaries in Hong Kong and Taiwan principally engaged in trading of DRAM chips, NAND flash modules, DRAM modules, CPU chips, hard drives, monitors, motherboards, routers and other computer products

Supplier	Length of business relationship with the Group	Products sold to the Group	Background information
Company G	5.5 year <ul style="list-style-type: none"> • Top three supplier for the year ended 31 March 2015 • Top one supplier for the nine months ended 31 December 2015 • Also a customer 	<ul style="list-style-type: none"> • CPU chips • NAND flash chips • DRAM chips 	<ul style="list-style-type: none"> • A Hong Kong private company established in 1996 and primarily engaged in supplying of various computer parts and components such as NAND flash chips, DRAM modules, CPU chips, flash cards and motherboards • It also procures manufacturing of electronic products for its OEM customers in China, Europe, Asia Pacific and USA as well as supply portable devices and peripheral devices under its own brand names
Company S1	7 years <ul style="list-style-type: none"> • Top three supplier for each of the two years ended 31 March 2013 and 2015 and the nine months ended 31 December 2015 	<ul style="list-style-type: none"> • DRAM chips • DRAM modules 	<ul style="list-style-type: none"> • An US company primarily engaged in trading of NAND flash chips, DRAM chips, DRAM modules and other electronic components and products
Company M	5 years <ul style="list-style-type: none"> • Top one supplier for each of the two years ended 31 March 2103 and 2014 • Top five supplier for the year ended 31 March 2015 and the nine months ended 31 December 2015 	<ul style="list-style-type: none"> • DRAM chips • DRAM modules • NAND flash chips 	<ul style="list-style-type: none"> • One of the global DRAM chip manufacturers and also engaged in manufacturing and repair of semiconductor assembly and testing equipment, as well as manufacturing, developing and selling semiconductor devices and components • A Singapore company which belongs to a listed company in the United States

Supplier	Length of business relationship with the Group	Products sold to the Group	Background information	
Group J	4.5 years	<ul style="list-style-type: none"> • Top five supplier for the year ended 31 March 2015 • Top three customer for each of the two years ended 31 March 2013 and 2015 and the nine months ended 31 December 2015 	<ul style="list-style-type: none"> • DRAM chips • DRAM modules • NAND flash chips 	<ul style="list-style-type: none"> • A private Chinese entity and a Hong Kong private company principally engaged in trading of DRAM chips, DRAM modules, NAND flash chips and solid-state disks
Group F	2.5 years	<ul style="list-style-type: none"> • Top three supplier for the year ended 31 March 2014 • Top three customer for the year ended 31 March 2014 • Top one customer for the year ended 31 March 2015 and the nine months ended 31 December 2015 	<ul style="list-style-type: none"> • NAND flash chips • DRAM chips 	<ul style="list-style-type: none"> • A group of companies which have subsidiaries in Hong Kong, Taiwan, Singapore and the PRC principally engaged in trading and licensing of CPU chips, DRAM chips, DRAM modules, NAND flash chips, flash cards and motherboards • An authorised agent of a well-known Japanese brand hard disk in the PRC and Taiwan being responsible of sales and after-sale service of the products in the aforesaid regions. It is also an authorised agent of solid-state-disks of a famous brand for Beijing market and internet market
Group G	5 years	<ul style="list-style-type: none"> • Top three supplier for the year ended 31 March 2014 • Top three customer for each of the two years ended 31 March 2013 and 2014 • Ceased to have business relationship since May 2014 	<ul style="list-style-type: none"> • DRAM chips • DRAM modules • NAND flash chips 	<ul style="list-style-type: none"> • Private Hong Kong companies used to be principally engaged trading of DRAM chips, NAND flash chips, DRAM modules and USB flash drives and quitted the industry in 2014

Supplier	Length of business relationship with the Group	Products sold to the Group	Background information	
Company H	8.5 years	<ul style="list-style-type: none"> • Top five supplier for the year ended 31 March 2014 	<ul style="list-style-type: none"> • DRAM chips • DRAM modules 	<ul style="list-style-type: none"> • A Taiwan company principally engaged in trading of DRAM chips and DRAM modules
Company R	2.5 years	<ul style="list-style-type: none"> • Top three supplier for the year ended 31 March 2013 	<ul style="list-style-type: none"> • NAND flash chips 	<ul style="list-style-type: none"> • A Taiwan company primarily engaged in trading of NAND flash chips
Company D	8 years	<ul style="list-style-type: none"> • Top five supplier for the year ended 31 March 2013 	<ul style="list-style-type: none"> • DRAM chips • DRAM modules 	<ul style="list-style-type: none"> • A Taiwan company primarily engaged in trading of DRAM chips, NAND flash chips and liquid crystal display and manufacturer of DRAM modules • Its shareholder include a listed company in Taiwan
Group H	10 years	<ul style="list-style-type: none"> • Top five supplier for the year ended 31 March 2013 and the nine months ended 31 December 2015 • Top one customer for the year ended 31 March 2013 • Top three customer for each of the two years ended 31 March 2014 and 2015 • Top five customer for the nine months ended 31 December 2015 	<ul style="list-style-type: none"> • DRAM chips • DRAM modules • NAND flash chips 	<ul style="list-style-type: none"> • A private Chinese entity and a Hong Kong private company principally engaged in trading of DRAM chips, NAND flash chips, and manufacture and sale of DRAM modules

None of the top five suppliers for each of the three years ended 31 March 2015 and the nine months ended 31 December 2015 is connected with the Directors or a connected person of the Company.

The tables below set out the amount of purchases of each of the Group's top five suppliers and the relevant attributable percentages to the Group's total purchases for each of the three years ended 31 March 2015 and the nine months ended 31 December 2015:

Top five suppliers for the year ended 31 March 2013

	Purchase amount <i>HK\$'000</i>	Percentage of total purchases %
Company M	183,381	39.1
Company S1	62,746	13.4
Company R	23,909	5.1
Company D	22,991	4.9
Group H	19,617	4.2
Total for top five suppliers:	312,644	66.7

Top five suppliers for the year ended 31 March 2014

	Purchase amount <i>HK\$'000</i>	Percentage of total purchases %
Company M	249,517	34.2
Group F	88,593	12.1
Group G	49,938	6.8
Group W	43,519	6.0
Company H	43,464	6.0
Total for top five suppliers:	475,031	65.1

Top five suppliers for the year ended 31 March 2015

	Purchase amount <i>HK\$'000</i>	Percentage of total purchases %
Group W	197,944	24.6
Company G	161,133	20.0
Company S1	114,728	14.2
Company M	94,784	11.8
Group J	44,579	5.5
Total for top five suppliers:	613,168	76.1

Top five suppliers for nine months ended 31 December 2015

	Purchase amount <i>HK\$'000</i>	Percentage of total purchases %
Company G	322,744	39.8
Group W	158,566	19.6
Company S1	110,732	13.7
Group H	90,443	11.2
Company M	57,350	7.0
Total for top five suppliers:	739,835	91.3

Major terms with major suppliers

The Group has not entered into framework purchase agreement with its suppliers. Major terms of the purchases including the prices and quantity are agreed order by order and are set out in the Group's purchase orders. Generally, no credit period is granted for purchases of DRAM chips, NAND flash chips and CPU chips. Payments shall either be settled in advance or upon delivery. The Group has obtained bank facilities including trust receipt loans where the banks will pay the suppliers in advance and the Group will settle with the banks within 90 days.

