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

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8036)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2014

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.

This announcement, for which the directors (the “Directors”) of Goldenmars Technology Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on 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 announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting. This announcement will also be posted on the website of the Company at www.goldenmars.com.

HIGHLIGHTS

Turnover for the year ended 31 March 2014 was approximately HK\$788 million, representing a 54% increase from that of the Last Corresponding Year.

Profit attributable to equity holders of the Company for the year ended 31 March 2014 was approximately HK\$17 million, representing a 6% decrease from that of the Last Corresponding Year.

Basic and diluted earnings per share attributable to the equity holders of the Company for the year ended 31 March 2014 and Last Corresponding Year were approximately HK7.68 cents and HK9.93 cents, respectively.

No final dividend in respect of the year ended 31 March 2014 was proposed.

The board of Directors (the “Board”) of Goldenmars Technology Holdings Limited (the “Company”) is pleased to announce the following audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2014 (“Current Year”) together with the audited comparative figures for the year ended 31 March 2013 (“Last Corresponding Year”).

A summary of the results and of the assets and liabilities of the Group for the last three financial years is set out as follows:

FINANCIAL HIGHLIGHTS

	Year ended 31 March		
	2014	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	787,650	511,799	461,715
Gross profit	52,530	49,809	45,799
Profit before income tax	24,243	23,891	83,504
Profit attributable to equity holders of the Company	16,790	17,876	76,500
Total assets	391,846	287,664	264,039
Total liabilities	223,671	176,046	170,449
Net assets	168,175	111,618	93,590

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2014

		Year ended 31 March	
		2014	2013
	Note	HK\$'000	HK\$'000
Revenue	3	787,650	511,799
Cost of sales	4	<u>(735,120)</u>	<u>(461,990)</u>
Gross profit		52,530	49,809
Selling expenses	4	(3,740)	(3,399)
General and administrative expenses	4	(19,766)	(19,984)
Other (loss)/income	5	<u>(1,079)</u>	<u>552</u>
Operating profit		27,945	26,978
Share of loss of a joint venture	10	(228)	–
Finance costs	6	<u>(3,474)</u>	<u>(3,087)</u>
Profit before income tax		24,243	23,891
Income tax expense	7	<u>(7,453)</u>	<u>(6,015)</u>
Profit for the year attributable to equity holders of the Company		<u>16,790</u>	<u>17,876</u>
Earnings per share attributable to the equity holders of the Company (Expressed in HKD per share)			
Basic and diluted	8	<u>HK7.68 cents</u>	<u>HK9.93 cents</u>
Dividends	9	<u>14,830</u>	<u>–</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2014

	Year ended 31 March	
	2014	2013
	HK\$'000	HK\$'000
Comprehensive income		
Profit for the year	16,790	17,876
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Currency translation differences	<u>401</u>	<u>152</u>
Total comprehensive income for the year attributable to equity holders of the Company	<u><u>17,191</u></u>	<u><u>18,028</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

		As at 31 March	
		2014	2013
	Note	HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		52,169	60,305
Investment in a joint venture	10	24,010	–
Non-current deposits	11	196	196
Deferred tax assets		36	–
		<hr/>	<hr/>
		76,411	60,501
		<hr/>	<hr/>
Current assets			
Inventories		86,736	86,179
Trade receivables	11	48,231	5,698
Deposits, prepayments and other receivables	11	12,243	5,096
Amounts due from related parties		–	26,798
Amount due from a joint venture		3,683	–
Pledged structured deposits at banks		15,298	–
Bank deposits with original maturity over three months		29,510	–
Cash and cash equivalents		119,734	103,392
		<hr/>	<hr/>
		315,435	227,163
		<hr/>	<hr/>
Total assets		391,846	287,664
		<hr/>	<hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 March 2014

