



TIMELESS SOFTWARE LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 8028)

RESULTS ANNOUNCEMENT

For the nine months ended 31 December 2015

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 announcement, for which the directors (the “Directors” or individually a “Director”) of TIMELESS SOFTWARE LIMITED (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (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.

The board of directors (“Board”) of the Company is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months and nine months ended 31 December 2015 together with the comparative unaudited figures for the corresponding periods in 2014 as follows:

Condensed Consolidated Statement of Comprehensive Income

For the three months and nine months ended 31 December 2015

	<i>Notes</i>	(Unaudited)			
		Three months ended		Nine months ended	
		31 December		31 December	
		2015	2014	2015	2014
		HK\$'000	<i>HK\$'000</i>	HK\$'000	<i>HK\$'000</i>
Turnover		26,445	58,802	137,329	116,444
Other income and gains		203	1,308	415	2,739
Purchase and production costs		(9,099)	(37,995)	(61,153)	(80,790)
Staff costs		(8,679)	(7,080)	(21,262)	(21,228)
Depreciation and amortisation		(1,004)	(1,072)	(12,013)	(3,004)
Other expenses		(4,627)	(6,842)	(24,409)	(17,940)
Net gains/(losses) on investments held for trading		(305)	–	(538)	226
Gain on disposal of subsidiaries	5	–	–	225	–
Finance costs		(276)	(231)	(861)	(2,034)
Share of losses of associates		(25)	(23)	(116)	(77)
		<hr/>	<hr/>	<hr/>	<hr/>
Profit/(loss) before tax		2,633	6,867	17,617	(5,664)
Income tax expense	2	(951)	(1,843)	(9,565)	(2,784)
		<hr/>	<hr/>	<hr/>	<hr/>
Profit/(loss) for the period		1,682	5,024	8,052	(8,448)

					(Unaudited)					
					Three months ended		Nine months ended			
					31 December		31 December			
					2015	2014	2015	2014		
Notes	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>						
Other comprehensive income/(loss), net of income tax										
<i>Items that may be reclassified subsequently to profit or loss:</i>										
Exchange differences on translating foreign operations	(6,821)	103	(15,206)	4,296						
Reclassification adjustment on exchange differences released upon disposal of subsidiaries	–	–	(4,565)	(14)						
Share of other comprehensive income/ (loss) of associates	(2,432)	–	(197)	747						
Other comprehensive income/(loss) for the period, net of income tax					(9,253)	103	(19,968)	5,029		
Total comprehensive income/(loss) for the period					(7,571)	5,127	(11,916)	(3,419)		
Profit/(loss) attributable to:										
Owners of the Company	(5,599)	(2,167)	(13,155)	(14,282)						
Non-controlling interests	7,281	7,191	21,207	5,834						
					1,682	5,024	8,052	(8,448)		
Total comprehensive income/(loss) attributable to:										
Owners of the Company	(9,858)	(2,139)	(22,069)	(12,445)						
Non-controlling interests	2,287	7,266	10,153	9,026						
					(7,571)	5,127	(11,916)	(3,419)		
					<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>		
Loss per share										
– Basic and diluted	4	(0.28)	(0.13)	(0.66)	(0.87)					

Condensed Consolidated Statement of Changes in Equity
For the nine months ended 31 December 2015

