# TIMELESS SOFTWARE LIMITED

*(incorporated in Hong Kong with limited liability)*

**(Stock code: 8028)**

## RESULTS ANNOUNCEMENT
## For the year ended 31 March 2016

**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" 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.*

*This announcement shall 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.*

## RESULTS

The board of directors ("Board") of the Company is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2016, together with the comparative audited figures for the corresponding period in 2015, reviewed by the audit committee of the Company and approved by the Board on 22 June 2016 as follows:

### Consolidated Statement of Profit or Loss and Other Comprehensive Income

*For the year ended 31 March 2016*

| | *Notes* | **2016**<br>***HK$'000*** | 2015<br>*HK$'000*<br>(Restated) |
|---|---|---|---|
| Revenue | *3* | **155,704** | 142,986 |
| Other income and gains | | **3,398** | 2,265 |
| Purchase and production costs | | **(93,626)** | (93,525) |
| Staff costs | | **(25,793)** | (28,219) |
| Depreciation and amortisation | | **(4,010)** | (4,100) |
| Other expenses | | **(27,269)** | (23,047) |
| Gain on fair value changes of investment properties | | **–** | 200 |
| Impairment loss on other intangible assets | | **(10,332)** | (55,834) |
| Net (losses)/gains on fair value changes of investments held for trading | | **(1,739)** | 226 |
| Gain on disposals of subsidiaries | | **3,533** | 138 |
| Finance costs | *4* | **(1,136)** | (2,384) |
| Share of loss of associates | | **(142)** | (610) |
| Loss before tax | | **(1,412)** | (61,904) |
| Income tax (expense)/credit | *6* | **(8,748)** | 4,086 |
| Loss for the year | *5* | **(10,160)** | (57,818) |
| **Other comprehensive (expense)/income, net of income tax** | | | |
| *Items that may be reclassified subsequently to profit or loss:* | | | |
| Exchange differences on translating foreign operations | | **(14,903)** | 579 |
| Reclassification adjustment on exchange differences released upon disposals of subsidiaries | | **(7,911)** | 1,503 |
| Share of exchange differences of associates | | **(303)** | 12 |
| Share of other comprehensive (expense)/income of associates | | **(819)** | 698 |
| Other comprehensive (expense)/income for the year, net of income tax | | **(23,936)** | 2,792 |
| **Total comprehensive expense for the year** | | **(34,096)** | (55,026) |

| | Notes | **2016**<br>***HK$'000*** | 2015<br>*HK$'000*<br>(Restated) |
|---|---|---|---|
| (Loss)/profit attributable to: | | | |
| Owners of the Company | | **(20,621)** | (33,443) |
| Non-controlling interests | | **10,461** | (24,375) |
| | | **(10,160)** | (57,818) |
| Total comprehensive expense attributable to: | | | |
| Owners of the Company | | **(33,503)** | (31,073) |
| Non-controlling interests | | **(593)** | (23,953) |
| | | **(34,096)** | (55,026) |
| | | ***HK cents*** | *HK cents*<br>(Restated) |
| **Loss per share** | | | |
| – Basic and diluted | *7* | **(0.96)** | (1.90) |

## Consolidated Statement of Financial Position

*At 31 March 2016*

| | Notes | 2016 HK$'000 | 2015 HK$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | | **66,144** | 70,978 |
| Other intangible assets | | **209,594** | 244,162 |
| Interests in associates | | **5,453** | 6,717 |
| Prepaid lease payments | | **7,157** | 7,019 |
| Deposits | | **26,374** | 25,608 |
| Land rehabilitation costs | | **5,116** | 6,158 |
| | | **319,838** | 360,642 |
| **Current assets** | | | |
| Inventories | | **27,700** | 45,157 |
| Prepaid lease payments | | **236** | 185 |
| Trade and other receivables | *8* | **6,066** | 18,601 |
| Investments held for trading | | **1,172** | – |
| Bank balances and cash | | **101,802** | 51,037 |
| | | **136,976** | 114,980 |
| **Current liabilities** | | | |
| Trade and other payables | *9* | **15,628** | 21,523 |
| Amount due to a related company | | **–** | 700 |
| Dividends payable to non-controlling interests | | **–** | 20,557 |
| Bank borrowing | *10* | **8,585** | 9,192 |
| Promissory note | *11* | **10,866** | 11,169 |
| Current tax liabilities | | **180** | 2,368 |
| | | **35,259** | 65,509 |
| **Net current assets** | | **101,717** | 49,471 |
| **Total assets less current liabilities** | | **421,555** | 410,113 |

| | Notes | 2016<br>*HK$'000* | 2015<br>*HK$'000* |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Promissory note | *11* | **19,935** | 29,904 |
| Provision for land rehabilitation | | **9,422** | 9,866 |
| Deferred tax liabilities | *12* | **30,204** | 33,782 |
| | | **59,561** | 73,552 |
| **Net assets** | | **361,994** | 336,561 |
| **Capital and reserves** | | | |
| Share capital | | **866,564** | 806,049 |
| Reserves | | **(755,011)** | (720,008) |
| Equity attributable to owners of the Company | | **111,553** | 86,041 |
| Non-controlling interests | | **250,441** | 250,520 |
| **Total equity** | | **361,994** | 336,561 |

