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## **Goldenmars Technology Holdings Limited**

**晶芯科技控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock code: 3638)

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2016**

#### **HIGHLIGHTS**

Revenue for the year ended 31 March 2016 was approximately HK\$1,206.2 million, representing an increase of approximately HK\$285.9 million or 31.1% from that of the Last Corresponding Year.

Profit attributable to equity holders of the Company for the year ended 31 March 2016 was approximately HK\$23.4 million, representing a decrease of approximately HK\$1.9 million from approximately HK\$25.3 million for the Last Corresponding Year.

Basic and diluted earnings per share attributable to equity holders of the Company for the year ended 31 March 2016 and the Last Corresponding Year were approximately HK0.67 cent and HK0.83 cent respectively.

No final dividend in respect of the year ended 31 March 2016 was proposed (2015: same).

The Board of Directors (the “Board”) of Goldenmars Technology Holdings Limited (the “Company”) presents the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2016 (“Current Year”) together with the comparative audited figures of the corresponding year ended 31 March 2015 (“Last Corresponding Year”).

A summary of the results and of the financial position of the Group for the last five financial years is set out as follows:

## FINANCIAL SUMMARY

	<b>Year ended 31 March</b>				
	<b>2016</b>	2015	2014	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Results</b>					
Revenue	<b>1,206,159</b>	920,269	787,650	511,799	461,715
Gross profit	<b>61,630</b>	56,130	52,530	49,809	45,799
Profit before income tax	<b>30,519</b>	32,649	24,243	23,891	83,504
Profit for the year attributable to equity holders of the Company	<b>23,448</b>	25,347	16,790	17,876	76,500
<b>Financial position</b>					
Total assets	<b>476,942</b>	478,012	391,846	287,664	264,039
Total liabilities	<b>211,463</b>	270,730	223,671	176,046	170,449
Total equity	<b>265,479</b>	207,282	168,175	111,618	93,590

## CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2016

	Note	Year ended 31 March	
		2016 HK\$'000	2015 HK\$'000
Revenue	3	1,206,159	920,269
Cost of sales	4	<u>(1,144,529)</u>	<u>(864,139)</u>
<b>Gross profit</b>		<b>61,630</b>	56,130
Selling expenses	4	(1,873)	(2,422)
General and administrative expenses	4	(19,078)	(15,523)
Other (loss)/income	5	<u>(1,129)</u>	<u>1,883</u>
<b>Operating profit</b>		<b>39,550</b>	40,068
Gain on deemed partial disposal of interest in an investment accounted for using equity method	10	1,382	633
Share of loss of investment accounted for using equity method	10	(4,488)	(3,665)
Finance costs	6	<u>(5,925)</u>	<u>(4,387)</u>
<b>Profit before income tax</b>		<b>30,519</b>	32,649
Income tax expense	7	<u>(7,071)</u>	<u>(7,302)</u>
<b>Profit for the year attributable to equity holders of the Company</b>		<b><u>23,448</u></b>	<b><u>25,347</u></b>
<b>Earnings per share attributable to equity holders of the Company</b>			
Basic and diluted (restated)	8	<u>HK0.67 cent</u>	<u>HK0.83 cent</u>
Dividends	9	<u>–</u>	<u>–</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2016

	Year ended 31 March	
	2016	2015
	HK\$'000	HK\$'000
<b>Comprehensive income</b>		
Profit for the year	23,448	25,347
<b>Other comprehensive income</b>		
<i>Item that may be subsequently reclassified to profit or loss</i>		
Currency translation differences	<u>(31)</u>	<u>83</u>
<b>Total comprehensive income for the year attributable to equity holders of the Company</b>	<u><u>23,417</u></u>	<u><u>25,430</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

