



TIMELESS SOFTWARE LIMITED

天時軟件有限公司

(incorporated in Hong Kong with limited liability)

(Stock code: 8028)

RESULTS ANNOUNCEMENT

For the six months ended 30 September 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.

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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.

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.

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 six months ended 30 September 2016 together with the comparative unaudited figures for the corresponding period in 2015 as follows:

Condensed Consolidated Statement of Comprehensive Income

For the three months and six months ended 30 September 2016

	Notes	(Unaudited)			
		Three months ended 30 September		Six months ended 30 September	
		2016	2015	2016	2015
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	3	15,809	85,767	16,059	110,884
Other income and gains		109	39	1,067	212
Purchase and production costs		(13,219)	(42,798)	(13,259)	(52,054)
Staff costs		(2,337)	(6,029)	(13,112)	(12,583)
Depreciation and amortisation		(796)	(4,754)	(1,682)	(11,009)
Other expenses		(1,399)	(15,500)	(2,626)	(19,782)
Net gains/(losses) on investments held for trading		–	(233)	488	(233)
Loss on disposal/written off of property, plant and equipment		–	–	(939)	–
Gain on disposal of subsidiaries	17	1	225	1	225
Finance costs	4	(197)	(276)	(428)	(585)
Share of losses of associates		(36)	(31)	(60)	(91)
Profit/(loss) before tax		(2,065)	16,410	(14,491)	14,984
Income tax expense	5	(654)	(5,992)	(1,250)	(8,614)
Profit/(loss) for the period		(2,719)	10,418	(15,741)	6,370
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		(1,251)	(8,385)	(8,815)	(8,385)
Reclassification adjustment on exchange differences released upon disposal of subsidiaries		–	(4,565)	–	(4,565)
Share of other comprehensive income/(loss) of associates		25	(1,850)	(300)	2,235
Other comprehensive loss for the period, net of income tax		(1,226)	(14,800)	(9,115)	(10,715)
Total comprehensive loss for the period		(3,945)	(4,382)	(24,856)	(4,345)

		(Unaudited)			
		Three months ended		Six months ended	
		30 September		30 September	
		2016	2015	2016	2015
Notes		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) attributable to:					
	Owners of the Company	(2,395)	(2,163)	(13,673)	(7,556)
	Non-controlling interests	(324)	12,581	(2,068)	13,926
		<u>(2,719)</u>	<u>10,418</u>	<u>(15,741)</u>	<u>6,370</u>
Total comprehensive income/(loss) attributable to:					
	Owners of the Company	(2,798)	(10,903)	(16,351)	(12,211)
	Non-controlling interests	(1,147)	6,521	(8,505)	7,866
		<u>(3,945)</u>	<u>(4,382)</u>	<u>(24,856)</u>	<u>(4,345)</u>
		HK cents	HK cents (Restated)	HK cents	HK cents (Restated)
Loss per share					
	– Basic and diluted	7 <u>(0.100)</u>	<u>(0.105)</u>	<u>(0.573)</u>	<u>(0.369)</u>

Condensed Consolidated Statement of Financial Position

At 30 September 2016

		(Unaudited) 30 September 2016 HK\$'000	(Audited) 31 March 2016 HK\$'000
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	8	60,732	66,144
Other intangible assets	8	203,075	209,594
Interests in associates		4,951	5,453
Prepaid lease payments		6,883	7,157
Deposits		25,682	26,374
Land rehabilitation costs		4,610	5,116
		<u>305,933</u>	<u>319,838</u>
Current assets			
Inventories		38,575	27,700
Prepaid lease payments		229	236
Trade and other receivables	9	5,270	6,066
Investments held for trading		–	1,172
Bank balances and cash		71,696	101,802
		<u>115,770</u>	<u>136,976</u>
Current liabilities			
Trade and other payables	10	16,393	15,628
Bank borrowing	11	8,277	8,585
Promissory note	12	10,411	10,866
Current tax liabilities		–	180
		<u>35,081</u>	<u>35,259</u>
Net current assets		<u>80,689</u>	101,717
Total assets less current liabilities		<u>386,622</u>	<u>421,555</u>

		(Unaudited)	(Audited)
		30 September	31 March
		2016	2016
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities			
Promissory note	<i>12</i>	9,822	19,935
Provision for land rehabilitation		9,175	9,422
Deferred tax liabilities	<i>13</i>	30,487	30,204
		<u>49,484</u>	<u>59,561</u>
Net assets		<u>337,138</u>	<u>361,994</u>
Capital and reserves			
Share capital	<i>14</i>	866,564	866,564
Reserves		(771,362)	(755,011)
Equity attributable to owners of the Company		95,202	111,553
Non-controlling interests		241,936	250,441
Total equity		<u>337,138</u>	<u>361,994</u>

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2016

(Unaudited)