## Consolidated Statement of Changes in Equity

*For the year ended 31 March 2016*

| | Share capital *HK$'000* | Share options reserve *HK$'000* | Investment revaluation reserve *HK$'000* | Translation reserve *HK$'000* | Accumulated deficit *HK$'000* | Attributable to owners of the Company *HK$'000* | Non-controlling interests *HK$'000* | Total *HK$'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 year | – | – | – | – | (33,443) | (33,443) | (24,375) | (57,818) |
| Other comprehensive income for the year | – | – | 698 | 1,672 | – | 2,370 | 422 | 2,792 |
| Total comprehensive income (expense) for the year | – | – | 698 | 1,672 | (33,443) | (31,073) | (23,953) | (55,026) |
| Issue of ordinary shares under employee share option schemes | 3,467 | (1,238) | – | – | – | 2,229 | – | 2,229 |
| Issue of ordinary shares by way of placing | 29,246 | – | – | – | – | 29,246 | – | 29,246 |
| Transaction costs attributable to issue of new ordinary shares | (379) | – | – | – | – | (379) | – | (379) |
| Release of reserve upon share options lapsed | – | (412) | – | – | 412 | – | – | – |
| Capital injection from non-controlling interests | – | – | – | – | – | – | 21,751 | 21,751 |
| Disposals of subsidiaries | – | – | – | – | – | – | (1,852) | (1,852) |
| **Balance at 31 March 2015** | 806,049 | 4,110 | 2,612 | 10,850 | (737,580) | 86,041 | 250,520 | 336,561 |
| Balance at 1 April 2015 | **806,049** | **4,110** | **2,612** | **10,850** | **(737,580)** | **86,041** | **250,520** | **336,561** |
| Loss for the year | **–** | **–** | **–** | **–** | **(20,621)** | **(20,621)** | **10,461** | **(10,160)** |
| Other comprehensive expense for the year | **–** | **–** | **(819)** | **(12,063)** | **–** | **(12,882)** | **(11,054)** | **(23,936)** |
| Total comprehensive expense for the year | **–** | **–** | **(819)** | **(12,063)** | **(20,621)** | **(33,503)** | **(593)** | **(34,096)** |
| Issue of ordinary shares under employee share option schemes | **4,070** | **(1,500)** | **–** | **–** | **–** | **2,570** | **–** | **2,570** |
| Issue of ordinary shares by way of placing | **18,125** | **–** | **–** | **–** | **–** | **18,125** | **–** | **18,125** |
| Issue of ordinary shares by way of open offer | **39,798** | **–** | **–** | **–** | **–** | **39,798** | **–** | **39,798** |
| Transaction costs attributable to issue of new ordinary shares | **(1,478)** | **–** | **–** | **–** | **–** | **(1,478)** | **–** | **(1,478)** |
| Release of reserve upon share options lapsed | **–** | **(801)** | **–** | **–** | **801** | **–** | **–** | **–** |
| Capital injection from non-controlling interests | **–** | **–** | **–** | **–** | **–** | **–** | **1,249** | **1,249** |
| Disposals of subsidiaries | **–** | **–** | **–** | **–** | **–** | **–** | **(735)** | **(735)** |
| **Balance at 31 March 2016** | **866,564** | **1,809** | **1,793** | **(1,213)** | **(757,400)** | **111,553** | **250,441** | **361,994** |

## Notes to the Consolidated Financial Statements

*For the year ended 31 March 2016*

### 1. General

The Company is a public limited company incorporated in Hong Kong and its shares are listed on the GEM of the Stock Exchange. The address of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.

The Company acts as an investment holding company. In prior years, the Company also engaged in the provision of computer consultancy and software maintenance services, software development and sales of computer hardware and software.

These consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency.

### 2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"):

| | |
|---|---|
| Amendments to HKAS 19 | *Defined Benefit Plans: Employee Contributions* |
| Amendments to HKFRSs | *Annual Improvements to HKFRSs 2010–2012 Cycle* |
| Amendments to HKFRSs | *Annual Improvements to HKFRSs 2011–2013 Cycle* |

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

| | |
|---|---|
| HKFRS 9 | *Financial Instruments*[1] |
| HKFRS 14 | *Regulatory Deferral Accounts*[2] |
| HKFRS 15 | *Revenue from Contracts with Customers*[1] |
| HKFRS 16 | *Leases*[4] |
| Amendments to HKFRS 11 | *Accounting for Acquisitions of Interests in Joint Operations*[3] |
| Amendments to HKAS 16 and HKAS 38 | *Clarification of Acceptable Methods of Depreciation and Amortisation*[3] |
| Amendments to HKAS 16 and HKAS 41 | *Agriculture: Bearer Plants*[3] |
| Amendments to HKAS 27 | *Equity Method in Separate Consolidated financial statements*[3] |
| Amendments to HKFRS 10 and HKAS 28 | *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3] |
| Amendments to HKFRS 10, HKFRS 12 and HKAS 28 | *Investment Entities: Applying the Consolidation Exception*[3] |
| Amendments to HKFRSs | *Annual Improvements to HKFRSs 2012–2014 Cycle*[3] |

[1] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

[2] Effective for first annual HKFRS consolidated financial statements beginning on or after 1 January 2016, with earlier application permitted.

[3] Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

[4] Effective for annual periods beginning on or after 1 January 2019.

**HKFRS 9** ***Financial Instruments***

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9:

- all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors anticipate that the application of HKFRS 9 in the future may have a material impact on amounts reported and disclosures in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 until a detailed review has been completed.