Overlapping of customers and suppliers

As disclosed in the Prospectus, there are only a handful of DRAM chip manufacturers globally. Number of NAND flash chip manufacturers are also very limited. Most DRAM module manufacturers and electronic product manufacturers source DRAM chips and NAND flash chips in the market through various channels (including among others, through companies which trade DRAM chips and NAND flash chips) for DRAM chips and NAND flash chips produced by limited number of manufactures. Also, the prices of DRAM chips and NAND flash chips fluctuate. To the best information and knowledge of the Directors, players in the third party DRAM module and NAND flash chips industry keep stock of DRAM chips, DRAM modules and NAND flash chips with different specification from time to time. Thus, at one point of time, one player could have stock with a particular specification which is needed by others.

The Group sources DRAM chips and NAND flash chips through various channels, including, but not limited to, the agents of DRAM chip manufacturers, distributors and sometimes other sellers of DRAM chips or DRAM modules and NAND flash chips who are also the Group's customers. On the other hand, some of the Group's suppliers may also purchase goods from the Group if the Group has stock with specification that they are in need of. Five out of top ten customers for the year ended 31 March 2015 were also the Group's suppliers, while five out of top ten suppliers for the year ended 31 March 2015 were also the Group's customers.

Sales to the top ten customers who were also suppliers of the Group attributed to approximately 61.0%, 66.3%, 32.4% and 28.0% of the total revenue for each of the three years ended 31 March 2015 and the nine months ended 31 December 2015, respectively. The amount of purchases from the top ten customers who were also suppliers attributed to approximately 14.3%, 30.0%, 24.6% and 25.0% of the total purchases for each of the three years ended 31 March 2015 and the nine months ended 31 December 2015, respectively. Sales to the top ten suppliers who were also customers of the Group attributed to approximately 44.0%, 53.9%, 34.4% and 7.4% of the total revenue for each of the three years ended 31 March 2015 and the nine months ended 31 December 2015, respectively. The amount of purchases from the top ten suppliers who were also customers attributed to approximately 30.6%, 25.7%, 27.3% and 24.9% of the total purchases for each of the three years ended 31 March 2015 and nine months ended 31 December 2015, respectively. Goods sold to these customers include, among others, DRAM modules, DRAM chips and NAND flash chips, the prices of which were determined mainly based on the costs, the market prices of similar products, the market demand and supply of the products and the expected profit margin determined by the Group's management team. Goods purchased from these customers mainly include DRAM chips and small amount of DRAM modules, the prices of which were determined mainly based on the market price of the products. Other factors considered also include availability of stock, delivery time and the ability of the supplier to supply the products in need by the Group as a whole. All such transactions were conducted on normal commercial terms.

In some circumstances, the products sold to and purchased from the overlapping customers may fall in the same category (in terms of form factor, capacity and brand), in particular for those products with specifications which were frequently ordered in a particular year. Below sets out further details of the background leading to such circumstances.

Depending on the development of the technology of memory related products, there is usually a dominant form factor for DRAM modules or other memory products at different point of time. DDR3 was the dominant form factor and technology and 4GB DRAM module market ramped up these years. According to iSuppli Corporation, as there are only a handful number of DRAM chip manufacturers, it is not uncommon that the market players in the secondary market of DRAM chips may purchase and sell DRAM chips in the same category (same brand, same form factor and same capacity) among the market players. Hence, the Group sell goods with certain specification to a customer who may subsequently supply goods with same specification to us if they have stock with specification that the Group is in need of or vice versa. Also, the group may source goods with certain specification from a supplier who may subsequently order goods with same specification from us if the Group have stock with specification that they are in need of or vice versa.

The Group mainly traded DDR3 DRAM chips with capacities of 128Mbx8 and 256Mbx8, 512Mbx8, which in aggregate accounted for approximately 98.8%, 96.2%, 99.5% and 98.2% of the revenue derived from trading of DRAM chips of the Group for each of the three years ended 31 March 2015 and the nine months ended 31 December 2015, respectively.

Based on the full sales and purchase transaction list of the parties who were both customers and suppliers of the Group during the Track Record Period, and by taking the lower of (i) the sales to the overlapping customers of products with the specific form factor, capacity and brand and (ii) the purchases from the overlapping customer of such products, which occurred during any time of each of the three years ended 31 March 2015 and the nine months ended 31 December 2015, the aggregate relevant transactions amounted to approximately HK\$117.6 million, which accounted for approximately 3.8% of the Group's total sales for the relevant period. During such period, the products sold and purchased in the same category with the overlapping customers mainly consisted of DRAM chips DDR3 512Mbx8, DDR3 256Mbx8, DRAM modules DDR3 2GB and DDR3 4GB, NAND flash 32Gb, 64Gb and 128Gb. The Group may continue to sell and purchase products in the same category with the overlapping customers in the future depending on the Group's needs and market demand.

To the best information, knowledge and belief of the Directors, save and except there were a few transactions of sale and purchases of DRAM chips, DRAM modules and NAND flash chips amounting to sales of approximately HK\$8.6 million, HK\$1.4 million, HK\$0.1 million and HK\$2.0 million for each of the three years ended 31 March 2015 and the nine months ended 31 December 2015 respectively were the batch of goods purchased from the relevant suppliers of the goods ("**Same Batch Transactions**"), there was no sale and purchase of same batch of goods from the same party during each of the three years ended 31 March 2015 and the nine months ended 31 December 2015. The background leading to the Same Batch Transactions was set out below.

The Group purchased goods upon receipt of customers' enquiries and/or when management considered there was a need to keep stock for future demand. During the Track Record Period, certain customers who indicated they would place orders subsequently cancelled their plans to order due to various reasons for example, the relevant batch of goods were not compatible with customers' needs after sample testing or imperfection of packaging, and hence the relevant stock purchased were not sold to the original intended customers. The Group sold the products purchased while stock lasted upon other customers' enquires for availability of stock. During the Track Record Period, occasionally the original suppliers of the stock enquired on the availability of stock with same specifications they previously supplied to meet their customers' needs in a month or two. The Group sold the goods at market prices after arm's length negotiation with these purchasers.