		As at 31 March	
		2016	2015
	Note	HK\$'000	HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>49,059</b>	50,915
Investment accounted for using equity method	10	<b>17,055</b>	21,078
Non-current deposits	11	<b>196</b>	196
Deferred tax assets		<b>28</b>	–
		<hr/>	<hr/>
		<b>66,338</b>	72,189
		<hr/>	<hr/>
<b>Current assets</b>			
Inventories		<b>16,632</b>	31,836
Trade receivables	11	<b>187,588</b>	140,579
Deposits, prepayments and other receivables	11	<b>729</b>	2,255
Pledged deposits at bank		–	15,790
Cash and cash equivalents		<b>205,655</b>	215,363
		<hr/>	<hr/>
		<b>410,604</b>	405,823
		<hr/>	<hr/>
<b>Total assets</b>		<b>476,942</b>	478,012
		<hr/> <hr/>	<hr/> <hr/>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

*As at 31 March 2016*

		<b>As at 31 March</b>	
		<b>2016</b>	2015
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital	12	2,939	2,640
Other reserves		157,463	123,013
Retained earnings		105,077	81,629
<b>Total equity</b>		<b>265,479</b>	207,282
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities		–	68
		–	68
<b>Current liabilities</b>			
Trade payables	13	42,881	31,206
Other payables and accrued expenses		4,160	6,950
Borrowings		162,498	231,131
Current income tax liabilities		1,924	1,375
		211,463	270,662
<b>Total liabilities</b>		<b>211,463</b>	270,730
<b>Total equity and liabilities</b>		<b>476,942</b>	478,012
<b>Net current assets</b>		<b>199,141</b>	135,161
<b>Total assets less current liabilities</b>		<b>265,479</b>	207,350

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

		Attributable to equity holders of the Company								
		Other reserves					Sub total	Retained earnings	Total	
Note	Share capital	Share premium	Merger reserve	Capital reserve	Statutory reserve	Exchange reserve				
	HK\$'000	HK\$'000	Note (a) HK\$'000	Note (b) HK\$'000	Note (c) HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
<b>For the year ended 31 March 2015</b>										
	Balance at 1 April 2014	2,490	51,806	50,374	2,480	1,042	3,701	109,403	56,282	168,175
<b>Comprehensive income</b>										
	Profit for the year	-	-	-	-	-	-	-	25,347	25,347
<b>Other comprehensive income</b>										
	Currency translation differences	-	-	-	-	-	83	83	-	83
	Total comprehensive income	-	-	-	-	-	83	83	25,347	25,430
<b>Transaction with owners</b>										
	Issuance of shares by placing	12	150	13,950	-	-	-	13,950	-	14,100
	Share issuance expenses		-	(423)	-	-	-	(423)	-	(423)
	<b>Balance at 31 March 2015</b>	<b>2,640</b>	<b>65,333</b>	<b>50,374</b>	<b>2,480</b>	<b>1,042</b>	<b>3,784</b>	<b>123,013</b>	<b>81,629</b>	<b>207,282</b>
<b>For the year ended 31 March 2016</b>										
	Balance at 1 April 2015	2,640	65,333	50,374	2,480	1,042	3,784	123,013	81,629	207,282
<b>Comprehensive income</b>										
	Profit for the year	-	-	-	-	-	-	-	23,448	23,448
<b>Other comprehensive income</b>										
	Currency translation differences	-	-	-	-	-	(31)	(31)	-	(31)
	Total comprehensive income	-	-	-	-	-	(31)	(31)	23,448	23,417
<b>Transaction with owners</b>										
	Issuance of shares by placing	12	299	35,557	-	-	-	35,557	-	35,856
	Share issuance expenses		-	(1,076)	-	-	-	(1,076)	-	(1,076)
	<b>Balance at 31 March 2016</b>	<b>2,939</b>	<b>99,814</b>	<b>50,374</b>	<b>2,480</b>	<b>1,042</b>	<b>3,753</b>	<b>157,463</b>	<b>105,077</b>	<b>265,479</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

*For the year ended 31 March 2016*

*Notes:*

**(a) Merger reserve**

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

**(b) Capital reserve**

The Group's capital reserve represents deemed contribution by the Controlling Shareholders as a shareholder acquired the remaining non-controlling interests of a subsidiary and contributed to the Group at no cost prior to 1 April 2011.

**(c) Statutory reserve**

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



## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

### 1. GENERAL INFORMATION

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

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

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

The Company’s shares were listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) from 9 September 2013 up to 29 March 2016 and on Main Board of the Stock Exchange (“Main Board”) since 30 March 2016.

