



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 2014

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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 2014 was approximately HK\$365.5 million, representing a 18.2% decrease from that of the Last Corresponding Period.

Profit attributable to equity holders of the Company for the six months ended 30 September 2014 was approximately HK\$10.6 million, representing a 57.5% decrease from that of the Last Corresponding Period.

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2014 (2013: HK\$14.8 million special dividend).

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

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 (the “Group”) for the three months ended 30 September 2014 and six months ended 30 September 2014 (“Current Period”) together with the unaudited comparative figures for the corresponding periods in 2013 (“Last Corresponding Period”).

The audit committee, comprising all of the independent non-executive Directors, has reviewed the unaudited interim condensed consolidated results of the Group for the three months ended 30 September 2014 and six months ended 30 September 2014 and is of the opinion that such results comply with the applicable accounting standards and requirement, and that adequate disclosure has been made.

CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	<i>Notes</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Revenue	4	179,689	196,841	365,507	446,971
Cost of sales	6	(164,311)	(189,228)	(339,833)	(399,839)
Gross profit		15,378	7,613	25,674	47,132
Selling expenses	6	(641)	(784)	(1,350)	(1,798)
General and administrative expenses	6	(3,672)	(5,468)	(8,108)	(11,619)
Other income		157	18	671	248
Operating profit		11,222	1,379	16,887	33,963
Gain on deemed partial disposal of a joint venture		633	–	633	–
Share of loss of a joint venture		(982)	–	(1,527)	–
Finance costs	5	(1,077)	(831)	(2,263)	(2,100)
Profit before income tax		9,796	548	13,730	31,863
Income tax expense	7	(1,841)	(326)	(3,154)	(6,980)
Profit attributable to equity holders of the Company		7,955	222	10,576	24,883
Earnings per share attributable to equity holders of the Company					
Basic and diluted	8	HK3.19 cents	HK0.11 cents	HK4.25 cents	HK13.21 cents
Dividends	9	–	14,830	–	14,830

