



**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)

**Interim Report 2016**

## **INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016**

The board of Directors (the “Board”) of Goldenmars Technology Holdings Limited (the “Company”) is pleased to announce the following unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 September 2016 (“Current Period”) together with the unaudited comparative figures for the corresponding periods in 2015 (“Last Corresponding Period”).

## CONDENSED CONSOLIDATED INCOME STATEMENT

		<b>Unaudited</b>	
		<b>Six months</b>	
		<b>ended 30 September</b>	
		<b>2016</b>	<b>2015</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
Revenue	4	<b>452,400</b>	555,554
Cost of sales	6	<b>(436,814)</b>	(529,453)
<b>Gross profit</b>		<b>15,586</b>	26,101
Selling expenses	6	<b>(753)</b>	(902)
General and administrative expenses	6	<b>(8,343)</b>	(8,149)
Other loss		<b>(208)</b>	(1,468)
<b>Operating profit</b>		<b>6,282</b>	15,582
Gain on disposal of equity interests in an investment accounted for using equity method		<b>6,736</b>	–
Share of loss of investment accounted for using equity method		<b>(842)</b>	(2,546)
Finance costs	5	<b>(1,123)</b>	(2,871)
<b>Profit before income tax</b>		<b>11,053</b>	10,165
Income tax expense	7	<b>(1,341)</b>	(2,735)
<b>Profit attributable to equity holders of the Company</b>		<b><u>9,712</u></b>	<b><u>7,430</u></b>
<b>Earnings per share attributable to equity holders of the Company</b>			(Restated)
Basic and diluted	8	<b><u>HK0.28 cents</u></b>	<b><u>HK0.21 cents</u></b>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE  
INCOME**

	<b>Unaudited</b>	
	<b>Six months</b>	
	<b>ended 30 September</b>	
	<b>2016</b>	<b>2015</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
<b>Comprehensive income</b>		
Profit for the period	<b>9,712</b>	7,430
<b>Other comprehensive income</b>		
Currency translation differences	<u><b>(151)</b></u>	<u>79</u>
<b>Total comprehensive income</b>		
<b>attributable to equity holders</b>		
<b>of the Company</b>	<u><b>9,561</b></u>	<u><b>7,509</b></u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

		<b>Unaudited</b>	Audited
		<b>30 September</b>	31 March
		<b>2016</b>	2016
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<i>10</i>	<b>46,965</b>	49,059
Intangible assets	<i>10</i>	<b>1,697</b>	–
Investment accounted for using equity method		–	17,055
Non-current deposits		<b>196</b>	196
Deferred tax assets		<b>60</b>	28
		<u><b>48,918</b></u>	<u>66,338</u>
		-----	-----
<b>Current assets</b>			
Inventories		<b>912</b>	16,632
Trade and other receivables	<i>11</i>	<b>179,529</b>	188,317
Cash and cash equivalents		<b>108,854</b>	205,655
		<u><b>289,295</b></u>	<u>410,604</u>
		-----	-----
<b>Total assets</b>		<u><b>338,213</b></u>	<u>476,942</u>
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<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital	<i>14</i>	<b>2,939</b>	2,939
Other reserves		<b>157,312</b>	157,463
Retained earnings		<b>114,789</b>	105,077
		<u><b>275,040</b></u>	<u>265,479</u>
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)**

		<b>Unaudited</b>	Audited
		<b>30 September</b>	31 March
		<b>2016</b>	2016
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables	<i>12</i>	<b>1,211</b>	42,881
Other payables and accrued expenses	<i>12</i>	<b>2,450</b>	4,160
Borrowings	<i>13</i>	<b>57,970</b>	162,498
Current income tax liabilities		<b>1,542</b>	1,924
		<u><b>63,173</b></u>	<u>211,463</u>
<b>Total liabilities</b>		<u><b>63,173</b></u>	<u>211,463</u>
<b>Total equity and liabilities</b>		<u><b>338,213</b></u>	<u>476,942</u>
<b>Net current assets</b>		<u><b>226,122</b></u>	<u>199,141</u>
<b>Total assets less current liabilities</b>		<u><b>275,040</b></u>	<u>265,479</u>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited  
Attributable to equity holders of the Company