	Share capital HK\$'000	Share options reserve HK\$'000	General 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 2015	806,049	4,110	-	2,612	10,850	(737,580)	86,041	250,520	336,561
Loss for the period	-	-	-	-	-	(7,556)	(7,556)	13,926	6,370
Other comprehensive income/(loss) for the period	-	-	-	2,235	(6,890)	-	(4,655)	(6,060)	(10,715)
Total comprehensive income/(loss) for the period	-	-	-	2,235	(6,890)	(7,556)	(12,211)	7,866	(4,345)
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	(459)	-	-	-	-	-	(459)	-	(459)
Release of reserve upon lapse of share options	-	(441)	-	-	-	441	-	-	-
Capital injection from non-controlling interests	-	-	-	-	-	-	-	1,249	1,249
Disposal of subsidiaries	-	-	-	-	-	-	-	(735)	(735)
Balance at 30 September 2015	<u>827,785</u>	<u>2,170</u>	<u>-</u>	<u>4,847</u>	<u>3,960</u>	<u>(744,695)</u>	<u>94,067</u>	<u>258,900</u>	<u>352,967</u>
Balance at 1 April 2016	866,564	1,809	-	1,793	(1,213)	(757,400)	111,553	250,441	361,994
Loss for the period	-	-	-	-	-	(13,673)	(13,673)	(2,068)	(15,741)
Other comprehensive loss for the period	-	-	-	(300)	(2,378)	-	(2,678)	(6,437)	(9,115)
Total comprehensive loss for the period	-	-	-	(300)	(2,378)	(13,673)	(16,351)	(8,505)	(24,856)
Transfer to general reserve	-	-	666	-	-	(666)	-	-	-
Release of reserve upon lapse of share options	-	(244)	-	-	-	244	-	-	-
Balance at 30 September 2016	<u>866,564</u>	<u>1,565</u>	<u>666</u>	<u>1,493</u>	<u>(3,591)</u>	<u>(771,495)</u>	<u>95,202</u>	<u>241,936</u>	<u>337,138</u>

Condensed Consolidated Statement of Cash Flows
For the six months ended 30 September 2016

	(Unaudited)	
	Six months ended 30 September	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash flows from operating activities		
– Cash receipts from customers	16,059	110,884
– Purchase and production costs	(13,259)	(52,054)
– Other operating cash flows	(21,635)	(42,395)
	<u> </u>	<u> </u>
Net cash (used in)/generated by operating activities	(18,835)	16,435
	<u> </u>	<u> </u>
Cash flows from investing activities		
– Acquisition of property, plant and equipment	(175)	(4,115)
– Additions to exploration rights and assets	–	(5,260)
– Net proceeds from sales of investments held for trading	1,660	–
– Other investing cash flows	147	(1,538)
	<u> </u>	<u> </u>
Net cash generated by/(used in) investing activities	1,632	(10,913)
	<u> </u>	<u> </u>
Cash flows from financing activities		
– Net Proceeds from issue of equity shares	–	20,236
– Repayment of promissory note	(10,902)	(11,207)
– Dividend paid to non-controlling interests	–	(9,943)
– Other financing cash flows	(404)	2,984
	<u> </u>	<u> </u>
Net cash (used in)/generated by investing activities	(11,306)	2,070
	<u> </u>	<u> </u>
Net (decrease)/increase in cash and cash equivalents	(28,509)	7,592
Cash and cash equivalents at the beginning of period	101,802	50,913
Effect of foreign exchange rate changes	(1,597)	(849)
	<u> </u>	<u> </u>
Cash and cash equivalents at the end of period	71,696	57,656
	<u> </u>	<u> </u>
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	71,696	57,781
Time deposit with original maturity of three months or more and pledged bank deposits	–	(125)
	<u> </u>	<u> </u>
	71,696	57,656
	<u> </u>	<u> </u>

Notes to the Condensed Consolidated Financial Statements

For the three months and six months ended 30 September 2016

1. General Information

The Company is a limited liability company incorporated in Hong Kong and its shares are listed on the GEM of the Stock Exchange. The address of its registered office and principal place of business are Room 2208, 118 Connaught Road West, Hong Kong.

The Company acts as an investment holding company. The Group engages in (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”).

These condensed consolidated interim financial statements have not been audited but have been reviewed by the audit committee of the Company and were approved for issue by the Directors on 8 November 2016.

2. Basis of Preparation and Accounting Policies

These condensed consolidated interim financial information have been prepared in accordance with the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as 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 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2016. 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 2016. 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 interim 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 interim financial statements, the significant judgements made by 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 2016.

The financial information relating to the year ended 31 March 2016 included in these financial statements as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Cap. 622, Laws of Hong Kong) is as follows:

The Company has delivered the financial statements for the year ended 31 March 2016 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance (Cap. 622, Laws of Hong Kong).

The Company's auditor has reported on the financial statements for the year ended 31 March 2016. The auditor's report was unqualified; did not include a reference to any matter to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance (Cap. 622, Laws of Hong Kong).

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 based on two operating segments as (i) Software Business; and (ii) Mining Business.