These consolidated financial information are presented in Hong Kong dollars (“HK\$”), unless otherwise stated.

### 2. SUMMARY OF ACCOUNTING POLICIES

#### **Basis of preparation**

The consolidated financial information have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). They have been prepared under the historical cost convention. The preparation of the consolidated financial information in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial information will be disclosed in the Group’s annual report.

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

#### **Basis of preparation** (Continued)

- (a) New standards, amendments and interpretations which are relevant to the Group's operations and are mandatory for the financial year beginning on or after 1 April 2015:

'Annual improvements 2012' – these amendments include changes from the 2010-2012 cycle of the annual improvements project that affect the below standards:

- (i) HKFRS 8, 'Operating segments', the standard is amended to require disclosure of the judgements made by management in aggregating operating segments and a reconciliation of segment assets to the entity's assets when segment assets are reported.
- (ii) HKAS 16, 'Property, plant and equipment' and HKAS 38, 'Intangible assets', both standards are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.
- (iii) HKAS 24, 'Related party disclosures', the reporting entity is not required to disclose the compensation paid by the management entity (as a related party) to the management entity's employee or directors, but it is required to disclose the amounts charged to the reporting entity by the management entity for services provided.

'Annual improvements 2013' – the amendments include changes from the 2011-2013 cycle of the annual improvements project that affect the below standards:

- (i) HKFRS 3, 'Business combinations', it clarifies that HKFRS 3 does not apply to the accounting for the formation of any joint arrangement under HKFRS 11 in the financial statements of the joint arrangement.
- (ii) HKFRS 13, 'Fair value measurement', it clarifies that the portfolio exception in HKFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of HKAS 39 or HKFRS 9.
- (iii) HKAS 40, 'Investment property', it clarifies the interrelationship between HKAS 40 and HKFRS 3 when classifying property as investment property or owner-occupied property.

The Group has adopted these standards during the year, but these standards did not have significant impact on the Group's results and financial position.

There are no other new standards or amendments to the standards that are effective for the first time for the financial year beginning on or after 1 April 2015 that are expected to have a material impact on the Group.

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

#### Basis of preparation (Continued)

#### (b) New Hong Kong Companies Ordinance (Cap.622)

In addition, the requirements of Part 9 “Accounts and Audit” of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year. As a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

- (c) The following new standards, amendments and interpretations are relevant to the Group, but are not yet effective for accounting periods beginning on 1 April 2015 and have not been early adopted:

		<b>Accounting periods beginning on or after</b>
Annual improvements 2012 to 2014	Improvements to HKASs and HKFRSs	1 January 2016
HKFRS 11 (Amendment)	Accounting for acquisitions of interests in joint operations	1 January 2016
HKAS 1 (Amendment)	Disclosure initiative	1 January 2016
HKAS 16 and HKAS 38 (Amendment)	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
HKAS 27 (Amendment)	Equity method in separate financial statements	1 January 2016
HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 9	Financial instruments	1 January 2018
HKFRS 16	Leases	1 January 2019

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

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 3. REVENUE AND SEGMENT INFORMATION

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

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

Revenue of the Group is analysed as follows:

	Year ended 31 March	
	2016	2015
	HK\$’000	HK\$’000
Sales of DRAM chips	200,652	166,670
Sales of DRAM modules	153,646	222,822
Sales of NAND flash chips	241,056	119,867
Sales of CPU chips	600,253	397,338
Sales of USB flash drives	6,593	10,104
Provision of assembly services	3,584	1,638
Others	375	1,830
	<u>1,206,159</u>	<u>920,269</u>

Most of the Group’s sales were carried out by a subsidiary in Hong Kong.

Revenue from top five customers is as follows:

	Year ended 31 March	
	2016	2015
	HK\$’000	HK\$’000
Revenue from top five customers	1,102,604	752,187
Total revenue	1,206,159	920,269
Percentage	<u>91%</u>	<u>82%</u>
Number of customers that individually accounted for more than 10% of the Group’s revenue	<u>2</u>	<u>3</u>

For the year ended 31 March 2016, there were two customers that individually accounted for approximately 54% and 21% (2015: three customers – 46%, 15% and 15%) of the Group’s revenue respectively.