	Other reserves						Sub total	Retained earnings	Total
	Share capital	Share premium	Merger reserve	Capital reserve	Statutory reserve	Exchange reserve			
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
			<i>Note (a)</i>	<i>Note (b)</i>	<i>Note (c)</i>				
<b>For 6 months ended 30 September 2015</b>									
Balance as at 1 April 2015	2,640	65,333	50,374	2,480	1,042	3,784	123,013	81,629	207,282
<b>Comprehensive income</b>									
Profit for the period	-	-	-	-	-	-	-	7,430	7,430
<b>Other comprehensive income</b>									
Currency translation differences	-	-	-	-	-	79	79	-	79
Total comprehensive income	-	-	-	-	-	79	79	7,430	7,509
<b>Transaction with owners</b>									
Issuance of shares by placing	299	35,557	-	-	-	-	35,557	-	35,856
Share issuance expenses	-	(1,076)	-	-	-	-	(1,076)	-	(1,076)
<b>Balance as at 30 September 2015</b>	<b><u>2,939</u></b>	<b><u>99,814</u></b>	<b><u>50,374</u></b>	<b><u>2,480</u></b>	<b><u>1,042</u></b>	<b><u>3,863</u></b>	<b><u>157,573</u></b>	<b><u>89,059</u></b>	<b><u>249,571</u></b>
<b>For 6 months ended 30 September 2016</b>									
Balance as at 1 April 2016	2,939	99,814	50,374	2,480	1,042	3,753	157,463	105,077	265,479
<b>Comprehensive income</b>									
Profit for the period	-	-	-	-	-	-	-	9,712	9,712
<b>Other comprehensive income</b>									
Currency translation differences	-	-	-	-	-	(151)	(151)	-	(151)
Total comprehensive income	-	-	-	-	-	(151)	(151)	9,712	9,561
<b>Balance as at 30 September 2016</b>	<b><u>2,939</u></b>	<b><u>99,814</u></b>	<b><u>50,374</u></b>	<b><u>2,480</u></b>	<b><u>1,042</u></b>	<b><u>3,602</u></b>	<b><u>157,312</u></b>	<b><u>114,789</u></b>	<b><u>275,040</u></b>

*Notes:*

**(a) Merger reserve**

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

**(b) Capital reserve**

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

**(c) Statutory reserve**

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



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six months ended 30 September	
	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Net cash generated from/(used in) operating activities	8,884	(34,304)
Net cash generated from investing activities	124	80
Net cash (used in)/generated from financing activities	<u>(105,651)</u>	<u>48,532</u>
Net (decrease)/increase in cash and cash equivalents	(96,643)	14,308
Cash and cash equivalents as at 1 April	205,655	215,363
Effect of foreign exchange rates changes on cash and cash equivalents	<u>(158)</u>	<u>(1,008)</u>
Cash and cash equivalents as at 30 September	<u><u>108,854</u></u>	<u><u>228,663</u></u>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 1. GENERAL INFORMATION

Goldenmars Technology Holdings Limited was incorporated in the Cayman Islands on 23 February 2011 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's shares are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") from 9 September 2013 (the "Listing") up to 29 March 2016 and on Main Board of the Stock Exchange ("Main Board") since 30 March 2016.

The Company is an investment holding company. The Group is principally engaged in the business of computer and peripheral products.

This interim condensed consolidated financial information has not been audited.

## 2. BASIS OF PREPARATION

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

## 3. ACCOUNTING POLICIES

The accounting policies adopted in preparing the interim condensed consolidated financial information are consistent with those adopted in the preparation of the Group's annual financial statements for the year ended 31 March 2016, except for the adoption of the new and revised Hong Kong Financial Reporting Standards (the "New and Revised HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA that have become effective for accounting period beginning on 1 April 2016.

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

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

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

### 3. ACCOUNTING POLICIES (Continued)

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

### 4. REVENUE AND SEGMENT INFORMATION

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

The CODM considers that the Group has a single operating and reporting segment which is the business of computer and peripheral products. CODM assesses the performance of this single segment based on revenue and operating result.