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2014	2013	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Comprehensive income				
Profit for the period	7,955	222	10,576	24,883
Other comprehensive income				
Currency translation differences	<u>59</u>	<u>97</u>	<u>43</u>	<u>358</u>
Total comprehensive income attributable to equity holders of the Company	<u><u>8,014</u></u>	<u><u>319</u></u>	<u><u>10,619</u></u>	<u><u>25,241</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited 30 September 2014 HK\$'000	Audited 31 March 2014 HK\$'000
	<i>Notes</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	<i>10</i>	52,538	52,169
Investment in a joint venture		23,174	24,010
Non-current deposits	<i>11</i>	196	196
Deferred tax assets		–	36
		<u>75,908</u>	<u>76,411</u>
		<u>75,908</u>	<u>76,411</u>
Current assets			
Inventories		74,408	86,736
Trade receivables	<i>11</i>	75,732	48,231
Deposits, prepayments and other receivables	<i>11</i>	4,080	12,243
Amount due from a joint venture		3,691	3,683
Pledged structured deposits at banks	<i>14</i>	–	15,298
Bank deposits with original maturity over three months	<i>15</i>	–	29,510
Cash and cash equivalents		96,305	119,734
		<u>254,216</u>	<u>315,435</u>
		<u>254,216</u>	<u>315,435</u>
Total assets		<u>330,124</u>	<u>391,846</u>
		<u>330,124</u>	<u>391,846</u>
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	<i>16</i>	2,490	2,490
Other reserves		109,446	109,403
Retained earnings		66,858	56,282
		<u>178,794</u>	<u>168,175</u>
Total equity		<u>178,794</u>	<u>168,175</u>
		<u>178,794</u>	<u>168,175</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited	Audited
	30 September	31 March
	2014	2014
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	<u>34</u>	–
	<u>34</u>	–
Current liabilities		
Trade payables	12 867	41,667
Other payables and accrued expenses	12 2,778	2,576
Borrowings	13 144,054	177,210
Current income tax liabilities	<u>3,597</u>	<u>2,218</u>
	<u>151,296</u>	<u>223,671</u>
Total liabilities	<u>151,330</u>	<u>223,671</u>
Total equity and liabilities	<u>330,124</u>	<u>391,846</u>
Net current assets	<u>102,920</u>	<u>91,764</u>
Total assets less current liabilities	<u>178,828</u>	<u>168,175</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			
HK\$'000	HK\$'000	HK\$'000 <i>Note (a)</i>	HK\$'000 <i>Note (b)</i>	HK\$'000 <i>Note (c)</i>	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For 6 months ended 30 September 2013									
Balance as at 1 April 2013	100	-	50,374	2,480	1,042	3,300	57,196	54,322	111,618
Comprehensive income									
Profit for the period	-	-	-	-	-	-	-	24,883	24,883
Other comprehensive income									
Currency translation differences	-	-	-	-	-	358	358	-	358
Total comprehensive income	-	-	-	-	-	358	358	24,883	25,241
Transaction with owners									
Issuance of shares by placing	690	61,410	-	-	-	-	61,410	-	62,100
Capitalisation issue	1,700	(1,700)	-	-	-	-	(1,700)	-	-
Listing and share issuance 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>
For 6 months ended 30 September 2014									
Balance as at 1 April 2014	2,490	51,806	50,374	2,480	1,042	3,701	109,403	56,282	168,175
Comprehensive income									
Profit for the period	-	-	-	-	-	-	-	10,576	10,576
Other comprehensive income									
Currency translation differences	-	-	-	-	-	43	43	-	43
Total comprehensive income	-	-	-	-	-	43	43	10,576	10,619
Balance as at 30 September 2014	<u>2,490</u>	<u>51,806</u>	<u>50,374</u>	<u>2,480</u>	<u>1,042</u>	<u>3,744</u>	<u>109,446</u>	<u>66,858</u>	<u>178,794</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 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 ("PRC") is required to transfer 10% of its profit after income tax calculated in accordance with the PRC accounting standards and systems 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	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash (used in)/generated from operating activities	(31,241)	51,876
Net cash generated from investing activities	43,253	3
Net cash used in financing activities	(35,419)	(47,255)
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(23,407)	4,624
Cash and cash equivalents as at 1 April	119,734	103,392
Effect of foreign exchange rates changes on cash and cash equivalents	(22)	22
	<hr/>	<hr/>
Cash and cash equivalents as at 30 September	<u>96,305</u>	<u>108,038</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") on 9 September 2013 (the "Listing").

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

This interim condensed consolidated financial information has not been audited.

2. BASIS OF PREPARATION

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

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

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

3. ACCOUNTING POLICIES

The accounting policies adopted in preparing the interim condensed consolidated financial information are consistent with those adopted in the preparation of the Group's annual financial statements for the year ended 31 March 2014, 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 2014.

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

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

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

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

4. REVENUE AND SEGMENT INFORMATION

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

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

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

	Unaudited Three months		Unaudited Six months	
	ended 30 September 2014	2013	ended 30 September 2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
CPU chips	61,608	–	124,729	–
DRAM chips	30,842	92,778	75,542	239,660
DRAM modules	57,973	53,043	104,086	95,375
NAND flash chips	24,710	45,609	53,488	103,185
USB flash drives	3,363	5,261	5,083	8,558
Provision of assembly services	441	42	1,238	42
Others	752	108	1,341	151
	<u>179,689</u>	<u>196,841</u>	<u>365,507</u>	<u>446,971</u>

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

5. FINANCE COSTS

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Finance costs				
– Interest expenses on bank borrowings	1,077	824	2,263	2,088
– Interest expenses on finance lease liabilities	–	7	–	12
	<u>1,077</u>	<u>831</u>	<u>2,263</u>	<u>2,100</u>

