



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 year ended 31 March 2017

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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 2017, together with the comparative audited figures for the corresponding period in 2016, reviewed by the audit committee of the Company and approved by the Board on 15 June 2017 as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2017

	Notes	2017 HK\$'000	2016 HK\$'000
Revenue	3	64,910	155,704
Other income and gains		2,370	3,398
Purchase and production costs		(52,571)	(93,626)
Staff costs		(18,364)	(25,793)
Depreciation and amortisation		(2,981)	(4,010)
Other expenses		(11,026)	(27,269)
Loss on disposal of property, plant and equipment		(823)	–
Impairment loss on other intangible assets		–	(10,332)
Gain/(loss) arising on change in fair value of investments held for trading		504	(1,739)
Gain on disposals of subsidiaries		1	3,533
Finance costs	4	(744)	(1,136)
Share of gain/(loss) of associates		2,775	(142)
Loss before tax		(15,949)	(1,412)
Income tax expense	6	(1,882)	(8,748)
Loss for the year	5	(17,831)	(10,160)
Other comprehensive income/(expense), net of income tax			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Gain on revaluation of properties		964	–
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		(17,818)	(14,903)
Reclassification adjustment on exchange differences released upon disposals of subsidiaries		–	(7,911)
Share of exchange differences of associates		(292)	(303)
Share of other comprehensive expense of associates		(162)	(819)
		(18,272)	(23,936)
Other comprehensive expense for the year, net of income tax		(17,308)	(23,936)
Total comprehensive expense for the year		(35,139)	(34,096)

	<i>Notes</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
(Loss)/profit attributable to:			
Owners of the Company		(16,574)	(20,621)
Non-controlling interests		(1,257)	10,461
		<u>(17,831)</u>	<u>(10,160)</u>
 Total comprehensive expense attributable to:			
Owners of the Company		(20,678)	(33,503)
Non-controlling interests		(14,461)	(593)
		<u>(35,139)</u>	<u>(34,096)</u>
		<i>HK cents</i>	<i>HK cents</i>
Loss per share			
– Basic and diluted	7	<u>(0.66)</u>	<u>(0.96)</u>

Consolidated Statement of Financial Position

At 31 March 2017

	<i>Notes</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		38,235	66,144
Investment properties		8,992	–
Other intangible assets	8	195,364	209,594
Interests in associates		8,974	5,453
Prepaid lease payments		6,606	7,157
Deposits		25,327	26,374
Land rehabilitation costs		4,118	5,116
		<u>287,616</u>	<u>319,838</u>
Current assets			
Inventories		22,414	27,700
Prepaid lease payments		223	236
Trade and other receivables	9	14,820	6,066
Investments held for trading		–	1,172
Bank balances and cash		102,086	101,802
		<u>139,543</u>	<u>136,976</u>
Current liabilities			
Trade and other payables	10	13,272	15,628
Dividends payable to non-controlling interests		5,532	–
Bank borrowing		–	8,585
Promissory note	11	10,565	10,866
Current tax liabilities		–	180
		<u>29,369</u>	<u>35,259</u>
Net current assets		<u>110,174</u>	<u>101,717</u>
Total assets less current liabilities		<u>397,790</u>	<u>421,555</u>
Non-current liabilities			
Promissory note	11	9,967	19,935
Provision for land rehabilitation		8,917	9,422
Deferred tax liabilities		29,521	30,204
		<u>48,405</u>	<u>59,561</u>
Net assets		<u>349,385</u>	<u>361,994</u>
Capital and reserves			
Share capital		906,074	866,564
Reserves		(773,939)	(755,011)
Equity attributable to owners of the Company		<u>132,135</u>	<u>111,553</u>
Non-controlling interests		217,250	250,441
Total equity		<u>349,385</u>	<u>361,994</u>