Segment revenues and results

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

	(Unaudited)	
	Six months ended 30 September	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue		
Software Business	250	3,280
Mining Business	15,809	107,604
	<u>16,059</u>	<u>110,884</u>
Segment results		
Software Business	(8,897)	(10,004)
Mining Business	(2,451)	27,182
	<u>(11,348)</u>	17,178
Unallocated items		
Interest income	147	208
Other income and gains	920	4
Unallocated corporate expenses	(3,272)	(1,722)
Net gains/(losses) on investments held for trading	488	(233)
Gain on disposal of subsidiaries	1	225
Loss on disposal/written off of property, plant and equipment	(939)	–
Finance costs	(428)	(585)
Share of losses of associates	(60)	(91)
	<u>(14,491)</u>	<u>14,984</u>
Profit/(loss) before tax		

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

Segment results represent the profit/(loss) from each segment without allocation of the unallocated items stated above.

Segment assets and liabilities

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

	(Unaudited) 30 September 2016 <i>HK\$'000</i>	(Audited) 31 March 2016 <i>HK\$'000</i>
Segment assets		
Software Business	–	21,477
Mining Business	<u>325,569</u>	<u>326,910</u>
Total segment assets	325,569	348,387
Unallocated	<u>96,134</u>	<u>108,427</u>
Consolidated assets	<u>421,703</u>	<u>456,814</u>
Segment liabilities		
Software Business	–	2,366
Mining Business	<u>55,453</u>	<u>53,068</u>
Total segment liabilities	55,453	55,434
Unallocated	<u>29,112</u>	<u>39,386</u>
Consolidated liabilities	<u>84,565</u>	<u>94,820</u>

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

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

4. Finance Cost

	(Unaudited)			
	Three months ended 30 September		Six months ended 30 September	
	2016	2015	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank borrowing	47	51	95	102
Effective interest on promissory note	<u>150</u>	<u>225</u>	<u>333</u>	<u>483</u>
Total	<u>197</u>	<u>276</u>	<u>428</u>	<u>585</u>

5. Income Tax Expense

	(Unaudited)			
	Three months ended		Six months ended	
	30 September		30 September	
	2016	2015	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax				
– charge for current period	–	6,970	–	9,692
– under-provision in respect of prior years	165	–	175	–
Deferred tax (<i>note 13</i>)	489	(978)	1,075	(1,078)
	<hr/>	<hr/>	<hr/>	<hr/>
Total income tax charged in profit or loss	654	5,992	1,250	8,614
	<hr/>	<hr/>	<hr/>	<hr/>

Hong Kong profits tax is calculated at the rate of 16.5% (2015: 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% (2015: 25%).

6. Interim Dividend

The Directors do not recommend the payment of an interim dividend for the period (for the six months ended 30 September 2015: nil).

7. Loss per Share

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

	(Unaudited)			
	Three months ended		Six months ended	
	30 September		30 September	
	2016	2015	2016	2015
		(Restated)		(Restated)
Loss:				
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	HK\$2,395,000	HK\$2,163,000	HK\$13,673,000	HK\$7,556,000
	<hr/>	<hr/>	<hr/>	<hr/>
Number of ordinary shares:				
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	2,387,881,803	2,060,868,401	2,387,881,803	2,048,670,066
	<hr/>	<hr/>	<hr/>	<hr/>

The computation of diluted loss per share did not assume the exercise of the Company's outstanding share options existed during the three months and six months ended 30 September 2016 and 2015 since their exercise would result in decrease in loss per share.

The weighted average number of ordinary shares adopted in the calculation of the basic and diluted loss per share for the period ended 30 September 2015 has been adjusted to reflect the bonus element of the open offer completed during the year ended 31 March 2016.

8. Property, Plant and Equipment and Other Intangible Assets

During the current interim period, the Group purchased property, plant and equipment with a cost of approximately HK\$175,000 (for the six months ended 30 September 2015: approximately HK\$4,115,000) and there is no addition to other intangible assets (for the six months ended 30 September 2015: addition of approximately HK\$5,260,000).

During the current interim period, depreciation for property, plant and equipment was approximately HK\$3,419,000 (for the six months ended 30 September 2015: approximately HK\$3,701,000) and amortisation for other intangible assets was approximately HK\$1,020,000 (for the six months ended 30 September 2015: HK\$14,828,000). Amongst the above, approximately HK\$2,757,000 was included in the cost of inventories (for the six months ended 30 September 2015: approximately HK\$7,520,000). The remaining expenses were charged to the condensed consolidated statement of comprehensive income.

9. Trade and Other Receivables

At 30 September 2016, there is no trade receivables included in the Group's trade and other receivables (31 March 2016: approximately HK\$180,000).

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.

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

	(Unaudited) 30 September 2016 <i>HK\$'000</i>	(Audited) 31 March 2016 <i>HK\$'000</i>
0 to 30 days	–	161
31 to 60 days	–	19
	<hr/>	<hr/>
	–	180
	<hr/>	<hr/>

10. Trade and Other Payables

At 30 September 2016, included in the Group's trade and other payables are trade payables of approximately HK\$5,731,000 (31 March 2016: approximately HK\$3,777,000).