		As at 31 March	
	<i>Note</i>	2014	2013
		HK\$'000	HK\$'000
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	12	2,490	100
Other reserves		109,403	57,196
Retained earnings		<u>56,282</u>	<u>54,322</u>
Total equity		<u>168,175</u>	<u>111,618</u>
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		<u>–</u>	<u>15</u>
		<u>–</u>	<u>15</u>
Current liabilities			
Trade payables	13	41,667	1,772
Other payables and accrued expenses		2,576	3,534
Amounts due to related parties		–	13,066
Borrowings		177,210	154,637
Finance lease liabilities		–	1,130
Current income tax liabilities		<u>2,218</u>	<u>1,892</u>
		<u>223,671</u>	<u>176,031</u>
Total liabilities		<u>223,671</u>	<u>176,046</u>
Total equity and liabilities		<u>391,846</u>	<u>287,664</u>
Net current assets		<u>91,764</u>	<u>51,132</u>
Total assets less current liabilities		<u>168,175</u>	<u>111,633</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014

		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
Note		HK\$'000	HK\$'000	Note (a) HK\$'000	Note (b) HK\$'000	Note (c) HK\$'000	HK\$'000	HK\$'000	HK\$'000	
For the year ended 31 March 2013										
	Balance at 1 April 2012	100	–	50,374	2,480	1,042	3,148	57,044	36,446	93,590
Comprehensive income										
	Profit for the year	–	–	–	–	–	–	–	17,876	17,876
Other comprehensive income										
	Currency translation differences	–	–	–	–	–	152	152	–	152
	Total comprehensive income	–	–	–	–	–	152	152	17,876	18,028
	Balance at 31 March 2013	<u>100</u>	<u>–</u>	<u>50,374</u>	<u>2,480</u>	<u>1,042</u>	<u>3,300</u>	<u>57,196</u>	<u>54,322</u>	<u>111,618</u>
For the year ended 31 March 2014										
	Balance at 1 April 2013	100	–	50,374	2,480	1,042	3,300	57,196	54,322	111,618
Comprehensive income										
	Profit for the year	–	–	–	–	–	–	–	16,790	16,790
Other comprehensive income										
	Currency translation differences	–	–	–	–	–	401	401	–	401
	Total comprehensive income	–	–	–	–	–	401	401	16,790	17,191
Transaction with owners										
	Issuance of shares by placing	12(b) 690	61,410	–	–	–	–	61,410	–	62,100
	Capitalisation issue	12(c) 1,700	(1,700)	–	–	–	–	(1,700)	–	–
	Listing and share issuance expenses	–	(7,904)	–	–	–	–	(7,904)	–	(7,904)
	Special dividend declared on 21 August 2013	9	–	–	–	–	–	–	(14,830)	(14,830)
	Balance at 31 March 2014	<u>2,490</u>	<u>51,806</u>	<u>50,374</u>	<u>2,480</u>	<u>1,042</u>	<u>3,701</u>	<u>109,403</u>	<u>56,282</u>	<u>168,175</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 March 2014

Notes:

(a) Merger reserve

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

(b) Capital reserve

The Group's capital reserve represents deemed contribution by the Controlling Shareholders as 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 their directors' discretion. The statutory reserve can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to equity holders of the PRC subsidiary in proportion to their existing shareholding or by increasing the par value of the shares currently held by them, provided that the remaining balance of the statutory reserve after such issue is no less than 25% of share capital of the PRC subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

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

The Company’s shares have been listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (“the Stock Exchange”) since 9 September 2013.

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

2. SUMMARY OF ACCOUNTING POLICIES

Basis of preparation

Pursuant to a reorganisation in preparation for the listing of the Company’s shares on the Stock Exchange (“the Reorganisation”) which was completed on 27 June 2012, the Company became the holding company of the other companies comprising the Group. As the Reorganisation is merely a reorganisation of the businesses previously undertaken by the group companies with no change in management and ultimate owners, the accompanying financial statements are presented using the historical carrying values of the businesses as if the current group structure has been in existence since 1 April 2012.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) and under the historical cost convention.

The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements will be disclosed in the Group’s annual report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Basis of preparation (Continued)

- (a) New standards, amendments and interpretations which are relevant to the Group's operations and are mandatory for the financial year beginning on or after 1 April 2013:

Amendment to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendment to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
Amendment to HKFRS 10, 11 and 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 13	Fair value measurement
HKAS 27 (Revised 2011)	Separate Financial Statements
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures
Annual Improvements Project	Annual Improvements 2009 -2011 Cycle

The adoption of the new standards, amendments and interpretations does not have any significant effect on the results and financial position of the Group except for certain additional disclosure in the consolidated financial statements.