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

The Group's total non-current assets (excluding investment accounted for using equity method) are located in the following regions:

	As at 31 March	
	2016	2015
	HK\$'000	HK\$'000
Hong Kong	47,926	49,140
The PRC	1,285	1,869
Others	72	102
	49,283	51,111
	49,283	51,111

### 4. EXPENSES BY NATURE

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

	Year ended 31 March	
	2016	2015
	HK\$'000	HK\$'000
Cost of inventories sold	1,142,674	861,908
Reversal of impairment of inventories	(658)	(1,203)
Provision for impairment of trade receivables	183	–
Auditor's remuneration		
– Audit service	1,120	1,126
– Non-audit services	1,060	–
Depreciation of property, plant and equipment	3,016	3,214
Freight and transportation expense	364	374
Other legal and professional fees ( <i>Note</i> )	2,873	1,175
Employee benefit expenses	9,854	10,723
Operating lease rentals of premises	629	683
Utilities expense	406	414
Building management fee	541	512
Donation	1,000	–
Others	2,418	3,158
	1,165,480	882,084
Total	1,165,480	882,084

*Note:* Legal and professional fee comprised, among others, fees incurred for transfer of the Company's listing status from GEM to Main Board amounting to HK\$1,892,000 (2015: nil).

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 5. OTHER (LOSS)/INCOME

	Year ended 31 March	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Freight income	4	3
Finance income	551	679
Exchange (losses)/gains	(2,222)	165
Repair and testing income	520	1,520
Loss on disposal of property, plant and equipment	(1)	(2)
Others	19	(482)
	<u>          </u>	<u>          </u>
Total	<u><b>(1,129)</b></u>	<u>1,883</u>

### 6. FINANCE COSTS

	Year ended 31 March	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Finance costs		
– Interest expense on bank borrowings	5,925	4,387
	<u>          </u>	<u>          </u>
	<u><b>5,925</b></u>	<u>4,387</u>

### 7. INCOME TAX EXPENSE

	Year ended 31 March	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current income tax		
– Hong Kong profits tax	7,186	7,017
– PRC corporate income tax	–	–
(Over)/under-provision in prior year	(19)	181
Deferred income tax	(96)	104
	<u>          </u>	<u>          </u>
	<u><b>7,071</b></u>	<u>7,302</u>

The Group is subject to both Hong Kong profits tax and PRC corporate income tax.

Hong Kong profits tax has been provided for at a rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising in or derived from Hong Kong. The subsidiary in the PRC is subjected to PRC corporate income tax at a rate of 25% (2015: 25%).

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 8. EARNINGS PER SHARE

#### (a) Basic

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

	Year ended 31 March	
	2016	2015
Profit attributable to equity holders of the Company (HK\$'000)	<u>23,448</u>	<u>25,347</u>
Weighted average number of ordinary shares in issue (Note 12)	<u>3,518,722,623</u>	<u>3,050,136,984</u>
Basic earnings per share	<u>HK0.67 cent</u>	<u>HK0.83 cent</u>

*Note:* Weighted average number of ordinary shares in issue and basic earning per share as stated have taken into account the effect of the Share Subdivision that took place subsequent to 31 March 2016. (mentioned in the section “Event after the reporting date”). Comparative figures have also been restated on the assumption that the Share Subdivision had been effective in prior year.

#### (b) Diluted

There were no potential dilutive ordinary shares outstanding during the year ended 31 March 2016 and hence the diluted earnings per share are the same as basic earnings per share (2015: same).

### 9. DIVIDENDS

No final dividend for the years ended 31 March 2016 and 2015 were proposed.