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

	Unaudited					
	Six months ended 30 September					
	2016			2015		
<i>Quantity</i>		<i>Gross</i>	<i>Quantity</i>		<i>Gross</i>	
<i>unit</i>	<i>HK\$'000</i>	<i>profit %</i>	<i>unit</i>	<i>HK\$'000</i>	<i>profit %</i>	
CPU chips	84,239	109,388	2.2	304,384	279,036	2.8
DRAM chips	4,985,824	64,102	4.8	3,008,114	48,491	8.7
DRAM modules	243,161	31,949	7.2	396,850	77,696	12.5
NAND flash chips	14,887,170	244,073	2.9	9,194,474	144,550	2.5
USB flash drives	101,270	2,519	26.4	82,167	2,697	16.2
Provision of assembly services	37,840	281	16.0	466,948	3,000	12.5
Others	1,502	88	9.1	1,607	84	4.8
	<b>20,341,006</b>	<b>452,400</b>	<b>3.4</b>	<b>13,454,544</b>	<b>555,554</b>	<b>4.7</b>

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

### 5. FINANCE COSTS

	Unaudited	
	Six months ended 30 September	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Finance costs		
– Interest expenses on bank borrowings	<b>1,123</b>	<b>2,871</b>

## 6. EXPENSES BY NATURE

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

	<b>Unaudited</b>	
	<b>Six months ended 30 September</b>	
	<b>2016</b>	<b>2015</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Cost of inventories sold	<b>437,076</b>	528,096
Auditor's remuneration	<b>559</b>	608
Depreciation of property, plant and equipment	<b>1,276</b>	1,513
Freight and transportation expenses	<b>97</b>	194
Other legal and professional fees	<b>605</b>	1,311
Employee benefit expenses	<b>5,015</b>	4,783
Reversal of impairment of inventory	<b>(663)</b>	(50)
Operating lease rentals of premises	<b>261</b>	316
Utilities expense	<b>97</b>	244
Building management fee	<b>282</b>	267
Others	<b>1,305</b>	1,222
	<hr/>	<hr/>
Total	<b>445,910</b>	538,504
	<hr/> <hr/>	<hr/> <hr/>

## 7. INCOME TAX EXPENSE

	<b>Unaudited</b>	
	<b>Six months ended 30 September</b>	
	<b>2016</b>	<b>2015</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current income tax		
– Hong Kong profits tax	<b>1,373</b>	2,788
Deferred income tax		
– Hong Kong profits tax	<b>(32)</b>	(53)
	<hr/>	<hr/>
	<b>1,341</b>	2,735
	<hr/> <hr/>	<hr/> <hr/>

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

Hong Kong profits tax has been provided for at the rate of 16.5% for the periods on the estimated assessable profits arising in or derived from Hong Kong.

The subsidiary in the PRC is subjected to PRC corporate income tax at the rate of 25% for the periods. No PRC corporate income tax has been provided as the PRC subsidiary has no assessable profits for the periods.

## 8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to the equity holders of the Company for the six months ended 30 September 2016 of approximately HK\$9,712,000 (six months ended 30 September 2015: HK\$7,430,000) and of the weighted average number of approximately 3,526,560,000 (six months ended 30 September 2015: 3,510,885,246 (*Note*)) ordinary shares in issue during the periods.

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

*Note:* The weighted average number of ordinary shares in issue and basic earnings per share have taken into account the effect of the Share Subdivision that took place on 5 May 2016 (see Note 14). Comparative figures for the six months ended 30 September 2015 have also been restated on the assumption that the Share Subdivision had been effected in prior year.

## 9. DIVIDENDS

<b>Unaudited</b>	
<b>Six months ended 30 September</b>	
<b>2016</b>	<b>2015</b>
<b>HK\$'000</b>	<b>HK\$'000</b>

Proposed interim dividend of HK\$0.005  
(six months ended 30 September 2015:  
Nil) per ordinary share

<b>19,283</b>	<b>–</b>
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Pursuant to the resolution passed at the meeting of the Board on 14 November 2016, the Board declared an interim dividend for the six months ended 30 September 2016 of HK\$0.005 per ordinary share totaling HK\$19,282,800. This interim dividend declared after the end of the reporting period has not been recognised as a liability in this interim condensed consolidated financial information.

## 10. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

During the current interim period, the Group incurred expenditures of approximately HK\$172,000 (six months ended 30 September 2015: HK\$742,000) for property, plant and equipment and expenditures of approximately HK\$1,697,000 (six months ended 30 September 2015: Nil) for intangible assets.

Also, during the period, the Group disposed of certain property, plant and equipment with the aggregate carrying amount of approximately HK\$951,000 (six months ended 30 September 2015: Nil) which resulting in a loss on disposal of approximately HK\$134,000 (six months ended 30 September 2015: Nil).

