



## **Timeless Software Limited**

*(incorporated in Hong Kong with limited liability)*

**(Stock code: 8028)**

### **RESULTS ANNOUNCEMENT**

**For the quarter ended 30 September 2012**

#### **Characteristics of The Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (“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 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 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 of Timeless Software Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Timeless Software Limited. 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 Timeless Software Limited (“Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (“Group”) for the three and six months ended 30 September 2012 together with the comparative unaudited figures for the corresponding periods in 2011 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2012

	(Unaudited)		(Unaudited)	
	Three months ended		Six months ended	
	30 September		30 September	
	2012	2011	2012	2011
Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	<b>57,070</b>	5,095	<b>82,554</b>	11,810
Other income and gain	<b>185</b>	216	<b>499</b>	514
Purchase and production costs	<b>(23,962)</b>	(5,970)	<b>(35,228)</b>	(11,606)
Staff costs	<b>(7,973)</b>	(4,506)	<b>(15,080)</b>	(8,510)
Depreciation and amortisation	<b>(6,410)</b>	(203)	<b>(10,589)</b>	(434)
Acquisition-related costs	–	–	<b>(7,145)</b>	–
Other expenses	<b>(5,957)</b>	(2,697)	<b>(10,573)</b>	(5,758)
Gain on partial disposal of equity interests in a jointly controlled equity	–	12,706	–	12,706
Net losses on disposal of investment properties	<b>(35)</b>	–	<b>(581)</b>	–
Net losses on investments held for trading	<b>(494)</b>	(3,953)	<b>(1,946)</b>	(2,601)
Finance costs	<b>(707)</b>	(1)	<b>(708)</b>	(3)
Share of profit/(loss) of an associate	<b>(33)</b>	9	<b>(68)</b>	(53)
Profit/(loss) before tax	<b>11,684</b>	696	<b>1,135</b>	(3,935)
Income tax expense	<b>(4,901)</b>	–	<b>(8,797)</b>	–
Profit/(loss) for the period	<b>6,783</b>	696	<b>(7,662)</b>	(3,935)
<b>Other comprehensive income, net of income tax</b>				
Exchange differences on translating foreign operations	–	1,498	–	1,498
Share of other comprehensive income of an associate	<b>(487)</b>	1,453	<b>541</b>	1,020

	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>30 September</b>		<b>30 September</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Other comprehensive income for the period, net of income tax	<u>(487)</u>	<u>2,951</u>	<u>541</u>	<u>2,518</u>
<b>Total comprehensive income for the period</b>	<b><u>6,296</u></b>	<b><u>3,647</u></b>	<b><u>(7,121)</u></b>	<b><u>(1,417)</u></b>
Profit/(loss) attributable to:				
Owners of the Company	<u>(4,199)</u>	<u>699</u>	<u>(20,778)</u>	<u>(3,924)</u>
Non-controlling interests	<u>10,982</u>	<u>(3)</u>	<u>13,116</u>	<u>(11)</u>
	<b><u>6,783</u></b>	<b><u>696</u></b>	<b><u>(7,662)</u></b>	<b><u>(3,935)</u></b>
Total comprehensive income attributable to:				
Owners of the Company	<u>(4,686)</u>	<u>3,560</u>	<u>(20,237)</u>	<u>(1,496)</u>
Non-controlling interests	<u>10,982</u>	<u>87</u>	<u>13,116</u>	<u>79</u>
	<b><u>6,296</u></b>	<b><u>3,647</u></b>	<b><u>(7,121)</u></b>	<b><u>(1,417)</u></b>
	<b><i>HK cents</i></b>	<b><i>HK cents</i></b>	<b><i>HK cents</i></b>	<b><i>HK cents</i></b>
<b>Earnings/(loss) per share</b>				
–Basic and diluted	<u>(0.27)</u>	<u>0.06</u>	<u>(1.41)</u>	<u>(0.35)</u>
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## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2012

		(Unaudited) 30 September 2012 <i>HK\$'000</i>	(Audited) 31 March 2012 <i>HK\$'000</i>
<b>Non-current assets</b>			
Investment properties		–	9,348
Property, plant and equipment	7	42,500	2,838
Goodwill		31,336	–
Other intangible assets	7	305,765	–
Interests in associates		5,902	5,430
Interests in jointly controlled entities		–	–
Prepaid lease payments		140	–
Deposits		17,037	–
Land rehabilitation costs		750	–
		403,430	17,616
<b>Current assets</b>			
Inventories		30,741	3,044
Prepaid lease payments		5	–
Trade and other receivables	8	59,599	15,452
Investments held for trading		23,463	17,533
Bank balances and cash		61,717	63,045
		175,525	99,074
<b>Current liabilities</b>			
Trade and other payables	9	27,821	6,157
Obligations under a finance lease due within one year		–	24
Amount due to a shareholder		700	–
Amount due to a related company		7,567	–
Current tax liabilities		7,616	–
Dividend payable		43,219	–
Promissory note	10	11,164	–
		98,087	6,181
<b>Net current assets</b>		77,438	92,893
<b>Total assets less current liabilities</b>		480,868	110,509