Despite of the identification of the sale and purchase of same batch of goods in the aggregate amount of HK\$12.1 million during the Track Record Period, the sales or the profit of the Group was not overstated as the transactions of sale and purchase were conducted on normal commercial terms and the terms of which were agreed upon arm's length negotiation between the parties. The relevant sales amount only represented approximately 1.68%, 0.17%, 0.02% and 0.22% of the total revenue of the Group for each of the three years ended 31 March 2015 and the nine months ended 31 December 2015, respectively, and only represented 0.39% of the total revenue of the Group for the whole Track Record Period. The relevant gross profit amount only represented approximately 2.44%, 0.04%, 0.01% and 0.68% of the total gross profits of the Group for each of the three years ended 31 March 2015 and the nine months ended 31 December 2015, respectively, and only represented 0.76% of the total gross profits of the Group for the whole Track Record Period.

Confirmation on no Third Party Payments

As disclosed in the sub-section headed “Business – Sales and Marketing – Certain settlement arrangements through third party payors” of the Prospectus, there were certain customers which settled payments through third parties via banks (“**Third Party Payments**”), and such payments amounted to approximately HK\$45.3 million for the year end 31 March 2013. The Company confirmed that all Third Party Payment arrangements have ceased since the end of November 2012, and internal control measures have been put in place to disallow customers to settle their payments through third parties. No settlement of trade receivables was effected through Third Party Payments since end of November 2012 and up to the date of this announcement.

CERTAIN OTHER FINANCIAL INFORMATION OF THE GROUP

Net current assets

The following table sets out details of the Group’s current assets and current liabilities as at each of the balance sheet dates indicated below:

	As at 31 March 2013 HK\$'000	As at 31 March 2014 HK\$'000	As at 31 March 2015 HK\$'000	As at 31 December 2015 HK\$'000
Current assets				
Inventories	86,179	86,736	31,836	3,964
Trade receivables	5,698	48,231	140,579	152,726
Deposits, prepayments and other receivables	5,096	12,243	2,255	470
Amount due from related parties	26,798	–	–	–
Amount due from a joint venture	–	3,683	–	–
Pledged deposits at bank	–	15,298	15,790	–
Bank deposits with original maturity over three months	–	29,510	–	–
Cash and cash equivalents	<u>103,392</u>	<u>119,734</u>	<u>215,363</u>	<u>259,773</u>
<i>Total current assets</i>	<u>227,163</u>	<u>315,435</u>	<u>405,823</u>	<u>416,933</u>
Current liabilities				
Trade payables	1,772	41,667	31,206	26,503
Other payables and accrued expenses	3,534	2,576	6,950	3,401
Amount due to related parties	13,066	–	–	–
Borrowings	154,637	177,210	231,131	189,140
Finance lease liabilities	1,130	–	–	–
Current income tax liabilities	<u>1,892</u>	<u>2,218</u>	<u>1,375</u>	<u>4,941</u>
<i>Total current liabilities</i>	<u>176,031</u>	<u>223,671</u>	<u>270,662</u>	<u>223,985</u>
Net current assets	<u>51,132</u>	<u>91,764</u>	<u>135,161</u>	<u>192,948</u>

Inventories

The inventories slightly increased by approximately HK\$0.6 million from approximately HK\$86.1 million as at 31 March 2013 to approximately HK\$86.7 million as at 31 March 2014, and decreased substantially by approximately HK\$54.9 million from approximately HK\$86.7 million as at 31 March 2014 to approximately HK\$31.8 million as at 31 March 2015, which was primarily due to the decrease in inventory of raw materials from approximately HK\$82.1 million as at 31 March 2014 to HK\$33.7 million as at 31 March 2015. The Group used to keep inventory of raw materials to meet customers' needs and orders for up to 60 days for the two years ended 31 March 2014. For the year ended 31 March 2015, to enhance its inventories control, the Group changed to keep the inventory level to meet customers' needs and order for 30 days instead, and this resulted in the decrease in inventory level of raw materials as at 31 March 2015.

The inventories decreased from approximately HK\$31.8 million as at 31 March 2015 to approximately HK\$4.0 million as at 31 December 2015, which was mainly because of the enhancement of the Group's inventory control as mentioned above.

Trade receivables

The trade receivables increased substantially by approximately HK\$42.5 million from approximately HK\$5.7 million as at 31 March 2013 to approximately HK\$48.2 million as at 31 March 2014 which was primarily due to the granting of credit period from 60 days to 70 days for the CPU customer (versus no credit period was granted for the year ended 31 March 2013) with long business relationship after assessing its payment record and financial background over the past years and the management considered that the relevant customer had good credit history and was financially sound and the amounts outstanding were recoverable. The trade receivables further increased by approximately HK\$92.4 million from approximately HK\$48.2 million as at 31 March 2014 to approximately HK\$140.6 million as at 31 March 2015, which was primarily due to the further increase in sales over the relevant period by extending the credit period up to 85 days to the CPU chip customer that had good track record of credits with the Company and had no history of default for the year ended 31 March 2015 so as to solicit businesses from it and to increase our competitiveness. The trade receivables as at 31 December 2015 further increased by approximately HK\$12.1 million from approximately HK\$140.6 million to HK\$152.7 million as a result of the increase in sales to the relevant CPU customer with credit period up to 85 days.

The trade receivable turnover days for each of the three years ended 31 March 2015 and the nine months ended 31 December 2015 were 9.5 days, 12.5 days, 37.4 days and 45.5 days respectively. The increase in trade receivable turnover days from 12.5 days for the year ended 31 March 2014 to 37.4 days for the year ended 31 March 2015 was primarily due to increase in the year end balance of trade receivables as at 31 March 2015 as a result of extending the credit period for the CPU customer up to 85 days as mentioned above. The trade receivable turnover days further increased to 45.5 days for the nine months ended 31 December 2015 was primarily due to the increase in sales of CPU chips to the relevant customer who was granted credit period ranging from 80 to 85 days.

Although the Group extended its credit period to its CPU customer up to 85 days, it had been able to settle the payment for purchase of the products by utilising the bank facilities in the form of trust receipt loans. Also, the Company's cashflow and working capital remain sufficient for the year ended 31 March 2015 upon extending the credit period up to 85 days to the relevant customer. As at 31 December 2015, the Group was at a net cash position as the cash and cash equivalents was HK\$70.7 million higher than its borrowings. After taking into account of the above, the Directors consider that such further extension of credit period would not have a material adverse impact on the Company's cashflow and working capital.