6. EXPENSES BY NATURE

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

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Cost of inventories sold	163,453	187,369	338,934	395,586
Auditor's remuneration	225	510	458	521
Depreciation of property, plant and equipment	813	932	1,593	1,857
Advertising expenses	12	233	12	391
Freight and transportation expenses	91	135	182	465
Listing expenses	–	900	–	3,660
Other legal and professional fees	121	300	495	373
Employee benefit expenses	2,882	3,514	6,002	6,808
Reversal of impairment of trade receivables	–	(334)	–	(334)
Reversal of impairment of inventory	–	–	(1,000)	–
Operating lease rentals of premises	165	290	354	580
Utilities expense	140	191	255	383
Others	722	1,440	2,006	2,966
Total	<u>168,624</u>	<u>195,480</u>	<u>349,291</u>	<u>413,256</u>

7. INCOME TAX EXPENSE

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current income tax:				
– Hong Kong profits tax	1,813	326	3,085	6,980
Deferred income tax				
– Hong Kong profits tax	28	–	69	–
	<u>1,841</u>	<u>326</u>	<u>3,154</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.

8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to the equity holders of the Company for the three months ended 30 September 2014 and six months ended 30 September 2014 of approximately HK\$7,955,000 and HK\$10,576,000 respectively (three months ended 30 September 2013 and six months ended 30 September 2013: HK\$222,000 and HK\$24,883,000 respectively), and of the weighted average number of approximately 249,000,000 and 249,000,000 (three months ended 30 September 2013 and six months ended 30 September 2013: 196,681,000 and 188,295,000) 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.

9. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2014 (2013: HK\$14.8 million special dividend).

10. PROPERTY, PLANT AND EQUIPMENT

	Unaudited Six months ended 30 September 2014 HK\$'000
Opening balance	52,169
Additions	1,958
Depreciation	(1,593)
Exchange realignment	4
	<hr/>
Closing balance	52,538
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11. TRADE RECEIVABLES AND DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Unaudited 30 September 2014 HK\$'000	Audited 31 March 2014 HK\$'000
Non-current		
Non-current deposits	196	196
	<hr/> <hr/>	<hr/> <hr/>
Current		
Trade receivables	75,732	48,231
	<hr/> <hr/>	<hr/> <hr/>
Deposits	110	110
Prepayments	3,946	11,680
Value added tax receivables	17	60
Other receivables	7	393
	<hr/>	<hr/>
Deposits, prepayments and other receivables	4,080	12,243
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The aging analysis of trade receivables based on invoice dates is as follows:

	Unaudited 30 September 2014 HK\$'000	Audited 31 March 2014 HK\$'000
1 – 30 days	45,183	40,062
31 – 60 days	30,545	8,110
61 – 90 days	–	–
Over 90 days	4	59
	<hr/>	<hr/>
	75,732	48,231
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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 80 days.

12. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

	Unaudited 30 September 2014 HK\$'000	Audited 31 March 2014 HK\$'000
Trade payables	867	41,667
Other payables and accrued expenses:		
Accrued expenses	2,029	1,941
Receipt in advance	749	635
	<u>2,778</u>	<u>2,576</u>
Total	<u><u>3,645</u></u>	<u><u>44,243</u></u>

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

	Unaudited 30 September 2014 HK\$'000	Audited 31 March 2014 HK\$'000
1 – 30 days	11	40,242
31 – 60 days	15	414
61 – 90 days	572	720
Over 90 days	269	291
	<u>867</u>	<u>41,667</u>

13. BORROWINGS

	Unaudited 30 September 2014 HK\$'000	Audited 31 March 2014 HK\$'000
Bank loans	28,169	63,231
Trust receipt loans	115,885	113,979
	<u>144,054</u>	<u>177,210</u>

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:

	Unaudited 30 September 2014 HK\$'000	Audited 31 March 2014 HK\$'000
Bank loans		
Within one year	10,534	40,553
Between one and two years	3,348	7,375
Between two and five years	6,342	6,270
Over five years	7,945	9,033
	<u>28,169</u>	<u>63,231</u>
Trust receipt loans		
Within one year	<u>115,885</u>	<u>113,979</u>

Borrowings of the Group are denominated in the following currencies:

	Unaudited 30 September 2014 HK\$'000	Audited 31 March 2014 HK\$'000
HK\$	18,986	20,857
US\$	<u>125,068</u>	<u>156,353</u>
	<u>144,054</u>	<u>177,210</u>

14. PLEDGED STRUCTURED DEPOSITS AT BANKS

As at 31 March 2014, the Group's structured deposits at banks were denominated in RMB, interest bearing at 2.20% per annum, with maturity of six months and pledged as security of the Group's bank borrowings as at 31 March 2014.