## 11. TRADE AND OTHER RECEIVABLES

	<b>Unaudited 30 September 2016 HK\$'000</b>	Audited 31 March 2016 HK\$'000
Trade receivables	<b>119,463</b>	187,771
Less: provision for impairment	<u>(183)</u>	<u>(183)</u>
Trade receivables, net	<b>119,280</b>	187,588
Other receivables, deposits and prepayments	<u>60,249</u>	<u>729</u>
Total trade and other receivables	<b><u>179,529</u></b>	<b><u>188,317</u></b>

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

	<b>Unaudited 30 September 2016 HK\$'000</b>	Audited 31 March 2016 HK\$'000
1 – 30 days	<b>63,214</b>	134,393
31 – 60 days	<b>45,761</b>	53,162
61 – 90 days	<b>812</b>	33
Over 90 days	<u>9,676</u>	<u>183</u>
	<b>119,463</b>	187,771
Less: provision for impairment	<u>(183)</u>	<u>(183)</u>
	<b><u>119,280</u></b>	<b><u>187,588</u></b>

For new customers (which we have less than three months business relationship), we generally require payment upon delivery and do not provide any credit period. For existing customers, we, upon internal approval, generally grant credit periods of up to 60 days (31 March 2016: same).

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

	<b>Unaudited 30 September 2016 HK\$'000</b>	Audited 31 March 2016 HK\$'000
Trade payables	1,211	42,881
Other payables and accrued expenses:		
Accrued expenses	2,113	3,876
Receipt in advance	310	257
Other payables	27	27
	<u>2,450</u>	<u>4,160</u>
Total	<u><u>3,661</u></u>	<u><u>47,041</u></u>

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

	<b>Unaudited 30 September 2016 HK\$'000</b>	Audited 31 March 2016 HK\$'000
1 – 30 days	1,114	42,450
31 – 60 days	97	1
61 – 90 days	–	35
Over 90 days	–	395
	<u>1,211</u>	<u>42,881</u>

## 13. BORROWINGS

	<b>Unaudited 30 September 2016 HK\$'000</b>	Audited 31 March 2016 HK\$'000
Bank loans	14,291	15,306
Trust receipt bank loans	43,679	147,192
	<u>57,970</u>	<u>162,498</u>

### 13. BORROWINGS (Continued)

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

	<b>Unaudited 30 September 2016 HK\$'000</b>	Audited 31 March 2016 HK\$'000
Bank loans		
Within one year	2,068	2,042
Between one and two years	2,115	2,088
Between two and five years	6,637	6,551
Over five years	3,471	4,625
	<u>14,291</u>	<u>15,306</u>
Trust receipt bank loans		
Within one year	<u>43,679</u>	<u>147,192</u>

Borrowings of the Group are denominated in the following currencies:

	<b>Unaudited 30 September 2016 HK\$'000</b>	Audited 31 March 2016 HK\$'000
HK\$	14,291	15,306
US\$	<u>43,679</u>	<u>147,192</u>
	<u>57,970</u>	<u>162,498</u>



## 14. SHARE CAPITAL

	Unaudited		Audited	
	30 September 2016		31 March 2016	
	Number of	Amount	Number of	Amount
	shares		shares	
	'000	HK\$'000	'000	HK\$'000
<b>Authorised:</b>				
Ordinary shares				
At beginning of the period, HK\$0.01 per share	8,000,000	80,000	8,000,000	80,000
Effect of share subdivision to HK\$0.0008333 per share (Note (i))	<u>88,000,000</u>	<u>—</u>	<u>—</u>	<u>—</u>
At end of the period, HK\$0.0008333 (31 March 2016: HK\$0.01) per share	<u><u>96,000,000</u></u>	<u><u>80,000</u></u>	<u><u>8,000,000</u></u>	<u><u>80,000</u></u>
<b>Issued and fully paid:</b>				
Ordinary shares				
At beginning of the period	293,880	2,939	264,000	2,640
Effect of share subdivision (Note (i))	<u>3,232,680</u>	<u>—</u>	<u>—</u>	<u>—</u>
Share issued by placing (Note (ii))	<u>—</u>	<u>—</u>	<u>29,880</u>	<u>299</u>
At end of the period	<u><u>3,526,560</u></u>	<u><u>2,939</u></u>	<u><u>293,880</u></u>	<u><u>2,939</u></u>

## 14. SHARE CAPITAL (Continued)

*Note:*

- (i) 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 (reference to the announcement of the Company dated 5 May 2016).
- (ii) On 9 April 2015, the Company completed a placing of 29,880,000 ordinary shares under general mandate, and the net proceeds, after deducting the placing commission and other related expense payable by the Company, were approximately HK\$34.8 million. The Company intended to use such net proceeds as general working capital (reference to the announcement of the Company dated 9 April 2015).
- (iii) Subsequent to the period ended, on 24 October 2016, the Company completed a placing of total 330,000,000 ordinary shares under a general mandate. Details of which please refer to “SUBSEQUENT EVENTS” section of this interim report.

