



# **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 NINE MONTHS ENDED 31 DECEMBER 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.**

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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](http://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](http://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 nine months ended 31 December 2017 together with the comparative unaudited figures for the corresponding period in 2016 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 31 December 2017

	Notes	(Unaudited)			
		Three months ended		Nine months ended	
		2017	2016	2017	2016
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue		77,280	30,891	147,447	46,950
Other income and gains		595	444	1,469	1,511
Purchase and production costs		(58,072)	(16,566)	(111,614)	(29,825)
Staff costs		(3,579)	(2,953)	(8,879)	(16,065)
Depreciation and amortisation		(1,907)	(3,180)	(3,328)	(4,862)
Other expenses		(5,663)	(6,606)	(14,392)	(9,232)
Net gains on investments held for trading		-	-	-	488
Gain/(loss) on disposal/written off of property, plant and equipment		(2,768)	116	(2,768)	(823)
Gain on disposal of subsidiaries		-	-	-	1
Gain on disposal of an associate	6	-	-	3,057	-
Finance costs		(84)	(167)	(287)	(595)
Share of gains/(losses) of associates		(192)	2,916	(1,994)	2,856
Profit/(loss) before tax		5,610	4,895	8,711	(9,596)
Income tax expense	3	(972)	(355)	(2,575)	(1,605)
Profit/(loss) for the period		4,638	4,540	6,136	(11,201)
<b>Other comprehensive income/(expense), net of income tax</b>					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translating foreign operations		5,247	(13,210)	17,233	(22,025)
Reclassification adjustment on reserves released upon disposal of an associate		-	-	(1,535)	-
Share of other comprehensive income/(expense) of associates		-	282	(1,581)	(18)
Other comprehensive income/(expense) for the period, net of income tax		5,247	(12,928)	14,117	(22,043)
<b>Total comprehensive income/(expense) for the period</b>		<b>9,885</b>	<b>(8,388)</b>	<b>20,253</b>	<b>(33,244)</b>
Profit/(loss) attributable to:					
Owners of the Company		(644)	2,443	(1,690)	(11,230)
Non-controlling interests		5,282	2,097	7,826	29
		4,638	4,540	6,136	(11,201)
Total comprehensive income/(expense) attributable to:					
Owners of the Company		702	(853)	(158)	(17,204)
Non-controlling interests		9,183	(7,535)	20,411	(16,040)
		9,885	(8,388)	20,253	(33,244)
		HK cents	HK cents	HK cents	HK cents
<b>Earning/(loss) per share</b>					
- Basic and diluted	5	(0.02)	0.10	(0.06)	(0.47)

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the nine months ended 31 December 2017*

(Unaudited)

	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 2016	866,564	1,809	-	1,793	-	(1,213)	(757,400)	111,553	250,441	361,994
Profit/(loss) for the period	-	-	-	-	-	-	(11,230)	(11,230)	29	(11,201)
Other comprehensive expense for the period	-	-	-	(18)	-	(5,956)	-	(5,974)	(16,069)	(22,043)
Total comprehensive expense for the period	-	-	-	(18)	-	(5,956)	(11,230)	(17,204)	(16,040)	(33,244)
Issue of ordinary shares by way of placing	40,375	-	-	-	-	-	-	40,375	-	40,375
Transaction costs attributable to issue of new ordinary shares	(866)	-	-	-	-	-	-	(866)	-	(866)
Transfer to general reserve	-	-	639	-	-	-	(639)	-	-	-
Release of reserve upon lapse of share options	-	(244)	-	-	-	-	244	-	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(8,195)	(8,195)
Balance at 31 December 2016	<u>906,073</u>	<u>1,565</u>	<u>639</u>	<u>1,775</u>	<u>-</u>	<u>(7,169)</u>	<u>(769,025)</u>	<u>133,858</u>	<u>226,206</u>	<u>360,064</u>
Balance at 1 April 2017	<u>906,074</u>	<u>2,778</u>	<u>647</u>	<u>1,631</u>	<u>964</u>	<u>(6,119)</u>	<u>(773,840)</u>	<u>132,135</u>	<u>217,250</u>	<u>349,385</u>
Profit/(loss) for the period	-	-	-	-	-	-	(1,690)	(1,690)	7,826	6,136
Other comprehensive income/(expense) for the period	-	-	-	(1,631)	-	3,163	-	1,532	12,585	14,117
Total comprehensive income/(expense) for the period	-	-	-	(1,631)	-	3,163	(1,690)	(158)	20,411	20,253
Capital contribution by non-controlling interest	-	-	-	-	-	-	-	-	99	99
Release of reserve upon lapse of share options	-	(710)	-	-	-	-	710	-	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(19,915)	(19,915)
Balance at 31 December 2017	<u>906,074</u>	<u>2,068</u>	<u>647</u>	<u>-</u>	<u>964</u>	<u>(2,956)</u>	<u>(774,820)</u>	<u>131,977</u>	<u>217,845</u>	<u>349,822</u>

## **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

*For the three months and nine months ended 31 December 2017*

### **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 is Room 2208, 118 Connaught Road West, Hong Kong.

The Company acts as an investment holding company. The Group engages in (i) the exploration and exploitation of mines (“Mining Business”); and (ii) the provision of consultancy and software maintenance services, software development, sales of computer hardware and software and e-Commerce services (“Software Business”).