Consolidated Statement of Changes in Equity

For the year ended 31 March 2017

	Share capital <i>HK\$'000</i>	Share options reserve <i>HK\$'000</i>	General reserve <i>HK\$'000</i>	Investment revaluation reserve <i>HK\$'000</i>	Property revaluation reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Accumulated deficit <i>HK\$'000</i>	Attributable to owners of the Company <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1 April 2015	806,049	4,110	-	2,612	-	10,850	(737,580)	86,041	250,520	336,561
(Loss)/profit 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
Loss for the year	-	-	-	-	-	-	(16,574)	(16,574)	(1,257)	(17,831)
Other comprehensive income/ (expense) for the year	-	-	-	(162)	964	(4,906)	-	(4,104)	(13,204)	(17,308)
Total comprehensive income/ (expense) for the year	-	-	-	(162)	964	(4,906)	(16,574)	(20,678)	(14,461)	(35,139)
Recognition of equity-settled share-based payments	-	1,750	-	-	-	-	-	1,750	-	1,750
Issue of ordinary shares by way of placing	40,375	-	-	-	-	-	-	40,375	-	40,375
Transaction costs attributable to issue of new ordinary shares	(865)	-	-	-	-	-	-	(865)	-	(865)
Transfer to general reserve	-	-	647	-	-	-	(647)	-	-	-
Release of reserve upon share options lapsed	-	(781)	-	-	-	-	781	-	-	-
Dividends distributed to non-controlling interests	-	-	-	-	-	-	-	-	(18,730)	(18,730)
Balance at 31 March 2017	906,074	2,778	647	1,631	964	(6,119)	(773,840)	132,135	217,250	349,385

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

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 Room 2208, 118 Connaught Road West, Hong Kong.

The Principal activity of the Company is investment holding. The principal activities of the Company's principal subsidiaries are (i) the provision of 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").

The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Company.

The financial information relating to the years ended 31 March 2017 and 2016 included in this announcement does not constitute the Company's statutory annual consolidated financial statements for those years 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) is as follows:

The Company has delivered the financial statements for the year ended 31 March 2016 to the Hong Kong Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 March 2017 to the Hong Kong Registrar of Companies in due course.

The Company's auditors have reported on the financial statements of the Group for both financial years. The auditors' reports were unqualified; did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

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

The Group has applied for the first time in current year the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"):

Amendments to HKAS 1	<i>Disclosure Initiative</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to HKAS 27	<i>Equity Method in Separate Financial Statements</i>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
Amendments to HKFRSs	<i>Annual Improvements to HKFRSs 2012–2014 Cycle</i>

The Directors consider that the adoption of the amendments to HKFRSs has no material effect on the Group's consolidated financial statements.

New and revised HKFRSs in issue but not yet effective

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

HKFRS 9	<i>Financial Instruments</i> ²
HKFRS 15	<i>Revenue from Contracts with Customer</i> ²
HKFRS 16	<i>Leases</i> ³
Amendments to HKAS 7	<i>Disclosure Initiative</i> ¹
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrecognised Losses</i> ¹
Amendments to HKAS 40	<i>Transfers of Investment Property</i> ²
Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i> ²
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts</i> ²
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
Amendments to HKFRS 15	<i>Clarification to HKFRS 15 Revenue from Contracts with Customers</i> ²
Amendments to HKFRSs	<i>Annual Improvements to HKFRSs 2014–2016 Cycle</i> ⁵

¹ Effective for annual periods beginning on or after 1 January 2017.

² Effective for annual periods beginning on or after 1 January 2018.

³ Effective for annual periods beginning on or after 1 January 2019.

⁴ Effective for annual periods beginning on or after a date to be determined.

⁵ Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

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

The Directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

The Directors of the Company do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Group's results but it is expected that certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

The Directors of the Company anticipate that the application of the other new and revised standards and amendments will have no material impact on the results and the financial position of the Group.

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) Software Business; (ii) Mining Business.

Segment revenues and results

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Segment revenue		
Software Business	800	4,261
Mining Business	64,110	151,443
	64,910	155,704
Segment results		
Software Business	(8,887)	(18,912)
Mining Business	(1,705)	16,097
	(10,592)	(2,815)
Interest income	956	2,270
Other income and gains	1,414	1,128
Unallocated corporate expenses	(9,440)	(2,511)
Gain/(loss) arising on change in fair value of investments held for trading	504	(1,739)
Loss on disposal of property, plant and equipment	(823)	–
Gain on disposals of subsidiaries	1	3,533
Finance costs	(744)	(1,136)
Share of gain/(loss) of associates	2,775	(142)
Loss before tax	(15,949)	(1,412)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2016: nil).

