



**Goldenmars Technology Holdings Limited**

**晶芯科技控股有限公司**

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

(Stock code: 8036)

**Interim Report 2013**

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

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

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

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*This report, for which the directors (the “Directors”) of Goldenmars Technology Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

## **HIGHLIGHTS**

Turnover for the six months ended 30 September 2013 was approximately HK\$447 million, representing a 136% increase from that of the Last Corresponding Period.

Profit attributable to equity holders of the Company for the six months ended 30 September 2013 was approximately HK\$25 million, representing a 340% increase from that of the Last Corresponding Period.

## **INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013**

The board of Directors (the “Board”) of Goldenmars Technology Holdings Limited (the “Company”) is pleased to announce the following unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months ended 30 September 2013 and six months ended 30 September 2013 together with the unaudited comparative figures for the corresponding periods in 2012.

## CONSOLIDATED INCOME STATEMENT

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2012	2013	2012	2013
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	3	86,533	<b>196,841</b>	189,044	<b>446,971</b>
Cost of sales		<u>(77,222)</u>	<u>(189,228)</u>	<u>(169,210)</u>	<u>(399,839)</u>
<b>Gross profit</b>		9,311	<b>7,613</b>	19,834	<b>47,132</b>
Selling expenses		(883)	<b>(784)</b>	(1,552)	<b>(1,798)</b>
General and administrative expenses		(4,586)	<b>(5,468)</b>	(8,999)	<b>(11,619)</b>
Other income		<u>16</u>	<u>18</u>	<u>387</u>	<u>248</u>
<b>Operating profit</b>		3,858	<b>1,379</b>	9,670	<b>33,963</b>
Finance costs	4	<u>(641)</u>	<u>(831)</u>	<u>(1,469)</u>	<u>(2,100)</u>
<b>Profit before income tax</b>	5	3,217	<b>548</b>	8,201	<b>31,863</b>
Income tax expense	6	<u>(1,471)</u>	<u>(326)</u>	<u>(2,540)</u>	<u>(6,980)</u>
<b>Profit attributable to equity holders of the Company</b>		<u>1,746</u>	<u>222</u>	<u>5,661</u>	<u>24,883</u>
<b>Earnings per share</b>					
Basic and diluted (HK\$)	7	0.010	<b>0.001</b>	0.031	<b>0.132</b>
<b>Dividends</b>	8	0	<b>14,830</b>	0	<b>14,830</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the three months ended 30 September		For the six months ended 30 September	
	2012	2013	2012	2013
	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>
<b>Comprehensive income</b>				
Profit for the period	1,746	222	5,661	24,883
<b>Other comprehensive income</b>				
Currency translation differences	<u>32</u>	<u>97</u>	<u>(62)</u>	<u>358</u>
<b>Total comprehensive income attributable to equity holders of the Company</b>	<u>1,778</u>	<u>319</u>	<u>5,599</u>	<u>25,241</u>