These condensed consolidated financial statements have not been audited but have been reviewed by the audit committee of the Company and were approved for issue by the Board on 6 February 2018.

### **2. BASIS OF PREPARATION AND ACCOUNTING POLICIES**

This condensed consolidated financial information has been prepared to comply with the applicable disclosure requirements 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 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”). The condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2017. 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 2017. The adoption of such new or revised standards, amendments to standards and interpretations does not have material impact on the condensed consolidated financial statements and does not result in substantial changes to the Group’s accounting policies.

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

In the preparation of these condensed consolidated financial statements, the significant judgements made by the management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 March 2017.

The financial information relating to the year ended 31 March 2017 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 2017 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 2017. 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. INCOME TAX EXPENSE

	(Unaudited)			
	Three months ended		Nine months ended	
	31 December		31 December	
	2017	2016	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Current tax</b>				
PRC Enterprise Income Tax				
– Charge for the period	2,752	–	4,958	–
– (Over)/under-provision in respect of prior years	(68)	461	(68)	636
<b>Deferred tax</b>	<u>(1,712)</u>	<u>(106)</u>	<u>(2,315)</u>	<u>969</u>
 Total income tax charged in profit or loss	 <u>972</u>	 <u>355</u>	 <u>2,575</u>	 <u>1,605</u>

Hong Kong profits tax is calculated at the rate of 16.5% (2016: 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% (2016: 25%).

### 4. INTERIM DIVIDEND

The directors do not recommend the payment of an interim dividend for the nine months ended 31 December 2017 (2016: nil).

### 5. EARNING/(LOSS) PER SHARE

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

	(Unaudited)			
	Three months ended		Nine months ended	
	31 December		31 December	
	2017	2016	2017	2016
<b>Earning/(loss):</b>				
Earning/(loss) for the period attributable to owners of the Company for the purpose of basic and diluted earning/(loss) per share	<u>(HK\$644,000)</u>	<u>HK\$2,443,000</u>	<u>(HK\$1,690,000)</u>	<u>(HK\$11,230,000)</u>
 <b>Number of ordinary shares:</b>				
Weighted average number of ordinary shares for the purpose of basic and diluted earning/(loss) per share	<u>2,812,881,803</u>	<u>2,397,120,933</u>	<u>2,812,881,803</u>	<u>2,390,972,712</u>

The computation of diluted earning/(loss) per share did not assume the exercise of the Company's outstanding share options during the three months and nine months ended 31 December 2017 and 2016 since their exercise would result in decrease in earning/(loss) per share.

## 6. DISPOSAL OF AN ASSOCIATE

On 29 September 2017, the Group disposed of the 25.04% equity interest of Ningxia Educational Information & Technology Co., Ltd. (寧夏教育信息技術股份有限公司) at a total consideration of RMB5,752,500 (equivalent to approximately HK\$6,718,000).

### Gain on disposal

	<i>HK\$'000</i>
Consideration	6,718
Net assets disposed of	(5,196)
Release of reserves upon disposal	1,535
	<u>3,057</u>

## 7. RELATED PARTY TRANSACTIONS

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

	(Unaudited) Three months ended 31 December		(Unaudited) Nine months ended 31 December	
	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Interest expenses paid to a related company ( <i>note i</i> )	75	151	259	484
Office rental and other related expenses paid to related companies ( <i>note ii</i> )	247	226	361	322
Donation paid to a related company ( <i>note iii</i> )	–	–	100	–
Rental income received from an associate ( <i>note iv</i> )	90	–	270	–
Service income received from a related company ( <i>note v</i> )	300	550	300	550

### Notes:

- i. Effective interest expenses on promissory note (“Promissory Note”) issued by the Group on 11 May 2012 is charged at 2.99% (2016: 2.99%) per annum and payable to a related company which is beneficially owned by Mr. Felipe Tan (“Mr. Tan”), a director and shareholder of the Company, at terms mutually agreed by both parties.
- ii. Office rental and other related expenses in respect of the leasing of office premises were paid to related companies which are beneficially owned by Mr. Tan, at terms mutually agreed by both parties.
- iii. Donation was made to a charitable company, which is exempt from tax under section 88 of the Inland Revenue Ordinance, in which Mr. Tan acts as one of the founder members and directors.
- iv. Rental income in respect of the leasing of an office premise was received from an associate, in which the Group owned 48% equity interest, at terms mutually agreed by both parties.
- v. Service income in respect of services provided by the Group was received from a related company, in which Mr. Tan is a director and has indirect equity interest, at terms mutually agreed by both parties.