	(Unaudited)					Attributable to owners of the Company	Non- controlling interests	Total
	Share capital HK\$'000	Share options reserve HK\$'000	Investment revaluation reserve HK\$'000	Translation reserve HK\$'000	Accumulated deficit HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 April 2014	773,715	5,760	1,914	9,178	(704,549)	86,018	254,574	340,592
Loss for the period	-	-	-	-	(14,282)	(14,282)	5,834	(8,448)
Other comprehensive income for the period	-	-	659	1,178	-	1,837	3,192	5,029
Total comprehensive income/ (loss) for the period	-	-	659	1,178	(14,282)	(12,445)	9,026	(3,419)
Issue of ordinary shares under employee share option plan	3,394	(1,237)	-	-	-	2,157	-	2,157
Shares issued by way of placing	29,247	-	-	-	-	29,247	-	29,247
Transaction costs attributable to issue of new ordinary shares	(335)	-	-	-	-	(335)	-	(335)
Release of reserve upon share options lapsed	-	(290)	-	-	290	-	-	-
Release upon disposal of a subsidiary	-	-	-	-	-	-	(770)	(770)
Balance at 31 December 2014	<u>806,021</u>	<u>4,233</u>	<u>2,573</u>	<u>10,356</u>	<u>(718,541)</u>	<u>104,642</u>	<u>262,830</u>	<u>367,472</u>
Balance at 1 April 2015	806,049	4,110	2,612	10,850	(737,580)	86,041	250,520	336,561
Profit/(loss) for the period	-	-	-	-	(13,155)	(13,155)	21,207	8,052
Other comprehensive income/(loss) for the period	-	-	(197)	(8,717)	-	(8,914)	(11,054)	(19,968)
Total comprehensive income/ (loss) for the period	-	-	(197)	(8,717)	(13,155)	(22,069)	10,153	(11,916)
Issue of ordinary shares under employee share option plan	4,070	(1,499)	-	-	-	2,571	-	2,571
Issue of ordinary shares by way of placing	18,125	-	-	-	-	18,125	-	18,125
Transaction costs attributable to issue of new ordinary shares	(469)	-	-	-	-	(469)	-	(469)
Release of reserve upon lapse of share options	-	(441)	-	-	441	-	-	-
Capital injection by non- controlling interests	-	-	-	-	-	-	1,249	1,249
Release upon disposal of subsidiaries	-	-	-	-	-	-	(735)	(735)
Balance at 31 December 2015	<u>827,775</u>	<u>2,170</u>	<u>2,415</u>	<u>2,133</u>	<u>(750,294)</u>	<u>84,199</u>	<u>261,187</u>	<u>345,386</u>

Notes to the Condensed Consolidated Financial Statements

For the three months and nine months ended 31 December 2015

1. Basis of Preparation and Accounting Policies

These condensed consolidated financial statements have not been audited and were approved for issue by the Board of the Company on 29 January 2016.

This condensed consolidated financial information has been prepared to comply with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

The accounting policies and method of computation used in the preparation of these results are consistent with those used in annual financial statements for the year ended 31 March 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”). The condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2015. The Group has adopted new or revised standards, amendments to standards and interpretations of HKFRSs which are effective for accounting periods commencing on or after 1 April 2015. The adoption of such new or revised standards, amendments to standards and interpretations does not have material impact on the condensed consolidated financial statements and does not result in substantial changes to the Group’s accounting policies.

In addition, the preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In the preparation of these condensed consolidated financial statements, the significant judgements made by the management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 March 2015.

2. Income Tax Expense

	(Unaudited)			
	Three months ended 31 December		Nine months ended 31 December	
	2015	2014	2015	2014
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
Current tax				
PRC Enterprise Income Tax	1,049	2,218	10,741	3,679
Deferred tax	(98)	(375)	(1,176)	(895)
Total income tax charged in profit or loss	<u>951</u>	<u>1,843</u>	<u>9,565</u>	<u>2,784</u>

Hong Kong profits tax is calculated at the rate of 16.5% (2014: 16.5%) of the estimated assessable profit. No provision for Hong Kong profits tax has been made as the Group had no assessable profit arising in or derived from Hong Kong for both periods.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2014: 25%). Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

3. Interim Dividend

The directors do not recommend the payment of an interim dividend for the period (for the nine months ended 31 December 2014: nil).

4. Loss per Share

The calculation of the basic and diluted loss per share is based on the following data:

	(Unaudited)			
	Three months ended 31 December		Nine months ended 31 December	
	2015	2014	2015	2014
Loss:				
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	<u>HK\$5,599,000</u>	<u>HK\$2,167,000</u>	<u>HK\$13,155,000</u>	<u>HK\$14,282,000</u>
Number of ordinary shares:				
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>1,989,901,503</u>	<u>1,677,935,851</u>	<u>1,979,361,576</u>	<u>1,643,573,176</u>

The computation of diluted loss per share did not assume the exercise of the Company's outstanding share options during the three months and nine months ended 31 December 2015 and 2014 since their exercise would result in decrease in loss per share.