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

	(Unaudited) 30 September 2016 <i>HK\$'000</i>	(Audited) 31 March 2016 <i>HK\$'000</i>
0 to 30 days	1,865	451
31 to 60 days	906	–
61 to 90 days	74	–
More than 90 days	2,886	3,326
	<hr/>	<hr/>
	5,731	3,777
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11. Bank Borrowing

The bank borrowing is secured by the Group's property, plant and equipment with carrying value of HK\$18,773,000 at 30 September 2016 and bears interest at 3% per annum below the HK\$ best lending rate. The effective interest rate is 2.25% per annum. The bank borrowing shall be repayable by monthly instalments, of which approximately HK\$628,000 (31 March 2016: approximately HK\$621,000) shall be repayable within one year and the remaining HK\$7,649,000 (31 March 2016: approximately HK\$7,964,000) shall be repayable more than one year. The bank borrowing contains a repayable on demand clause and is classified as current liabilities in the condensed consolidated statement of financial position. The bank borrowing was fully settled on 18 October 2016 upon disposal of portion of the property, plant and equipment pledged as a security of the bank borrowing.

12. Promissory Note

On 11 May 2012, the Group issued promissory note to Starmax Holdings Limited ("Starmax") 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 "Promissory Note") of which HK\$43,000,000 was repaid. The outstanding principal of the Promissory Note bears interest at 3% per annum and is repayable in two equal instalments on each anniversary date of issue from now onward. It 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.

Imputed interest expenses of approximately HK\$150,000 (for the three months ended 30 September 2015: approximately HK\$258,000) and HK\$333,000 (for the six months ended 30 September 2015: approximately HK\$483,000) respectively have been recognised in the condensed consolidated statement of comprehensive income for the three months and six months ended 30 September 2016.

13. Deferred Tax Liabilities

Deferred tax expense of approximately HK\$489,000 (for the three months ended 30 September 2015: deferred tax credit of approximately HK\$978,000) and HK\$1,075,000 (for the six months ended 30 September 2015: deferred tax credit of approximately HK\$1,078,000) have been recognised in the condensed consolidated statement of comprehensive income for the three months and six months ended 30 September 2016 in income tax expense respectively (note 5).

14. Share Capital

	Number of Shares	Share Capital <i>HK\$'000</i>
Issued and fully paid:		
At 31 March 2016 and 30 September 2016	<u>2,387,881,803</u>	<u>866,564</u>

15. Fair Value Measurements of Financial Instruments

The fair values of financial instruments traded in active markets are determined with reference to quoted market bid prices.

The Directors consider that the carrying amount of the Promissory Note approximated to its fair value as at 30 September 2016. The carrying amount of the Promissory Note as at 31 March 2016 amounted to approximately HK\$30,801,000, whereas its fair value amounted to approximately HK\$31,221,000. The fair value of the Promissory Note has been arrived using the effective interest method by discounting future estimated repayments at discount rate of 1.75% (31 March 2016: 1.71%) with reference to the United States Treasury Bonds yields and credit spreads of comparable financial instruments with similar characteristics.

Fair value hierarchy

	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 30 September 2016				
Financial liabilities				
Promissory Note	–	31,481	–	31,481
	<u>–</u>	<u>31,481</u>	<u>–</u>	<u>31,481</u>
As at 31 March 2016				
Financial assets				
Investments held for trading	1,172	–	–	1,172
	<u>1,172</u>	<u>–</u>	<u>–</u>	<u>1,172</u>
Financial liabilities				
Promissory Note	–	31,221	–	31,221
	<u>–</u>	<u>31,221</u>	<u>–</u>	<u>31,221</u>

During the six months ended 30 September 2016, there were no transfer between Level 1 and Level 2, or transfer into or out of Level 3 (for the six months ended 30 September 2015: nil).

16. Share-Based Payment Arrangement

On 25 September 2013, an ordinary resolution approving the adoption of a new share option scheme was passed by shareholders at the annual general meeting of the Company (“2013 Share Option Scheme”). Under the 2013 Share Option Scheme, Directors of the Company may grant options to eligible persons to subscribe for the Company’s shares subject to the terms and conditions as stipulated therein. Unless otherwise cancelled or amended, the 2013 Share Option Scheme will remain valid for a period of 10 years from the adoption date.

During the six months ended 30 September 2016, no share option was granted to employees (for the six months ended 30 September 2015: nil).

17. Disposal of Subsidiaries

On 28 July 2016, the Group disposed of the entire equity interest of Three Principles Computer Service Company Limited, Encore Trading Limited and Corp-Vision Publishing Limited at a total consideration of HK\$155,000. The consideration was approximate to the net asset value of the disposed companies as at 28 July 2016.