The table below sets out the aging analysis by due date of the Group's trade receivable as at 31 December 2015:

	As at 31 December 2015	Amount subsequently settled for amount due up to the Latest Practicable Date	Percentage of subsequent settlement for amount due up to the Latest Practicable Date
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>%</i>
Current	129,697	129,697	100
1 to 30 days	16,648	16,648	100
31 to 60 days	2,281	2,281	100
61 to 90 days	3,916	3,916	100
Over 90 days	184	—	—
Total:	<u>152,726</u>	<u>152,542</u>	<u>99.9</u>

As at the Latest Practicable Date, trade receivables of approximately HK\$184,000, were past due but not impaired. These relate to a few customers with no recent history of default. Based on historical default rates, the Group believes that no impairment provision is necessary.

Trade payables

The trade payables increased substantially by approximately HK\$39.9 million from approximately HK\$1.8 million as at the year ended 31 March 2013 to approximately HK\$41.7 million as at the year ended 31 March 2014 which was primarily due to the unsettled trade payables for certain orders of DRAM chips and NAND flash chips ordered in March 2014 within the credit period granted by the suppliers.

The trade payables decreased from approximately HK\$31.2 million as at 31 March 2015 to approximately HK\$26.5 million as at 31 December 2015, which was mainly resulted from less purchase orders were placed near month end December 2015.

Borrowings

Borrowings include bank loans was a major component of the Group's liabilities for the three years ended 31 March 2015 and the nine months ended 31 December 2015. The amounts mainly comprised trust receipt loans from banks which were repayable within one year and secured bank loans. Below is the breakdown of the borrowings as at the year or period end indicated:

	As at 31 March 2013 HK\$'000	As at 31 March 2014 HK\$'000	As at 31 March 2015 HK\$'000	As at 31 December 2015 HK\$'000
Bank loans	25,170	63,231	22,678	15,810
Trust receipt bank loans	<u>129,467</u>	<u>113,979</u>	<u>208,453</u>	<u>173,330</u>
Total:	<u><u>154,637</u></u>	<u><u>177,210</u></u>	<u><u>231,131</u></u>	<u><u>189,140</u></u>

The increase in trust receipt bank loans from approximately 114.0 million as at 31 March 2014 to approximately HK\$208.5 million and HK\$173.3 million as at 31 March 2015 and 31 December 2015, respectively, was mainly due to the increase in purchase amount to fulfil the increased of orders during the year.

The amount of interest expenses incurred on the trust receipt loan facilities in relation to the sales of CPU chips for each of the two years ended 31 March 2015 and the nine months ended 31 December 2015 amounted to approximately HK\$0.2 million, HK\$1.8 million and HK\$2.4 million, respectively, representing approximately 14.3%, 16.6% and 22.7% of the gross profit from the CPU chips business of the Group during the relevant corresponding periods.

The effective interest rates of the Group's trust receipt loan facilities during each of the three years ended 31 March 2015 and the nine months ended 31 December 2015 were 3.5%, 4.2%, 3.1% and 2.9% respectively. Taking into account that the relevant effective interests rates were lower than the prime rates of 5.0% quoted from The Hongkong and Shanghai Banking Corporation Limited and the Bank of China throughout the relevant periods, the Directors considered that such effective interests rates are in line with the prevailing market rates.

Subsequent settlement and utilisation

Up to the Latest Practicable Date:

- approximately 99.9% (or approximately HK\$152.5 million) of the Group's trade receivables as at 31 December 2015 which due for settlement had been settled;

- approximately 99.5% (or approximately HK\$26.4 million) of the Group's trade payables as at 31 December 2015 had been settled;
- approximately 64.6% (or approximately HK\$2.6 million) of the Group's inventory as at 31 December 2015 had been utilised or sold.

NO MATERIAL ADVERSE CHANGE

To the best information and knowledge of the Directors, there has been no unfavourable trends or developments which may have a material adverse impact on the Group's business and financial performance subsequent to 31 December 2015. DDR4 was officially launched in January 2016. It is expected transitional period is required for DDR4 to become popular in the market. The market prices of DDR3 which started to decrease since early 2015 may continue to decrease or fluctuate during the transition period. The revenue of the Group may decrease if the market prices of DDR3 products decrease, but the management of the Group does not expect this to cause material adverse impact on the gross profit or gross profit margin of the Group as it has tightened its inventory control.

ESTABLISHMENT OF JV COMPANY

As disclosed in the announcement of the Company dated 15 November 2013, the Group entered into a joint venture contract in relation to the establishment of a Chinese-foreign equity joint venture (the "**JV Company**"). Having witnessed the increasing demand in smartphones and tablets which are the emerging mainstream electronic consumer products, the JV Company was established to focus on research and development, production and sale of smartphones and computer peripheral products to enjoy a promising market with potential for further development as driven by continuous demands of relevant products.

The registered capital of the JV Company is RMB55,000,000, to which the Group contributed RMB19,250,000, representing 35% of the registered capital, out of its working capital. As further disclosed in the announcement of the Company dated 30 July 2014, there had been proposed capital increase in the JV Company to RMB115 million where the Group decided not to contribute to the capital increase proportionate to its then equity interests in the JV Company to balance its financial resources with the amount of business risk of the JV Company. Upon dilution, the Group's interests in the JV Company was reduced to 16.74%.

The table below is the key financial information of the JV Company for the two years ended 31 March 2015 and the nine months ended 31 December 2015:

	For the year ended 31 March 2014	For the year ended 31 March 2015	For the nine months ended 31 December 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	–	6,835	59,293
Gross loss	–	(1,212)	(6,610)
Loss for the period attributable to equity holders of the Company	(651)	(18,063)	(21,402)
	As at the year ended 31 March 2014	As at the year ended 31 March 2015	As at nine months ended 31 December 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets	143,795	213,735	262,140
Current assets	24,392	44,737	84,267
Net assets	68,020	125,334	145,618

The JV Company was incorporated in late 2013, and hence there was no revenue for the year ended 31 March 2014. The JV Company started to generate sales in the amount of approximately HK\$6.8 million for the year ended 31 March 2015 and already recorded sales amounted to approximately HK\$59.3 million for the nine months ended 31 December 2015. It recorded operating loss of approximately HK\$18.1 million and HK\$21.4 million for the year ended 31 March 2015 and the nine months ended 31 December 2015 which was primarily due to general and administrative expenses incurred for the start up year of the JV Company.

PRODUCTION LINES

The Group used to have four SMT production lines located at Shenzhen, the PRC as disclosed in the Prospectus. The table below sets forth the production capacity, production volume and utilisation rates for the two years ended 31 March 2013 as disclosed in the Prospectus.