## CONSOLIDATED BALANCE SHEETS

		As at 31 March 2013 (Audited) <i>HK\$'000</i>	As at <b>30 September</b> <b>2013</b> <b>(Unaudited)</b> <b><i>HK\$'000</i></b>
	<i>Notes</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	60,305	<b>58,751</b>
Non-current deposits	10	196	<b>196</b>
		60,501	<b>58,947</b>
<b>Current assets</b>			
Inventories		86,179	<b>65,896</b>
Trade receivables	10	5,698	<b>35,632</b>
Deposits, prepayments and other receivables	10	5,096	<b>1,820</b>
Amounts due from related parties		26,798	–
Cash and cash equivalents		103,392	<b>108,038</b>
		227,163	<b>211,386</b>
<b>Total assets</b>		<b>287,664</b>	<b>270,333</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to the equity holders of the Company</b>			
Share capital	14	100	<b>2,490</b>
Other reserves		57,196	<b>109,360</b>
Retained earnings		54,322	<b>64,375</b>
		111,618	<b>176,225</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities		15	<b>15</b>
		15	<b>15</b>
<b>Current liabilities</b>			
Trade payables	11	1,772	<b>3,844</b>
Other payables and accrued expenses	11	3,534	<b>3,034</b>
Amounts due to related parties		13,066	–
Borrowings	12	154,637	<b>79,705</b>
Finance lease liabilities	13	1,130	<b>568</b>
Current income tax liabilities		1,892	<b>6,942</b>
		176,031	<b>94,093</b>
Total liabilities		176,046	<b>94,108</b>
Total equity and liabilities		<b>287,664</b>	<b>270,333</b>
Net current assets		51,132	<b>117,293</b>
Total assets less current liabilities		<b>111,633</b>	<b>176,240</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company								Total HK\$'000
	Share Capital HK\$'000	Other reserves					Sub Total HK\$'000	Retained Earnings HK\$'000	
		Share premium HK\$'000	Merger reserve HK\$'000 <i>Note (a)</i>	Capital reserve HK\$'000 <i>Note (b)</i>	Statutory reserve HK\$'000 <i>Note (c)</i>	Exchange reserve HK\$'000			
<b>For 6 months ended 30 September 2012</b>									
Balance as at 1 April 2012	100	-	50,374	2,480	1,042	3,148	57,044	36,446	93,590
<b>Comprehensive income</b>									
Profit for the period	-	-	-	-	-	-	-	5,661	5,661
<b>Other comprehensive income</b>									
Currency translation differences	-	-	-	-	-	(62)	(62)	-	(62)
Total comprehensive income	-	-	-	-	-	(62)	(62)	5,661	5,599
Balance as at 30 September 2012	<u>100</u>	<u>-</u>	<u>50,374</u>	<u>2,480</u>	<u>1,042</u>	<u>3,086</u>	<u>56,982</u>	<u>42,107</u>	<u>99,189</u>
<b>For 6 months ended 30 September 2013</b>									
Balance as at 1 April 2013	100	-	50,374	2,480	1,042	3,300	57,196	54,322	111,618
<b>Comprehensive income</b>									
Profit for the period	-	-	-	-	-	-	-	24,883	24,883
<b>Other comprehensive income</b>									
Currency translation differences	-	-	-	-	-	358	358	-	358
Total comprehensive income	-	-	-	-	-	358	358	24,883	25,241
Issuance of shares by placing	690	61,410	-	-	-	-	61,410	-	62,100
Capitalisation issue	1,700	(1,700)	-	-	-	-	(1,700)	-	-
Listing and share insurance expenses	-	(7,904)	-	-	-	-	(7,904)	-	(7,904)
Special dividend declared on 21 August 2013	-	-	-	-	-	-	-	(14,830)	(14,830)
Balance as at 30 September 2013	<u>2,490</u>	<u>51,806</u>	<u>50,374</u>	<u>2,480</u>	<u>1,042</u>	<u>3,658</u>	<u>109,360</u>	<u>64,375</u>	<u>176,225</u>

*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 International and contributed to the Group at no cost prior to 1 April 2011.

**(c) Statutory reserve**

The Company's subsidiary in the PRC is required to transfer 10% of their profit after income tax calculated in accordance with the PRC accounting standards and systems to the statutory reserve until the balance reaches 50% of the their respective registered capital, where further transfers will be at their directors' discretion. The statutory reserve fund 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 fund after such issue is no less than 25% of share capital of the PRC subsidiary.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>For the six months ended 30 September</b>	
	2012	2013
	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>
<b>Net cash generated from operating activities</b>	21,235	<b>51,876</b>
<b>Net cash (used in)/generated from investing activities</b>	(275)	<b>3</b>
<b>Net cash used in financing activities</b>	(79,924)	<b>(47,255)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(58,964)	<b>4,624</b>
<b>Cash and cash equivalents as at 1 April</b>	78,451	<b>103,392</b>
<b>Effect of foreign exchange rates changes on cash and cash equivalents</b>	(2)	<b>22</b>
<b>Cash and cash equivalents as at 30 September</b>	<u>19,485</u>	<u><b>108,038</b></u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

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

The Company is an investment holding company. The Group is principally engaged in manufacturing and sales of dynamic random-access memory (“DRAM”) modules, universal serial bus (“USB”) flash drives and other data memory products and trading of DRAM chips (the “Business”).

## 2. BASIS OF PRESENTATION AND PREPARATION

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

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

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the “GEM Listing Rules”) and with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certificate Public Accountants (“HKICPA”).