## MANAGEMENT DISCUSSION AND ANALYSIS

### About the Group

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

### Business Review

#### *Mining Business*

The Mining Business primarily comprises of exploration and exploitation of mines and the processing and sale of outputs from the mines in the PRC. For the nine months ended 31 December 2017, gold dores, nickel-copper ores, nickel concentrate and copper concentrate were the products sold under the Mining Business.

During this quarter, the gold mines of the Company have come to exhaustion. The mine yard and the gold processing plant have stopped production and the rehabilitation plan is under consideration. Due to the mineral exhaustion, the extraction of gold ores has decreased as compared to the corresponding period last year. However, as the processing plant was running at high capacity, sales of processed gold dores were approximately 74 kg for the nine months ended 31 December 2017 (2016: approximately 48 kg gold dores), representing an increase of 54% as compared to the corresponding period of 2016.

During this quarter, facing the sharp fluctuation of nickel price and the downfall in bulk trading, the Group contacted the potential buyers in an active manner and successfully entered into sales contracts which ensured the stable sales of the outputs from the nickel-copper mine. During the nine months ended 31 December 2017, the extraction of nickel-copper ores and sales of nickel-copper products both increased as compared to the corresponding period last year. Turnover of approximately HK\$123,120,000 (2016: HK\$30,976,000) was recorded from the sales of approximately 24,500 tonnes of nickel-copper ores, 15,900 tonnes of nickel concentrate and 1,200 tonnes of copper concentrate (2016: approximately 15,200 tonnes of nickel-copper ores).

The Group invested in 9.90% equity interest of a tin trading and processing company through a wholly-owned subsidiary in December 2017. The investee is equipped with self-developed testing facility and has production capacity of 1,500 tonnes of tin ingots per month. With a promising tin business, the investee will have a strong financial performance which also enhance its good dividend payment capability and the potential capital gain to the Group.



## ***Software Business***

Software Business included the development of software products, consultancy services and computer related hardware trading. For the three and nine months ended 31 December 2017, the segment respectively resulted in operating profit of approximately HK\$30,000 and operating losses approximately HK\$513,000, representing a decrease of 105% and 95% as compared to the corresponding period of last year (2016: operating losses of approximately HK\$658,000 and approximately HK\$9,555,000).

After streamlining and restructuring the Software Business, the Group kept looking for new opportunities to explore potential projects and diversify its business operation. In November 2017, the Group entered into an agreement regarding formation of a new investment company through its indirect wholly-owned subsidiary. The new company will be engaged in investment in potential startups in Hong Kong IT ecosystem to capitalize the coming IT trend and the future potential of startup economy by their individual strengths, so as to maximize the return on capital.

## **Outlook**

All gold ores extracted were processed as at 31 December 2017 and all gold dores were sold subsequently in January 2018. As there is no more gold processing activities, we are considering to lease out the idle gold processing plant to generate income for the Group.

Nickel consumption is picking up. Laterite production of nickel pig iron is being constrained due to environmental protection requirement. In order to eliminate the potential safety hazard, the Baishiquan Nickel-copper Mine will carry out front-end engineering work in 2018, which may affect its output. In view of substantial increase in processing cost, we have decided to cease the production of nickel and copper concentrate and not to renew the leasing of the nickel processing plant. Therefore, the major products to be sold in the coming year will be nickel-copper ores only. In addition, due to the full implementation of the 13th Five-Year Plan for the Protection of Ecological Environment and the increase in the production costs, the Group will be facing a tough situation in 2018. We will keep a close eye on the market prices of nickel and formulate the optimal mining plan so as to implement the principle of safe production and try our best to maximize the revenue.

During the nine months ended 31 December 2017, the Software Business has embarked on a series of new projects in IT and other industries in Hong Kong and the PRC. With continuous enhancement of its strength in the software industry, the Company will grasp the opportunity to create value for the Hong Kong IT ecosystem in the seed through investment in potential startup IT companies.



While making vigorous development in its two main businesses, the Group will be committed to building a strong investment portfolio to maximize the return on capital. The management expects that the investment in metal trading and processing business will ensure a stable cash inflow to the Group within the next few years. In the meantime, we will speed up the development of the existing projects, while making more endeavors to save costs and integrate capital so as to lay down a solid foundation for potential business. In addition to adhering to its sustainable development strategy, the Group will do our utmost to make innovation strive so as to sustain favorable development in the long term.