	For the year ended 31 March 2012			For the year ended 31 March 2013		
	Annual production capacity <i>(approximate number of units in thousand)</i>	Annual production volume unit <i>(approximate number of units in thousand)</i>	Utilisation rates <i>(%)</i>	Annual production capacity <i>(approximate number of units in thousand)</i>	Annual production volume unit <i>(approximate number of units in thousand)</i>	Utilisation rates <i>(%)</i>
DRAM modules	2,896	3,003	103.7	2,896	1,464	50.5
USB flash drives	885	739	83.5	885	560	63.3
Combined utilisation rates	–	–	99.6	–	–	53.1

Note: When calculating the above annual production capacity, it is assumed that 80% of the production lines are utilized for manufacturing DRAM modules whereas 20% of the production lines are utilized for manufacturing USB flash drives based on the Group's estimation of time assigned to each production proportion between DRAM modules and USB flash drives with reference to the average actual production volume of the products covering the two years ended 31 March 2012 and 2013. Given the actual proportion of time assigned for DRAM modules and USB flash drives were slightly higher than the assumed proportion of 80% and 20% for the year ended 31 March 2012, it resulted in an utilization rate exceeding 100% for DRAM modules during the relevant period.

Observing there has been a further decreasing trend in the utilisation rate of the production plant in Shenzhen near to the end of 2013, and with the plan to gradually expand DRAM module and USB market in the inner cities of the PRC, the management considers that it would be beneficial to the Group to reduce the production scale in Shenzhen to save long term labour costs on the one hand whereas on the other hand to equip itself with another manufacturing and assembling base to fulfil orders in the inner cities of the PRC whenever needed without maintaining long term labour costs and without making large investment.

With the understanding that JV Company may receive orders which needs SMT lines, Anhui, the province where the JV Company located is surrounded by inner cities of four large provinces and that the labour costs at Anhui is lower than Shenzhen, the management considered that it could better utilize the resources of the Group by selling two of the Group's SMT lines to the JV Company. Two of the SMT lines were hence disposed of in December 2013. The Group planned to engage the JV Company as sub-contractor to manufacture DRAM modules by paying assembling fees to the JV Company for DRAM modules and USB flash drives starting from the second half year of 2016. The JV Company agrees to prioritise to manufacture DRAM modules and USB flash drives for the Group

with one of the SMT lines. By such arrangements, the Group could on the one hand equip itself with a manufacturing and assembling base in the inner cities of the PRC without making large investment and cash outflow, it may also utilize the resources of the JV Company, in particular human resources, to prepare for the need. Further, it would also realise some cash inflow by disposing the two SMT lines without affecting the needs at the Shenzhen plant. Given raw materials including principally DRAM chips and NAND flash chips comprised more than 95% of the costs of goods sold for the manufacturing business for each of the three years ended 31 March 2015, and the labour costs in Anhui is lower than in Shenzhen, the sub-contracting fee would be comparable to the relevant operation costs borne by the Group if they are to be manufactured in Shenzhen. The management hence considered that by way of sub-contracting certain orders to the JV Company would not substantially affect the cost structure and profit margin of the business.

To ensure the quality of the products, the Group plans to arrange two hardware engineers and two software engineers onsite at the Anhui plant from Shenzhen plant for the initial set up and training to local engineers and workers. After set up stage, one to two quality control officers would go to Anhui plant once a month to conduct sampling quality control tests.

The table below sets out a breakdown of production quantity of DRAM modules and the purchased quantity of DRAM modules for resale purchase for periods indicated:

	For the year ended 31 March			For the nine months ended 31 December
	2013	2014	2015	2015
	<i>(Number of units in thousand)</i>	<i>(Number of units in thousand)</i>	<i>(Number of units in thousand)</i>	<i>(Number of units in thousand)</i>
DRAM modules				
Production quantity	1,464	709	597	612
Purchased quantity	<u>69</u>	<u>297</u>	<u>436</u>	<u>608</u>
Total:	<u><u>1,533</u></u>	<u><u>1,006</u></u>	<u><u>1,033</u></u>	<u><u>1,220</u></u>

The production quantity of DRAM modules substantially decreased from approximately 1.5 million units for the year ended 31 March 2013 to approximately 0.7 million units for the year ended 31 March 2014 which is primarily due to two reasons. Firstly, one of the Group's major customers started to have its own production lines and resulted in decrease in quantities of DRAM modules manufactured for and sold to the relevant customer for the year ended 31 March 2014 by approximately 196,000 units. Secondly, the Group accept less orders from few DRAM modules customers upon considering the low profit margin from these orders, which resulted in decrease in quantities manufactured for and sold to the relevant customers by approximately 316,000 units.

The purchased quantity of DRAM modules increased substantially from approximately 297,000 units for the year ended 31 March 2014 to 436,000 units for the year ended 31 March 2015. Since 2014, the management started to put more effort to and has been able to source readily available DRAM modules at competitive prices. When customers do not specify the brand of DRAM modules, the sourcing team would try to source readily available DRAM modules and compare (i) the relevant purchase costs with (ii) the costs for the Group to source DRAM chips and manufacture the DRAM modules itself. If the costs for the former is more competitive than the latter, as well as taking into account of the lead time saved for manufacturing, the Group tends to purchase readily available DRAM modules from suppliers rather than manufacturing itself as it would be more cost-effective to do so. This resulted in the increase in purchased quantity of DRAM modules of the Group.

To control the quality of the DRAM modules from suppliers, the Group would sample test the DRAM modules produced by the relevant suppliers. For each of the three years ended 31 March 2015 and the nine months ended 31 December 2015, there was no return goods for DRAM modules self-manufactured or sourced from third parties.

The management would keep to assess the relevant market condition from time to time to decide whether to manufacture DRAM modules itself or source them from third parties. The management does not expect the Group could always source desirable DRAM modules and to serve different customers' needs, the Group would keep on invest in research and development and manufacturing its own products to make good use of the existing two SMT lines.