***Annual Improvements to HKFRSs 2012-2014 Cycle***

The *Annual Improvements to HKFRSs 2012-2014 Cycle* include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 introduce specific guidance in HKFRS 5 for when an entity reclassifies an asset (or a disposal group) from held for sale to held for distribution to owners (or vice versa). The amendments clarify that such a change should be considered as a continuation of the original plan of disposal and hence requirements set out in HKFRS 5 regarding the change of sale plan do not apply. The amendments also clarify the guideline for when held-for-distribution accounting is discontinued.

The amendments to HKFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets.

The amendments to HKAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high quality corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

The directors of the Company do not anticipate that the application of these amendments will have a material effect on the amounts recognised in the Group's consolidated financial statements.

**3. Segment Information**

The Group's operating segments are determined based on information reported to the chief operating decision maker (the "CODM"), being the board of directors, for the purpose of resources allocation and performance assessment. The CODM reviews the Group's internal reporting for the purposes of resource allocation and performance assessment based on two operating segments as (i) the provision of computer consultancy and software maintenance services, software development, sales of computer hardware and software and e-Commerce services ("Software business"); and (ii) the exploration and exploitation of mines ("Mining business").

**Segment revenues and results**

The following is an analysis of the Group's revenue and results by reportable segments:

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Segment revenue | | |
| Software business | **4,261** | 17,727 |
| Mining business | **151,443** | 125,259 |
| | **155,704** | 142,986 |
| Segment results | | |
| Software business | **(18,912)** | (17,551) |
| Mining business | **16,097** | (41,779) |
| | **(2,815)** | (59,330) |
| Interest income | **2,270** | 943 |
| Other income and gains | **1,128** | 1,322 |
| Unallocated corporate expenses | **(2,511)** | (2,409) |
| Gain on fair value changes of investment properties | **–** | 200 |
| Net (losses)/gains on fair value changes of investments held for trading | **(1,739)** | 226 |
| Gain on disposals of subsidiaries | **3,533** | 138 |
| Finance costs | **(1,136)** | (2,384) |
| Share of loss of associates | **(142)** | (610) |
| Loss before tax | **(1,412)** | (61,904) |

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2015: nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represent the loss from each segment without allocation of interest income, other income and gains, unallocated corporate expenses, gain on fair value changes of investment properties, net (losses)/gains on fair value changes of investments held for trading, gain on disposals of subsidiaries, finance costs and share of loss of associates. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

**Segment assets and liabilities**

The following is an analysis of the Group's assets and liabilities by reportable segments:

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Segment assets | | |
| Software business | **21,477** | 31,558 |
| Mining business | **326,910** | 384,505 |
| Total segment assets | **348,387** | 416,063 |
| Unallocated | **108,427** | 59,559 |
| Consolidated assets | **456,814** | 475,622 |
| Segment liabilities | | |
| Software business | **2,366** | 5,176 |
| Mining business | **53,068** | 83,620 |
| Total segment liabilities | **55,434** | 88,796 |
| Unallocated | **39,386** | 50,265 |
| Consolidated liabilities | **94,820** | 139,061 |

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable segments other than interests in associates, amount and loan due from an associate, investments held for trading and bank balances and cash; and
- all liabilities are allocated to reportable segments other than bank borrowing and promissory note.

**Other segment information**

| | 2016 | 2015 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| | | (Restated) |
| Additions to non-current assets* | | |
| Software business | **218** | 1,106 |
| Mining business | **14,572** | 6,780 |
| | **14,790** | 7,886 |
| Depreciation and amortisation | | |
| Software business | **1,303** | 1,083 |
| Mining business | **2,707** | 3,017 |
| | **4,010** | 4,100 |
| Impairment loss on trade receivables | | |
| Software business | **–** | 1,137 |
| Provision for slow-moving inventories | | |
| Software business | **–** | 408 |
| Mining business | **–** | 5,126 |
| | **–** | 5,534 |
| Impairment loss on other intangible assets | | |
| Mining business | **10,332** | 55,834 |

* *Additions to non-current assets include additions to property, plant and equipment, other intangible assets, prepaid lease payments and land rehabilitation costs (including assets from the acquisition through business combination).*

**Revenue from major products and services**

The following is an analysis of the Group's revenue from its major products and services:

| | 2016 | 2015 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| Computer hardware | **2,651** | 6,770 |
| Computer software | **–** | 2,062 |
| Software development | **1,610** | 8,877 |
| e-Commerce services | **–** | 18 |
| Gold dores | **54,175** | 94,557 |
| Nickel-copper ores | **97,268** | 30,702 |
| | **155,704** | 142,986 |

**Geographical information**

The Group's operations are mainly situated in Hong Kong and the PRC.

Information about the Group's revenue from external customers is presented based on the location of operations. Information about the Group's non-current assets is presented based on the geographical location of assets are detailed below:

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Revenue from external customers | | |
| Hong Kong | **1,421** | 6,105 |
| PRC | **154,283** | 136,881 |
| | **155,704** | 142,986 |
| Non-current assets | | |
| Hong Kong | **20,139** | 21,233 |
| PRC | **273,325** | 313,801 |
| | **293,464** | 335,034 |

*Note: Non-current assets excluding financial instruments*

**Information about major customers**

Revenues from customers of the corresponding years contributing over 10% of total revenue of the Group are as follows:

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Customer A[1] | **N/A[2]** | 66,379 |
| Customer B[1] | **97,268** | 28,388 |
| Customer C[1] | **N/A[2]** | 14,396 |
| Customer D[1] | **52,655** | N/A[2] |

1 *Revenue from mining business*
2 *The corresponding revenue did not contribute over 10% of the total revenue of the Group*