Segment results represent the loss from each segment without allocation of interest income, other income and gains, unallocated corporate expenses, gain/loss arising on change in fair value of investments held for trading, loss on disposal of property plant and equipment, gain on disposals of subsidiaries, finance costs and share of gain/loss of associates. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Segment assets		
Software Business	–	21,477
Mining Business	306,892	326,910
	<hr/>	<hr/>
Total segment assets	306,892	348,387
Unallocated	120,267	108,427
	<hr/>	<hr/>
Consolidated assets	427,159	456,814
	<hr/>	<hr/>
Segment liabilities		
Software Business	–	2,366
Mining Business	55,740	53,068
	<hr/>	<hr/>
Total segment liabilities	55,740	55,434
Unallocated	22,034	39,386
	<hr/>	<hr/>
Consolidated liabilities	77,774	94,820
	<hr/>	<hr/>

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

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

Other segment information

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Additions to non-current assets*		
Software Business	–	218
Mining Business	<u>561</u>	<u>14,572</u>
	561	14,790
Depreciation and amortisation		
Software Business	11	1,303
Mining Business	2,468	2,707
Unallocated	<u>502</u>	<u>–</u>
	2,981	4,010
Depreciation and amortisation included in purchase and production costs		
Mining Business	<u>6,085</u>	<u>22,907</u>
Total depreciation and amortisation recognised in profit or loss	9,066	26,917
Impairment loss on other intangible assets		
Mining Business	<u>–</u>	<u>10,332</u>

* *Additions to non-current assets include additions to property, plant and equipment, other intangible assets and prepaid lease payments.*

Revenue from major products and services

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Computer hardware	–	2,651
Consultancy, software development and maintenance services	800	1,610
Gold ores	32,745	54,175
Nickel-copper ores	<u>31,365</u>	<u>97,268</u>
	64,910	155,704

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:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Revenue from external customers		
Hong Kong	800	1,421
PRC	<u>64,110</u>	<u>154,283</u>
	<u>64,910</u>	<u>155,704</u>
Non-current assets		
Hong Kong	8,992	20,139
PRC	<u>244,323</u>	<u>267,872</u>
	<u>253,315</u>	<u>288,011</u>

Note: Non-current assets excluding financial instruments and interest in associates

Information about major customers

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Customer A ¹	31,365	97,268
Customer B ¹	<u>32,745</u>	<u>52,655</u>

¹ *Revenue from Mining Business*

4. Finance Costs

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Interest on bank borrowing	111	201
Effective interest on promissory note	<u>633</u>	<u>935</u>
	<u>744</u>	<u>1,136</u>

5. **Loss for the Year**

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Loss for the year has been arrived at after charging/(crediting):		
Directors' and chief executive's emoluments	3,864	6,671
Other staff's retirement benefits scheme contributions	860	1,108
Other staff's equity-settled share-based payments	532	–
Other staff costs	13,108	18,014
Total employee benefits expenses	18,364	25,793
Depreciation of property, plant and equipment	4,295	4,307
Amortisation of other intangible assets	1,790	18,600
Total depreciation and amortisation (included in the purchase and production costs line item)	6,085	22,907
Depreciation of property, plant and equipment	2,090	3,053
Amortisation of:		
– prepaid lease payments	167	192
– land rehabilitation costs	724	765
Total depreciation and amortisation (included in the depreciation and amortisation line item)	2,981	4,010
Auditors' remuneration		
– audit services	770	820
– non-audit services	–	200
Cost of inventories recognised as an expense	48,661	91,859
Impairment loss recognised on other receivables (included in other expenses)	–	289
Operating lease rentals in respect of rented premises	373	307
Net foreign exchange losses	80	229
Dividends from equity securities	(16)	(7)
Equity settled share-based payments to consultants	952	–
Interest income	(956)	(2,270)
Rental income arising from investment properties less direct outgoing expenses	(30)	–