The Group's production capacity, production volume and utilisation rates for the year ended 31 March 2014 are set out below:

	Annual production capacity <i>(approximate number of units in thousand)</i>	Annual production volume unit <i>(approximate number of units in thousand)</i>	Utilisation <i>(%)</i>
DRAM modules	1,809	709	39.2
USB flash drives	1,473	475	32.2
Combined utilisation rates	–	–	36.4

After disposing the two of the SMT lines to the JV Company, the Group's production capacity, production volume and utilisation rates for the year ended 31 March 2015 are set out below:

	Annual production capacity <i>(approximate number of units in thousand)</i>	Annual production volume unit <i>(approximate number of units in thousand)</i>	Utilisation <i>(%)</i>
DRAM modules	1,213	597	49.2
USB flash drives	633	286	45.2
Combined utilisation rates	–	–	48.0

Notes: The annual production capacity for the year ended 31 March 2015 is not exactly the half of the capacity for the year ended 31 March 2013 for two reasons:

1. the production capacity for the two SMT lines disposed are slightly lower than that of the remaining two SMT lines where the maximum speed of the SMT lines disposed is lower than that of the remaining two SMT lines.
2. When calculating the annual production capacity for the year ended 31 March 2013, the Group assumed that 80% of the production lines are utilized for manufacturing DRAM modules whereas 20% of the production lines are utilized for manufacturing USB flash drives based on the estimation of time assigned to each production proportion between DRAM modules and USB flash drives during the two years ended 31 March 2013. Given there were changes in proportion of the production of two products year to year, proportion of manufacturing of DRAM modules and USB flash drives is adjusted to 60% and 40% for the year ended 31 March 2014 and 70% and 30% for the year ended 31 March 2015 respectively with reference to the actual production volume of the products during the corresponding years.

The utilisation rate for the remaining two SMT lines kept low for the year ended 31 March 2015. This was primarily because since 2014, the management started to put more effort to and has been able to source readily available DRAM modules at competitive prices as mentioned above. The Group tends to purchase readily available DRAM modules from suppliers rather than manufacturing itself. This resulted in the decrease in production quantity of DRAM modules of the Group.

USE OF PROCEEDS

The net proceeds from the Placing were approximately HK\$36 million. The use of the net proceeds from the GEM Listing Date to 30 September 2015 had been disclosed in the annual report 2014, annual report 2015 and interim report 2015 of the Company. As disclosed in the Prospectus, a total of HK\$15.6 million of the net proceeds from the Placing were expected to be applied up to 31 March 2015 for (i) increasing market share, (ii) strengthening R&D and design capability, (iii) enhancing quality control and improve product capability, and (iv) general working capital purpose.

Up to 30 September 2015, approximately HK\$2.2 million out of the HK\$15.6 million had been applied to increase the market share and as general working capital as follows:

	Intended use of proceeds as shown in the Prospectus from the Listing Date up to 30 September 2015 HK\$'000	Actual use of proceeds up to 30 September 2015 HK\$'000
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	<u>1,500</u>	<u>1,500</u>
Total:	<u><u>15,590</u></u>	<u><u>2,213</u></u>

The remaining HK\$33.8 million which had not yet been utilised during the period and was rescheduled for strengthening R&D and design capability, and enhancing quality control and improve product capability from 1 April 2016 onwards after production runs smoothly in the JV Company. An analysis comparing the business plan as set out in the Prospectus with the Group's actual business progress up to 30 September 2015 is set out below:

**Business plan as shown in the Prospectus
from the Listing Date up to 30 September
2015**

**Actual business progress up to
30 September 2015**

Increase market share

- expand our sales and marketing team to focus on soliciting of new customers, engage in marketing and advertising
 - continue to participate in electronic and computer products exhibitions
- Employed 5 new sales/marketing personnel in Taiwan branch
- Participated in the Hong Kong Electronics Fair (Autumn Edition) 2013 held in October 2013.

**Business plan as shown in the Prospectus
from the Listing Date up to 30 September
2015**

**Actual business progress up to
30 September 2015**

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 Rescheduled as further elaborated below.
- 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 SSD design and development, hardware for development of USB flash drivers, hardware and software for testing USB flash drives, and ancillary software for USB flash drives and SSD Rescheduled as further elaborated below.
- 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 Rescheduled as further elaborated below.
- purchase of various DRAM module testing software and hardware Rescheduled as further elaborated below.

General working capital

Used as general working capital

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 the fire accident did not cause material damage to the plant, the market conditions for DRAM chips were impacted by such fire accident, which caused 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 and 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 that 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 motherboard 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 it appropriate to postpone the plan for use of proceed and to expend more resources on R&D and enhance 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 on 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 of 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 of 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 below:

Actual use of proceeds up to	six months ending									Total
	30		30		30		30		Total	
	30 September	31 March	September	31 March	September	31 March	September	31 March		
	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
Total	2,213	1,390	3,367	3,330	11,004	2,400	3,770	4,441	4,085	36,000

As at the date of this announcement, 6.8% 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.

FUND RAISING ACTIVITIES OF THE COMPANY SINCE ITS LISTING ON GEM

On 26 November 2014, an aggregate of 15,000,000 Shares (representing approximately 5.68% of the issued share capital of the Company as enlarged by the issue of the then relevant placing shares) were placed, allotted and issued under the general mandate granted to the Directors at the annual general meeting held on 8 August 2014 to not fewer than six placees who are independent of and not connected with any directors, chief executive or substantial shareholders of the Company or its subsidiaries and their respective associates. Net proceeds of approximately HK\$13.7 million were raised from the relevant placing which was intended for use as general working capital. Please refer to the announcements of the Company dated 17 November 2014 and 26 November 2014 for details.

On 9 April 2015, an aggregate of 29,880,000 Shares (representing approximately 10.17% of the issued share capital of the Company as enlarged by the issue of the relevant placing shares) were placed, allotted and issued under the general mandate granted to the Directors at the annual general meeting held on 8 August 2014 to not fewer than six placees who are independent of and not connected with any directors, chief executive or substantial shareholders of the Company or its subsidiaries and their respective associates. Net proceeds of approximately HK\$34.8 million were raised from the relevant placing which was intended for use as general working capital. Please refer to the announcements of the Company dated 20 March 2015 and 9 April 2015 for details.

As at the date of this announcement, approximately HK\$18.5 million (representing approximately 38.1% of the net proceeds of the above placings) was utilized as general working capital of the Group. The remaining balance of the net proceeds remain at the bank accounts of the Group. The Company does not intend to change the use of the remaining proceeds as previously disclosed.

FUTURE PROSPECTS AND BUSINESS STRATEGIES

Looking ahead, the Group looks forward to its development in 2016. With the high demand for data centres and the trend of constant upgrade in the specifications of handheld mobile devices, coupled with the official launch of DDR4 in January 2016, the expected launch of new products by manufacturers in the coming years, it is expected that the supply of and demand for DRAM will remain steady in the long term. To achieve its long term target of sustained profitability, the Group will continue to actively expand its market share, strictly control costs and enhance capital functioning, with the view of further improving profitability of the Group and continuing to generate better returns and long term values for shareholders.

