



Timeless Software Limited

(incorporated in Hong Kong with limited liability)

(Stock code: 8028)

RESULTS ANNOUNCEMENT

For the six months ended 30 September 2015

Characteristics of The Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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.

The board of directors (“Board”) of the Company is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months and six months ended 30 September 2015 together with the comparative unaudited figures for the corresponding periods in 2014 as follows:

Condensed Consolidated Statement of Comprehensive Income

For the three months and six months ended 30 September 2015

		(Unaudited)			
		Three months ended		Six months ended	
		30 September		30 September	
		2015	2014	2015	2014
Notes		HK\$'000	HK\$'000	HK\$'000	HK\$'000
	2	85,767	35,378	110,884	57,642
		39	1,237	212	1,431
		(42,798)	(26,479)	(52,054)	(42,795)
		(6,029)	(7,235)	(12,583)	(14,148)
		(4,754)	(935)	(11,009)	(1,932)
		(15,500)	(8,429)	(19,782)	(11,098)
		(233)	224	(233)	226
	15	225	–	225	–
		(276)	(510)	(585)	(1,803)
		(31)	(35)	(91)	(54)
		<u>16,410</u>	<u>(6,784)</u>	<u>14,984</u>	<u>(12,531)</u>
	3	(5,992)	(405)	(8,614)	(941)
		<u>10,418</u>	<u>(7,189)</u>	<u>6,370</u>	<u>(13,472)</u>
Other comprehensive income/(loss), net of income tax					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
		(8,385)	3,453	(8,385)	4,193
		(4,565)	(14)	(4,565)	(14)
		(1,850)	1,274	2,235	747
		<u>(14,800)</u>	<u>4,713</u>	<u>(10,715)</u>	<u>4,926</u>
		<u>(4,382)</u>	<u>(2,476)</u>	<u>(4,345)</u>	<u>(8,546)</u>

		(Unaudited)			
		Three months ended		Six months ended	
		30 September		30 September	
		2015	2014	2015	2014
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	(2,163)	(5,808)	(7,556)	(12,115)
	Non-controlling interests	<u>12,581</u>	<u>(1,381)</u>	<u>13,926</u>	<u>(1,357)</u>
		<u>10,418</u>	<u>(7,189)</u>	<u>6,370</u>	<u>(13,472)</u>
Total comprehensive income/(loss) attributable to:					
	Owners of the Company	(10,903)	(3,659)	(12,211)	(10,306)
	Non-controlling interests	<u>6,521</u>	<u>1,183</u>	<u>7,866</u>	<u>1,760</u>
		<u>(4,382)</u>	<u>(2,476)</u>	<u>(4,345)</u>	<u>(8,546)</u>
		HK cents	HK cents	HK cents	HK cents
Loss per share					
	– Basic and diluted	<u>(0.11)</u>	<u>(0.36)</u>	<u>(0.38)</u>	<u>(0.74)</u>
		5			

Condensed Consolidated Statement of Financial Position

At 30 September 2015

		(Unaudited) 30 September 2015 <i>HK\$'000</i>	(Audited) 31 March 2015 <i>HK\$'000</i>
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	6	68,512	70,978
Other intangible assets	6	228,642	244,162
Interests in associates		8,698	6,717
Prepaid lease payments		6,758	7,019
Deposits		24,983	25,608
Land rehabilitation costs		5,617	6,158
		<u>343,210</u>	<u>360,642</u>
Current assets			
Inventories		41,388	45,157
Prepaid lease payments		181	185
Trade and other receivables	7	44,608	18,601
Investments held for trading		1,746	–
Bank balances and cash		57,781	51,037
		<u>145,704</u>	<u>114,980</u>
Current liabilities			
Trade and other payables	8	36,515	21,523
Amount due to a related company	16	700	700
Dividends payable to non-controlling interests		10,614	20,557
Bank borrowing	9	8,891	9,192
Promissory note	10	10,707	11,169
Current tax liabilities		7,371	2,368
		<u>74,798</u>	<u>65,509</u>
Net current assets		<u>70,906</u>	<u>49,471</u>
Total assets less current liabilities		<u>414,116</u>	<u>410,113</u>

		(Unaudited) 30 September 2015 <i>HK\$'000</i>	(Audited) 31 March 2015 <i>HK\$'000</i>
	<i>Notes</i>		
Non-current liabilities			
Promissory note	<i>10</i>	19,643	29,904
Provision for land rehabilitation		9,626	9,866
Deferred tax liabilities	<i>11</i>	31,880	33,782
		<u>61,149</u>	<u>73,552</u>
Net assets		<u>352,967</u>	<u>336,561</u>
Capital and reserves			
Share capital	<i>12</i>	827,785	806,049
Reserves		(733,718)	(720,008)
Equity attributable to owners of the Company		94,067	86,041
Non-controlling interests		258,900	250,520
Total equity		<u>352,967</u>	<u>336,561</u>