The basis of preparation and accounting policies adopted in preparing these unaudited interim condensed consolidated financial statements are consistent with those adopted in the preparation of the Group’s annual financial statements for the year ended 31 March 2013, 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 2013.

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

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 unaudited condensed consolidated financial statements have been prepared under historical basis.

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

### 3. REVENUE AND SEGMENT INFORMATION

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

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

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

	For the three months ended 30 September		For the six months ended 30 September	
	2012 (unaudited) HK\$'000	2013 (unaudited) HK\$'000	2012 (unaudited) HK\$'000	2013 (unaudited) HK\$'000
DRAM chips	48,537	<b>92,778</b>	95,084	<b>239,660</b>
NAND flash	–	<b>45,609</b>	2,924	<b>103,185</b>
DRAM modules	33,209	<b>53,043</b>	79,984	<b>95,375</b>
USB flash drives	4,375	<b>5,261</b>	8,959	<b>8,558</b>
Provision of assembly services	232	<b>42</b>	1,776	<b>42</b>
Others	180	<b>108</b>	317	<b>151</b>
	<u>86,533</u>	<u><b>196,841</b></u>	<u>189,044</u>	<u><b>446,971</b></u>

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

#### 4. FINANCE COSTS

	For the three months ended 30 September		For the six months ended 30 September	
	2012 (unaudited) HK\$'000	2013 (unaudited) HK\$'000	2012 (unaudited) HK\$'000	2013 (unaudited) HK\$'000
Finance costs				
– Interest expenses on bank borrowings	630	824	1,446	2,088
– Interest expenses on finance lease liabilities	11	7	23	12
	<u>641</u>	<u>831</u>	<u>1,469</u>	<u>2,100</u>

#### 5. EXPENSES BY NATURE

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

	For the three months ended 30 September		For the six months ended 30 September	
	2012 (unaudited) HK\$'000	2013 (unaudited) HK\$'000	2012 (unaudited) HK\$'000	2013 (unaudited) HK\$'000
Cost of inventories sold	75,321	187,369	165,013	395,586
Auditor's remuneration	–	510	11	521
Depreciation of property, plant and equipment	1,143	932	2,029	1,857
Advertising expenses	286	233	449	391
Freight and transportation expenses	324	135	547	465
Professional fee in respect of the IPO exercise	1,620	900	3,026	3,660
Other legal and professional fees	204	300	221	373
Employee benefit expenses	2,338	3,514	5,201	6,808
Reversal of impairment of trade receivables	–	(334)	–	(334)
Operating lease rentals of premises	279	290	564	580
Utilities expense	177	191	356	383
Others	999	1,440	2,344	2,966
Total	<u>82,691</u>	<u>195,480</u>	<u>179,761</u>	<u>413,256</u>

## 6. INCOME TAX EXPENSE

	For the three months ended 30 September		For the six months ended 30 September	
	2012 (unaudited) HK\$'000	2013 (unaudited) HK\$'000	2012 (unaudited) HK\$'000	2013 (unaudited) HK\$'000
Current income tax:				
– Hong Kong profits tax	(1,792)	(326)	(2,915)	(6,980)
– PRC Enterprise Income Tax	–	–	–	–
Over-provision in prior years	321	–	321	–
Deferred income tax				
– Hong Kong profits tax	–	–	54	–
	<u>(1,471)</u>	<u>(326)</u>	<u>(2,540)</u>	<u>(6,980)</u>

The Group is subject to both Hong Kong profits tax and PRC Enterprise 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 Enterprise Income tax at the rate of 25% for the periods. No PRC Enterprise Income Tax has been provided as the PRC subsidiary has no assessable profits for the periods.

## 7. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to the owners of the Company for the three months ended 30 September 2013 and six months ended 30 September 2013 of approximately HK\$222,000 and HK\$24,883,000 respectively (three months ended 30 September 2012 and six months ended 30 September 2012: HK\$1,746,000 and HK\$5,661,000 respectively), and of the weighted average number of approximately 196,681,000 and 188,295,000 (three months ended 30 September 2012 and six months ended 30 September 2012: 180,000,000 and 180,000,000) ordinary shares in issue during the periods respectively, assuming that 170,000,000 shares issued pursuant to the Capitalisation had been in issue throughout all 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.