Although there had been substantial increase in CPU chips in past two years, the management does not expect there would be much further grow in revenue of CPU chips unless the banks would increase their trust receipt loan facilities. As at 31 December 2015, the unutilised trust receipt loan facilities amounted to approximately HK\$76.3 million. The Group generally negotiates with banks for increase of limits of banking facilities to meet its general working capital purpose and business needs when the banks review the Group's banking facilities annually or when needs arise. The banking facilities primarily include trust receipt loan facilities for purchases of DRAM chips, DRAM modules, NAND flash chips and CPU chips. The banks may or may not increase the relevant limits of banking facilities after taking into account of various factors including among others the Group's utilisation of the banking facilities and the historical credit records. The Group plans to negotiate with banks for adequate increase of limits of banking facilities for more flexible cashflow management and room for business growth in the review period in 2016.

The Group would continue to spend resources for DRAM chip and DRAM module segment in the near future. However, as the average selling price for CPU chips are much higher than DRAM chips and NAND flash chips, the percentage of revenue attributable to the sales of CPU chips would continue be comparable or higher than DRAM chips and DRAM modules if we are able to maintain business relationship with the relevant customers. Given the margin of CPU chips was much lower those of DRAM chips, DRAM modules and NAND flash chips, the overall profit margin of the Group would be lower as compared to previous years.

Although there is no indication that the largest customer and the three new CPU chip customers would stop purchasing CPU chips from us in the near future, the Group cannot guarantee that it would be able to keep the business relationship with these customers in the long run. If such business relationship terminates and there is no further new customer purchasing CPU chip from the Group, the financial performance of the Group, including revenue, gross profit and net profit would be adversely affected. The historical financial records as shown in this announcement may not indicative.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANGEMENT

The Company discloses below the biographical information of each Director and senior management:

Directors

Executive Directors

Mr. George LU (陸建明), aged 53, a founder of the Group 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 twelve years of experience in the DRAM module industry. Mr. Lu is also a member of Nomination Committee.

Mr. Lu entered into a three year service contract with the Company from the GEM Listing Date and is subject to retirement by rotation and is eligible for re-election at the annual general meeting of the Company in accordance with the Articles of Association. Mr. George Lu is entitled to bonus payable at the discretion of the Board at a fixed remuneration of HK\$720,000 per annum which was determined with reference to the prevailing market conditions. Mr. Lu's effort and expertise are subject to review by the Board from time to time.

Mr. Lu is deemed to be interested in 179,640,000 Shares, representing 61.13% of the total issued share capital in the Company, through Forever Star Capital Limited which is owned as to 50% by Mr. Lu and 50% by Ms. Shen.

Mr. Lu and Ms. Shen Wei are husband and wife, and Ms. Lu Qinzhen, a senior management of the Group is a sister of Mr. Lu.

Ms. SHEN Wei (沈薇), aged 51, is also a founder of the Group, and is responsible for the financial and administrative management of the Group. Ms. Shen has acquired over twelve 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 entered into a three year service contract with the Company from the GEM Listing Date and is subject to retirement by rotation and is eligible for re-election at the annual general meeting of the Company in accordance with the Articles of Association. Ms. Shen is entitled to bonus payable at the discretion of the Board at a fixed remuneration of HK\$540,000 per annum which was determined with reference to the prevailing market conditions. Ms. Shen's effort and expertise are subject to review by the Board from time to time.

Ms. Shen is deemed to be interested in 179,640,000 Shares, representing 61.13% of the total issued share capital in the Company, through Forever Star Capital Limited which is owned as to 50% by Ms. Shen and 50% by Mr. Lu.

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

Ms. LAU Wing Sze (劉詠詩), aged 39, was appointed as an executive Director and the chief executive officer of the Group on 22 June 2012 and is responsible for procurement and inventory control. Ms. Lau joined Goldenmars Technology (Hong Kong) Limited, a wholly owned subsidiary of the Group in July 2005. Ms. Lau has more than seven 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.

Ms. Lau entered into a three year service contract with the Company from the GEM Listing Date and is subject to retirement by rotation and is eligible for re-election at the annual general meeting of the Company in accordance with the Articles of Association. Ms. Lau is entitled to bonus payable at the discretion of the Board at a fixed remuneration of HK\$756,000 per annum which was determined with reference to the prevailing market conditions. Ms. Lau's effort and expertise are subject to review by the Board from time to time.

Ms. Lau is interested in a total of 1,938,000 Shares, representing 0.66% of the total issued share capital in the Company. Out of these Shares, 360,000 Shares were registered in the name of Nice Rate Limited, a company incorporated in the British Virgin Islands, the entire issued share capital of which is held by Ms. Lau.

Independent Non-Executive Directors

Mr. LOO Hong Shing Vincent (盧康成), aged 50, was appointed as an independent non-executive Director on 26 June 2012. Mr. Loo has over 27 years of experience in the accounting, auditing, corporate finance and business advisory areas. Prior to joining the Group, Mr. Loo has over 17 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. Mr. Loo is currently an executive director of Hengan International Group Company Limited (Stock Code: 1044), a company listed on the Main Board of the Stock Exchange.

Mr. Loo has signed a letter of appointment with the Company for an initial term of three years commencing from the GEM Listing Date. Mr. Loo is entitled to a fixed remuneration of HK\$144,000 per annum (from February 2016 onwards) and bonus payable at the discretion of the Board at which was determined with reference to the prevailing market conditions. Mr. Loo's effort and expertise are subject to review by the Board from time to time.

Mr. PANG Chung Fai Benny (彭中輝), aged 43, 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 Regenerative Medicine International Limited (GEM Stock Code: 8158), a company listed on GEM, since 2012.

Mr. Pang has signed a letter of appointment with the Company for an initial term of three years commencing from the GEM Listing Date. Mr. Pang is entitled to a fixed remuneration of HK\$144,000 per annum (from February 2016 onwards) and bonus payable at the discretion of the Board at which was determined with reference to the prevailing market conditions. Mr. Pang's effort and expertise are subject to review by the Board from time to time.

Mr. WAN Tak Shing (溫德勝), aged 50, was appointed as an independent non-executive Director on 26 June 2012. Mr. Wan has over 20 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 Accountants and a member of the Certified Practising Accountants Australia since 1996. Mr. Wan Tak Shing is also the chairman of the Audit Committee.

Mr. Wan has signed a letter of appointment with the Company for an initial term of three years commencing from the GEM Listing Date. Mr. Wan is entitled to a fixed remuneration of HK\$144,000 per annum (from February 2016 onwards) and bonus payable at the discretion of the Board at which was determined with reference to the prevailing market conditions. Mr. Wan's effort and expertise are subject to review by the Board from time to time.

None of the Directors has any written service contract with the Company which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Save as disclosed above, none of the Directors (i) has held any directorship in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; (ii) as at the date of this announcement, has any interest in the Shares which required to be disclosed under Part XV of the Securities and Futures Ordinance; and (iii) has any relationship with any other directors, senior management, substantial shareholders or controlling shareholders of the Company.