- (b) The following new standards, amendments and interpretations are relevant to the Group, but not yet effective for accounting periods beginning on 1 April 2013 and have not been early adopted:

		Effective for annual periods beginning on or after
HKFRS 9	Financial Instruments	To be determined
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosures	1 January 2015
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (Revised 2011)	Investment Entities	1 January 2014
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendment to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendment to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
HK(IFRIC) – Int 21	Levies	1 January 2014
Annual Improvements Project	Annual Improvements to HKFRSs	1 July 2014

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. REVENUE AND SEGMENT INFORMATION

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

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

Revenue of the Group is analysed as follows:

	Year ended 31 March	
	2014	2013
	HK\$’000	HK\$’000
Sales of DRAM chips	354,782	223,288
Sales of DRAM modules	195,201	173,346
Sales of NAND flash chips	165,470	87,744
Sales of CPU chips	50,824	–
Sales of USB flash drives	20,154	24,719
Provision of assembly services	505	1,866
Others	714	836
	<u>787,650</u>	<u>511,799</u>

All sales of the Group were carried out by a subsidiary in Hong Kong.

Revenue from the top five customers is as follows:

	Year ended 31 March	
	2014	2013
	HK\$’000	HK\$’000
Revenue from top five customers	471,796	305,543
Total revenue	787,650	511,799
Percentage	60%	60%

Number of customers that individually accounted
for more than 10% of the Group’s revenue

3 3

For the year ended 31 March 2014, there were three customers that individually accounted for approximately 19%, 14% and 13% (2013: 20%, 12% and 10%) of the Group’s revenue respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

The Group's total non-current assets (excluding investment in a joint venture) are located in the following regions:

	As at 31 March	
	2014	2013
	HK\$'000	HK\$'000
Hong Kong	49,524	51,388
The PRC	2,744	9,113
Others	133	—
	<u>52,401</u>	<u>60,501</u>

4. EXPENSES BY NATURE

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

	Year ended 31 March	
	2014	2013
	HK\$'000	HK\$'000
Cost of inventories sold	724,642	452,367
Provision for impairment of inventories	3,576	1,674
Auditor's remuneration	1,000	1,346
Depreciation of property, plant and equipment	3,729	4,161
Advertising expenses	557	844
Freight and transportation expense	934	1,271
Listing expenses	3,660	6,918
Other legal and professional fees	1,348	88
Employee benefit expenses	12,532	11,237
Commission expense	213	25
Operating lease rentals of premises	1,127	1,125
Utilities expense	629	620
Others	4,679	3,697
Total	<u>758,626</u>	<u>485,373</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. OTHER (LOSS)/INCOME

	Year ended 31 March	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Freight income	54	101
Finance income	392	9
Exchange losses	(1,237)	(255)
Repair and testing income	622	395
(Loss)/gain on disposal of property, plant and equipment	(1,078)	200
Others	168	102
	<u> </u>	<u> </u>
Total	<u><u>(1,079)</u></u>	<u><u>552</u></u>

6. FINANCE COSTS

	Year ended 31 March	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Finance costs		
– Interest expense on bank borrowings	3,455	3,052
– Interest expense on finance lease liabilities	19	35
	<u> </u>	<u> </u>
	<u><u>3,474</u></u>	<u><u>3,087</u></u>

7. INCOME TAX EXPENSE

	Year ended 31 March	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current income tax:		
– Hong Kong profits tax	7,332	6,648
– PRC Corporate Income Tax	–	–
Under/(over)-provision in prior years	172	(321)
Deferred income tax		
– Hong Kong profits tax	(51)	(312)
	<u> </u>	<u> </u>
	<u><u>7,453</u></u>	<u><u>6,015</u></u>

The Group is subject to both Hong Kong profits tax and PRC Corporate Income Tax.