6. Income Tax Expense

	2017 HK\$'000	2016 <i>HK\$'000</i>
Current tax		
– PRC Enterprise Income Tax	–	10,806
– Under provision in prior year	163	–
– PRC withholding tax	782	–
Deferred tax	937	(2,058)
	<hr/>	<hr/>
Total income tax recognised in profit or loss	1,882	8,748
	<hr/>	<hr/>

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:

Loss:

	2017 HK\$'000	2016 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	16,574	20,621
	<hr/>	<hr/>

Number of ordinary shares:

	2017 '000	2016 <i>'000</i>
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	2,495,005	2,148,272
	<hr/>	<hr/>

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 2017 and 2016 since their exercise would result in a decrease in loss per share.

8. Other Intangible Assets

	Mining rights <i>HK\$'000</i>
Cost	
Balance at 1 April 2015	373,208
Effect of foreign currency exchange differences	(18,189)
Additions	<u>7,689</u>
Balance at 31 March 2016	362,708
Effect of foreign currency exchange differences	<u>(21,118)</u>
Balance at 31 March 2017	<u>341,590</u>
Accumulated amortisation and impairment	
Balance at 1 April 2015	129,046
Effect of foreign currency exchange differences	(7,200)
Provided for the year	20,936
Impairment loss recognised	<u>10,332</u>
Balance at 31 March 2016	153,114
Effect of foreign currency exchange differences	(9,874)
Provided for the year	<u>2,986</u>
Balance at 31 March 2017	<u>146,226</u>
Carrying amounts	
Balance at 31 March 2017	<u>195,364</u>
Balance at 31 March 2016	<u>209,594</u>

9. Trade and Other Receivables

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade receivables		
Account receivables	–	1,195
Note receivables	9,331	–
Allowance for doubtful debts	–	(1,015)
	9,331	180
Prepayments	4,946	4,507
Deposits	25,409	26,533
Other receivables	461	1,220
	40,147	32,440
Less: deposits classified as non-current assets	(25,327)	(26,374)
	14,820	6,066

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 from 31 March 2017.

Note receivables represent bank acceptance bills of exchange and are interest-free.

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
0 to 30 days	–	161
31 to 60 days	–	19
	–	180

The following is an analysis of note receivables by age, presented based on the date to maturity of notes:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
0 to 90 days	9,331	–

10. Trade and Other Payables

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade payables	2,933	3,777
Deposits received	–	1
Other payables	10,339	11,850
	<u>13,272</u>	<u>15,628</u>

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
0 to 30 days	2,082	451
31 to 60 days	27	–
61 to 90 days	320	–
More than 90 days	504	3,326
	<u>2,933</u>	<u>3,777</u>

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 outstanding aggregate principal amount of the PN is repayable by instalments in accordance with the terms of the PN and bears interest at 3% per annum payable on each anniversary date of issue. The PN 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. As at 31 March 2017, the outstanding aggregate principal amount of the PN amounting to HK\$20,000,000 (2016: HK\$30,000,000).

12. Dividend

No dividends had been paid or declared by the Company during the year (2016: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

Software Business

Overview

Revenue of the Software Business is mainly sourced from the development of software products, consultancy services and computer related hardware trading. During the year under review, the Group had consolidated its operation of the Software Business by disposal of certain deficit subsidiaries and eliminating some outdated businesses.

For the year ended 31 March 2017, the Software Business recorded revenue of approximately HK\$0.8 million, representing a decrease of 81% against HK\$4.3 million for the year ended 31 March 2016. The segment resulted in operating losses of approximately HK\$8.9 million for the year under review, representing a decrease of 53% as compared to the last year of approximately HK\$18.9 million. 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.