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2015

	(Unaudited)							
	Share capital HK\$'000	Share options reserve HK\$'000	Investment revaluation reserve HK\$'000	Translation reserve HK\$'000	Accumulated deficit HK\$'000	Attributable to owners of the Company HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
Balance at 1 April 2014	773,715	5,760	1,914	9,178	(704,549)	86,018	254,574	340,592
Loss for the period	-	-	-	-	(12,115)	(12,115)	(1,357)	(13,472)
Other comprehensive income for the period	-	-	660	1,149	-	1,809	3,117	4,926
Total comprehensive income/(loss) for the period	-	-	660	1,149	(12,115)	(10,306)	1,760	(8,546)
Issue of ordinary shares under employee share option plan	1,817	(639)	-	-	-	1,178	-	1,178
Transaction costs attributable to issue of new ordinary shares	(9)	-	-	-	-	(9)	-	(9)
Release of reserve upon lapse of share options	-	(169)	-	-	169	-	-	-
Release upon disposal of a subsidiary	-	-	-	-	-	-	(770)	(770)
Balance at 30 September 2014	<u>775,523</u>	<u>4,952</u>	<u>2,574</u>	<u>10,327</u>	<u>(716,495)</u>	<u>76,881</u>	<u>255,564</u>	<u>332,445</u>
Balance at 1 April 2015	806,049	4,110	2,612	10,850	(737,580)	86,041	250,520	336,561
Profit/(loss) for the period	-	-	-	-	(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 by non-controlling interests	-	-	-	-	-	-	1,249	1,249
Release upon disposal of subsidiaries	-	-	-	-	-	-	(735)	(735)
Balance at 30 September 2015	<u>827,785</u>	<u>2,170</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>

Condensed Consolidated Statement of Cash Flows
For the six months ended 30 September 2015

	(Unaudited)	
	Six months ended 30 September	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash generated by/(used in) operating activities	<u>16,435</u>	<u>(8,220)</u>
Cash flows from investing activities		
– Acquisition of property, plant and equipment	(4,115)	(4,181)
– Additions to exploration rights and assets	(5,260)	(86)
– Other investing cash flows	<u>(1,538)</u>	<u>6,165</u>
Net cash (used in)/generated by investing activities	<u>(10,913)</u>	<u>1,898</u>
Cash flows from financing activities		
– Net proceeds from issue of equity shares	20,236	1,169
– Repayment of promissory note	(11,207)	(1,941)
– Dividend paid to non-controlling interests	(9,943)	–
– Other financing cash flows	<u>2,984</u>	<u>(2,098)</u>
Net cash generated by/(used in) financing activities	<u>2,070</u>	<u>(2,870)</u>
Net increase/(decrease) in cash and cash equivalents	7,592	(9,192)
Cash and cash equivalents at the beginning of period	50,913	33,583
Effect of foreign exchange rate changes	<u>(849)</u>	<u>398</u>
Cash and cash equivalents at the end of period	<u>57,656</u>	<u>24,789</u>
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	57,781	24,913
Time deposit with original maturity of three months or more and pledge bank deposits	<u>(125)</u>	<u>(124)</u>
	<u>57,656</u>	<u>24,789</u>

Notes to the Condensed Consolidated Financial Statements

For the three months and six months ended 30 September 2015

1. Basis of Preparation and Accounting Policies

These condensed consolidated interim financial statements have not been audited and were approved for issue by the Board of the Company on 12 November 2015.

This condensed consolidated interim financial information has 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 Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”).

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

In addition, the preparation of 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 2015.

The financial information relating to the year ended 31 March 2015 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 Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 March 2015 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance (Cap. 622).

The Company’s auditor has reported on the financial statements for the year ended 31 March 2015. 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).

2. Segment Information

Revenue represents the amounts received and receivable from computer hardware and software business and mining business in the People's Republic of China (the "PRC") during the six-month period and is analysed as follows:

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	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue		
Computer hardware and software business	3,280	10,325
Mining business	107,604	47,317
	<u>110,884</u>	<u>57,642</u>
Segment results		
Computer hardware and software business	(10,004)	(9,402)
Mining business	27,182	(1,770)
	17,178	(11,172)
Interest income	208	131
Other income and gains	4	1,300
Unallocated corporate expenses	(1,722)	(1,159)
Net gains/(losses) on investments held for trading	(233)	226
Gain on disposal of subsidiaries	225	–
Finance costs	(585)	(1,803)
Share of losses of associates	(91)	(54)
	<u>14,984</u>	<u>(12,531)</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 (2014: nil).