Pledged structured deposits at banks are non-derivative financial assets with fixed and determinable interest payment which are not quoted in an active market.

15. BANK DEPOSITS WITH ORIGINAL MATURITY OVER THREE MONTHS

As at 31 March 2014, the Group's bank deposits with original maturity over three months was denominated in RMB and interest bearing at 2.65% per annum.

16. SHARE CAPITAL

	Unaudited 30 September 2014		Audited 31 March 2014	
	Number of shares '000	Amount HK\$'000	Number of shares '000	Amount HK\$'000
<i>Issued and fully paid:</i>				
Ordinary shares of HK\$0.01 each				
At beginning of the period	249,000	2,490	10,000	100
Capitalisation issue (<i>Note (i)</i>)	–	–	170,000	1,700
Share issued by placing (<i>Note (i)</i>)	–	–	69,000	690
	<u>–</u>	<u>–</u>	<u>69,000</u>	<u>690</u>
At end of the period	<u>249,000</u>	<u>2,490</u>	<u>249,000</u>	<u>2,490</u>

Note:

- (i) 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.

17. COMMITMENTS

(a) Operating lease commitments

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

	Unaudited 30 September 2014 HK\$'000	Audited 31 March 2014 HK\$'000
Not later than 1 year	880	641
Later than 1 year not later than 5 years	<u>800</u>	<u>1,120</u>
	<u>1,680</u>	<u>1,761</u>

(b) Capital commitments

There is no significant capital commitment as at 31 March 2014 and 30 September 2014.

18. CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 31 March 2014 and 30 September 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Business Review and Prospect

Looking back on the first half of 2014, as leading suppliers controlled the output, DRAM and flash memory market featured a stable order and the industry maintained a sustained development momentum for a long term. In the second quarter of this year, although the DRAM market was influenced by the rumor of new capacity expansion, which resulted in a wait-and-see market sentiment, DRAM market in the second quarter experienced conservative demands. However, riding on the prudent business strategy and strict inventory control, the Group managed to maintain stable earnings amid rapid market changes in the second quarter, thus further enhancing the development of existing business development and paving the way towards a more robust long-term business model.

After the supply and demand conditions became determined in the second quarter, the short-term correction of conservative demands in DRAM and flash memory market is expected to come to an end; the market is still positive about global conditions, and channels and customers will begin to make arrangement for year-end inventory. The Group will continue to devote itself to the operation scale and development of core business, with a hope of bringing more returns to shareholders in the second half of 2014.

Bozhou Botong Supply Chain Co., Ltd. (“JV Company”) is expected to officially commence production as scheduled in the second half of 2014. The JV Company has resolved to increase its registered capital (“Capital Increase”) on 29 July 2014 (reference to the announcement of the Company dated 30 July 2014). In order to balance the Group’s financial resources with the amount of business risk of the JV Company, the Group did not contribute to the Capital Increase of the JV Company. Following completion of the Capital Increase, the Group’s equity interests in the JV Company will be diluted from 35% to 16.74%. Upon completion of the Capital Increase, there will be no significant changes in the accounting treatment of the JV investment, and the JV Company will continue to be accounted for under equity method and no significant impact on both the Group’s consolidated statement of financial position and consolidated income statement is expected.

The Capital Increase was completed on 31 October 2014 (reference to the announcement of the Company dated 6 November 2014).

FINANCIAL REVIEW

The Group's revenue decreased by approximately 18.2% from approximately HK\$447.0 million to approximately HK\$365.5 million for the six months ended 30 September 2014 as compared with the Last Corresponding Period.

Decrease in revenue was mainly resulted from decrease in trading orders of DRAM chips and NAND flash due to the reduced market demand, which was partially offset by the trading of a new product, namely CPU chips, from early 2014.