### **Financial Performance Review**

For the nine months ended 31 December 2017, the Group recorded turnover of approximately HK\$147.4 million (2016: approximately HK\$47.0 million), representing an increase by 2.1 times as compared with the same period in 2016. Profit for the period under review was approximately HK\$6.1 million (2016: approximately loss of HK\$11.2 million), representing an increase of 1.5 times as compared to the corresponding period in 2016.

For the period under review, the Mining Business recorded turnover of approximately HK\$147.1 million (2016: approximately HK\$46.1 million), representing an increase of 2.2 times against the corresponding period in 2016. The segmental profit was approximately HK\$10.7 million (2016: approximately HK\$34,000), representing an increase of 314 times as compared with the corresponding period in 2016.

For the period under review, Software Business recorded turnover of approximately HK\$0.3 million (2016: approximately HK\$0.8 million). The segmental loss was approximately HK\$0.5 million (2016: approximately HK\$9.6 million), representing a decrease of 95% as compared with the corresponding period last year.

Loss attributable to owners of the Company was approximately HK\$1.7 million, as compared to approximately HK\$11.2 million for the same period in 2016.

## OTHER INFORMATION

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

At 31 December 2017, 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		
<b>Executive Director</b>				
Felipe Tan	158,128,000	678,074,400*	836,202,400	29.73%
<b>Independent Non-Executive Directors</b>				
Chan Choi Ling	1,200,000	–	1,200,000	0.04%
Chan Mei Ying Spencer	1,800,000	–	1,800,000	0.06%
Lam Kwai Yan	1,200,000	–	1,200,000	0.04%

\* The shares were held by Starmax Holdings Limited ("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*

<b>Name of Director</b>	<b>Name of associated corporation</b>	<b>Capacity</b>	<b>Number of shares/ registered capital</b>	<b>Percentage of interest in the registered capital of the associated corporation</b>
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*

<b>Name of Director</b>	<b>Name of associated corporation</b>	<b>Capacity</b>	<b>Amount of debentures</b>
Felipe Tan	Time Kingdom Limited	Interest of controlled corporation	HK\$10,000,000*

\* 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	Exercisable period	Exercise price per share HK\$	Number of share options and underlying shares					Outstanding at 31.12.2017
				Outstanding at 01.04.2017	Granted during the period	Exercise during the period	Cancelled during the period	Lapsed during the period	
<b>Executive Directors</b>									
Felipe Tan	02.03.2017	02.03.2017–01.03.2027	0.1080	2,000,000	-	-	-	-	2,000,000
Lau Yun Fong Carman	03.10.2013	03.10.2013–02.10.2023	0.1435	2,075,676	-	-	-	-	2,075,676
	17.02.2014	17.02.2014–16.02.2024	0.1329	415,135	-	-	-	-	415,135
	02.03.2017	02.03.2017–01.03.2027	0.1080	1,000,000	-	-	-	-	1,000,000
<b>Independent Non-Executive Directors</b>									
Chan Choi Ling	02.03.2017	02.03.2017–01.03.2027	0.1080	1,000,000	-	-	-	-	1,000,000
Chan Mei Ying Spencer	02.03.2017	02.03.2017–01.03.2027	0.1080	1,000,000	-	-	-	-	1,000,000
Lam Kwai Yan	02.03.2017	02.03.2017–01.03.2027	0.1080	1,000,000	-	-	-	-	1,000,000
Tsang Wai Chun Marianna	02.03.2017	02.03.2017–01.03.2027	0.1080	1,000,000	-	-	-	-	1,000,000
				9,490,811	-	-	-	-	9,490,811

Save as disclosed above, at 31 December 2017, none of the Directors or chief executive or any of their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations which fall to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO, or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

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

As at 31 December 2017, the register maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain Directors and the chief executive, the following shareholders had notified the Company of relevant interest in the issued share capital of the Company.

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 31 December 2017
Starmax Holdings Limited *	678,074,400	–	678,074,400	24.11%

\* Starmax is beneficially owned by Mr. Felipe Tan.

Save as disclosed in the section “Directors’ and chief executive’s interests and short positions in shares and underlying shares of the Company”, the Company has not been notified of any other interests or short positions in the issued share capital as at 31 December 2017.

### 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 symbol: GMN). Its subsidiaries and associate companies are 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.

## **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.

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

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 quarterly financial results for the nine months ended 31 December 2017.

On behalf of the Board  
**TIMELESS SOFTWARE LIMITED**  
**Felipe Tan**  
*Chairman*

Hong Kong, 6 February 2018

*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