Segment results represent the profit/(loss) from each segment without allocation of interest income, other income and gains, unallocated corporate expenses, net gains/(losses) on investments held for trading, gain on disposal of subsidiaries, finance costs and share of losses of associates. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

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

	(Unaudited) 30 September 2015 HK\$'000	(Audited) 31 March 2015 HK\$'000
Segment assets		
Computer hardware and software business	26,105	31,558
Mining business	394,584	384,505
Total segment assets	420,689	416,063
Unallocated	68,225	59,559
Consolidated assets	488,914	475,622
Segment liabilities		
Computer hardware and software business	680	5,176
Mining business	95,375	83,620
Total segment liabilities	96,055	88,796
Unallocated	39,892	50,265
Consolidated liabilities	135,947	139,061

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

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

3. Income Tax Expense

	(Unaudited)			
	Three months ended 30 September		Six months ended 30 September	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax				
PRC Enterprise Income Tax	6,970	802	9,692	1,461
Deferred tax (<i>note 11</i>)	(978)	(397)	(1,078)	(520)
Total income tax charged in profit or loss	5,992	405	8,614	941

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

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

4. Interim Dividend

The directors do not recommend the payment of an interim dividend for the period (for the six months ended 30 September 2014: nil).

5. 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	
	2015	2014	2015	2014
Loss:				
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	<u>HK\$2,163,000</u>	HK\$5,808,000	<u>HK\$7,556,000</u>	<u>HK\$12,115,000</u>
Number of ordinary shares:				
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>1,985,732,264</u>	1,630,655,851	<u>1,974,062,814</u>	<u>1,626,297,952</u>

The computation of diluted loss per share did not assume the exercise of the Company's outstanding share options during the three months and six months ended 30 September 2015 and 2014 since their exercise would result in decrease in loss per share.

6. 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\$4,115,000 (for the six months ended 30 September 2014: approximately HK\$4,181,000) and other intangible assets with a cost of approximately HK\$5,260,000 (for the six months ended 30 September 2014: approximately HK\$86,000).

During the current interim period, depreciation for property, plant and equipment was approximately HK\$3,701,000 (for the six months ended 30 September 2014: approximately HK\$2,578,000) and amortisation for other intangible assets was approximately HK\$14,828,000 (for the six months ended 30 September 2014: HK\$7,973,000). Amongst the above, approximately HK\$7,520,000 was included in the cost of inventories (for the six months ended 30 September 2014: approximately HK\$9,118,000). The remaining expenses were charged to the condensed consolidated statement of comprehensive income.

7. Trade and Other Receivables

At 30 September 2015, included in the Group's trade and other receivables are trade receivables of approximately HK\$32,997,000 (31 March 2015: approximately HK\$6,663,000).

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 2015 <i>HK\$'000</i>	(Audited) 31 March 2015 <i>HK\$'000</i>
0 to 30 days	25,798	4,288
31 to 60 days	7,181	710
61 to 90 days	18	–
More than 90 days	–	1,665
	<u>32,997</u>	<u>6,663</u>

At 31 March 2015, included in the Group's other receivables are non-interest bearing amount due from an associate and interest-bearing loan to an associate amounting to approximately HK\$431,000 and HK\$1,374,000 respectively. The loan carries interest at the best-lending rate of similar maturity of banks in PRC. These amounts are unsecured and disposed together with the disposal of subsidiaries during current period.

8. Trade and Other Payables

At 30 September 2015, included in the Group's trade and other payables are trade payables of approximately HK\$57,000 (31 March 2015: approximately HK\$2,625,000).

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

	(Unaudited) 30 September 2015 <i>HK\$'000</i>	(Audited) 31 March 2015 <i>HK\$'000</i>
0 to 30 days	57	1,481
31 to 60 days	–	–
61 to 90 days	–	–
More than 90 days	–	1,144
	<u>57</u>	<u>2,625</u>

9. Bank Borrowing

The bank borrowing is secured by the Group's property, plant and equipment and bear 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\$614,000 (31 March 2015: approximately HK\$607,000) shall be repayable within one year, HK\$2,597,000 (31 March 2015: approximately HK\$2,568,000) shall be repayable within two to five years and HK\$5,680,000 (31 March 2015: approximately HK\$6,017,000) shall be repayable over five years. The bank borrowing contains a repayable on demand clause and is classified as current liabilities in the condensed consolidated statement of financial position.