Analysis of assets and liabilities over which control was lost

	<i>HK\$'000</i>
Trade and other receivables	63
Bank balances and cash	448
Trade and other payables	(357)
	<hr/>
Net assets disposed of	154
	<hr/>

Gain on disposal

	<i>HK\$'000</i>
Consideration	155
Net assets disposed of	(154)
	<hr/>
	1
	<hr/>

Net cash outflow arising on disposal

	<i>HK\$'000</i>
Consideration received in cash and cash equivalents	155
Less: cash and cash equivalents disposed of	(448)
	<hr/>
	(293)
	<hr/>

18. Related Party Transactions

The Group had the following significant related party transactions during the period:

	(Unaudited)	
	Six months ended 30 September	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest expenses paid to a related company (<i>note (i)</i>)	333	483
Rental expenses paid to a related company (<i>note (ii)</i>)	96	–
	<u>333</u>	<u>483</u>

Notes:

- (i) Effective interest expenses on the Promissory Note is charged at 2.99% (2015: 2.99%) per annum and payable to a related company which is beneficially owned by Mr. Felipe Tan, a Director and substantial shareholder of the Company, at terms mutually agreed by both parties. Further details of the Promissory Note are set out in note 12.
- (ii) Rental expenses in respect of the leasing of an office premise were paid to a related company which is beneficially owned as to 67.35% by Mr. Felipe Tan, a Director and substantial shareholder of the Company, at normal commercial terms mutually agreed by both parties.

Compensation of key management personnel

The key management personnel are the Directors of the Company. Details of their remuneration during the period are as follows:

	(Unaudited)	
	Six months ended 30 September	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Short-term employee benefits	2,308	2,452
Post-employment benefits	31	45
	<u>2,339</u>	<u>2,497</u>

19. Events after the Reporting Period

Disposal of property, plant and equipment

On 18 October 2016, the Group disposed of an office building with carrying value of approximately HK\$10,618,000 at a total consideration of HK\$10,860,000.

Management Discussion and Analysis

About the Group

The Group is principally engaged in two business lines, namely (i) the Software Business; and (ii) the Mining Business.

Business Review and Outlook

Software Business

Revenue of the Software Business is mainly sourced from the development of software products and/or services for clients plus computer related hardware trading. In view of the continuous losses of the Software Business, the Group has implemented certain strategies to integrate the software operation. On 28 July 2016, the Company had disposed of the deficit subsidiaries to cut loss and is currently looking for investment opportunity to acquire promising business operations. As the turnover of the Software Business was insufficient to cover the staff cost, overhead cost, and additional cost associated with the Software Business, the segment resulted in operating losses for the period of approximately HK\$8,897,000. Looking ahead, a long-term perspective will be adopted to ensure that the Company is well-positioned to take advantage of the major changes occurring in technology and business of software industry. We will be continuing to study the market trend, acquire new capabilities and adopt innovative strategies which will be timely adjusted to cope with dramatic shift in the software industry.

Mining Business

Review

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 six months ended 30 September 2016, gold dores were the only products sold under the Mining Business.

Due to the relatively stable gold market price and the continued growth in gold market demand during the three months ended 30 September 2016, the Gold Mining Business achieved a little turnaround as compared to last quarter. However, as the Hongshannan Gold Mine has come to its final stage of mining prior to exhaustion, its outputs and sales both sharply decreased as compared to the corresponding period last year. Sales of processed gold dores were approximately 48kg for the six months ended 30 September 2016 (2015: approximately 73kg gold dores), representing a decrease of 34% as compared to the corresponding period of 2015.

During the six months ended 30 September 2016, the Group further delayed the resumption of the nickel-copper mining activities owing to the destocking of nickel-copper ores from Russia and the weak demand for such products. Therefore, there was no nickel-copper ores processed and sold during the period.

Outlook

For the three months ended 30 September 2016, the gold market price fluctuated around USD1,350 per ounce and showed a decrease of approximately 5% from USD1,321.9 per ounce on 30 June 2016 to USD1,315.87 per ounce on 30 September 2016. With election of the president of the USA, there may be surprises both ways. Considering the low mining production of the Hongshannan Gold Mine due to its nearly-exhausted mineral resources as well as the cost of its extensive engineering work, including pillar recovery and backfilling work of the mine, the Group may still be under pressure during the second half of this financial year.

In October 2016, the Group entered into a nickel-copper ores sales contract to dispose of in aggregate 15,000 tonnes of nickel-copper ores from October to December 2016. Consequently, the sales contract will reduce stock and generate profit for the Group. The new income is expected to ease the stress borne by the Group generated by destocking of nickel-copper ores from Russia in first half of this year.

Exploration, Development and Mining Production Activities

The exploration, development and mining production activities of the project of the Group for the six months ended 30 September 2016 are summarised below:

Mine	Activity		
	Exploration	Development	Mining
Hongshannan Gold Mine	Completed 10 surface drill holes for a total of approximately 1,144 meters	Completed shaft construction of approximately 84 meters and drift construction of approximately 2,946 meters	Ores extracted: 13,710 tonnes
Tuchushan Iron Mine	No activity during the period under review		
Baishiquan Nickel-copper Mine	No material exploration	No material development	No commercial production with basic operating expenditure incurred for the maintenance of the mine
South Hami Gold Project	Completed 1 surface drill hole of approximately 105 meters	No material development	Ores extracted during exploration: 5,953 tonnes

Processing Activity

For the six months ended 30 September 2016, the total quantity of gold ores extracted from the mines and processed by the processing plant were approximately 19,663 tonnes and 19,746 tonnes respectively. The gold ores extracted increased by 34% while gold processing quantity decreased by 46% as compared to the corresponding period of last year. The increase in gold ores extracted was mainly contributed by the ores extracted during exploration from South Hami Gold Project while the decrease in gold processing quantity is due to the maintenance of processing plant and production resumed late in June 2016.