Save as disclosed above, there is no information relating to the Directors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Main Board Listing Rules and the Board is not aware of any other matter that needs to be brought to the attention of the Shareholders in relation to their directorships.

Senior management

Mr. Wong Kwok Ming (黃國明), aged 39, is the chief financial officer of the Group. Mr. Wong is responsible for overall financial and accounting affairs, treasury management and risk management of the Group as well as the overall company secretarial matters of the Company. Mr. Wong possesses a Master Degree in Accounting from Curtin University of Technology and is a Practicing Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. Mr. Wong has over 17 years of experience in the areas of auditing, accounting, taxation, capital markets, business advisory and corporate finance covering various industry sectors. Mr. Wong has worked at PricewaterhouseCoopers Hong Kong for over 10 years in audit and assurance department with his last position as senior manager and worked at a well-established and sizable manufacturing company as the chief financial officer after he left PricewaterhouseCoopers Hong Kong in 2014.

Mr. Wong is currently the chairman of the Corporate Governance Committee and will also become the company secretary of the Company with effect from 1 April 2016.

Ms. LU Qinzhen (陸芹珍), aged 46, 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 joined Bodatong in May 2007. 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 38, 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 34, 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 the 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 University of Electronic Technology (桂林電子科技大學) in 2003.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for viewing on the respective websites of the Company at <http://www.goldenmars.com> and of the Stock Exchange at <http://www.hkexnews.hk>:

- a) the Directors' report and annual report of the Company for the year ended 31 March 2015;
- b) the interim report of the Company for the six months ended 30 September 2014, the third quarterly report of the Company for the nine months ended 31 December 2014, the first quarterly report of the Company for the three months ended 30 June 2015, the interim report of the Company for the six months ended 30 September 2015. The third quarterly report of the Company for the nine months ended 31 December 2015;
- c) the Memorandum and the Articles of Association;
- d) the circular of the Company dated 17 July 2015 in relation to general mandates to issue and repurchase shares, appointment of company's auditor, re-election of directors and notice of general meeting;
- e) the circular of the Company dated 10 July 2014 in relation to general mandates to issue and repurchase shares, appointment of company's auditor, re-election of directors and notice of general meeting; and
- f) announcements and other corporate communications made by the Company prior to the date of this announcement as required under the GEM Listing Rules and the Main Board Listing Rules.

DEFINITIONS

In this announcement, the following definitions shall have the meanings set out below unless the context requires otherwise:

“Articles of Association”	the articles of association of the Company as adopted by the Company from time to time
“associate(s)”	has the meaning ascribed to them in the Main Board Listing Rules
“Board”	the board of Directors
“CAGR”	acronym for compound annual growth rate
“CCASS	the Central Clearing and Settlement System established and operated by HKSCC
“CPU”	acronym for central processing unit, the portion of a computer system that carries out the instructions of a computer program, and is the primary element carrying out the computer’s functions
“Company”	Goldenmars Technology Holdings Limited, a company duly incorporated in the Cayman Islands with limited liability, whose shares are listed and traded on the Stock Exchange
“DDR”	acronym for double data rate, a memory which can send data on both the rising and falling edges of the processor’s clock cycles
“DDR3”	acronym for double data rate 3, the third generation of DDR
“DDR4”	acronym for double data rate 4, the fourth generation of DDR
“Director(s)”	the director(s) of the Company
“DRAM” or “DRAM chips”	acronym for dual in line memory module, a series of dynamic random access memory integrated circuits. These modules are mounted on a printed circuit board and designed for use in personal computers, workstations and servers
“DRAM modules”	a series of DRAM chips mounted on a printed circuit board and designed for use in personal computers, workstations and servers

“Gb”	acronym for gigabit, a measurement unit for digital information storage or a unit of information used, for example, to quantify computer memory or storage capacity
“GB”	acronym for gigabyte, a measurement unit for digital information storage or a unit of information used, for example, to quantify computer memory or storage capacity
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Date”	9 September 2013, on which dealings in Shares first commence on GEM
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$” or “Hong Kong Dollar”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	individual(s) or company(ies) which is/are independent of and not connected with (within the meaning of the Main Board Listing Rules) any directors, chief executives and substantial shareholders of our Company or any of its subsidiaries and any of their respective associates
“JV Company”	Bozhou Botong Supply Chain Co., Ltd., established by way of a contract entered into by Bodatong Technology (Shenzhen) Company Limited, VST Computers (H.K.) Limited and Shichuang Investment Company Limited on 15 November 2013
“Latest Practicable Date”	16 March 2016, being the latest practicable date prior to the publication of this announcement for the purpose of ascertaining certain information contained in this announcement

“Main Board”	the securities market operated by the Stock Exchange prior to the establishment of GEM (excluding the options market) which continues to be operated by the Stock Exchange parallel with GEM. For the avoidance of doubt, the Main Board excludes GEM
“Main Board Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mb”	acronym for megabit, a measurement unit for digital information storage or a unit of information used, for example, to quantify computer memory or storage capacity
“Memorandum”	the memorandum of the Company as adopted by the Company from time to time;
“NAND flash”	a type of flash memory, where NAND stands for “not and,” which describes the logic gate circuit the memory uses
“Placing”	the placing of 69,000,000 Shares for the listing of the Shares on GEM as set out in the Prospectus
“PRC”	The People’s Republic of China, which, for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus of the Company dated 30 August 2013
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.01 each in the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Option Scheme”	the share option scheme adopted by the Company on 21 August 2013
“Track Record Period”	the period comprising the three years ended 31 March 2013, 2014 and 2015 and the nine months ended 31 December 2015
“Transfer of Listing”	the proposed transfer of the listing of the Shares from GEM to Main Board

“SMT”	acronym for surface-mount technology, a method for constructing electronic circuits in which the components are mounted directly onto the surface of printed circuit boards
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USB”	acronym for universal serial bus, a plug-and-play interface between a computer and add-on devices designed for desktops which allows a new devices to be added to a computer without having to add an adapter card or having to turn the computer off
“USB flash drives”	a data storage device that includes flash memory with an integrated USB interface
“128Mbx8”, “256Mbx8” and “512Mbx8”	specifications for storage of DRAM chips, “128Mbx8”, “256Mbx8” and “512Mbx8” refer to a DRAM chip with storage capacity of 1Gb, 2Gb and 4Gb respectively
“USD” or “US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

By Order of the Board
Goldenmars Technology Holdings Limited
George Lu
Chairman

Hong Kong, 18 March 2016

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

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for a minimum period of seven days from the date of publication and on the website of the Company at www.goldenmars.com.