10. Promissory Note

On 11 May 2012, the Group issued a promissory note to Starmax Holdings Limited as part of the purchase consideration of a 51% equity interest in Goffers Management Limited in the principal amount of HK\$63,000,000 (the "Promissory Note"), of which HK\$33,000,000 was repaid. The Promissory Note bears interest at 3% per annum and is repayable in three equal instalments payable on each anniversary date of issue. 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\$258,000 (for the three months ended 30 September 2014: approximately HK\$456,000) and HK\$483,000 (for the six months ended 30 September 2014: approximately HK\$1,694,000) respectively have been recognised in the condensed consolidated statement of comprehensive income for the three months and six months ended 30 September 2015.

11. Deferred Tax Liabilities

Deferred tax credit of approximately HK\$978,000 (for the three months ended 30 September 2014: deferred tax credit of approximately HK\$397,000) and HK\$1,078,000 (for the six months ended 30 September 2014: approximately HK\$520,000) have been recognised in the condensed consolidated statement of comprehensive income for the three months and six months ended 30 September 2015 in income tax expense respectively (note 3).

12. Share Capital

	Number of Shares	Share Capital HK\$'000
Issued and fully paid:		
At 1 April 2015	1,846,291,503	806,049
Issue of ordinary shares by way of placing (<i>note a</i>)	125,000,000	18,125
Issue of ordinary shares upon exercise of share options (<i>note b</i>)	18,610,000	4,070
Transaction costs attributable to issue of new ordinary shares	–	(459)
	<hr/>	<hr/>
At 30 September 2015	1,989,901,503	827,785
	<hr/>	<hr/>

Notes:

- a. On 2 April 2015, an aggregate of 125,000,000 ordinary shares were issued to not less than six placees, who are independent third parties, at a price of HK\$0.145 per share. The net proceeds were used to provide additional working capital of the Group. Details of the placement are set out in the Company's announcements dated 30 March 2015 and 9 April 2015.
- b. Share options were exercised by option holders during the six months ended 30 September 2015 to subscribe for a total of 18,610,000 (2014: 10,400,000) ordinary shares for which approximately HK\$4,070,000 (2014: HK\$1,817,000) has been credited to share capital, representing HK\$2,571,000 subscription money received and HK\$1,499,000 transferred from share options reserve.

13. 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 2015. The carrying amount of the Promissory Note as at 31 March 2015 amounted to approximately HK\$41,073,000, whereas its fair value amounted to approximately HK\$42,035,000. The fair value of the Promissory Note has been arrived using the effective interest method by discounting future estimated repayments at discount rate of 2.99% (31 March 2015: 3.63%) with reference to the Hong Kong Exchange Fund Notes 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 2015				
Financial assets:				
Investments held for trading	<u>1,746</u>	<u>–</u>	<u>–</u>	<u>1,746</u>
Financial liabilities:				
Promissory Note	<u>–</u>	<u>30,350</u>	<u>–</u>	<u>30,350</u>
As at 31 March 2015				
Financial liabilities:				
Promissory Note	<u>–</u>	<u>42,035</u>	<u>–</u>	<u>42,035</u>

During the six months ended 30 September 2015, 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 2014: nil).

14. 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 2015, no share option was granted to employees (for the six months ended 30 September 2014: nil).

15. Disposal of Subsidiaries

On 31 July 2015, the Group disposed of the entire equity interest of Timeless China Limited, a wholly-owned subsidiary of the Company, and its subsidiaries to Keyhard Software Limited, a company beneficially owned by an employee of a subsidiary of the Company (the “Disposal”) at a cash consideration of HK\$7,500,000, of which HK\$3,750,000 was received. The balance will be paid on or before 31 January 2016. The Group recorded a gain of approximately HK\$225,000 for the Disposal. Details of the Disposal are set out in the Company’s announcement dated 31 July 2015.

Analysis of assets and liabilities over which control was lost

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

Gain on disposal

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

Net cash inflow arising on disposal

	<i>HK\$’000</i>
Consideration received in cash and cash equivalents	3,750
Less: cash and cash equivalents disposed of	(1,612)
	<hr/>
	<u>2,138</u>

16. Related Party Transactions

The balances with related parties are set out on the condensed consolidated statement of financial position.

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

	(Unaudited)	
	Six months ended 30 September	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest expenses paid to a related company (<i>note a</i>)	483	1,694
Service income from a related company (<i>note b</i>)	–	274
	<hr/>	<hr/>

Notes:

- a. Effective interest expenses on Promissory Note is charged at 2.99% (2014: 2.99%) per annum and payable to a related company which is beneficially owned as to 90.01% by Mr. Felipe Tan, a director and shareholder of the Company, at terms mutually agreed by both parties. Further details of the Promissory Note are set out in note 10.
- b. Service income in respect of the provision of trading platform design and building services were received from a related company which is beneficially owned as to 30.02% by Mr. Felipe Tan, a director and 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 current interim period are set out as follows:

	(Unaudited)	
	Six months ended 30 September	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Short-term employee benefits	2,452	3,121
Post-employment benefits	45	56
	<hr/>	<hr/>
	2,497	3,177
	<hr/>	<hr/>

Management Discussion and Analysis

About the Group

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

Business Review and Outlook

Software Business

In order to streamline its businesses and to reallocate the financial resources to its core business segments in Hong Kong, the Group sold its software business in the PRC by disposing of the entire equity interest of Timeless China Limited, a wholly owned subsidiary of the Company, and its subsidiaries on 31 July 2015. The Group recorded a gain on disposal of approximately HK\$225,000. After the disposal, the Group will focus on its software business in Hong Kong.