**4. Finance Costs**

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Interest on bank borrowing | **201** | 214 |
| Effective interest on promissory note | **935** | 2,170 |
| Total borrowing costs | **1,136** | 2,384 |

## 5. Loss for the Year

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | | (Restated) |
| Loss for the year has been arrived at after charging/(crediting): | | |
| Directors' and chief executive's emoluments | **6,671** | 7,107 |
| Other staff's retirement benefits scheme contributions | **1,108** | 1,763 |
| Other staff costs | **18,014** | 19,349 |
| Total employee benefits expenses | **25,793** | 28,219 |
| Depreciation of property, plant and equipment | **4,307** | 3,140 |
| Amortisation of other intangible assets | **18,600** | 10,744 |
| Total depreciation and amortisation (included in the purchase and production costs line item) | **22,907** | 13,884 |
| Depreciation of property, plant and equipment | **3,053** | 3,113 |
| Amortisation of: | | |
| – prepaid lease payments | **192** | 186 |
| – land rehabilitation costs | **765** | 801 |
| – other intangible assets | **–** | – |
| Total depreciation and amortisation (included in the depreciation and amortisation line item) | **4,010** | 4,100 |
| Auditors' remuneration | | |
| – audit services | **820** | 880 |
| – non-audit services | **200** | 359 |
| Cost of inventories recognised as an expense | **91,859** | 92,340 |
| Loss on disposal of property, plant and equipment | **–** | 4 |
| Impairment loss on trade receivables (included in other expenses) | **–** | 1,137 |
| Impairment loss on other receivable (included in other expenses) | **289** | – |
| Impairment loss on other intangible assets | **10,332** | 55,834 |
| Operating lease rentals in respect of rented premises | **307** | 2,058 |
| Provision for slow-moving inventories (included in other expenses) | **–** | 5,534 |
| Net foreign exchange losses/(gains) | **229** | (56) |
| Dividends from equity securities | **(7)** | (84) |
| Interest income | **(2,270)** | (943) |
| Gross rental income from investment properties | **–** | – |
| Less: direct operating expenses from investment properties that did not generated rental income during the year | **–** | 115 |
| | **–** | 115 |

## 6. Income Tax Expense/(Credit)

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Current tax | | |
| – PRC Enterprise Income Tax | **10,806** | 4,027 |
| Deferred tax *(note 12)* | **(2,058)** | (8,113) |
| Total income tax recognised in profit or loss | **8,748** | (4,086) |

Hong Kong Profits Tax is calculated at 16.5% of the estimated profit for both years. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates. No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group had no assessable profit arising in or derived from Hong Kong for both years.

## 7. Loss Per Share

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

| | **2016** | 2015 |
|---|---|---|
| | | (Restated) |
| **Loss:** | | |
| Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share | **HK$20,621,000** | HK$33,443,000 |
| **Number of ordinary shares:** | | |
| Weighted average number of ordinary shares for the purpose of basic and diluted loss per share | **2,148,272,472** | 1,757,468,780 |

The computation of diluted loss per share did not assume the exercise of the Company's outstanding share options existed during the years ended 31 March 2016 and 2015 since their exercise would result in a decrease in loss per share.

The weighted average number of ordinary shares adopted in the calculation of the basic and diluted earnings per share for the years of 2016 and 2015 have been adjusted to reflect the bonus element of the open offer completed during the year ended 31 March 2016.

## 8. Trade and Other Receivables

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade receivables | **1,195** | 8,453 |
| Allowance for doubtful debts | **(1,015)** | (1,790) |
| Trade receivables, net of allowance | **180** | 6,663 |
| Prepayments | **4,507** | 6,552 |
| Deposits | **26,533** | 27,939 |
| Other receivables | **1,220** | 3,055 |
| | **32,440** | 44,209 |
| Less: deposits classified as non-current assets | **(26,374)** | (25,608) |
| | **6,066** | 18,601 |

Long-term deposits of the Group represent the land restoration and environmental recoverability guarantee deposits in certain specified bank accounts. The amounts are restricted and not expected to be refunded within the next 12 months as at 31 March 2016.

As at 31 March 2015, trade receivables included an amount due from a related company of approximately HK$78,000. The related company is beneficially owned as to 26.75% by Mr. Felipe Tan, a director and shareholder of the Company. The amount due was fully settled during the year. The maximum outstanding balance of the amount due was HK$78,000 for the year ended 31 March 2016 (2015: HK$78,000). In addition, none of the Group's other receivables are non-interest bearing amount due from an associate and interest-bearing loan to an associate (2015: HK$431,000 and HK$1,374,000 respectively). The loan carries interest at the best-lending rate with similar maturity of the banks in PRC. These amounts are unsecured and repayable within one year.

The following is an analysis of trade receivables by age, presented based on the invoice date and net of allowance for doubtful debts:

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 0 to 30 days | **161** | 4,288 |
| 31 to 60 days | **19** | 710 |
| More than 90 days | **–** | 1,665 |
| | **180** | 6,663 |

The credit terms granted to customers are varied and are generally the result of negotiations between individual customers and the Group. No interest is charged on overdue trade receivables. The management closely monitors the credit quality of trade and other receivables and considers the trade and other receivables that are neither past due nor impaired to be of a good credit quality.