Hong Kong profits tax has been provided for at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits arising in or derived from Hong Kong. The subsidiary in the PRC is subjected to PRC corporate income tax at the rate of 25% (2013: 25%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. EARNINGS PER SHARE

(a) Basic

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

	Year ended 31 March	
	2014	2013
Profit attributable to equity holders of the Company (HK\$'000)	<u>16,790</u>	<u>17,876</u>
Weighted average number of ordinary shares in issue (Note 12)	<u>218,564,384</u>	<u>180,000,000</u>
Basic earnings per share	<u>HK7.68 cents</u>	<u>HK9.93 cents</u>

In determining the number of ordinary shares in issue for the year ended 31 March 2013, total of 180,000,000 ordinary shares were deemed to be in issue since 1 April 2012.

(b) Diluted

There were no potential dilutive ordinary shares outstanding during the year ended 31 March 2014 and hence the diluted earnings per share are the same as basic earnings per share (2013: same).

9. DIVIDENDS

	Year ended 31 March	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Dividends paid (Note (a))	14,830	–
Proposed final dividends (Note (b))	<u>–</u>	<u>–</u>
	<u>14,830</u>	<u>–</u>

(a) Dividends paid

On 21 August 2013, the Company declared a special dividend of HK\$14,830,000 to its then shareholders. Dividends of approximately HK\$14,800,000 were settled through current accounts with shareholders prior to the Company's listing in August 2013 and the remaining amount of approximately HK\$30,000 were paid during the year.

(b) Proposed final dividends

No final dividend in respect of the year ended 31 March 2014 was proposed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. INVESTMENT IN A JOINT VENTURE

	As at 31 March 2014 HK\$'000
At beginning of the year	–
Unlisted investment, at cost	24,238
Share of loss for the year	(228)
	<u>24,010</u>
At end of the year	<u>24,010</u>

Details of the joint venture is as follows:

Name of entity	Place of incorporation	Principal activities	Particulars of capital	Interest held by the Group
Bozhou Botong Supply Chain Co., Limited	The PRC	Manufacturing and selling of smartphone and computer peripheral products	RMB55,000,000 registered capital	35%

11. TRADE RECEIVABLES AND DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 March	
	2014 HK\$'000	2013 HK\$'000
Non-current		
Non-current deposits	<u>196</u>	<u>196</u>
Current		
Trade receivables	48,231	6,044
Less: provision for impairment	–	(346)
Trade receivables	<u>48,231</u>	<u>5,698</u>
Deposits	110	368
Prepayments	11,680	395
Prepaid listing expenses	–	4,041
Value added tax receivables	60	183
Other receivables	<u>393</u>	<u>109</u>
Deposits, prepayments and other receivables	<u>12,243</u>	<u>5,096</u>
Total trade receivables and deposits, prepayments and other receivables	<u>60,670</u>	<u>10,990</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. TRADE RECEIVABLES AND DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

As at 31 March 2014 and 2013, the directors consider that the carrying amounts of trade receivables and deposits, prepayments and other receivables approximate their fair value.

The Group grants credit period ranges from 5 days to 70 days (2013: 10 days to 60 days) to certain customers. The aging analysis of trade receivables (mostly denominated in US\$) at the date of the statement of financial position is as follows:

	As at 31 March	
	2014 HK\$'000	2013 HK\$'000
1 – 30 days	40,062	5,319
31 – 60 days	8,110	24
61 – 90 days	–	313
Over 90 days	59	388
	48,231	6,044

12. SHARE CAPITAL

The Group and the Company

Authorised shares:

The total authorised number of ordinary shares is 8,000 million shares (2013: 8,000 million shares) with a par value of HK\$0.01 per share (2013: HK\$0.01 per share).

Issued shares:

	Number of shares issued and fully paid	Share capital HK'000
As at 31 March 2012	1	–
Issue of shares (<i>Note (a)</i>)	9,999,999	100
	10,000,000	100
As at 31 March 2013	10,000,000	100
As at 31 March 2013	10,000,000	100
Issuance of shares by placing (<i>Note (b)</i>)	69,000,000	690
Capitalisation issue (<i>Note (c)</i>)	170,000,000	1,700
	249,000,000	2,490
As at 31 March 2014	249,000,000	2,490

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. SHARE CAPITAL (CONTINUED)

Note:

- (a) On 27 June 2012, 9,999,999 shares were allotted and issued at par value of HK\$0.01 each at consideration of HK\$100,000.
- (b) On 9 September 2013, the Company issued 69,000,000 ordinary shares of HK\$0.01 each at price of HK\$0.90 each through placement for an aggregate consideration of approximately HK\$62,100,000.
- (c) On 9 September 2013, pursuant to a shareholders' resolution dated 21 August 2013, 170,000,000 shares of the Company were issued to the then shareholders of the Company, which were paid up by the capitalisation of the share premium account of the Company.