## 8. DIVIDENDS

The Company has declared a special dividend of approximately HK\$14.8 million on 21 August 2013 as stated in the Prospectus, for the six months ended 30 September 2013 (2012: Nil) which was fully settled by 30 September 2013.

9. PROPERTY, PLANT AND EQUIPMENT

	Six months ended 30 September 2013 (Unaudited) HK\$'000
Opening balance	60,305
Additions	128
Depreciation	(1,857)
Exchange realignment	175
	<hr/>
<b>Closing balance</b>	<b>58,751</b>
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10. TRADE RECEIVABLE AND DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 March 2013 (Audited) HK\$'000	As at 30 September 2013 (Unaudited) HK\$'000
<b>Non-current</b>		
Non-current deposits	196	196
	<hr/> <hr/>	<hr/> <hr/>
<b>Current</b>		
Trade receivables	6,044	35,644
Less: provision for impairment	(346)	(12)
	<hr/>	<hr/>
Trade receivables	5,698	35,632
	<hr/> <hr/>	<hr/> <hr/>
Deposits	368	281
Prepayments	395	1,206
Prepaid IPO expenses	4,041	–
Value added tax receivables	183	187
Other receivables	109	146
	<hr/>	<hr/>
Deposits, prepayments and other receivables	5,096	1,820
	<hr/> <hr/>	<hr/> <hr/>

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

	As at 31 March 2013 (Audited) <i>HK\$'000</i>	As at <b>30 September 2013</b> <b>(Unaudited)</b> <b><i>HK\$'000</i></b>
1 – 30 days	5,319	<b>21,248</b>
31 – 60 days	24	<b>14,227</b>
61 – 90 days	313	<b>20</b>
Over 90 days	388	<b>149</b>
	<u>6,044</u>	<u><b>35,644</b></u>

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 one month.

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

	As at 31 March 2013 (Audited) <i>HK\$'000</i>	As at <b>30 September 2013</b> <b>(Unaudited)</b> <b><i>HK\$'000</i></b>
Trade payables	1,772	<b>3,844</b>
Other payables and accrued expenses:		
Accrued expenses	2,731	<b>2,403</b>
Receipt in advance	803	<b>631</b>
	<u>3,534</u>	<u><b>3,034</b></u>
Total	<u>5,306</u>	<u><b>6,878</b></u>

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

	As at 31 March 2013 (Audited) <i>HK\$'000</i>	As at <b>30 September 2013</b> <b>(Unaudited)</b> <b><i>HK\$'000</i></b>
1-30 days	113	<b>2,063</b>
31-60 days	20	<b>25</b>
61-90 days	659	<b>376</b>
Over 90 days	980	<b>1,380</b>
	<u>1,772</u>	<u><b>3,844</b></u>

## 12. BORROWINGS

	As at 31 March 2013 (Audited) <i>HK\$'000</i>	As at <b>30 September 2013</b> (Unaudited) <b><i>HK\$'000</i></b>
Bank loans	25,170	23,021
Trust receipt loans	129,467	56,684
	<u>154,637</u>	<u>79,705</u>

The maturities of the borrowings at the respective balance sheet dates in accordance with the scheduled repayment dates are as follows:

	As at 31 March 2013 (Audited) <i>HK\$'000</i>	As at <b>30 September 2013</b> (Unaudited) <b><i>HK\$'000</i></b>
Bank loans		
Within one year	4,313	4,035
Between one and two years	3,456	2,678
Between two and five years	6,233	6,201
Over five years	11,168	10,107
	<u>25,170</u>	<u>23,021</u>
Trust receipt loans		
Within one year	129,467	56,684

Borrowings of the Group are denominated in the following currencies

	As at 31 March 2013 (Audited) <i>HK\$'000</i>	As at <b>30 September 2013</b> (Unaudited) <b><i>HK\$'000</i></b>
HK\$	25,170	23,021
US\$	129,467	56,684
	<u>154,637</u>	<u>79,705</u>

### 13. FINANCE LEASE LIABILITIES

At 31 March 2013 and 30 September 2013, the Group's finance lease liabilities were repayable as follows:

	As at 31 March 2013 (Audited) HK\$'000	As at <b>30 September 2013</b> (Unaudited) <b>HK\$'000</b>
No later than 1 year	1,143	<u>572</u>
Future finance charges on finance leases	1,143 (13)	<u>572</u> <u>(4)</u>
Present value of finance lease liabilities	<u>1,130</u>	<u><b>568</b></u>