5. Disposal of Subsidiaries

On 31 July 2015, the Group disposed the entire equity interest of Timeless China Limited, a wholly-owned subsidiary of the Company and its subsidiaries, to Keyhard Software Limited, a company beneficially owned by an ex-employee of a subsidiary of the Company (the "Disposal") at a cash consideration of HK\$7,500,000 and it has been received during the period ended 31 December 2015. The Group recorded a gain of approximately HK\$225,000 for the Disposal. Details of the Disposal are set out in the Company's announcement dated 31 July 2015.

Analysis of assets and liabilities over which control was lost

	<i>HK\$'000</i>
Property, plant and equipment	1,712
Inventory	82
Trade and other receivables	14,037
Bank balances and cash	1,612
Trade and other payables	<u>(4,867)</u>
Net assets disposed of	<u>12,576</u>

Gain on Disposal

	<i>HK\$'000</i>
Consideration	7,500
Net assets disposed of	(12,576)
Non-controlling interests	735
Cumulative in respect of the net assets of the subsidiaries exchange gain reclassified from equity to profit or loss	<u>4,566</u>
	<u>225</u>

Net cash inflow arising on Disposal

HK\$'000

Consideration received in cash and cash equivalents	7,500
Less: cash and cash equivalents disposed of	(1,612)
	<u>5,888</u>

6. Related Party Transactions

Save as disclosed elsewhere in these condensed consolidated financial statements, the Group had the following significant related party transactions during the period:

	(Unaudited)			
	Three months ended		Nine months ended	
	31 December		31 December	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest expenses paid to a related company (note a)	226	178	709	1,872
Service income from a related company (note b)	-	68	-	342
Rental expenses paid to a related company (note c)	191	202	191	202

Notes:

- Effective interest expenses on the Promissory Note is charged at 2.99% (2014: 2.99%) per annum and payable to a related company which is beneficially owned as to 100% by Mr. Felipe Tan, a director and shareholder of the Company, at terms mutually agreed by both parties.
- Service income in respect of the provision of trading platform design and building services were received from a related company which is beneficially owned as to 25.29% by Mr. Felipe Tan, a director and shareholder of the Company, at normal commercial terms mutually agreed by both parties.
- Rental expenses in respect of the leasing of an office premise were paid to a related company which is beneficially owned as to 66.02% by Mr. Felipe Tan, a director and shareholder of the Company, at normal commercial terms mutually agreed by both parties.

7. Events after the Reporting Period

On 20 November 2015, the Company announced the issue by way of open offer (the "Open Offer") to qualifying shareholders (the "Qualifying Shareholders") on the basis of one offer share for every five existing shares held on 14 December 2015, the record date under the Open Offer, at the subscription price of HK\$0.10 per offer share subject to the terms and conditions as set out in the underwriting agreement dated 20 November 2015 and the prospectus of the Company dated 15 December 2015 (the "Prospectus"). On 8 January 2016, 397,980,300 offer shares were allotted to the Qualifying Shareholders and the Company received gross proceeds of approximately HK\$39.8 million from the Open Offer. Pursuant to the respective share options schemes of the Company, the exercise price of the options and the number of shares to be allotted and issued upon full exercise of the subscription rights attaching to the outstanding options were adjusted in the manner set out in the announcement of the Company dated 7 January 2016 (the "Result Announcement"). Please refer to the Prospectus and the Result Announcement for details.

Management Discussion and Analysis

About the Group

The Group is principally engaged in two business lines, namely (i) the provision of computer consultancy and software maintenance services, software development, sales of computer hardware and software and e-Commerce services (hereinafter collectively referred to as the “Software Business”); and (ii) the exploration and exploitation of mines (hereinafter collectively referred to as the “Mining Business”).