Outlook

As a result of the continuous loss recorded, the Group has integrated the business structure of Software Business and adjusted its investment portfolio. We are now studying and exploring the potential of various projects in different industries such as the small hydropower and car parking projects in the PRC. By diversifying its business and collaborating with different partners, we targeted to create additional value and opportunities for the Group. Looking ahead, the Company will continue to pursue this strategy to explore investment opportunities prudently so as to strengthen its Software Business.

Mining Business

Overview

The Mining Business 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 2017, gold dorés and nickel-copper ores were the products sold under the Mining Business.

For the year ended 31 March 2017, the Group had revenue from sales of gold dorés of approximately HK\$32.7 million (2016: HK\$54.2 million) and nickel-copper ores of approximately HK\$31.4 million (2016: HK\$97.3 million).

Due to exhausting resources of the Hongshannan Gold Mine and the fluctuating gold price, both of the outputs and sales volume decreased as compared to last year. Sales of gold dorés decreased by approximately 45% to 107 kg for the year ended 31 March 2017.

During the year under review, the resumption of the nickel-copper mining activities were delayed owing to the dumping of nickel-copper ores from Russia and the weak demand for the products. Although the sales contract in respect of the disposal of 15,000 tonnes of nickel-copper ores in October 2016 reduced our stock and generated income for the Group, the revenue from sales of nickel-copper ores decreased by approximately 68% to HK\$31.4 million as compared to last financial year of HK\$97.3 million.

Resource estimates update

The details of the resource estimates as at 31 March 2017 are set out below:

Gold mine	Resource category	Tonnage (tonnes * 1,000)	Average grade (gram/tonne)
Hongshannan	Indicated	21	2.38
	Inferred	9	2.31

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

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 4,889 meters	Ores extracted: 34,327 tonnes
Tuchushan Iron Mine	No activity during the year		
Baishiquan Nickel-copper Mine	No material exploration	No material development	Ores extracted: 3,010 tonnes
South Hami Gold Project	Completed 1 surface drill hole of approximately 105 meters	No material development	Ores extracted during exploration: 5,972 tonnes

Hongshannan Gold Mine

For the year ended 31 March 2017, the total quantity of gold ores extracted from the mines increased by approximately 41% from 24,356 tonnes in last year to approximately 34,327 tonnes with the additional exploration work done during the year. Due to the lower grade of the gold ores remaining as compared with last year, more gold ores were extracted in order to balance up the quantity of the gold contents and so the quantity of gold dores sold.

Tuchushan Iron Mine

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

Baishiquan Nickel-copper Mine

For the year ended 31 March 2017, the Group resume the mining activities in late March 2017 with 3,010 tonnes of nickel-copper ores being extracted. Turnover from the sales of nickel-copper ores amounted to approximately HK\$31.4 million representing the sales of 15,178 tonnes shattered stock of nickel-copper ores.

South Hami Gold Project

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

Expenditure Incurred

During the year ended 31 March 2017, the Group had incurred expenditure of approximately HK\$45.0 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	South Hami Gold Project HK\$'000	Total HK\$'000
1. Capital Expenditure				
1.1 Exploration activities				
Drilling and analysis	1,042	–	799	1,841
Others	–	–	1,084	1,084
<i>Subtotal</i>	<u>1,042</u>	<u>–</u>	<u>1,883</u>	<u>2,925</u>
1.2 Development activities (including mine construction)				
Addition of property, plant and equipment	247	39	71	357
<i>Subtotal</i>	<u>247</u>	<u>39</u>	<u>71</u>	<u>357</u>
Total Capital Expenditure	<u>1,289</u>	<u>39</u>	<u>1,954</u>	<u>3,282</u>
2. Operating Expenditure for Mining activities				
Staff cost	1,337	534	–	1,871
Consumables	159	31	–	190
Fuel, electricity, water and other services	1,423	686	–	2,109
Non-income taxes, royalties and other government charges	352	–	–	352
Sub-contracting charges	21,262	630	–	21,892
Transportation	1,652	–	–	1,652
Depreciation and amortisation	3,326	3,018	–	6,344
Others	284	280	–	564
Total Operating Expenditure	<u>29,795</u>	<u>5,179</u>	<u>–</u>	<u>34,974</u>
Total Capital and Operating Expenditure	<u>31,084</u>	<u>5,218</u>	<u>1,954</u>	<u>38,256</u>
3. Processing Expenditure				
Staff cost				2,147
Consumables				2,068
Fuel, electricity, water and other services				1,466
Depreciation and amortisation				886
Transportation				1
Others				130
Total Processing Expenditure				<u>6,698</u>
Total Expenditure				<u>44,954</u>