## 15. COMMITMENTS

### (a) Operating lease commitments

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

	<b>Unaudited</b> <b>30 September</b> <b>2016</b> <i>HK\$’000</i>	Audited 31 March 2016 <i>HK\$’000</i>
Not later than 1 year	<u><u>39</u></u>	<u><u>80</u></u>

**15. COMMITMENTS (Continued)**

**(b) Capital commitments**

	<b>Unaudited 30 September 2016 <i>HK\$'000</i></b>	<b>Audited 31 March 2016 <i>HK\$'000</i></b>
Contracted but not provided for	<b><u>1,938</u></b>	<b><u>–</u></b>

**16. CONTINGENT LIABILITIES**

The Group had no significant contingent liabilities as at 30 September 2016 and 31 March 2016.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND PROSPECT

The Group principally operates in the industry of computer and peripheral products which is dynamic and competitive and there have been rapid changes in new technologies in the industry. Looking back to the first half of 2016, the global economy continued to be uncertain and challenging. China's economic growth continued to slow down and the overall market competition remained intensive. Under such unfavorable economic and market situation, there were numerous challenges in the industry which the Group operates. In view of such market conditions, the Group continued to keep on tight control of its operations. During the period, we focused on enhancing operation efficiency and implementing various cost control measures. We continue to monitor the market trends and take prompt and appropriate actions to adjust our business strategies and allocate resources effectively under different market conditions.

During the period, the Group continued to devote substantial efforts in maintaining a healthy financial position. Despite a decrease in revenue, the management continued to make great efforts in achieving an increment to the profit attributable to equity holders of the Company compared to last corresponding period, by improving operational efficiency, cost saving and disposing of unprofitable investments. The Group continued to generate operating cash inflows to reduce the level of debts. During the period under review, the Group continuously maintained robust business strategies and appropriate inventory management. Looking forward to the second half of 2016, the Group is committed to generate positive returns through sustainable operations. We will continue to seek growth and higher returns by sharpening our competitive edge, and will also implement more stringent cost control and manage our resources as effectively as possible.

In order to maximize returns to the shareholders and to diversify the Group's income stream, apart from existing business, the Group from time to time explores possibilities of new scope of businesses. In late July 2016, the Group possesses a money lender licence through a wholly-owned subsidiary of Group. The licence is issued under and pursuant to the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). Looking ahead, the Group will make efforts to develop the money lending business in Hong Kong and the Group is able to engage in the provision of loan financing including but not limited to personal loans and business loans under the scope of Money Lenders Ordinance, Chapter 163 of the Laws of Hong Kong. Such business had no significant contribution to the revenue of the Group for the period under review but is expected to bring notable revenue to the Group in the future. With reference to the statistics of

loans and advances granted by authorised institutions as published by the Hong Kong Monetary Authority as a proxy to the credit market growth, the amount of loans and advances granted by authorised institutions for use in Hong Kong has been fast growing over the years. In light of the above, the Directors believe that the loan demand in Hong Kong will remain robust and the new business will have a promising prospect. It can diversify the Group's business scope and broaden revenue sources of the Group and it is in the interests of the Company and its shareholders as a whole.

Looking ahead, in order to diversify our business scope and to further broaden the source of income, the Group will continuously dedicate to exploiting new business opportunities in other sectors from time to time. The Group will continue to adhere to our principle of steady development, and positively cope with any challenges and capture suitable opportunities. We aim to leverage on our existing resources to maximize shareholders' returns, expand income streams and enhance the Group's financial position. We have full confidence in the future development prospects.

## **FINANCIAL REVIEW**

The Group's unaudited consolidated revenue for the six months ended 30 September 2016 amounted to approximately HK\$452.4 million (six months ended 30 September 2015: HK\$555.6 million). Increase in revenue from DRAM chips and NAND flash chips during the period was offset by decrease in revenue from CPU chips and DRAM modules due to change in market demand during the period. Gross profit margin of approximately 3.4% was recorded for the six months ended 30 September 2016 (six months ended 30 September 2015: 4.7%). Decrease in gross profit margin was mainly caused by the relatively lower gross profit margin earned from CPU chips as compared with other products and the fluctuation in market price of raw materials during the current period.