13. TRADE PAYABLES

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

	As at 31 March	
	2014	2013
	HK\$'000	HK\$'000
1 – 30 days	40,242	113
31 – 60 days	414	20
61 – 90 days	720	659
Over 90 days	291	980
	<u>41,667</u>	<u>1,772</u>

14. 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:

	Year ended 31 March	
	2014	2013
	HK\$'000	HK\$'000
Not later than 1 year	641	629
Later than 1 year and not later than 5 years	1,120	1,729
	<u>1,761</u>	<u>2,358</u>

(b) Capital commitments

As at 31 March 2014, there is no significant capital commitment.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECT

Business Review

Looking back at 2013, the consolidation of the DRAM industry has gradually contributed to a better balance between supply and demand, with the market predominated by three major brands, namely Samsung, SK Hynix and Micron. Adjustments to production capacities by DRAM chips plants, coupled with the fire accident at SK Hynix factory in September 2013, led to a steady rise in DRAM demand. Attributed to the industry development in 2013, the Group's sales amount for the current year increased 54% over that of last year, and riding on the robust business strategy and appropriate inventory management, the Group was able to obtain full support from suppliers while effectively satisfying customer needs at the same time. The robust business model not only enhanced customer confidence in the Group, but also increased our market share significantly, creating a win-win situation for the Group and its customers.

Since its establishment in late 2013, the Taiwan branch has already contributed approximately 9% of the Group's sales volume in just a few months. The newly recruited sales force significantly boosted the Group's market share and further consolidated the Group's business development.

In November 2013, using the cash flows from business operations of the Group, the Group entered into a joint venture agreement with VST Computers (H.K) Limited (a wholly-owned subsidiary of VST Holdings Limited, a company listed on the Main Board of Hong Kong) and Bozhou Shichuang Investment Company Limited to acquire a 35% interest in a Chinese-foreign equity joint venture, Bozhou Botong Supply Chain Co., Ltd. (the "JV") (Note 10) in Bozhou city, Anhui Province, the PRC for the purposes of research and development, production and sale of smartphones and computer peripheral products.

The capital contribution by each of the shareholders of the JV was already in place. The relevant production equipment for the JV, has also been delivered and installed. The JV is expected to commence production in the second half of 2014.

Outlook

The Group believes that with the steady rise in the demand for cloud-related applications, coupled with the effect of the termination of updates and patches for Windows XP by Microsoft, the demand for DRAM will be boosted in the coming year. The Group's long-term and close cooperative relationships with suppliers and customers is conducive to further enhancing the scale of operation and competitive edge of the Group's core business.

The Taiwan branch will continue to contribute to the sales and development of the Group. The management will also examine the market conditions from time to time, and adjust its strategies and allocate resources in a timely manner, so as to cope with the overall development trend.

The Board considers that an appropriate allocation of resources to the development of related products in the electronics industry is conducive to the long-term development of the Group, and is in the interests of the Company and the shareholders as a whole. The investment in the JV, which allows the Group to broaden the scope of its business, is resolved based on industry outlook and product demand. The future dividend income from the JV will support continuous development of the Group, and deliver more stable and attractive returns for the Group in the future.

With the JV expected to officially commence operation in the second half of 2014, the Group will continue to move steadily forward under the established development policy to further expand its business scope in the electronics industry.

Looking forward, the Group will uphold its robust and healthy business strategies and proactively develop its business to achieve higher returns for the shareholders.

FINANCIAL REVIEW

Revenue and Gross Profit Margin

The Group's revenue increased by approximately 54% from HK\$512 million for the Last Corresponding Year to HK\$788 million for the Current Year.

Increase in revenue is mainly resulted from (i) new customers captured in the Current Year; (ii) trading of new products series, namely NAND Flash and CPU chips; (iii) increase in trading orders of DRAM chips as driven by market demand; and (iv) the setting up of Taiwan branch in late 2013.