On the rise of FinTech – Financial Technology, the Group will base on our solid foundation on mobile technology and cloud technology to provide financial solutions and services. We are also working with different partners to provide enterprise scale unified communication solutions with integrated enterprise messaging, email, cloud storage, intelligent search and process management. For our long term strategy on elderly service, we will expand our elderly cloud service – EcCare (established since 2005) from NGO to private sector.

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 2015, gold dores and nickel-copper ores were the products sold under the Mining Business.

The global economy and markets were still full of uncertainty and remains directionless during the period under review. Although the gold price for the six months ended 30 September 2015 was relatively stable when compared with the gold price of last quarter, it was still in a downward trend and decreased by approximately 9.9% as compared to the corresponding period of last year. The sales of gold dores, which were adversely affected by the relatively low gold price, were approximately 73kg for the six months ended 30 September 2015 (2014: approximately 145 kg gold dores), representing a decrease of 49.7% as compared to the corresponding period of 2014.

The nickel price has also dropped by approximately 19.2% from US\$12,458 per tonne as at 31 March 2015 to US\$10,068 per tonne as at 30 September 2015. The Group sold nickel-copper ores of approximately 32,045 tonnes for the six months ended 30 September 2015 from the trial production of the Baishiquan Nickel-copper Mine commenced in late 2014. There was no sale of nickel-copper ores for the six months ended 30 September 2014.

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 2015 are summarised below:

Mine	Activity		
	Exploration	Development	Mining
Heishiliang Gold Mine	No exploration and development activity Mineral resource and reserve estimates (as per the independent technical report prepared in November 2011) fully exhausted.		
Hongshannan Gold Mine	No material exploration	No material development	Ores extracted: 14,670 tonnes
Tuchushan Iron Mine	No activity during the period under review		
Baishiquan Nickel-copper Mine	Completed 51 surface drill holes for a total of approximately 14,200 meters	Completed shaft construction of approximately 330 meters and drift construction of approximately 850 meters	Ores extracted during development: 52,333 tonnes
South Hami Gold Project	No material exploration	No material development	Commercial production not yet commenced

Processing Activity

For the six months ended 30 September 2015, the total quantity of gold ores extracted from the mines and processed by the processing plant were approximately 14,670 tonnes and 36,732 tonnes respectively. Both the gold ores extracted and processed decreased by 17.4% and 3.5% respectively as compared to the corresponding period of last year. The decrease in gold ores extracted was because only Hongshannan Gold Mine was in production in the current period while there were ores extracted from Heishiliang Gold Mine and South Hami Gold Project last year.

For the six months ended 30 September 2015, we have nickel-copper ores extracted during development of 52,333 tonnes. Since the nickel-copper mine development began in late September 2014, the 16,328 tonnes extracted in the corresponding period of last year is not comparable.

Expenditure Incurred

During the six months ended 30 September 2015, the Group has incurred expenditure of approximately HK\$63.1 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>	Total <i>HK\$'000</i>
1. Capital Expenditure			
1.1 Exploration activities			
Drilling and analysis	–	5,392	5,392
<i>Subtotal</i>	–	5,392	5,392
1.2 Development activities (including mine construction)			
Addition of intangible assets, property, plant and equipment	232	2,109	2,341
Construction of tunnels and sub-contracting charges	–	10,696	10,696
Staff cost	–	–	–
<i>Subtotal</i>	232	12,805	13,037
Total Capital Expenditure	232	18,197	18,429
2. Operating Expenditures for Mining Activities			
Staff cost	320	846	1,166
Consumables	37	68	105
Fuel, electricity, water and other services	740	1,150	1,890
Non-income taxes, royalties and other government charges	388	668	1,056
Sub-contracting charges	11,575	4,596	16,171
Transportation	1,160	–	1,160
Depreciation and amortization	5,895	10,853	16,748
Others	111	229	340
Total Operating Expenditure	20,226	18,410	38,636
Total Capital and Operating Expenditure	20,458	36,607	57,065

HK\$'000

3. Processing Expenditure

Staff cost	1,947
Consumables	2,209
Fuel, electricity, water and other services	1,047
Depreciation and amortization	537
Transportation	170
Others	157