Selling expenses decreased by approximately 16.5% from the Last Corresponding Period mainly due to the decrease in freight and transportation expenses incurred and the decrease in employee benefit expenses following the enhancement of organizational structure in previous year.

General and administrative expenses for the Current Period remained fairly stable when compared with the Last Corresponding Period.

Decrease in other loss for the Current Period was mainly due to the decrease in exchange loss in foreign currency translation.

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 Information Technology Company Limited (“Bozhou Botong”), an associate for cash consideration of RMB19,250,000. The Completion took place on 29 September 2016. Following the Completion, the Company ceased to have any direct or indirect equity interest in Bozhou Botong. A gain on disposal of approximately HK\$6.7 million was recognised from the disposal, being difference between the consideration of disposal and the carrying value of the investment in associate.

The profit attributable to equity holders of the Company for the six months ended 30 September 2016 amounted to approximately HK\$9.7 million (six months ended 30 September 2015: HK\$7.4 million), represented a 30.7% increase from that of the Last Corresponding Period.

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 94.5% and improvement in inventories turnover days from 6 days for the Last Corresponding Year to 1 days for the Current Period.

The Group continues to closely monitor the settlements from its customers on a going basis to ensure the credit risk is minimized at a reasonable and acceptable level from time to time. The Group’s trade receivables decreased by approximately HK\$68.3 million, from approximately HK\$187.6 million as at 31 March 2016 to approximately HK\$119.3 million as at 30 September 2016.

### **Liquidity, Financial Resources and Capital Structure**

The Group maintained a solid financial position during the period. As at 30 September 2016, cash and cash equivalents of the Group amounted to approximately HK\$108.9 million (31 March 2016: approximately HK\$205.7 million), and the Group’s net assets amounted to approximately HK\$275.0 million (31 March 2016: approximately HK\$265.5 million). The Group’s bank borrowings decreased by approximately HK\$104.5 million, from approximately HK\$162.5 million as at 31 March 2016 to approximately HK\$58.0 million as at 30 September 2016. The Group’s liquidity position was well-managed during the period.

As at 30 September 2016 and 31 March 2016, the Group was at a healthy financial position as the cash and cash equivalents 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 significantly improved from approximately 1.9 as at 31 March 2016 to approximately 4.6 as at 30 September 2016.

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

The capital of the Company comprises only ordinary shares. 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.

### **Pledge of Assets**

As at 30 September 2016 and 31 March 2016, the Group has pledged the properties with carrying values of approximately HK\$44.6 million and HK\$45.3 million, respectively, 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 ("RMB") and United States dollar ("US\$") as most of the transactions are denominated in Hong Kong dollar ("HK\$"), RMB and US\$. The Group is exposed to foreign exchange risk primarily through sales, purchases, capital expenditure and expenses transactions that are denominated in currencies other than the functional currencies of the group companies. The Group manages its exposures to foreign currency transactions by monitoring the level of foreign currency receipts and payments and ensures that the net exposure to foreign exchange risk is kept to an acceptable level. During the period, the Group has not used any forward exchange contract to hedge against foreign exchange risk as management considers its exposure as not significant. The Group will continue to manage the net exposure of foreign exchange risk to keep at an acceptable level from time to time.

## **Contingent Liabilities**

The Group did not have any significant contingent liabilities as at 30 September 2016 and 31 March 2016.

## **SUBSEQUENT EVENTS**

On 24 October 2016, the Company completed a placing of total 330,000,000 ordinary shares under general mandate, of nominal value of approximately HK\$275,000 in the capital of the Company at a price of HK\$0.46 per placing share to not less than six independent third parties (the “Placing”). The reason for the Placing was for the purpose to broaden the shareholder and capital base. The gross proceeds and net proceeds from the Placing are approximately HK\$151.8 million and HK\$144.2 million respectively, which will be used for general working capital of the Group and funding investment opportunities, if any, as may be identified from time to time. Details of which please refer to the announcement of the Company dated 24 October 2016. Immediate after the completion of placing and at the date of this interim report, there are total 3,856,560,000 ordinary shares in issued and fully paid.