Processing Activities

For the year ended 31 March 2017, gold ores of approximately 40,299 tonnes were extracted from the mines and approximately 37,391 tonnes of gold ores were processed by the processing plant. Although the gold ores extracted increased by approximately 65%, the gold processing quantity decreased by approximately 28% as compared with last financial year. The increase in gold ores extracted was mainly due to the low grade of the gold ores from the Hongshannan Gold Mine as well as ores extracted during exploration contributed by South Hami Gold Project. The decrease in gold processing quantity was mainly due to the maintenance of processing plant and production was resumed late in June 2016.

Infrastructure projects and subcontracting arrangements

During the year ended 31 March 2017, there is no new contracts and commitments undertaken by the Group in relation to infrastructure projects and subcontracting arrangements of the exploration and development of mine.

Impairment on mining rights

For the year ended 31 March 2017, there was no impairment on the mining rights of the Group.

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.

Outlook

After a sharp decrease in second half of 2016, the gold market price has started recovery since the beginning of 2017. Due to political and economic uncertainties, gold price will still face a lot of fluctuations in 2017. As the Hongshannan Gold Mine is nearly exhausted, we will adjust mining and processing plan to maximize value of the remaining mineral resources and contribute more profit. Meanwhile, the Group will continue to conduct cost control and budget management in a strict manner.

In March 2017, the Group entered into a rental agreement for a processing plant for processing nickel ores and production of nickel concentrate. To better match the inventory and the ore extraction with the sales contract and market demand, the Group will put more efforts on enhancing the stockpile management, optimizing processing efficiency and the cut-off grade of the nickel ores. Facing the risk of the unprecedented fluctuations in nickel price as a result of the policies implemented in Indonesia and the Philippines, we will also enhance our market research and timely adjust the mining and sales plans in response to the market conditions.

Financial Performance Review

For the year ended 31 March 2017, the Group recorded a total turnover of approximately HK\$64.9 million (2016: HK\$155.7 million), representing a decrease of 58% as compared with the last financial year. Other income and gains of approximately HK\$2.4 million for the year under review (2016: approximately HK\$3.4 million) mainly represented the sale of used charcoal and by products and service income. Loss for the year was approximately HK\$17.8 million (2016: approximately HK\$10.2 million), representing an increase of 75% as compared with the year ended 31 March 2016.

The Software Business recorded revenue and segmental loss of approximately HK\$0.8 million (2016: HK\$4.3 million) and HK\$8.9 million (2016: HK\$18.9 million) respectively, representing a decrease of 81% and 53% respectively as compared with last year.

The Mining Business segment recorded revenue and segmental loss for the year of approximately HK\$64.1 million (2016: HK\$151.4 million), and HK\$1.7 million (2016: segmental profit of HK\$16.1 million) respectively, representing a decrease of 58% and 111% respectively as compared with the prior financial year.

Loss attributable to owners of the Company was approximately HK\$16.6 million, as compared to approximately HK\$20.6 million for the prior financial year.

Liquidity and Financial Resources

As at 31 March 2017, the Group had bank balances and cash and net current assets amounted to approximately HK\$102.1 million and HK\$110.2 million (2016: HK\$101.8 million and HK\$101.7 million) respectively. Out of the Group's bank balances and cash, about 62% and 38% were denominated in Hong Kong dollars and Chinese Renminbi (2016: 44% and 56%) respectively. As at 31 March 2017, the current ratio improved to 4.75 (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 and from the exercise by grantees of the share options granted under the share option schemes.

As at 31 March 2017, the Group had outstanding borrowings of approximately HK\$20.5 million (2016: HK\$39.4 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.