Gross profit margin 7.0% were recorded for the Current Period and 10.5% were recorded for the Last Corresponding Period. Such decrease was mainly caused by the fluctuation in market price of raw materials during the Current Period.

General and administrative expenses for the Current Period decreased by approximately HK\$3.5 million, representing a 30.2% decrease from the Last Corresponding period. This was mainly caused by the decrease in listing expenses, which was partially offset by increase in employee benefit expenses.

The decrease in profit attributable to equity holders of the Company by approximately HK\$14.3 million, or 57.5% for the Current Period was mainly attributable to the decline in revenue and gross profit which was partially offset by the decrease in expenses and income tax expenses.

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

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 2014 (the "Prospectus") with the Group's actual business progress up to 30 September 2014 (the "Review Period") is set out below:

Business plan for the Review Period	Actual business progress up to 30 September 2014
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Increase market share

- expand our sales and marketing team to focus on soliciting of new customers Employed 5 new personnel

Business plan for the Review Period

- continue to participate in electronic and computer products exhibitions

Actual business progress up to 30 September 2014

Participated in the Hong Kong Electronics Fair (Autumn Edition) 2013 held in October 2013.

Strengthen R&D and design capability

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

Rescheduled to the period from 1 October 2014 to 31 March 2015. The Group had entered into a joint venture contract in relation to the establishment of the JV Company as disclosed in the announcement dated 15 November 2013. To further develop DRAM Modules and USB market in the PRC, the Group had disposed two SMT production lines to the JV Company and was undergoing installation and testing process. The Group will proceed these business plans after production runs smoothly in the JV Company.

Enhance quality control and improve production capability

- purchase of quality control, testing and other ancillary machines
- purchase of various DRAM module testing software and hardware

Use of Proceeds

The net proceeds from the Placing were approximately HK\$36 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 Placing.

During the Review Period, the net proceeds from the Placing had been applied as follows:

	Intended use of proceeds as shown in the Prospectus during the Review Period <i>HK\$'000</i>	Actual use of proceeds during the Review Period <i>HK\$'000</i>
Increase market share	2,620	713
Strengthen R&D and design capability	3,310	–
Enhance quality control and improve production capability	1,370	–
General working capital	<u>600</u>	<u>600</u>
	<u><u>7,900</u></u>	<u><u>1,313</u></u>

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 2014, 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
Ms. Lau Wing Sze	Beneficial owner	1,227,000	0.49

- (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 2014, so far as it was known by or otherwise notified to any Directors or the chief executive of the Company, the following interest of which would fall to be disclosed under Divisions 2 and 3 of part XV of the SFO, or the particulars of the corporations or persons (other than a Director or the chief executive of the Company) which had 5% or more interests in the Shares and the underlying Shares as recorded in the register kept under section 336 of the SFO were as follows:

Long positions in ordinary shares of the Company

Name	Nature of interest	Number of shares held	Approximate percentage of issued share capital
Forever Star Capital Limited	Beneficial owner	179,640,000	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 complies with Chapter 23 of the GEM Listing Rules governing share option schemes of listed companies. A summary of the principal terms of the Share Option Scheme is set out in the paragraph headed "Share Option Scheme" in Appendix V to the Company's Prospectus.

During the six months ended 30 September 2014, no option was granted, exercised or lapsed under the Share Option Scheme.

INTEREST OF COMPLIANCE ADVISER

As notified by China Everbright Capital Limited (“China Everbright”), the Company’s compliance adviser, except for the compliance adviser agreement entered into between the Company and dated 17 June 2014, neither China Everbright nor any of its directors or employees or associates had any material interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) as at 30 September 2014 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 2014, 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 2014.

CORPORATE GOVERNANCE

The Board is of the view that the Company has met the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 to the GEM Listing Rules throughout the six months ended 30 September 2014.

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 2014.

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 condensed consolidated financial information of the Group for the six months ended 30 September 2014 and is of the opinion that such information complies with the applicable accounting standards and requirement, and that adequate disclosure has been made.

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

Hong Kong, 10 November 2014

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.