Total Processing Expenditures 6,067

Total Expenditures **63,132**

Infrastructure Projects, Subcontracting Arrangements and Purchase of Equipment

New contracts and commitments entered into during the six months ended 30 September 2015 by the Group were summarised as follows:

	Infrastructure projects HK\$'000	Subcontracting arrangements HK\$'000	Purchase of equipment and consumables HK\$'000	Total HK\$'000
Baishiquan Nickel-copper Mine	515	3,026	–	3,541
Processing Plant	–	–	231	231
Total	<u>515</u>	<u>3,026</u>	<u>231</u>	<u>3,772</u>

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 in Goffers Management Limited. The outstanding balance of HK\$30,000,000 is repayable in three equal instalments on each anniversary date of issue from now onward. The Promissory Note bears interest at 3% per annum payable on each anniversary date of issue and is secured by a charge over a 51% of the issued share capital of Goffers Management Limited, a non-wholly owned subsidiary of the Company.

Outlook

The gold market price fluctuated around US\$1,150 per ounce from April to September this year, with a five-year low of US\$1,072.30 per ounce on 20 July 2015. The nickel market price was also on a declining curve, decreasing to US\$10,065 per tonne on 30 September 2015. The smart money has left the resources sector since 2011, leaving the whole commodities market to supply and demand. With the slowdown of the global economy, the commodities market is facing a painful period. Facing supply cutback situation and until the market found its balance, the value of the metals will continue to search for its bottom. The management is working from various angles to cut expenditures and is looking for opportunities of picking up quality resources. Same as our gold mining, the nickel-copper mine will also suspend its production during the winter period and will resume in early March of next year.

Financial Performance Review

For the six months ended 30 September 2015, the Group recorded turnover of approximately HK\$110,884,000, representing an increase of 92.4% against the corresponding period in 2014. Profit for the period under review was approximately HK\$6,370,000, as compared to the loss of approximately HK\$13,472,000 over the same period in 2014. Effective interest expense of the Promissory Note was approximately HK\$483,000, representing the majority of finance costs incurred for the six months ended 30 September 2015, as compared with HK\$1,694,000 in the corresponding period in 2014.

In respect of the Software Business segment, the Group recorded turnover of approximately HK\$3,280,000 (2014: approximately HK\$10,325,000), representing a decrease of 68.2% as compared with the corresponding period in 2014. The segmental loss was approximately HK\$10,004,000 (2014: approximately HK\$9,402,000), representing an increase of 6.4% as compared with the corresponding period of last year.

For the period under review, the Mining Business segment posted turnover of approximately HK\$107,604,000 (2014: approximately HK\$47,317,000), and segmental profit of approximately HK\$27,182,000 (2014: segmental loss of approximately HK\$1,770,000) respectively, representing an increase by 1.3 times and 16.4 times respectively as compared with the corresponding period in 2014.

Loss attributable to owners of the Company was approximately HK\$7,556,000, as compared to approximately HK\$12,115,000 over the same period in 2014.

Capital Structure, Liquidity and Financial Resources

As at 30 September 2015, the Group had bank balances and cash amounted to approximately HK\$57,781,000 (31 March 2015: approximately HK\$51,037,000) and net current assets of approximately HK\$70,906,000 (31 March 2015: approximately HK\$49,471,000). Out of the Group's bank balances and cash, about 24% and 75% (31 March 2015: 13% and 85%) were denominated in Hong Kong dollars and Chinese Renminbi respectively. As at 30 September 2015, the Group's current ratio was 1.95 (31 March 2015: 1.76).

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

As at 30 September 2015, the Group had outstanding borrowings of approximately HK\$39,241,000 (31 March 2015: HK\$50,265,000), which primarily represents the Promissory Note accounted for at amortised cost using the effective interest method. As at the date of this announcement, the Promissory Note shall be repaid by instalments with accrued interests and approximately HK\$10,902,000 (31 March 2015: approximately HK\$11,207,000) was repayable within one year and HK\$20,900,000 (31 March 2015: approximately HK\$31,802,000) was repayable within two to five years accordingly.

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

Gearing Ratio

As at 30 September 2015, the Group's gearing ratio was approximately 41.72% (31 March 2015: 58.42%), based on total borrowings of approximately HK\$39,241,000 (31 March 2015: approximately HK\$50,265,000) and equity attributable to owners of the Company of approximately HK\$94,067,000 (31 March 2015: approximately HK\$86,041,000). The decrease in the gearing ratio was mainly due to the repayment of HK\$10 million Promissory Note during the six months ended 30 September 2015.

Charge on the Group's Assets

As at 30 September 2015, 102 shares of Goffers Management Limited (representing 51% of its total 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.