Gross profit margin 6.7% was recorded for the Current Year and 9.7% was recorded for the Last Corresponding Year. Decrease in gross profit margin was mainly caused by the fluctuation in market price of DRAM chips and NAND Flash.

Selling Expenses

The increase in selling expenses was mainly resulted from the new sales force recruited for Taiwan branch.

General and Administrative Expenses

General and administrative expenses remains fairly stable for both the Current Year and Last Corresponding Year, which was mainly caused by the decrease in listing expenses and partially offset by the increase in other legal and professional fees and staff costs.

Other (Loss)/Income

It mainly represents loss on disposal of two SMT production lines to the JV at a fair price agreed by the relevant parties with reference to a valuation report.

Income Tax Expense

The increase in income tax expense was mainly due to the increase in Hong Kong assessable profits.

Profit Attributable to equity holders of the Company

The decrease in profit attributable to equity holders of the Company by approximately HK\$1 million for the Current Year was mainly attributable to the increase in income tax expense of approximately HK\$1.4 million.

Liquidity and Financial Resources

During the Current Year, the long-term funding and working capital required by the Group were primarily derived from income generated from its core business operations and the net proceeds from the Placing and were used to settle the suppliers trade payable. The Group's liquidity position was well-managed in the Current Year.

As at 31 March 2014, the Group's gearing ratio was approximately 20.1% (2013: 37.0%). This ratio is calculated as net debt divided by total capital (the sum of total equity and net debt), net debt is calculated as total borrowings less pledged structured deposits at banks and cash and cash equivalents. The improved gearing ratio is mainly caused by the increase in bank deposits and cash. Current ratio was slightly improved from 1.29 in the Last Corresponding Year to 1.41 in the Current Year.

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

Pledge of Assets

The Group has pledged the buildings and structured bank deposits with aggregate carrying values of approximately HK\$63 million as at 31 March 2014 (2013: buildings of HK\$49 million) to secure general banking facilities granted to the Group.

Contingent liabilities

The Group had no contingent liabilities as at 31 March 2014 and 2013.

Capital Structure

The shares of the Company were listed on GEM of the Stock Exchange on 9 September 2013 ("Listing Date"). There has been no change in the capital structure of the Company since the Listing Date. The capital of the Company comprises only ordinary shares.

Foreign Currency Exposure

The Group exposes to certain foreign currency risk primarily with respect to Renminbi and United States Dollars. During the Year, there was no material impact to the Group arising from the fluctuation in the exchange rates of these currencies. No hedging or other alternatives have been implemented.

As at 31 March 2014, the Group had no significant exposure to fluctuations in foreign exchange rates.

Employees and Emolument Policy

As at 31 March 2014, the Group had a total of 59 employees. Employee benefit expenses, including Directors' remuneration for the year ended 31 March 2014, amounted to approximately HK\$13 million (2013: 11 million). The Group's remuneration policy is based on position, duties and performance of the employees. The employees' remuneration varies according to their positions, which may include salary, overtime allowance, bonus and various subsidies. In addition, the Group has adopted a share option scheme for the purpose of providing incentives and rewards to eligible persons who contribute to the success of the Group's operations.

COMPETING INTEREST OF DIRECTORS, CONTROLLING SHAREHOLDERS AND THEIR RESPECTIVE ASSOCIATES

For the year ended 31 March 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 year ended 31 March 2014.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Board confirms that the Company has maintained a sufficient public float (i.e. at least 25% of the issued Shares were held by the public) as required by Rule 17.38A of the GEM Listing Rules since the Listing Date and up to the date of this report.

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

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities since the Listing Date.

CORPORATE GOVERNANCE

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

Before the Listing Date, the Company was not required to comply with the requirements under the code provisions set out in the Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules.

The Company has adopted the CG Code as its own code of corporate governance. During the period from the Listing Date to 31 March 2014, the Company had complied with the code provisions set out in the CG Code, to the extent applicable and permissible.

REVIEW BY AUDIT COMMITTEE

The audited consolidated financial statements of the Group for the year ended 31 March 2014 have been reviewed by the Audit Committee. The audit committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 March 2014 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made

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

Hong Kong, 23 June 2014

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