Business Review and Outlook

Software Business

Based on the latest trend of FinTech – Financial Technology and our solid foundation on mobile technology and cloud technology, the Group completed the development of our self-researched Commodity Trading Platform (“CTS”). The CTS would allow our clients to build up commodity trading that were customized to clients, brokers as well as big data. The Group intends to upgrade our EcCare Cloud Service Platform to the Hong Kong elderly service providers in public, NGO and private sectors. After the upgrade, the platform can collect live health data from medical equipment and elderly wearables. We would also build a new enterprise collaboration platform – TeamUP with integrated functions of multimedia messaging, document and project management. As the turnover of the Software Business is insufficient to cover the cost of development, the management shall put efforts in cost control so as to justify the sustainability of the business.

Mining Business

Review

The Mining Business primarily comprises of the exploration and exploitation of mines in the PRC and the processing and sale of their outputs. For the nine months ended 31 December 2015, the main products sold under the Mining Business were gold dores and nickel-copper ores.

For the nine months ended 31 December 2015, the global economy and markets were variable with fluctuations. The gold market price during the review period was relatively stable as compared to the corresponding period of last year. However, it was still on a declining curve, representing a year-on-year decrease of 9.3%. Under the negative impact of the descending gold price, the sales volume of gold dores reached approximately 130 kg for the nine months ended 31 December 2015 representing a decrease of 49.2% from approximately 256 kg of the corresponding period of 2014.

The nickel price was on a downward trend as well, decreasing by approximately 30.5% from US\$12,458 per tonne as at 31 March 2015 to US\$8,663 per tonne as at 31 December 2015. The Group has commenced the trial production of the Baishiquan Nickel-copper Mine since late 2014, and the main products of such mine were nickel-copper ores. For the nine months ended 31 December 2015, the Group sold approximately 36,700 tonnes of nickel-copper ores (2014: 6,000 tonnes).

Outlook

The gold market price remained under pressure during this quarter, dropping to a low of US\$1,060 per ounce following a tentative rally earlier. The nickel market price recorded a slight increase in October 2015, but continue to search for bottom in November. At present, the nickel price fluctuates at a relatively low level. Facing the depression of the metal sector, some participants have already squeezed out while others are waiting for the market recovery. Taking into account the weak demand and the sluggish economy, the prices of precious metals are forecasted to continue its recent volatility and may bottom out in the months ahead. Having implemented spending cuts, the management will spare more efforts in identifying market segments, selecting appropriate targets in the markets, and looking to further enlarge our participation at the lower end of the market while continue to have profit from the current operating assets.

Financial Performance Review

The Group recorded turnover of approximately HK\$137,329,000 for the nine months ended 31 December 2015, representing an increase of 17.9% as compared with the same period in 2014. Profit for the period under review was approximately HK\$8,052,000, as compared to the loss of approximately HK\$8,448,000 over the corresponding period in 2014. Effective interest expense of the Promissory Note was approximately HK\$709,000, representing the majority of finance costs incurred for the nine months ended 31 December 2015, as compared with HK\$1,872,000 in the corresponding period in 2014.

For the period under review, the Software Business recorded turnover of approximately HK\$3,777,000 (2014: approximately HK\$13,712,000), representing a decrease of 72.5% against the corresponding period in 2014. The segmental loss was approximately HK\$15,788,000 (2014: approximately HK\$11,437,000), representing an increase of 38.0% as compared with the corresponding period last year.

For the period under review, the Mining Business recorded turnover of approximately HK\$133,552,000 (2014: approximately HK\$102,732,000), representing an increase of 30.0% against the corresponding period in 2014. The segmental profit was approximately HK\$37,614,000 (2014: approximately HK\$6,742,000), representing an increase of 4.6 times as compared with the corresponding period in 2014.

Loss attributable to owners of the Company was approximately HK\$13,155,000, as compared to approximately HK\$14,282,000 over the same period in 2014.