Placing of new shares

On 13 December 2016, the Company entered into the placing agreement (the “Placing Agreement”) with the placing agents pursuant to which the placing agents have agreed to place, on best efforts basis, up to an aggregate of 425,000,000 new placing shares (the “Placing Shares”) to not less than six placees at a price of HK\$0.095 per Placing Share.

The completion of the placing took place on 30 December 2016 in accordance with the terms and conditions of the Placing Agreement. The net proceeds from the placing were approximately HK\$39.5 million. As at 31 March 2017, the Company has utilised approximately HK\$4.1 million listed as follows.

	<i>HK\$'000</i>
Net proceeds from placing	39,510
Less: operating expenses	(2,900)
Less: investment in an associate	(1,200)
	<hr/>
Unutilised proceeds	35,410
	<hr/>

Among the unutilised proceeds, HK\$20.9 million would be used for repayment of promissory note held by Starmax Holdings Limited (“Starmax”) and accrued interest thereof and the remaining HK\$14.5 million would be used as general working capital of the Group and for future investment opportunities.

Promissory Note

On 11 May 2012, the Group issued a promissory note to Starmax as part of the purchase consideration of a 51% equity interest of Goffers Management Limited (“Goffers”), a non-wholly owned subsidiary of the Company, in the principal amount of HK\$63 million, of which HK\$43 million was repaid. The remaining HK\$20 million is repayable in two equal instalments on each anniversary date of issue with the next instalment due on 11 May 2017. 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 a 51% of the issued share capital of Goffers. 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.

Subsequent to the financial year end on 11 May 2017, the Group repaid the fifth instalment of HK\$10 million with accrued interest of approximately HK\$0.6 million according to the terms of the promissory note. The last instalment will be due on 11 May 2018.

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 2017, the Group's gearing ratio was approximately 16% (31 March 2016: 35%), based on total borrowings of approximately HK\$20.5 million (2016: HK\$39.4 million) and equity attributable to owners of the Company of approximately HK\$132.1 million (2016: HK\$111.6 million). The decrease in the ratio was mainly due to the repayment of HK\$10 million promissory note, repayment of bank loan of HK\$8.6 million and the new issue of shares during the year ended 31 March 2017.

Employee Information

As at 31 March 2017, the Group employed a total staff of 164. 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.

Charge on the Group's Assets

As at 31 March 2017, 102 shares of Goffers (representing 51% of the issued share capital) was pledged to the noteholder in order to secure the payment obligations of the Group under the promissory note.

Order Book and Prospects for New Business

There was no order book on hand as at 31 March 2017.

Significant Investments Held

The investments held for trading represents marketable securities listed on the Stock Exchange held by the Group for trading purpose. During the year ended 31 March 2017, the Group disposed of all the investments held for trading and recognised a net gain on investments held for trading and dividend income from trading securities of approximately HK\$504,000 (2016: net loss of HK\$1,739,000).

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

On 28 July 2016, the Group completed disposal 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.

Save as disclosed above, there was no material disposal or acquisition of subsidiaries and affiliated companies for the year under review.

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 2017, there was no material contingent liabilities incurred by 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 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 audited financial results of the Group for the year ended 31 March 2017.

Corporate Governance Practices

The Company strives to attain and maintain the highest standard of corporate governance as it believes that effective corporate governance practices are fundamental to enhancing shareholder value and safeguarding shareholder interests.

The principles of corporate governance adopted by the Group emphasize a quality board, sound internal control, and transparency and accountability to all its shareholders.

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 2017, 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. After the retirement of Dr. Cheng Kin Kwan as chairman and chief executive officer of the Company on 29 July 2016, the post of Chief Executive Officer of the Company is vacant and the role of the Chief Executive Officer has been performed by the executive Directors collectively. The Board will continue to use its best endeavour in finding a suitable candidate to assume duties as Chief Executive Officer of the Company as soon as possible.

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

On behalf of the Board
TIMELESS SOFTWARE LIMITED
Felipe Tan
Chairman

Hong Kong, 15 June 2017

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