The Group had also pledged bank deposits and property, plant and equipment with carrying amounts of approximately HK\$125,000 and HK\$19,385,000 respectively to secure certain credit and loan facilities granted to the Group.

Order Book and Prospects for New Business

There was no order book on hand as at 30 September 2015.

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

During the period under review, the Group disposed of the entire equity interest in Timeless China Limited at a cash consideration of HK\$7,500,000. Further details of the disposal are set out in note 15 to this announcement.

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 period under review, revenue generated by the Group's Software Business and Mining Business accounted for 2.96% (2014: 17.91%) and 97.04% (2014: 82.09%) respectively.

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 2015, there were no material contingent liabilities incurred by the Group.

Employee Information

As at 30 September 2015, the Group employed a total staff of 139. 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.

Other Information

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

At 30 September 2015, the interests and short positions of the directors and the chief executive of the Company and their associates in the shares, underlying shares or debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules, were as follows:

Long positions

(a) Interests in the shares of the Company

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				
Cheng Kin Kwan	123,800,000	–	123,800,000	6.22%
Felipe Tan	111,090,000	404,912,000*	516,002,000	25.93%
Zhang Ming	75,500,000	–	75,500,000	3.79%
Independent Non-Executive Directors				
Chan Choi Ling	1,000,000	–	1,000,000	0.05%
Chan Mei Ying, Spencer	1,500,000	–	1,500,000	0.08%
Lam Kwai Yan	1,000,000	–	1,000,000	0.05%

* The shares were held by a private company which is owned as to 90.01% by Mr. Felipe Tan.

(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 Holdings Limited whereas 102 shares (representing 51%) are pledged to Starmax Holdings Limited as security of the payment obligations of the Group under the Promissory Note.

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

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

* The outstanding balance of the Promissory Note issued to Starmax Holdings Limited which is owned as to 90.01% by Mr. Felipe Tan.

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

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

Name of directors	Date of grant	Exercisable period	Exercise price per share HK\$	Number of share options and number of underlying shares				
				Outstanding at 01.04.2015	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 30.09.2015
<u>2003 share option scheme</u>								
Independent Non-Executive Directors								
Chan Mei Ying, Spencer	24.3.2006	24.3.2006-23.3.2016	0.1530	500,000	-	(500,000)	-	-
Tsang Wai Chun, Marianna	24.3.2006 26.9.2006	24.3.2006-23.3.2016 26.9.2006-25.9.2016	0.1530 0.0772	500,000 1,500,000	- -	- (1,500,000)	- -	500,000 -
				<u>2,500,000</u>	<u>-</u>	<u>(2,000,000)</u>	<u>-</u>	<u>500,000</u>

Name of directors	Date of grant	Exercisable period	Exercise price per share HK\$	Number of share options and number of underlying shares				
				Outstanding at 01.04.2015	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 30.09.2015
2013 share option scheme								
Executive Directors								
Lau Yun Fong	3.10.2013	3.10.2013–2.10.2023	0.1490	2,000,000	–	–	–	2,000,000
Carman	17.2.2014	17.2.2014–16.2.2024	0.1380	400,000	–	–	–	400,000
Zhang Ming	3.10.2013	3.10.2013–2.10.2023	0.1490	3,000,000	–	–	–	3,000,000
Independent Non-Executive Directors								
Chan Choi Ling	3.10.2013	3.10.2013–2.10.2023	0.1490	1,000,000	–	(1,000,000)	–	–
Chan Mei Ying, Spencer	3.10.2013	3.10.2013–2.10.2023	0.1490	1,000,000	–	(1,000,000)	–	–
Lam Kwai Yan	3.10.2013	3.10.2013–2.10.2023	0.1490	1,000,000	–	(1,000,000)	–	–
				<u>8,400,000</u>	<u>–</u>	<u>(3,000,000)</u>	<u>–</u>	<u>5,400,000</u>

Save as disclosed above and other than nominee shares in certain wholly-owned subsidiaries held by certain directors in trust for the Group, at 30 September 2015, none of the directors or chief executive or any of their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations which fall to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO, or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

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

As at 30 September 2015, the register maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain directors and the chief executive, the following shareholders had notified the Company of relevant interest in the issued share capital of the Company.

Name of substantial shareholders	Number of ordinary shares held	Number of share options and underlying shares held	Aggregate long position	Percentage of the issued share capital
Educational Information Technology (HK) Company Limited (<i>note 1</i>)	108,057,374	–	108,057,374	5.43%
Starmax Holdings Limited (<i>note 2</i>)	404,912,000	–	404,912,000	20.35%

Notes:

- (1) These shares were held in trust for 寧夏教育信息技術股份有限公司 (Ningxia Educational Information Technology Company Limited), a company which is owned as to 25.04% by the Group.
- (2) Starmax Holdings Limited is beneficially owned as to 90.01% by Mr. Felipe Tan who also directly holds 111,090,000 shares.