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 10. INVESTMENT ACCOUNTED FOR USING EQUITY METHOD

	As at 31 March	
	2016 HK\$'000	2015 HK\$'000
At beginning of the year	21,078	24,010
Gain on deemed partial disposal of interest in an investment accounted for using equity method	1,382	633
Share of loss for the year	(4,488)	(3,665)
Exchange realignment	(917)	100
	<u>17,055</u>	<u>21,078</u>
At end of the year	<u>17,055</u>	<u>21,078</u>

Details of the investment is as follows:

Name of entity	Place of incorporation	Principal activities	Registered capital as at 31 March		Interest held by the Group as at 31 March	
			2016	2015	2016	2015
Bozhou Botong Information Technology Company Limited (“Bozhou Botong”)	The PRC	Manufacturing and sales of smartphone and computer peripheral products	RMB 155,000,000	RMB 115,000,000	12.42%	16.74%

As at 31 March 2015, as the Group was able to exert joint control over the financial and operating activities of Bozhou Botong under the shareholders’ agreement, the Group accounted for such investment as a joint venture.

During the year, Bozhou Botong effected an increase in registered capital whereby a new investor injected additional capital to Bozhou Botong amounting to RMB40,000,000. As a result, the Group’s equity interest in Bozhou Botong was reduced from 16.74% to 12.42% and a dilution gain of HK\$1,382,000 (2015: HK\$633,000) was recognised. Under the revised shareholders’ agreement, the Group did not possess joint control over the financial and operating activities of Bozhou Botong. However, as the Group still retained a 25% voting right at the board of Bozhou Botong, the directors considered that the Group was able to exercise significant influence on the financial and operating policies of Bozhou Botong. Accordingly, Bozhou Botong was accounted for as an associate as at 31 March 2016.



## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

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

	As at 31 March	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current</b>		
Non-current deposits	<u>196</u>	<u>196</u>
<b>Current</b>		
Trade receivables	187,771	140,579
Less: provision for impairment	<u>(183)</u>	<u>–</u>
Trade receivables	<u>187,588</u>	<u>140,579</u>
Deposits	126	110
Prepayments	516	2,095
Value added tax receivables	79	44
Other receivables	<u>8</u>	<u>6</u>
Deposits, prepayments and other receivables	<u>729</u>	<u>2,255</u>
Total trade receivables and deposits, prepayments and other receivables	<u>188,513</u>	<u>143,030</u>

The directors consider that the carrying amounts of trade receivables, deposits, prepayments and other receivables approximate their fair values as at 31 March 2016 (2015: same).

The Group grants credit period ranging from 5 days to 60 days (2015: 5 days to 85 days) to certain customers. The aging analysis of trade receivables (mostly denominated in US\$) at the date of the statement of financial position based on invoice date is as follows:

	As at 31 March	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
1 – 30 days	134,393	74,852
31 – 60 days	53,162	47,580
61 – 90 days	33	18,145
Over 90 days	<u>183</u>	<u>2</u>
	187,771	140,579
Less: Provision for impairment	<u>(183)</u>	<u>–</u>
	<u>187,588</u>	<u>140,579</u>

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 12. SHARE CAPITAL

#### The Group and the Company

##### *Authorised shares:*

As at 31 March 2016, the total authorised number of ordinary shares is 8,000 million shares (2015: 8,000 million shares) with a par value of HK\$0.01 per share (2015: HK\$0.01 per share).

##### *Issued shares:*

	<b>Number of shares issued and fully paid</b>	<b>Share capital HK\$'000</b>
As at 31 March 2014	249,000,000	2,490
Issuance of shares by placing ( <i>Note</i> )	<u>15,000,000</u>	<u>150</u>
As at 31 March 2015	<u>264,000,000</u>	<u>2,640</u>
As at 31 March 2015	264,000,000	2,640
Issuance of shares by placing ( <i>Note</i> )	<u>29,880,000</u>	<u>299</u>
<b>As at 31 March 2016</b>	<b><u>293,880,000</u></b>	<b><u>2,939</u></b>

##### *Note:*

On 9 April 2015, the Company issued 29,880,000 ordinary shares of HK\$0.01 each at price of HK\$1.20 each through placement for an aggregate consideration of approximately HK\$35,856,000.

On 26 November 2014, the Company issued 15,000,000 ordinary shares of HK\$0.01 each at price of HK\$0.94 each through placement for an aggregate consideration of approximately HK\$14,100,000.