## 9. Trade and Other Payables

| | **2016** *HK$'000* | 2015 *HK$'000* |
|---|---|---|
| Trade payables | **3,777** | 2,625 |
| Customers' deposits received | **1** | 1,841 |
| Other payables | **11,850** | 17,057 |
| | **15,628** | 21,523 |

The following is an aged analysis of trade payables presented based on the invoice date:

| | **2016** *HK$'000* | 2015 *HK$'000* |
|---|---|---|
| 0 to 30 days | **451** | 1,481 |
| More than 90 days | **3,326** | 1,144 |
| | **3,777** | 2,625 |

## 10. Bank Borrowing

| | **2016** *HK$'000* | 2015 *HK$'000* |
|---|---|---|
| Secured bank loan | **8,585** | 9,192 |
| Carrying amount repayable: | | |
| Within one year | **621** | 607 |
| More than one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities) | **7,964** | 8,585 |
| | **8,585** | 9,192 |

The bank loan is secured by a mortgage over the Group's land and buildings with carrying value of approximately HK$19,079,000 (2015: HK$19,692,000) and bear interest at 3% per annum below the HK$ best lending rate. The effective interest rate is 2.25% per annum.

## 11. Promissory Note

On 11 May 2012, the Group issued promissory note to Starmax Holdings Limited as part of the purchase consideration of a 51% equity interest of Goffers Management Limited in the principal amount of HK$63,000,000 (the "PN"). The PN bears interest at 3% per annum payable on each anniversary date of issue and is secured by a charge over a 51% of the issued share capital of Goffers Management Limited, a non-wholly owned subsidiary of the Company.

Pursuant to the terms of the PN, the first instalment in the principal amount of HK$10,000,000 ("First Instalment") would be due on 11 May 2013. On 10 May 2013, Starmax Holdings Limited and the Group entered a supplemental agreement to extend the repayment date of the First Instalment to 11 May 2014, and that interest shall continue to accrue on the overdue First Instalment at 7% per annum according to the terms of the PN until the First Instalment is fully paid by the Group. All other terms of the PN remain the same and valid.

Pursuant to the terms of the PN and the supplemental agreement dated 10 May 2013, the repayment of the first and second instalments in the principal sum of HK$20,000,000 (the "First and Second Instalment") falls due on 11 May 2014. As repayment of the outstanding principal sum would affect cash flow of the Group, on 9 May 2014, Starmax Holdings Limited and the Group mutually agreed to extend the repayment date of the First and Second Instalment to 11 May 2015. The interest should continue to accrue on the overdue instalments at 7% per annum according to the terms of the PN until the abovementioned instalments were fully paid by the Group. All other terms of the PN remain the same and valid.

On 30 December 2014, the Group agreed with Starmax Holdings Limited to repay on 30 December 2014 the First and Second instalments and the accrued default interests of approximately HK$901,000 (at the default rate of 7% per annum) accumulated from 9 May 2014 to 30 December 2014. All other terms of the PN remain the same and valid.

## 12. Deferred Taxation

The followings are the major deferred tax liabilities recognised and movements thereon during the current and prior years:

| | **Withholding tax on undistributed profits** | **Fair value adjustments arising from business combination** | **Total** |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Balance at 1 April 2014 | 1,607 | 40,217 | 41,824 |
| Effect of foreign currency exchange differences | 3 | 68 | 71 |
| Charge/(credit) to profit or loss | 1,016 | (9,129) | (8,113) |
| Balance at 31 March 2015 | 2,626 | 31,156 | 33,782 |
| Effect of foreign currency exchange differences | (118) | (1,402) | (1,520) |
| Charge/(credit) to profit or loss | 591 | (2,649) | (2,058) |
| **Balance at 31 March 2016** | **3,099** | **27,105** | **30,204** |

Under the Enterprise Income Tax Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has been provided in full in the consolidated financial statements in respect of temporary differences attributable to the profits earned by certain PRC subsidiaries.

At the end of the reporting period, the Group has estimated unused tax losses of approximately HK$349,000,000 (2015: HK$424,000,000) available for offsetting against future profits of the group entities in which the losses arose. These estimated unused tax losses of the Group may be carried forward indefinitely (2015: HK$39,680,000 which is due to expire within one to five years). No deferred tax asset has been recognised in respect of these estimated unused tax losses due to unpredictability of future profit streams.

## 13. Dividend

No dividends had been paid or declared by the Company during the year (2015: nil).

# MANAGEMENT DISCUSSION AND ANALYSIS

## Business Review and Outlook

### *Software Business*

*Overview*

Revenue of the Software Business mainly sourced from the development of software products and/or services for clients plus computer related hardware trading, especially on the three application areas, which are enterprise collaboration, elderly care and Fintech.

In view of the continuous losses of this segment, the Group had consolidated its operation by disposing of the operations in the PRC in July 2015 with an intention to reduce operating cost.

*Operation*

For the year under review, the revenue decreased by 76% to HK$4.3 million (2015: HK$17.7 million) of which 38% (2015: 45%) was contributed by the development of software products and services with the rest came from the sale of computer related hardware and software. The decrease in revenue was mainly due to the disposal of the operations in the PRC in July 2015. The PRC operations had contributed 67% of the revenue of the Software Business for the year ended 31 March 2015.

Despite the effort of the management to control cost including the disposal of the PRC operations, the segment loss increased by 7% to HK$18.9 million for the year ended 31 March 2016 (2015: HK$17.6 million) of which 5% (2015: 26%) was derived from the PRC operation. However, the effect of cost control would contribute to the results of the segment in future.