### 14. SHARE CAPITAL

	As at 31 March 2013 (Audited)		As at 30 September 2013 (Unaudited)	
	Number of shares '000	Amount HK\$'000	Number of shares '000	Amount HK\$'000
<b>Authorised capital:</b>				
Ordinary shares of HK\$0.01 each				
At beginning of the period	5,000	50	<b>8,000,000</b>	<b>80,000</b>
Increase during the period (Note (i))	<u>7,995,000</u>	<u>79,950</u>	<u>–</u>	<u>–</u>
At end of the period	<u>8,000,000</u>	<u>80,000</u>	<u><b>8,000,000</b></u>	<u><b>80,000</b></u>
<b>Issued and fully paid:</b>				
Ordinary shares of HK\$0.01 each				
At beginning of the period	1	–	<b>10,000</b>	<b>100</b>
Shares issued at par value	9,999	100	–	–
Capitalisation issue (Note (ii))	–	–	<b>170,000</b>	<b>1,700</b>
Share issued by placing (Note (ii))	<u>–</u>	<u>–</u>	<u><b>69,000</b></u>	<u><b>690</b></u>
At end of the period	<u>10,000</u>	<u>100</u>	<u><b>249,000</b></u>	<u><b>2,490</b></u>

Notes:

- (i) On 26 June 2012, the authorized share capital of our Company was increased from HK\$50,000 to HK\$80,000,000 by the creation of an additional 7,995,000,000 Shares of par value HK\$0.01 each pursuant to a resolution in writing passed by the then Shareholder of our Company dated 26 June 2012.

- (ii) Pursuant to the shareholders meeting of the Company on 21 August 2013, an ordinary resolution was passed for the capitalization issue of 170,000,000 ordinary shares and issuance of 69,000,000 ordinary shares of the Company by placing.

## 15. PLEDGE OF ASSETS FROM A RELATED COMPANY

As at 31 March 2013, bank borrowing of HK\$86,630,000 was secured by, among others, properties owned by a related company, Deluxe More Capital Limited. Such pledge was released upon listing of the Company's shares on The Stock Exchange of Hong Kong Limited.

## 16. COMMITMENTS

### (a) Operating lease commitments

The Group leases warehouses and production plant in the PRC under non-cancellable operating lease agreements.

The lease terms are five years and the majority of lease agreements are renewable at the end of the period at market rate.

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

	As at 31 March 2013 (Audited) <i>HK\$'000</i>	As at <b>30 September 2013</b> <b>(Unaudited)</b> <b><i>HK\$'000</i></b>
Not later than 1 year	629	<b>641</b>
Later than 1 year not later than 5 years	1,729	<b>1,444</b>
	<u>2,358</u>	<u><b>2,085</b></u>

### (b) Capital commitments

There is no significant capital commitment as at 31 March 2013 and 30 September 2013.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

A fire accident at Hynix Wuxi factory in September 2013 reversed the market demand and prices previously stuck in a range. Together with the adjustments of capacity of all original manufacturers, the accident resulted in standard DRAM supply shortage and soaring prices. The impact of supply of standard DRAM is expected to continue till the end of 2013. Responding to market concerns on supply, the Group capitalized on its close cooperation relationship with suppliers and sound inventory management policy to minimize the impact on supply. Looking ahead, regarding its business strategy, the Group will step up its branding and market penetration continuously through the new hires of the sales team, aiming to improve service quality and gradually increase its brand exposure and market share.

### **FINANCIAL REVIEW**

The Group's revenue increased by approximately 136% from HK\$189 million of the last corresponding period to HK\$447 million of the current period. The increase was mainly resulted from (i) new customers captured in 2013; (ii) trading of new product series, namely NAND Flash; and (iii) increase in trading orders of DRAM chips as driven by market demand.

Gross profit margin remains fairly stable.

General and administrative expenses increased by approximately HK\$2.6 million, representing a 29% increase from the last corresponding period, was mainly caused by the increase in IPO expenses and staff costs. The increase in profit attributable to equity shareholders of the Company was mainly attributable to the increase in revenue and gross profit which was partially offset by the increase in expenses and income tax expenses.