For the six months ended 30 September 2016, there is no nickel-copper ores extracted due to the weak demand of such product.

Expenditure Incurred

During the six months ended 30 September 2016, the Group has incurred expenditure of approximately HK\$24.5 million on exploration, development, mining and processing activities, details of which are set out below:

	Hongshannan Gold Mine <i>HK\$'000</i>	Baishiquan Nickel- copper Mine <i>HK\$'000</i>	South Hami Gold Project <i>HK\$'000</i>	Total <i>HK\$'000</i>
1. Capital Expenditure				
1.1 Exploration activities				
Drilling and analysis	629	–	623	1,252
Others	–	–	955	955
<i>Subtotal</i>	<u>629</u>	<u>–</u>	<u>1,578</u>	<u>2,207</u>
1.2 Development activities (including mine construction)				
Addition of intangible assets, property, plant and equipment	<u>56</u>	<u>38</u>	<u>73</u>	<u>167</u>
<i>Subtotal</i>	<u>56</u>	<u>38</u>	<u>73</u>	<u>167</u>
Total Capital Expenditure	<u>685</u>	<u>38</u>	<u>1,651</u>	<u>2,374</u>

	Hongshannan Gold Mine <i>HK\$'000</i>	Baishiquan Nickel- copper Mine <i>HK\$'000</i>	South Hami Gold Project <i>HK\$'000</i>	Total <i>HK\$'000</i>
2. Operating Expenditures for Mining Activities				
Staff cost	639	208	–	847
Consumables	119	9	–	128
Fuel, electricity, water and other services	812	363	–	1,175
Non-income taxes, royalties and other government charges	181	–	–	181
Sub-contracting charges	12,633	313	–	12,946
Transportation	792	–	–	792
Depreciation and amortization	1,369	1,362	–	2,731
Others	40	26	–	66
Total Operating Expenditure	16,585	2,281	–	18,866
Total Capital and Operating Expenditure	17,270	2,319	1,651	21,240
3. Processing Expenditure				
Staff cost				828
Consumables				1,142
Fuel, electricity, water and other services				761
Depreciation and amortization				463
Transportation				1
Others				54
Total Processing Expenditures				3,249
Total Expenditures				24,489

Infrastructure Projects, Subcontracting Arrangements and Purchases of Equipment

There were new contracts entered into during the six months ended 30 September 2016 which were related to exploration work and transportation of gold ores from mine site to processing plant. As at 30 September 2016, there was no outstanding commitments in relation to these contracts for the Group.

Financial Performance Review

For the six months ended 30 September 2016, the Group recorded turnover of approximately HK\$16,059,000 (2015: approximately HK\$110,884,000), representing a decrease of 86% compared to the corresponding period in 2015. Loss for the period under review was approximately HK\$15,741,000 (2015: profit of approximately HK\$6,370,000), representing a decrease of 3.5 times as compared to the corresponding period in 2015.

For the period under review, the Software Business recorded turnover of approximately HK\$250,000 (2015: approximately HK\$3,280,000), representing a decrease of 92.4% against the corresponding period in 2015. The segmental loss was approximately HK\$8,897,000 (2015: approximately HK\$10,004,000), representing a decrease of 11.1% as compared with corresponding period last year.

For the period under review, the Mining Business recorded turnover of approximately HK\$15,809,000 (2015: approximately HK\$107,604,000), representing a decrease of 85% against the corresponding period in 2015. Other income and gains for the six months ended 30 September 2016 of approximately HK\$920,000 (2015: approximately HK\$4,000) mainly represented the sale of used charcoal and steel ball and interest income. The segmental loss was approximately HK\$2,451,000 (2015: profit of approximately HK\$27,182,000), representing a decrease of 1.1 times as compared with the corresponding period in 2015.

Loss attributable to owners of the Company was approximately HK\$13,673,000, representing an increase of 81% as compared to approximately HK\$7,556,000 for the same period in 2015.

Promissory Note

On 11 May 2012, the Group issued Promissory Note to Starmax as part of the purchase consideration of a 51% equity interest of Goffers Management Limited in the principal amount of HK\$63,000,000, of which HK\$43,000,000 was repaid up to now. The balance of HK\$20,000,000 is repayable in two equal instalments on each anniversary date of issue from now onward. The Promissory Note bears interest at 3% per annum 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.

Capital Structure, Liquidity and Financial Resources

As at 30 September 2016, the Group had bank balances and cash of approximately HK\$71.7 million (31 March 2016: HK\$101.8 million) and net current assets of approximately HK\$80.7 million (31 March 2016: HK\$101.7 million) respectively. Out of the Group's bank balances and cash, about 31% and 69% (31 March 2016: 44% and 56%) were denominated in Hong Kong dollars and Chinese Renminbi respectively. As at 30 September 2016, the Group's current ratio was 3.30 (31 March 2016: 3.88).