*Outlook*

The profit margins recorded by our Software Business are under siege from other aggressive competitors. Due to the continuous loss incurred, the Group is re-examining the structure of our business and trying to carry out reformation to achieve better financial performance. We may weed out some unprofitable business in order to cut cost. At the same time, we are considering developing new potential businesses through merger and acquisition, aiming to create new profit centre. Attributable to the rapid technology change associated with the software industry, the management will timely adjust our operation strategies to cope with the market changes.

### *Mining Business*

*Overview*

The Mining Business mainly includes the exploration and exploitation of mines and the processing and sale of outputs from the mines in the PRC. For the year ended 31 March 2016, gold dores and nickel-copper ores were the products sold under the Mining Business.

*Operation*

For the year ended 31 March 2016, the Group had turnover from gold sales of approximately HK$54.2 million (2015: HK$94.6 million) and turnover from sales of nickel-copper ores of approximately HK$97.3 million (2015: HK$30.7 million).

The quantity of gold sold decreased by approximately 36% to 193 kg for the year ended 31 March 2016, mainly because the mineral resources of certain gold mines of the Group had been exhausted and the volume of ores extracted had decreased. Accompanied with the decrease in average selling price, the turnover recorded from gold sales had a sharp fall for the year ended 31 March 2016 as compared to last year.

The turnover from sales of nickel-copper ores of HK$97.3 million had recorded an increase by approximately 2.2 times (2015: HK$30.7 million) because only test mining activities of the Baishiquan Nickel-copper Mine were carried out since late 2014 and the full scale of mining of the Baishiquan Nickel-copper Mine commenced in late 2015. In addition, certain ore body of such mine runs a higher grade and quantity of metal contents than the previous estimates, which had generated more revenue for the Group during the year.

*Resource estimates update*

The details of the resource estimates as at 31 March 2016 are set out below:

| **Gold mine** | **Resource category** | **Tonnage (tonnes * 1,000)** | **Average grade (gram/tonne)** |
|---|---|---:|---:|
| Hongshannan | Indicated | 31 | 2.95 |
| | Inferred | 16 | 2.76 |

| **Nickel-copper Mine** | **Resource category** | **Tonnage (tonnes * 1,000)** | **Average grade (Ni %)** | **(Cu %)** |
|---|---|---:|---:|---:|
| Baishiquan | Measured | 1,215 | 1.83 | 0.86 |
| | Indicated | 3,447 | 0.58 | 0.35 |
| | Inferred | 813 | 0.61 | 0.36 |

*Notes:*

*(1) The mineral resource estimates were made with reference to the Competent Person's Report prepared in accordance with the JORC (2004) Code Standard in November 2011. The details of the assumptions and parameters used to calculate these resource and reserve estimates were disclosed in the circular of the Company dated 12 April 2012 in relation to the very substantial acquisition.*

*(2) The changes in mineral resource and reserve estimates were due to production and exploration since the date of the aforesaid Competent Person's Report and were confirmed by Group's internal experts.*

*Exploration, Development and Mining Production Activities*

| | Activity | | |
|---|---|---|---|
| **Mine** | **Exploration** | **Development** | **Mining** |
| Hongshannan Gold Mine | No material exploration | No material development | Ores extracted: 24,356 tonnes |
| Tuchushan Iron Mine | No activity during the year | | |
| Baishiquan Nickel-copper Mine | Completed 51 surface drill holes for a total of approximately 14,200 meters | Completed shaft construction of approximately 330 meters and drift construction of approximately 4,434 meters | Ores extracted: 68,979 tonnes |
| South Hami Gold Project | No material exploration | No material development | No Commercial production |

*Hongshannan Gold Mine*

For the year ended 31 March 2016, the total quantity of gold ores extracted from the mines was approximately 24,356 tonnes compared to 24,361 tonnes in last year. The gold ores extracted remained stable since the completion of the underground development in March 2014. The gold ores extracted by the Group during the year solely represented the gold ores from Hongshannan Gold Mine which will continue to be the main sources of gold ores extraction in 2016.

*Tuchushan Iron Mine*

There is no resources feasible for economical production and the carrying amount of the Tuchushan Iron Mine had been fully impaired in last financial year.

*Baishiquan Nickel-copper Mine*

The development of the Baishiquan Nickel-copper Mine has been completed and a full commercial production has been carried out in late 2015. For the year ended 31 March 2016, the Group had extracted 68,979 tonnes of nickel-copper ores with 36,682 tonnes being shattered and sold during the year. Turnover from the sales of nickel-copper ores amounted to approximately HK$97.3 million.

*South Hami Gold Project*

It composes of gold properties located in the southern area of Hami which are under exploration. There was no material exploration and development work done during the year as no potential reserve has yet been observed.

*Processing Activities*

For the year ended 31 March 2016, gold ores of approximately 24,356 tonnes were extracted from the mines and approximately 51,754 tonnes of gold ores were processed by the processing plant. Although the gold ores extracted decreased significantly by approximately 35%, the processing plant continued to process the ores brought forward from last year and the gold processing quantity only decreased slightly by 5% as compared with last financial year.