## **INTERIM DIVIDEND**

Pursuant to the resolution passed at the meeting of the Board on 14 November 2016, the Board declared an interim dividend of HK\$0.005 per ordinary share, totaling HK\$19,282,800 for the six months ended 30 September 2016 to eligible shareholders whose names appear on the register of members of the Company on Thursday, 8 December 2016. The interim dividend will be payable in cash on or about Wednesday, 21 December 2016.

## **CLOSURE OF REGISTER OF MEMBERS**

In order to determine the entitlement to the interim dividend for the six months ended 30 September 2016, the register of members of the Company will be closed from Tuesday, 6 December 2016 to Thursday, 8 December 2016 (both dates inclusive), during which period no transfer of shares will be effected. In order to qualify for the interim dividend for the six months ended 30 September 2016, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration not later than 4:30 p.m. on Monday, 5 December 2016. The interim dividend will be paid on or about Wednesday, 21 December 2016.



## USE OF PROCEEDS

On 9 September 2013 (the “Listing Date”), the Company completed the placing of 69,000,000 shares of par value of HK\$0.01 each at an issue price of HK\$0.90 per share. The net proceeds from the placing were approximately HK\$36 million. The actual use of proceeds up to 31 March 2016 and the revised schedule of the plan for the use of proceeds had been disclosed in the annual report 2016 of the Company.

During the current period, the net proceeds had been applied as follows:

	<b>Intended use of proceeds for the six months ended 30 September 2016</b>	<b>Actual use of proceeds for the six months ended 30 September 2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Increase market share	627	377
Strengthen R&D and design capability	1,680	559
Enhance quality control and improve production capability	560	202
General working capital	500	500
<b>Total:</b>	<b><u>3,367</u></b>	<b><u>1,638</u></b>

The Directors will constantly evaluate the Group’s business plan and may change or modify plans against the changing market condition to attain sustainable business growth of the Group. All the unutilised balances have been placed in licensed banks in Hong Kong.

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

As at 30 September 2016, the interests of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or were required pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

### Long positions in ordinary shares of the Company

Name of Director	Capacity/nature of interest	Number of issued ordinary shares held	Approximate percentage of issued share capital
Mr. George Lu	Interest of controlled corporation ( <i>Note 1</i> )	2,155,680,000	61.13
Ms. Shen Wei	Interest of controlled corporation ( <i>Note 1</i> )	2,155,680,000	61.13
Ms. Lau Wing Sze	Interest of controlled corporation ( <i>Note 2</i> )	4,320,000	0.12
Ms. Lau Wing Sze	Beneficial owner	18,936,000	0.54

- (1) Each of Mr. George Lu and Ms. Shen Wei, husband and wife, holds 50% interest in Forever Star Capital Limited ("Forever Star"), a company incorporated in the British Virgin Islands, respectively. Therefore, both of them are deemed to be interested in all the shares which are beneficially owned by Forever Star.
- (2) The 4,320,000 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 Wing Sze.

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

As at 30 September 2016, so far as it was known by or otherwise notified to any Directors or the chief executive of the Company, the following interest of which would fall to be disclosed under Division 2 and 3 of part XV of the SFO, or the particulars of the corporations or persons (other than a Director or the chief executive of the Company) which had 5% or more interests in the shares and the underlying Shares as recorded in the register kept under section 336 of the SFO were as follows:

### Long positions in ordinary shares of the Company

Name	Capacity	Number of shares held	Approximate percentage of issued share capital
Forever Star Capital Limited	Beneficial owner <i>(Note 1)</i>	2,155,680,000	61.13
Guotai Junan International Holdings Limited	Interest of controlled corporation <i>(Note 1)</i>	2,155,680,000	61.13
Shanghai International Group Co., Ltd.	Interest of controlled corporation <i>(Note 1)</i>	2,155,680,000	61.13
Yao Jianhui	Interest of controlled corporation <i>(Note 2)</i>	506,088,000	14.35
Tinmark Development Limited	Interest of controlled corporation <i>(Note 2)</i>	506,088,000	14.35
China Goldjoy Group Limited	Interest of controlled corporation <i>(Note 2)</i>	506,088,000	14.35
Great Sphere Developments Limited	Interest of controlled corporation <i>(Note 2)</i>	506,088,000	14.35
China Foresea Finance Group Limited	Interest of controlled corporation <i>(Note 2)</i>	180,000,000	5.10
Stellar Result Limited	Interest of controlled corporation <i>(Note 2)</i>	180,000,000	5.10
KB Credit Limited	Person having a security interest in shares <i>(Note 2)</i>	180,000,000	5.10
China Yinsheng Securities Limited	Custodian <i>(Note 3)</i>	509,088,000	14.44