The Group generally financed its operations and investing activities primarily with internally generated cash flow as well as the proceeds from fund raising activities.

As at 30 September 2016, the Group had outstanding borrowings of approximately HK\$28.5 million (31 March 2016: HK\$39.4 million), which primarily represented the Hong Kong dollar denominated Promissory Note accounted for at amortised cost using the effective interest method and a secured bank loan. As at the date of this announcement, the Promissory Note with carrying value of HK\$20.2 million shall be repaid by instalments with accrued interests, of which approximately HK\$10.4 million (31 March 2016: approximately HK\$10.9 million) was repayable within one year and approximately HK\$9.8 million (31 March 2016: approximately HK\$19.9 million) was repayable within two to five years accordingly.

The Board believes that the Group has an adequate capital structure and the Group's existing financial resources are sufficient to fulfill its commitments and working capital requirements.

Gearing Ratio

As at 30 September 2016, the Group's gearing ratio was approximately 30% (31 March 2016: 35%), based on total borrowings of approximately HK\$28.5 million (31 March 2016: HK\$39.4 million) and equity attributable to owners of the Company of approximately HK\$95.2 million (31 March 2016: HK\$111.6 million). The decrease in the ratio was mainly due to the repayment of HK\$10 million Promissory Note during the period ended 30 September 2016.

Charge on the Group's Assets

As at 30 September 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\$18.8 million to secure certain loan facilities granted to the Group.

Order Book and Prospects for New Business

There was no order book on hand as at 30 September 2016.

Significant Investments, Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

On 28 July 2016, the Group disposed of the entire equity interest of Three Principles Computer Service Company Limited, Encore Trading Limited and Corp-Vision Publishing Limited at a total consideration of HK\$155,000. The consideration was approximate to the net asset value of the disposed companies as at 28 July 2016.

Save as above, there was no material disposal or acquisition of subsidiaries and affiliated companies for the period 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 1.56% (2015: 2.96%) and 98.44% (2015: 97.04%) respectively. Additional segmental information could be found in the business review and outlook in the Management Discussion and Analysis.

Future Plans for Material Investments

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

Exposure to Exchange Risks

The Group is not exposed to significant foreign currency risk as majority of its transactions are denominated in the respective functional currencies of the Group's major operating subsidiaries (i.e. Hong Kong dollars and Renminbi).

Contingent Liabilities

As at 30 September 2016, there were no material contingent liabilities incurred by the Group.

Employee Information

As at 30 September 2016, the Group employed a total staff of 87. 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 depending upon the financial performance of the Group.

Other Information

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

At 30 September 2016, 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

Name of Directors	Number of ordinary shares held in the capacity of		Total number of shares	Percentage of shareholding
	Beneficial owner	Controlled corporation		
Executive Directors				
Felipe Tan	133,308,000	513,894,400*	647,202,400	27.10%
Independent Non-Executive Directors				
Chan Choi Ling	1,200,000	–	1,200,000	0.05%
Chan Mei Ying, Spencer	1,800,000	–	1,800,000	0.08%
Lam Kwai Yan	1,200,000	–	1,200,000	0.05%

* The shares were held by Starmax which is beneficially owned by Mr. Felipe Tan. By virtue of the SFO, Mr. Felipe Tan is deemed to have interests in the shares held by Starmax.

(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\$20,000,000*

* The outstanding balance of the Promissory Note issued to Starmax which is beneficially owned 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 2013 Share Option Scheme were as follows:

Name of Directors	Date of grant	Vesting and exercisable period	Exercise price per share HK\$	Number of share options and number of underlying shares							
				Outstanding at 01.04.2016	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Reclassified during the period	Outstanding at 30.09.2016	
Executive Directors											
Lau Yun Fong	03.10.2013	03.10.2013–02.10.2023	0.1435	2,075,676	-	-	-	-	-	-	2,075,676
Carman	17.02.2014	17.02.2014–16.02.2024	0.1329	415,135	-	-	-	-	-	-	415,135
Zhang Ming*	03.10.2013	03.10.2013–02.10.2023	0.1435	3,113,514	-	-	-	-	-	(3,113,514)	-
				<u>5,604,325</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,113,514)</u>	<u>2,490,811</u>

* A total of 3,113,514 options outstanding as at 30 September 2016 were reclassified from "Directors" category to "Employees" category as Mr. Zhang Ming resigned as a Director of the Company with effect from 26 September 2016.

Save as disclosed above, at 30 September 2016, 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 Shareholder's Interests and Short Positions in Shares and Underlying Shares

As at 30 September 2016, 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 shareholder had notified the Company of relevant interest in the issued share capital of the Company.

Name of substantial shareholder	Number of ordinary shares held	Number of share options and underlying shares held	Aggregate long position	Percentage of the issued share capital as at 30 September 2016
Starmax Holdings Limited*	513,894,400	–	513,894,400	21.52%

* Starmax is beneficially owned by Mr. Felipe Tan.