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 30 September 2015.

Share Options

A summary of the share options granted under the 2003 Share Option Scheme are as follows:

Type of participants	Date of grant	Exercisable period	Exercise price per share HK\$	Number of share options				
				Outstanding at 01.04.2015	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 30.09.2015
Directors	24.3.2006	24.3.2006-23.3.2016	0.1530	1,000,000	-	(500,000)	-	500,000
	26.9.2006	26.9.2006-25.9.2016	0.0772	5,000,000	-	(1,500,000)	-	-*
	18.6.2007	18.6.2007-17.6.2017	0.2980	800,000	-	-	-	-*
Employees	24.3.2006	24.3.2006-23.3.2016	0.1530	600,000	-	(300,000)	(300,000)	-
	26.9.2006	26.9.2006-25.9.2016	0.0772	-	-	-	-	3,500,000*
	18.6.2007	18.6.2007-17.6.2017	0.2980	2,000,000	-	-	(1,400,000)	1,400,000*
	9.9.2011	9.9.2011-8.9.2021	0.1500	1,900,000	-	(800,000)	(300,000)	800,000
	20.11.2012	20.11.2012-19.11.2022	0.1330	15,400,000	-	(5,200,000)	(200,000)	10,000,000
				<u>26,700,000</u>	<u>-</u>	<u>(8,300,000)</u>	<u>(2,200,000)</u>	<u>16,200,000</u>

A summary of the share options granted under the 2013 Share Option Scheme are as follows:

Type of participants	Date of grant	Exercisable period	Exercise price per share HK\$	Number of share options				
				Outstanding at 01.04.2015	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 30.09.2015
Directors	3.10.2013	3.10.2013-2.10.2023	0.1490	8,000,000	-	(3,000,000)	-	5,000,000
	17.2.2014	17.2.2014-16.2.2024	0.1380	400,000	-	-	-	400,000
Employees	3.10.2013	3.10.2013-2.10.2023	0.1490	10,710,000	-	(5,910,000)	(600,000)	4,200,000
	17.2.2014	17.2.2014-16.2.2024	0.1380	2,900,000	-	(1,400,000)	(800,000)	700,000
				<u>22,010,000</u>	<u>-</u>	<u>(10,310,000)</u>	<u>(1,400,000)</u>	<u>10,300,000</u>

* The related director, who held 3,500,000 share options and 800,000 share options as at 1 April 2015, resigned as director of the Company with effect from 10 August 2015 but remains as an employee of the Group.

Competing Interest

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

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

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

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

Code on Corporate Governance Practices

The Company has complied throughout the six months ended 30 September 2015 with the code provisions set out in the Corporate Governance Code contained in Appendix 15 to the GEM listing Rules, except for (1) Mr. Cheng Kin Kwan holds the dual role of being the chairman and the chief executive officer of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The Board also believes that Mr. Cheng's appointment as both the chairman and chief executive officer is beneficial to the business prospects of the Company, better facilitates the execution of the Group's business strategies and maximises effectiveness of its operations; (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. Save as disclosed above, the Company has met the code provisions set out in the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules throughout the six months ended 30 September 2015.

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 2015.

Updated Biographical Details of Directors

According to Rule 17.50A(1) of the GEM Listing Rules, the information of the following director was updated:

Independent non-executive director

Ms. Tsang Wai Chun, Marianna, aged 61, is the Managing Director of TWC Management Limited. She is also the independent non-executive director of Loco Hong Kong Holdings Limited (Stock code: 8162), the shares of which is listed on the GEM. She is a member of the Institute of Chartered Secretaries and Administrators, the Hong Kong Institute of Company Secretaries, the Taxation Institute of Hong Kong, the Chartered Institute of Personnel and Development, the Society of Registered Financial Planners, the Chartered Institute of Arbitrators, the Institute of Financial Accountants and Institute of Public Accountants in Melbourne, Australia. She is appointed as a member of the Board of Review (Inland Revenue Ordinance). Ms. Tsang has over 30 years of company secretarial, corporate affairs, and related legal working experience in major commercial corporations and in professional firms. Ms. Tsang has an MBA and a postgraduate certificate in Professional Accounting. She was appointed as an independent non-executive director in October 2003.

Audit Committee

The audit committee comprises three independent non-executive directors, Ms. Tsang Wai Chun Marianna, Mr. Chan Mei Ying Spencer and Mr. Lam Kwai Yan. The audit committee has reviewed the unaudited interim financial results for the six months ended 30 September 2015.

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

Hong Kong, 12 November 2015

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

This announcement 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.