*Notes:*

- (1) Each of Mr. George Lu and Ms. Shen Wei holds 50% interest in Forever Star Capital Limited respectively. These shares have been pledged to Guotai Junan Finance (Hong Kong) Limited. According to the information available to the Company, Guotai Junan Finance (Hong Kong) Limited is wholly owned by Guotai Junan (Hong Kong) Limited. Guotai Junan (Hong Kong) Limited is wholly owned by Guotai Junan International Holdings Limited. Guotai Junan International Holdings Limited is 65.17% owned by Guotai Junan Holdings Limited. Guotai Junan Holdings Limited is wholly owned by Guotai Junan Financial Holdings Limited. Guotai Junan Financial Holdings Limited is wholly owned by Guotai Junan Securities Co., Ltd.. Guotai Junan Securities Co., Ltd. is 36.22% owned by Shanghai International Group Co., Ltd..
- (2) According to the information available to the Company, Mr. Yao Jianhui is deemed to be interested in a total of 506,088,000 shares of the Company. Among those 506,088,000 shares, KB Credit Limited has a security interest in total 180,000,000 shares. KB Credit Limited is wholly owned by Stellar Result Limited. Stellar Result Limited which in turn wholly owned by China Foresea Finance Group Limited. China Foresea Finance Group Limited is beneficially owned as to 80% by Great Sphere Developments Limited. Hong Kong Bao Xin Asset Management Limited has beneficial interests in a total of 326,088,000 shares, which is a company wholly owned by Bao Xin International Asset Management Limited. Bao Xin International Asset Management Limited is wholly owned by Great Sphere Developments Limited. Great Sphere Developments Limited which in turn wholly owned by China Goldjoy Group Limited. China Goldjoy Group Limited is beneficially owned as to 49.99% by Tinmark Development Limited, which is wholly owned by Mr. Yao Jianhui.
- (3) According to the information available to the Company, China Yinsheng Securities Limited is the custodian of these shares.

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

During the six months ended 30 September 2016, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

## **CORPORATE GOVERNANCE CODE**

The Board is committed to achieving high standards of corporate governance to safeguard the interest of the Company's shareholders and to enhance corporate value and accountability. During the six months ended 30 September 2016, the Company has applied the principles and complied with the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules, except in relation to CG Code provisions A.2.1 and A.6.7, as more particularly described below.

### **CG Code provision A.2.1**

Code provision A.2.1 stipulates that the roles of Chairman and CEO should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and CEO should be clearly established and set out in writing. The current Chairman and CEO of the Company is Mr. George Lu. The Board believes that vesting the roles of both Chairman and CEO in the same person will not impair the balance of power and authority between the Directors and the management of the Company. Mr. George Lu has extensive experience in the industry which is beneficial and of great value to the overall development of the Company. The Board is of the view that although the Chairman is also the CEO, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals and meets from time to time to discuss issues affecting operation of the Company. The Board also believes that the current structure is conducive to strong and consistent leadership, enabling the Company to make and implement decisions promptly and efficiently.

### **CG code provision A.6.7**

Code provision A.6.7 of the CG Code requires that independent Non-Executive Directors shall attend general meetings and develop a balanced understanding of the views of Shareholders. Due to other business engagement, Mr. Loo Hong Shing Vincent, an independent non-executive director, was unable to attend the extraordinary general meeting of the Company held on 5 May 2016.

## **MODEL CODE FOR 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 six months ended 30 September 2016.

## **REVIEW OF FINANCIAL INFORMATION**

The audit committee of the Company (the “Audit Committee”) has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters, including a review of the unaudited condensed consolidated interim financial statements for the Interim Period with the Directors. The Audit Committee comprises three independent non-executive Directors, namely Mr. Shin Yick Fabian, Mr. Pang Chung Fai Benny and Mr. Loo Hong Shing Vincent.

By order of the Board  
**Goldenmars Technology Holdings Limited**  
**George Lu**  
*Chairman & Chief Executive Officer*

Hong Kong, 14 November 2016

*As at the date of this report, 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 Shin Yick Fabian.*