Subsequent to 31 March 2016, the Company effected a subdivision of shares whereby each ordinary shares was subdivided into twelve ordinary shares of HK\$0.000833 each. Refer to the section "Event after the reporting date" for details. The above number of shares and par value of the Company has not reflected such subdivision of shares.

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 13. TRADE PAYABLES

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

	As at 31 March	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
1 – 30 days	42,450	30,748
31 – 60 days	1	171
61 – 90 days	35	119
Over 90 days	395	168
	<u>42,881</u>	<u>31,206</u>

### 14. COMMITMENTS

#### (a) Operating lease commitments

The Group leases warehouses, production plant and office premise in the PRC and Taiwan under non-cancellable operating lease agreements. The lease terms are one year and the lease agreements are renewable at the end of the period at market rate.

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

	Year ended 31 March	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Not later than 1 year	80	291
Later than 1 year and not later than 5 years	–	–
	<u>80</u>	<u>291</u>

#### (b) Capital commitments

As at 31 March 2016 and 2015, there is no significant capital commitment.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW AND PROSPECT**

#### **Business Review**

The Group principally operates in the DRAM, NAND flash and CPU industry which is dynamic and competitive and there have been constant changes in new technologies in the industry. Looking back in 2015, the Group effectively made good use of business and management strategies to cater for the overall challenging and rapidly changing market. The Group continuously maintained robust business strategies and appropriate inventory management during the year under review. Attributed to the industry development and rise in market demand in the DRAM, NAND flash and CPU business, the Group's overall revenue for the Current Year recorded an increase of 31.1% compared to that of last year. During the year under review, the robust and healthy business model upheld by the Group coupled with the efforts contributed by the experienced sales force, the Group was able to further improved its market penetration and competitiveness. The Group also managed to further enhance its long term and close business relationships with suppliers and customers and obtained full support from suppliers while effectively satisfying customer needs at the same time.

#### **Outlook**

Looking ahead, the global economic environment will remain challenging in 2016. The Group understands the challenges and will continue to focus on improving operational efficiency, cost saving and strict risk control in facing the economic uncertainty.

Despite the uncertainties and competitive landscape, the Group will continuously and proactively look for market opportunities. The Group looks forward to its further development in 2016. With the increasing demand in recent years 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 and 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.

### **FINANCIAL REVIEW**

#### **Revenue and Gross Profit Margin**

The Group's revenue increased by approximately 31.1% from approximately HK\$920.3 million for the Last Corresponding Year to approximately HK\$1,206.2 million for the Current Year.

Increase in revenue was mainly resulted from increase in trading orders of DRAM chips, NAND flash chips and CPU chips driven by increase in market demand, which was partially offset by the decrease in revenue from DRAM modules.

Gross profit margin of approximately 5.1% for the Current Year remained fairly stable when compared with the approximately 6.1% recorded for the Last Corresponding Year. Decrease in gross profit margin was mainly caused by the relatively lower gross profit margin earned from CPU chips as compared with other products.

### **Selling Expenses**

The decrease in selling expenses by approximately HK\$0.5 million was mainly due to the decrease in employee benefit expenses following the enhancement of organizational structure in previous year.

### **General and Administrative Expenses**

General and administrative expenses for the Current Year increased by approximately HK\$3.6 million from the Last Corresponding Year, which was mainly caused by increase in professional expenses incurred for the transfer of listing of shares from GEM to Main Board, and was partially offset by the decrease in employee benefit expenses and overall general and administrative expenses following the enhancement of organizational structure and strict cost control in previous year.

### **Other (Loss)/Income**

It mainly represented foreign exchange loss recognized in currency translation which was partially offset by bank interest income and repair and testing income earned for the Current Year.

### **Income Tax Expense**

Income tax expense remained fairly stable as the amount of Hong Kong assessable profits were relatively stable in both the Current Year and Last Corresponding Year.

### **Profit for the Year Attributable to Equity Holders of the Company**

The decrease in profit attributable to equity holders of the Company by approximately HK\$1.9 million for the Current Year was mainly attributable to the increase in general and administrative expenses and finance costs during the year.