*Expenditure Incurred*

During the year ended 31 March 2016, the Group had incurred approximately HK$87.1 million on exploration, development, mining and processing activities, details of which are set out below:

| | Hongshannan Gold Mine *HK$'000* | Baishiquan Nickel-copper Mine *HK$'000* | Total *HK$'000* |
|---|---|---|---|
| **1. Capital Expenditure** | | | |
| 1.1 Exploration activities | | | |
| Drilling and analysis | – | 7,689 | 7,689 |
| *Subtotal* | – | 7,689 | 7,689 |
| 1.2 Development activities (including mine construction) | | | |
| Addition of intangible assets; property, plant and equipment | 222 | 5,577 | 5,799 |
| Construction of tunnels and roads and sub-contracting charges | – | 11,446 | 11,446 |
| *Subtotal* | 222 | 17,023 | 17,245 |
| **Total Capital Expenditure** | **222** | **24,712** | **24,934** |

| | Hongshannan Gold Mine | Baishiquan Nickel-copper Mine | Total |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| **2. Operating Expenditure for Mining activities** | | | |
| Staff cost | 563 | 1,605 | 2,168 |
| Consumables | 42 | 95 | 137 |
| Fuel, electricity, water and other services | 871 | 1,825 | 2,696 |
| Non-income taxes, royalties and other government charges | 575 | 883 | 1,458 |
| Others | 226 | 1,048 | 1,274 |
| Sub-contracting charges | 13,402 | 6,331 | 19,733 |
| Transportation | 1,757 | – | 1,757 |
| Depreciation and amortisation | 9,469 | 14,672 | 24,141 |
| **Total Operating Expenditure** | 26,905 | 26,459 | 53,364 |
| **Total Capital and Operating Expenditure** | **27,127** | **51,171** | **78,298** |
| **3. Processing Expenditure** | | | |
| Staff cost | | | 3,233 |
| Consumables | | | 2,695 |
| Fuel, electricity, water and other services | | | 1,468 |
| Depreciation and amortisation | | | 1,005 |
| Transportation | | | 101 |
| Others | | | 281 |
| **Total Processing Expenditure** | | | 8,783 |
| **Total Expenditure** | | | **87,081** |

*Infrastructure projects and subcontracting arrangements*

All new contracts and commitments entered into during the year ended 31 March 2016 by the Group were summarised as follows:

| | Infrastructure projects | Subcontracting arrangements | Total |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Baishiquan Nickel-copper Mine | 89 | – | 89 |
| Hongshannan Gold Mine | – | 175 | 175 |
| **Total** | 89 | 175 | 264 |

*Impairment on mining rights*

For the year ended 31 March 2016, an impairment of approximately HK$10.3 million was made for the Hongshannan Gold Mine. It was made in view of the unfavourable gold market and expected decrease in profit margins as a result of the slowdown of the global economy.

For the year ended 31 March 2015, the Group had written off the carrying amount of the Tuchushan Iron Mine of approximately HK$37.6 million in full and the Hongshannan Gold mine of HK$18.2 million. It was made in view of the unfavourable iron and gold market and the Directors expected that it should not be turnaround in near future.

*Outlook*

The gold market price dropped continuously during the period from March to December 2015, but began to make a recovery and climbed to US$1,233 per ounce on 31 March 2016, which represents an increase of approximately 4% as compared with the gold price as at 31 March 2015. However, due to the negative macro environment for commodities, the rising trend of the gold price may not last for long. To cope with the complicated market environment as well as the limited mineral resources of the gold mines, the management of the Group has postponed the relevant mining activities and will implement certain cost control strategies.

The Company commenced the full production of the Baishiquan Nickel-copper Mine in late 2015. The nickel market price was on a declining curve throughout the year under review and closed at US$8,490 per tonne at 31 March 2016, representing a decrease of approximately 32% as compared to that at 31 March 2015. Considering the stagnant situation of the global metal industry, the downside of the nickel market price may continue during the next financial year. Nevertheless, certain ore body of the Baishiquan Nickel-copper Mine runs a higher grade and quantity of metal contents than the previous estimates brightened the future of the mine. The management is optimistic that the sale of the nickel-copper ores will become another major source of the income of the Mining Business in the coming financial years. Facing the volatile market conditions, the management will timely adjust its operating strategies so as to minimise the adverse impact on the Group from the drop of the metal market price.

The mining activities of our gold and nickel-copper mines have been both suspended in 2015 winter as usual. The mining work of the gold mine was resumed in May 2016, while the mining activities of the Baishiquan Nickel-copper Mine is expected to be resumed by second half of 2016 as per request of our buyers so as to cater for the slow distribution of their end products.

**Financial Performance Review**

For the year ended 31 March 2016, the Group recorded turnover of approximately HK$155.7 million (2015: HK$143.0 million), representing an increase of 9% as compared with the prior financial year. Loss attributable to owners of the Company was approximately HK$20.6 million, as compared to approximately HK$33.4 million for the prior financial year.

The Software Business segment recorded turnover and segmental loss of approximately HK$4.3 million (2015: HK$17.7 million) and HK$18.9 million (2015: HK$17.6 million) respectively, representing a decrease of 76% and an increase of 7% respectively as compared with the prior financial year. The Mining Business segment recorded turnover and segmental profit for the year of approximately HK$151.4 million (2015: HK$125.3 million), and HK$16.1 million (2015: segmental loss of HK$41.8 million) respectively, representing an increase of 21% and 139% respectively as compared with the prior financial year.

The decrease in loss for the Group was mainly attributable to the decrease in impairment of intangible assets from approximately HK$55.8 million for the year ended 31 March 2015 to HK$10.3 million for the year ended 31 March 2016.

***Open Offer***

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$0.1 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. The net proceeds from the Open Offer after deducting all relevant expenses were about HK$38.7 million, which were used for (i) repayment of the promissory note held by Starmax Holdings Limited ("Starmax") and accrued interest of approximately HK$10.9 million; and (ii) general working capital of the Group.