Save as disclosed above and 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 30 September 2016.

Share Options

A summary of the share options granted under the 2003 and 2013 Share Option Schemes are as follows:

Type of participants	Date of grant	Vesting and exercisable period	Exercise price per share HK\$	Number of share options						
				Outstanding at 01.04.2016	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Reclassified during the period (Note)	Outstanding at 30.09.2016
2003 Share Option Scheme										
Employees	18.06.2007	18.06.2007–17.06.2017	0.2871	622,702	–	–	–	(622,702)	–	–
	09.09.2011	09.09.2011–08.09.2021	0.1445	830,270	–	–	–	(830,270)	–	–
	20.11.2012	20.11.2012–19.11.2022	0.1281	10,378,380	–	–	–	–	–	10,378,380
				<u>11,831,352</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(1,452,972)</u>	<u>–</u>	<u>10,378,380</u>
2013 Share Option Scheme										
Directors	03.10.2013	03.10.2013–02.10.2023	0.1435	5,189,190	–	–	–	–	(3,113,514)	2,075,676
	17.02.2014	17.02.2014–16.02.2024	0.1329	415,135	–	–	–	–	–	415,135
Employees	03.10.2013	03.10.2013–02.10.2023	0.1435	4,358,920	–	–	–	(726,487)	3,113,514	6,745,947
	17.02.2014	17.02.2014–16.02.2024	0.1329	726,487	–	–	–	(103,784)	–	622,703
				<u>10,689,732</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(830,271)</u>	<u>–</u>	<u>9,859,461</u>

Note: A total of 3,113,514 options outstanding as at 30 September 2016 were reclassified from “Directors” category to “Employees” category as a Director of the Company resigned during the period.

Competing Interest

Mr. Felipe Tan holds 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, 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 is 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.

Code on Corporate Governance Practices

During the six months ended 30 September 2016, the Company has met the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 of the GEM Listing Rules, except that (1) Dr. Cheng Kin Kwan held the dual role of being the chairman and the chief executive officer of the Company until his retirement as executive Director and cessation as the chairman and the chief executive officer of the Company on 29 July 2016. Following the aforesaid changes, the Company has a vacancy for the chief executive officer. The Board will review the current Board composition from time to time and consider to fill the post as appropriate subject to the circumstance arose; (2) Ms. Tsang Wai Chun Marianna and Mr. Chan Mei Ying Spencer have served as independent non-executive Directors of the Company for more than 9 years. Ms. Tsang and Mr. Chan have demonstrated their abilities to provide independent view to the Company's matters. Notwithstanding their years of service as an independent non-executive Director of the Company, the Board is of the view that Ms. Tsang and Mr. Chan are able to continue to fulfill their roles as required and meet the independence guidelines set out in Rule 5.09 of the GEM Listing Rules.

Code of Conduct Regarding Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company throughout the six months ended 30 September 2016.

Audit Committee

The primary duties of the audit committee are to review and supervise the financial reporting process, internal control and risk management systems of the Group.

Under the terms of reference of the audit committee, the committee is required, amongst other things, to oversee the relationship with the external auditors, review the Group's consolidated financial statements and annual report and accounts, half-year report and quarterly reports and the connected transactions, monitor compliance with statutory and GEM Listing Rules requirements, review the scope, extent and effectiveness of the activities of the Group's internal control, engage independent legal or other advisers as it determines is necessary and perform investigations.

We have designated staff with relevant experience and knowledge to oversee the internal control and internal audit function. The designated staff regularly (i) evaluate with our senior management on the risk assessment and risk mitigation measures; (ii) assess the effectiveness of the internal control and risk management systems and ensure they are properly followed; and (iii) submit periodical reports to the audit committee for review and approval.

With effect from 29 July 2016, the audit committee comprises four independent non-executive Directors, Ms. Tsang Wai Chun Marianna, Ms. Chan Choi Ling, Mr. Chan Mei Ying Spencer and Mr. Lam Kwai Yan. The audit committee has reviewed the unaudited interim financial results for the six months ended 30 September 2016.

Nomination Committee

With effect from 29 July 2016, the nomination committee comprises four independent non-executive Directors, Mr. Lam Kwai Yan, Ms. Chan Choi Ling, Mr. Chan Mei Ying Spencer and Ms. Tsang Wai Chun Marianna.

Remuneration Committee

With effect from 29 July 2016, the remuneration committee comprises four independent non-executive Directors, Mr. Chan Mei Ying Spencer, Ms. Chan Choi Ling, Mr. Lam Kwai Yan and Ms. Tsang Wai Chun Marianna.

On behalf of the Board
TIMELESS SOFTWARE LIMITED
Felipe Tan
Chairman

Hong Kong, 8 November 2016

Executive Directors:

Mr. Felipe Tan (*Chairman*)

Ms. Lau Yun Fong Carman

Independent non-executive Directors:

Ms. Chan Choi Ling

Mr. Chan Mei Ying Spencer

Mr. Lam Kwai Yan

Ms. Tsang Wai Chun Marianna