### **Investment Accounted for Using Equity Method**

Bozhou Botong commenced its production since December 2014 and it recorded a loss of approximately HK\$31.4 million and HK\$18.8 million for the year ended 31 March 2016 and 2015 respectively. The Group's share of its loss amounted to approximately HK\$4.5 million and HK\$3.7 million was recognized in the consolidated income statement for the year ended 31 March 2016 and 2015 respectively. During the year, Bozhou Botong effected an increase in registered capital whereby a new investor injected additional capital to Bozhou Botong amounting to RMB40,000,000. As a result, the Group's equity interest in Bozhou Botong was further reduced from 16.74% to

12.42% and a dilution gain of HK\$1,382,000 (2015: HK\$633,000) was recognised. Under the revised shareholders' agreement, the Group did not possess joint control over the financial and operating activities of Bozhou Botong. However, as the Group still retained a 25% voting right at the board of Bozhou Botong, and the directors considered that the Group was still able to exercise significant influence on the financial and operating policies of Bozhou Botong after such dilution. Accordingly, Bozhou Botong was accounted for as an associate as at 31 March 2016. There were no significant changes in the accounting treatment of Bozhou Botong, and the Group continued to use equity method to account for the Group's investment in Bozhou Botong in its consolidated financial statements same as prior year.

### **Inventories and Trade Receivables**

The Group has enhanced the inventory control policy to manage business risks associated with its principal activities, which resulted in the decrease in inventories by approximately 47.8% and improvement in inventories turnover days from 25 days for the Last Corresponding Year to 8 days for the Current Year.

The Group, upon internal approval, may grant credit periods after taking into account a number of factors, including among others, the credit history and historical sales performance of customers.

The Group has granted more favourable credit terms to certain customers to enhance its competitive edge and resulted in the increase in trade receivables by approximately HK\$47.0 million and trade receivables turnover days from 37 days for the Last Corresponding Year to 50 days for the Current Year.

### **Liquidity, Financial Resources, Capital Structure and Fund Raising Activities**

On 20 March 2015, the Company entered into a placing agreement with a placing agent in connection with the Placing (as defined below) and the closing price at 19 March 2015 was at HK\$1.42 per share as quoted on the Stock Exchange. (Reference to the announcement of the Company dated 20 March 2015). On 9 April 2015, the Company completed a placing of total 29,880,000 ordinary shares under general mandate, of nominal value of HK\$298,800 in the capital of the Company at a price of HK\$1.20 per placing share to not less than six independent third parties (the "Placing"). The reason for the Placing was for the purpose of strengthen the financial position of the Group and broaden the shareholders' base. The net proceeds, after deducting the placing commission and other related expenses payable by the Company, were approximately HK\$34.8 million. The Company intended to use such net proceeds as general working capital. (Reference to the announcement of the Company dated 9 April 2015).

During the Current Year, the long-term funding and general working capital required by the Group were primarily derived from the income generated from its core business operations and the net proceeds from the placing of new shares under general mandate, and were used to settle the trade payables. The Group's liquidity position was well-managed in the Current Year.

As at 31 March 2016 and 2015, the Group was at a healthy financial position as the cash and cash equivalents and pledged deposits at bank were higher than its borrowings (that is net cash position). The current ratio of the Group, calculated by dividing the total current assets by total current liabilities, was also improved from approximately 1.5 in the Last Corresponding Year to approximately 1.9 in the Current Year.

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

The capital of the Company comprises only ordinary shares.

### **Capital Commitments**

As at 31 March 2016 and 2015, there is no significant capital commitment.

### **Pledge of Assets**

As at 31 March 2016, the Group has pledged the properties with carrying values of approximately HK\$45.3 million to secure general banking facilities granted to the Group.

As at 31 March 2015, the Group has pledged the properties and bank deposits with aggregate carrying values of approximately HK\$62.5 million to secure general banking facilities granted to the Group.