Other Information

Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares of the Company

At 31 December 2015, the interests and short positions of the directors and the chief executive of the Company and their associates in the shares, underlying shares or debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (“SFO”), or otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules, were as follows:

Long positions

(a) Interests in the shares of the Company

Names of directors	Number of ordinary shares held in the capacity of		Total number of shares	Percentage of shareholding
	Beneficial owner	Controlled corporation		
Executive Directors				
Cheng Kin Kwan	139,800,000	–	139,800,000	7.03%
Felipe Tan	133,308,000	582,814,300*	716,122,300	35.99%
Zhang Ming	90,600,000	–	90,600,000	4.55%
Independent Non-Executive Directors				
Chan Choi Ling	1,000,000	–	1,000,000	0.05%
Chan Mei Ying, Spencer	1,800,000	–	1,800,000	0.09%
Lam Kwai Yan	1,200,000	–	1,200,000	0.06%

* The shares were held by Starmax Holdings Limited (“Starmax”), a private company which is owned as to 100% by Mr. Felipe Tan. On 20 November 2015, the Company announced the issue by way of open offer (the “Open Offer”) to qualifying shareholders (the “Qualifying Shareholders”) on the basis of one offer share for every five existing shares held on 14 December 2015, the record date under the Open Offer, at the subscription price of HK\$0.10 per offer share subject to the terms and conditions as set out in the underwriting agreement dated 20 November 2015 (the “Underwriting Agreement”) and the prospectus of the Company dated 15 December 2015 (the “Prospectus”). The shares comprised (i) 404,912,000 shares held by Starmax; (ii) 80,982,400 offer shares to be allotted to Starmax under the Open Offer pursuant to the undertaking given by Starmax; and (iii) 96,919,900 offer shares in which Starmax as an underwriter is interested under the Underwriting Agreement on the assumption of no acceptance by the Qualifying Shareholders under the Open Offer. According to the announcement of the Company dated 7 January 2016 (the “Result Announcement”), as a result of the over-subscription of the offer shares by the Qualifying Shareholders, the underwriters are not required to take up any underwritten shares pursuant to the Underwriting Agreement and the obligations of the underwriters under the Underwriting Agreement in respect of the underwritten shares have been fully discharged. Please refer to the Prospectus and the Result Announcement for details.

(b) Interests in shares of associated corporation of the Company

Name of director	Name of associated corporation	Capacity	Number of shares/ registered capital	Percentage of interest in the registered capital of the associated corporation
Felipe Tan	Goffers Management Limited	Interest of controlled corporation	200*	100%
	Goffers Resources Limited	Interest of controlled corporation	1,000	100%
	Kangshun HK Limited	Interest of controlled corporation	1,000	100%
	Kangshun Investments Limited	Interest of controlled corporation	1,000	100%
	Xinjiang Tianmu Mineral Resources Development Co., Ltd.	Interest of controlled corporation	RMB36,000,000	51%

* 98 shares (representing 49%) are held by Mr. Felipe Tan through Starmax whereas 102 shares (representing 51%) are pledged to Starmax as security of the payment obligations of the Group under the Promissory Note.

(c) Interests in debentures of associated corporation of the Company

Name of director	Name of associated corporation	Capacity	Amount of debentures
Felipe Tan	Time Kingdom Limited	Interest of controlled corporation	HK\$30,000,000*

* The outstanding balance of the Promissory Note issued to Starmax which is owned as to 100% by Mr. Felipe Tan.

(d) Options to subscribe for ordinary shares of the Company

Particulars of the directors' interests in share options to subscribe for shares in the Company pursuant to the Company's 2003 and 2013 Share Option Schemes were as follows:

Name of director	Date of grant	Exercisable period	Exercise price per share HK\$	Number of share options and number of underlying shares				
				Outstanding at 01.04.2015	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 31.12.2015

2003 Share Option Scheme

Independent Non-Executive Director

Tsang Wai Chun, Marianna	24.3.2006	24.3.2006-23.3.2016	0.1530	500,000	-	-	-	500,000
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Names of directors	Date of grant	Exercisable period	Exercise price per share HK\$	Number of share options and number of underlying shares				
				Outstanding at 01.04.2015	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 31.12.2015

2013 Share Option Scheme

Executive Directors

Lau Yun Fong Carman	3.10.2013	3.10.2013-2.10.2023	0.1490	2,000,000	-	-	-	2,000,000
	17.2.2014	17.2.2014-16.2.2024	0.1380	400,000	-	-	-	400,000
Zhang Ming	3.10.2013	3.10.2013-2.10.2023	0.1490	3,000,000	-	-	-	3,000,000
				<u>5,400,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,400,000</u>

Save as disclosed above and other than nominee shares in certain wholly-owned subsidiaries held by certain directors in trust for the Group, at 31 December 2015, none of the directors or chief executive or any of their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations which fall to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO, or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 31 December 2015, the register maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain directors and the chief executive, the following shareholders had notified the Company of relevant interest in the issued share capital of the Company.