Pursuant to the share options schemes of the Company, the exercise price of the outstanding 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 "Offer Result Announcement"). Please refer to the Prospectus and the Offer Result Announcement for details.

**Liquidity and Financial Resources**

As at 31 March 2016, the Group had bank balances and cash and net current assets amounted to approximately HK$101.8 million and HK$101.7 million (2015: HK$51.0 million and HK$49.5 million) respectively. Out of the Group's bank balances and cash, about 44% and 56% were denominated in Hong Kong dollars and Chinese Renminbi (2015: 13% and 85%) respectively. As at 31 March 2016, the current ratio improved to 3.88 (2015: 1.76).

The Group generally financed its operations and investing activities primarily with internally generated cash flow as well as the proceeds from fund raising activities and from the exercise by grantees of the share options granted under the share option schemes.

As at 31 March 2016, the Group had outstanding borrowings of approximately HK$39.4 million (2015: HK$50.3 million), which mainly represented the Hong Kong dollar denominated promissory note accounted for at amortised cost using the effective interest method and a secured bank loan.

***Promissory Note***

On 11 May 2012, the Group issued promissory note in the principal amount of HK$63 million to Starmax as part of the consideration of acquisition of the Mining Business, of which HK$33 million was repaid. The remaining HK$30 million is repayable in three equal instalments on each of the following anniversary date of issue with the next instalment due on 11 May 2016. The promissory note bears interest at 3% per annum payable on each anniversary of the date of issue and is secured by a charge over 51% of the issued share capital of Goffers Management Limited, a non-wholly owned subsidiary of the Company. Overdue instalments bear interests at 7% per annum according to the terms of the promissory note until the overdue instalments are fully paid by the Group.

On 11 May 2016, the Group repaid the fourth instalment of HK$10 million with accrued interest of approximately HK$0.9 million according to the terms of the promissory note.

The Directors believed that the Group's existing financial resources are sufficient to fulfill its commitments and working capital requirements.

**Gearing Ratio**

As at 31 March 2016, the Group's gearing ratio was approximately 35% (31 March 2015: 58%), based on total borrowings of approximately HK$39.4 million (2015: HK$50.3 million) and equity attributable to owners of the Company of approximately HK$111.6 million (2015: HK$86.0 million). The decrease in the ratio was mainly due to the repayment of HK$10 million promissory note and the new issue of shares during the year ended 31 March 2016.

**Charge on the Group's Assets**

As at 31 March 2016, 102 shares of Goffers Management Limited (representing 51% of the issued share capital), an indirect wholly-owned subsidiary of the Company, was pledged to the noteholder in order to secure the payment obligations of the Group under the promissory note.

In addition, the Group had also pledged property, plant and equipment with carrying amounts of approximately HK$19,079,000 to secure the loan facilities granted to the Group.

**Order Book and Prospects for New Business**

There was no order book on hand as at 31 March 2016.

**Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies**

On 31 July 2015, the Group disposed of the entire equity interest of Timeless China Limited, a wholly-owned subsidiary of the Company and its subsidiaries, to a company beneficially owned by an ex-employee of a subsidiary of the Company ("Disposal") at a cash consideration of HK$7.5 million. Details of the Disposal are set out in the Company's announcement dated 31 July 2015. Save as disclosed above, there was no material disposal or acquisition of subsidiaries and affiliated companies for the year under review.

### Segmental Information

The Group is currently organised into two operating segments – (i) the Software Business; and (ii) the Mining Business. During the year under review, revenue generated by the Group's Software Business and Mining Business accounted for 3% (2015: 12%) and 97% (2015: 88%) respectively.

### Future Plans for Material Investments

The Group does not have any plan for material investments in the near future.

### Exposure to Exchange Risks

Since the Group's borrowings and its source of income are primarily denominated in the respective group companies functional currency which are mainly in Hong Kong dollars or Renminbi, the exposure to foreign exchange rate fluctuations is minimal.

### Contingent Liabilities

As at 31 March 2016, there was no material contingent liabilities incurred by the Group.

### Employee Information

As at 31 March 2016, the Group employed a total staff of 92. Staff remuneration is reviewed by the Group from time to time and increases are granted normally annually or by special adjustment depending on length of service and performance when warranted. In addition to salaries, the Group provides staff benefits including medical insurance and provident fund. Share options and bonuses are also available to employees of the Group at the discretion of the Directors and depending upon the financial performance of the Group.

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

During the year, 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 audited financial results of the Group for the year ended 31 March 2016.

## Code on Corporate Governance Practices

The Company has adopted the code provisions ("Code Provisions") set out in the Corporate Governance Code (the "Code") as set out in Appendix 15 to the GEM Listing Rules. The Company had complied with all Code Provisions as set out in the Code, throughout the year ended 31 March 2016, except for Code Provision A.2.1.

Code Provision A.2.1 provides that the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. The positions of Chairman of the Board and Chief Executive Officer of the Company are both currently carried on by Dr. Cheng Kin Kwan. The Board considers that vesting the roles of chairman and chief executive officer in the same person facilitates the execution of the Group's business strategies and maximizes effectiveness of its operation. The Board as well as nomination committee shall nevertheless review the structure of the Board from time to time and shall consider the appropriate move to take should suitable circumstance arises.

A Corporate Governance Report will be dispatched with the annual report of the Company.

On behalf of the Board
**TIMELESS SOFTWARE LIMITED**
**Cheng Kin Kwan**
*Chairman and Chief Executive Officer*

Hong Kong, 22 June 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.*