### **Foreign Currency Exposure**

The Group exposes to certain foreign currency risk primarily with respect to Renminbi and United States dollar. During the year, Renminbi devalued against the Hong Kong dollar and the US dollar. The Group generated a foreign exchange loss of approximately HK\$2.2 million which was mainly arisen from the currency translation of the Renminbi-denominated bank balances and receivables. The Group has taken appropriate measures by reducing the foreign currency translation risk. As at 31 March 2016, the Group had no significant exposure to fluctuations in foreign exchange rates. The Group's Renminbi-denominated cash and bank balances has significantly decreased by approximately HK\$7.9 million, from approximately HK\$9.0 million as at 31 March 2015 to approximately HK\$1.1 million as at 31 March 2016.

The Group will continue to manage the net exposure of foreign exchange risk to keep at an acceptable level from time to time. No hedging or other alternatives have been implemented.

### **Contingent Liabilities**

The Group did not have any significant contingent liabilities as at 31 March 2016 and 2015.

## **Employees and Emolument Policy**

As at 31 March 2016, the Group had a total of 47 employees. Employee benefit expenses, including Directors' remuneration for the year ended 31 March 2016, amounted to approximately HK\$9.9 million (2015: HK\$10.7 million). The Group's remuneration policy is based on position, duties and performance of the employees. The employees' remuneration varies according to their positions, which may include salary, overtime allowance, bonus and various subsidies. The Group offers a comprehensive and competitive remuneration and benefits package to all its employees. In addition, the Group has adopted a share option scheme for the purpose of providing incentives and rewards to eligible persons who contribute to the success of the Group's operations.

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

## **EVENT AFTER THE REPORTING DATE**

By an ordinary resolution passed at an extraordinary general meeting on 5 May 2016, the Company effected a subdivision of its shares whereby every issued and unissued ordinary shares of HK\$0.01 each were subdivided into twelve new ordinary shares ("Subdivided Shares") of HK\$0.0008333 each (the "Share Subdivision"). Following the Share Subdivision which became effective on 6 May 2016, the Company's authorised share capital was divided from 8,000,000,000 shares of HK\$0.01 each into 96,000,000,000 Subdivided Shares of HK\$0.0008333 each, of which 3,526,560,000 ordinary shares were in issue and fully paid as at the date of the subdivision.

On 15 June 2016, the Group signed an agreement with an independent third party to dispose of the entire 12.42% equity interest in Bozhou Botong, an associate for cash consideration of HK\$22,680,000. It is expected that the Company will recognize an unaudited gain on disposal of approximately HK\$5.7 million from such disposal, being difference between the consideration of disposal and the carrying value of the investment in associate as at the date of disposal.

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

For the year ended 31 March 2016, none of the Directors, controlling shareholders of the Company or any of their respective associates (as defined under the Listing Rules) is considered to have interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group and any other conflicts of interests, which is required to be disclosed under the Listing Rules.



## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company had adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings according to the Model Code for Securities Transactions by Directors of Listed Issues (the “Model Code”) as set out in Appendix 10 to the Listing Rules. The Company had made specific enquiries of all Directors and was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors during the year ended 31 March 2016.

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

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company’s listed securities during the Current Year.

## **CORPORATE GOVERNANCE**

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

The Company has adopted the requirements under the code provisions set out in the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. The Company had complied with the code provisions set out in the CG Code for the year ended 31 March 2016, to the extent applicable and permissible.

## **REVIEW BY AUDIT COMMITTEE**

The Audit Committee comprised three independent non-executive Directors, namely Mr. Yeung Wai Fai Andrew as the Chairman of the Audit Committee, Mr. Pang Chung Fai Benny and Mr. Loo Hong Shing Vincent.

The audited consolidated financial results of the Group for the year ended 31 March 2016 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial results of the Group for the year ended 31 March 2016 comply with applicable accounting standards and the Listing Rules and that adequate disclosures have been made.

## **REVIEW OF FINANCIAL INFORMATION**

The figures in respect of the Group's consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, and the related notes thereto for the year ended 31 March 2016 as set out in this preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

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

Hong Kong, 17 June 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, Loo Hong Shing Vincent and Yeung Wai Fai Andrew.*