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

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

<b>Business plan for the Review Period</b>	<b>Actual Business Progress for the six months ended 30 September 2013</b>
<b>Increase market share</b>	
<ul style="list-style-type: none"><li>• expand our sales and marketing team to focus on soliciting of new customers</li></ul>	Have newly employed 4 personnel, all reported duties after 30 September 2013
<ul style="list-style-type: none"><li>• continue to participate in electronic and computer products exhibitions</li></ul>	Participated in the Hong Kong Electronics Fair (Autumn Edition) 2013 held in October 2013
<b>Strengthen R&amp;D and design capability</b>	
<ul style="list-style-type: none"><li>• conduct researches on the latest technologies with focus on developing and improving mainly DRAM modules and USB flash drives</li></ul>	Rescheduled to the period from 1 October 2013 to 31 March 2014 in view of short period of time from the date of Listing (i.e. 9 September 2013) to 30 September 2013
<ul style="list-style-type: none"><li>• purchase of hardware for PCB correction for DRAM modules</li></ul>	Rescheduled to the period from 1 October 2013 to 31 March 2014 in view of short period of time from the date of Listing (i.e. 9 September 2013) to 30 September 2013
<b>Enhance quality control and improve production capability</b>	
<ul style="list-style-type: none"><li>• purchase of quality control, testing and other ancillary machines</li></ul>	Rescheduled to the period from 1 October 2013 to 31 March 2014 in view of short period of time from the date of Listing (i.e. 9 September 2013) to 30 September 2013
<ul style="list-style-type: none"><li>• purchase of various DRAM module testing software</li></ul>	Rescheduled to the period from 1 October 2013 to 31 March 2014 in view of short period of time from the date of Listing (i.e. 9 September 2013) to 30 September 2013

## Use of Proceeds

The net proceeds from the Listing were approximately HK\$54.2 million, which was based on the final placing of 69,000,000 shares at HK\$0.9 per share and the actual expenses related to the Listing.

During the period from the date of Listing (i.e. 9 September 2013) (the “Listing Date”) to 30 September 2013, in view of short period of time, the Group have not yet applied the net proceeds from the Listing as stated in the Prospectus.

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

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

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

As at 30 September 2013, the interests of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or were required pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

### Long positions in ordinary shares of the Company

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

- (1) Each of Mr. George Lu and Ms. Shen Wei, husband and wife, holds 50% interest in Forever Star Capital Limited (“Forever Star”), a company incorporated in the British Virgin Islands, respectively. Therefore, both of them are deemed to be interested in all the Shares which are beneficially owned by Forever Star.
- (2) The 360,000 shares were registered in the name of Nice Rate Limited (“Nice Rate”), a company incorporated in the British Virgin Islands, the entire issued share capital of which is held by Ms. Lau Wing Sze.

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

As at 30 September 2013, 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**

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

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

## **SHARE OPTION SCHEME**

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

During the six months period ended 30 September 2013, no option was granted, exercised or lapsed under the Share Option Scheme.

## **INTEREST OF COMPLIANCE ADVISER**

As notified by Tanrich Capital Limited (“Tanrich”), the Company’s compliance adviser, except for the compliance adviser agreement entered into between the Company and dated 28 August 2013. Neither Tanrich nor any of its directors or employees or associates had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) as at 30 September 2013 which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

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

For the six months ended 30 September 2013, none of the Directors, controlling shareholders of the Company or any of their respective associates is considered to have interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group and any other conflicts of interests, which is required to be disclosed under Rule 11.04 of the GEM Listing Rules.

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

The Company had adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had made specific enquiries of all Directors and was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors during the six months ended 30 September 2013.

## **CORPORATE GOVERNANCE**

The Board is of the view that the Company has met the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 to the GEM Listing Rules from the date of listing (i.e. 9 September 2013) up to and including 30 September 2013.

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

There were no purchases, sales or redemption of the Company's listed securities by the Company and any of its subsidiaries during the six months ended 30 September 2013.

## **AUDIT COMMITTEE**

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

The audit committee has reviewed the unaudited consolidated financial statements of the Group for the six months ended 30 September 2013 and is of the opinion that such statements comply with the applicable accounting standards and requirement, and that adequate disclosure have been made.

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

Hong Kong, 11 November 2013

*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, Wan Tak Shing and Loo Hong Shing Vincent.*