Names of Substantial shareholders	Number of ordinary shares held	Number of share options and underlying shares held	Aggregate long position	Percentage of the issued share capital as at 31 December 2015
Educational Information Technology (HK) Company Limited (<i>note 1</i>)	108,057,374	–	108,057,374	5.43%
Starmax Holdings Limited (<i>note 2</i>)	582,814,300	–	582,814,300	29.29%

Notes:

- (1) These shares were held in trust for 寧夏教育信息技術股份有限公司 (Ningxia Educational Information Technology Company Limited), a company which is owned as to 25.04% by the Group.
- (2) Starmax is beneficially owned as to 100% by Mr. Felipe Tan who also directly holds 133,308,000 shares. The shares comprised (i) 404,912,000 shares held by Starmax; (ii) 80,982,400 offer shares to be allotted to Starmax under its entitlement under the Open Offer pursuant to the undertaking given by Starmax; and (iii) 96,919,900 offer shares in which Starmax as an underwriter is interested under the Underwriting Agreement on the assumption of no acceptance by the Qualifying Shareholders under the Open Offer. According to the Results Announcement, as a result of the over-subscription of the offer shares by the Qualifying Shareholders, the underwriters are not required to take up any underwritten shares pursuant to the Underwriting Agreement and the obligations of the underwriters under the Underwriting Agreement in respect of the underwritten shares have been fully discharged. Please refer to the Prospectus and the Result Announcement for details.

Save as disclosed in the section “Directors’ and chief executive’s interests and short positions in shares and underlying shares of the Company”, the Company has not been notified of any other interests or short positions in the issued share capital as at 31 December 2015.

Competing Interest

Mr. Felipe Tan and Mr. Zhang Ming hold shareholdings and directorships in GobiMin Inc., the shares of which are listed on the TSX Venture Exchange in Canada (stock code: GMN). Its subsidiaries and associate companies are principally engaged in exploration of a gold mine and prospecting exploration projects of gold, copper and nickel in Xinjiang, the PRC. All of them are in exploration or prospecting stage and are not yet in production, whereas the mining business of the Group are in production stage. In this regard, Mr. Felipe Tan and Mr. Zhang Ming are considered to have interests in businesses which might compete, either directly or indirectly with the businesses of the Group.

The abovementioned competing businesses are operated and managed by companies within independent management and administration. In addition, the Board is independent of the boards of the abovementioned companies. Accordingly, the Group is therefore capable of carrying on business independently of, and at arm's length from the said competing business.

Purchase, Sale or Redemption of the Company's Listed Securities

During the period under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Audit Committee

The audit committee comprises three independent non-executive directors, Ms. Tsang Wai Chun Marianna, Mr. Chan Mei Ying Spencer and Mr. Lam Kwai Yan. The audit committee has reviewed the unaudited quarterly financial results for the nine months ended 31 December 2015.

On behalf of the Board
Cheng Kin Kwan
Chairman & Chief Executive Officer

Hong Kong, 29 January 2016

As at the date hereof, Dr. Cheng Kin Kwan (Chairman), Mr. Felipe Tan, Mr. Zhang Ming and Ms. Lau Yun Fong Carman are executive directors of the Company; Mr. Lam Kai Ling Vincent is a non-executive director of the Company; and Ms. Tsang Wai Chun Marianna, Mr. Chan Mei Ying Spencer, Mr. Lam Kwai Yan and Ms. Chan Choi Ling are independent non-executive directors of the Company.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least seven days from the date of its publication and on the Company's website at www.timeless.com.hk.