		<b>(Unaudited)</b> <b>30 September</b> <b>2012</b> <i>HK\$'000</i>	(Audited) 31 March 2012 <i>HK\$'000</i>
	<i>Notes</i>		
<b>Non-current liabilities</b>			
Promissory note	<i>10</i>	<b>49,091</b>	–
Deferred tax liabilities	<i>11</i>	<b>70,127</b>	–
Provision for rehabilitation		<b>2,067</b>	–
		<hr/> <b>121,285</b> <hr/>	<hr/> – <hr/>
<b>Net assets</b>		<hr/> <b>359,583</b> <hr/>	<hr/> 110,509 <hr/>
<b>Capital and reserves</b>			
Share capital	<i>12</i>	<b>78,898</b>	65,316
Reserves		<b>56,262</b>	44,994
		<hr/> <b>135,160</b> <hr/>	<hr/> 110,310 <hr/>
Equity attributable to owners of the Company		<b>224,423</b>	199
Non-controlling interests		<hr/> <b>224,423</b> <hr/>	<hr/> 199 <hr/>
<b>Total equity</b>		<hr/> <b>359,583</b> <hr/>	<hr/> 110,509 <hr/>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
*For the six months ended 30 September 2012*

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Share options 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 2011 (audited)	56,728	637,996	2,165	1,176	1,061	5,627	(611,097)	93,656	2,656	96,312
Loss for the period	-	-	-	-	-	-	(3,924)	(3,924)	(11)	(3,935)
Other comprehensive income for the period	-	-	-	1,020	-	1,408	-	2,428	90	2,518
Total comprehensive income for the period	-	-	-	1,020	-	1,408	(3,924)	(1,496)	79	(1,417)
Recognition of equity-settled share based payments	-	-	241	-	-	-	-	241	-	241
Issue of ordinary shares under employee share option plan	140	240	(131)	-	-	-	-	249	-	249
Transaction costs attributable to issue of new ordinary shares	-	(34)	-	-	-	-	-	(34)	-	(34)
Release of reserve upon share options forfeited	-	-	(5)	-	-	-	5	-	-	-
Balance at 30 September 2011 (unaudited)	56,868	638,202	2,270	2,196	1,061	7,035	(615,016)	92,616	2,735	95,351
<b>Balance at 1 April 2012 (audited)</b>	<b>65,316</b>	<b>654,107</b>	<b>2,191</b>	<b>2,111</b>	<b>1,061</b>	<b>8,104</b>	<b>(622,580)</b>	<b>110,310</b>	<b>199</b>	<b>110,509</b>
Loss for the period	-	-	-	-	-	-	(20,778)	(20,778)	13,116	(7,662)
Other comprehensive income for the period	-	-	-	541	(1,061)	-	1,061	541	-	541
Total comprehensive income for the period	-	-	-	541	(1,061)	-	(19,717)	(20,237)	13,116	(7,121)
Issue of ordinary shares under employee share option plan	82	193	(114)	-	-	-	-	161	-	161
Issue of consideration shares (note 13)	13,500	31,590	-	-	-	-	-	45,090	-	45,090
Non-controlling interests arising on business combination (note 13)	-	-	-	-	-	-	-	-	211,108	211,108
Transaction costs attributable to issue of new ordinary shares	-	(164)	-	-	-	-	-	(164)	-	(164)
Release of reserve upon share options forfeited	-	-	(106)	-	-	-	106	-	-	-
Balance at 30 September 2012 (unaudited)	78,898	685,726	1,971	2,652	-	8,104	(642,191)	135,160	224,423	359,583

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2012

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2012</b>	<b>2011</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Net cash used in operating activities	<b>(38,917)</b>	(13,278)
Net cash generated by investing activities	<b>55,307</b>	1,252
Net cash (used in)/generated by financing activities	<b>(17,718)</b>	190
	<hr/>	<hr/>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,328)</b>	(11,836)
<b>Cash and cash equivalents at the beginning of period</b>	<b>62,921</b>	68,636
Effect of foreign exchange rate changes	<b>–</b>	680
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of period</b>	<b>61,593</b>	57,480
	<hr/>	<hr/>
<b>Analysis of the balances of cash and cash equivalents</b>		
Bank balances and cash	<b>61,717</b>	57,480
Time deposit with original maturity of three months or more and pledge bank deposits	<b>(124)</b>	–
	<hr/>	<hr/>
	<b>61,593</b>	57,480
	<hr/>	<hr/>

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

*For the three months and six months ended 30 September 2012*

### **1. BASIS OF PREPARATION**

The condensed consolidated financial statements have been prepared in accordance with the Hong Kong Accounting Standard 34 (HKAS 34) Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“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”).

### **2. PRINCIPAL ACCOUNTING POLICIES**

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2012 are the same with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2012.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA:

Amendments to HKFRS 7	Financial Instruments: Disclosures – Transfer of Financial Assets
Amendments to HKAS 12	Deferred tax: Recovery of Underlying Assets

The adoption of the above HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

### **3. SEGMENT INFORMATION**

The Group’s operating segments are determined based on information reported to the chief operating decision maker (the “CODM”), being the directors, for the purpose of resources allocation and performance assessment. In previous years, (i) software development; (ii) hardware sales; (iii) software sales; and (iv) e-Commerce services were reported to the CODM as stand-alone business units and constituted separate operating segments. Following a change in the Group’s operating and reporting structure as a result of business combination (note 13), accordingly, the CODM now reviews the Group’s internal reporting for the purposes of resource allocation and performance assessment based on two operating segments as (a) the provision of computer consultancy and software maintenance services, software development, sales of computer hardware and software and e-Commerce services; and (b) the exploration and exploitation of various mines in Xinjiang Uygur Autonomous Region (“Xinjiang”), the PRC.



## 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	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment and external revenue		
Computer hardware and software business	15,735	11,810
Mining business	66,819	–
	<u>82,554</u>	<u>11,810</u>
Results		
Computer hardware and software business	(12,121)	(13,058)
Mining business	24,397	–
	12,276	(13,058)
Interest income	309	80
Other income and gain	190	434
Unallocated corporate expenses	(8,337)	(1,440)
Gain on partial disposal on equity interests in a jointly controlled entity	–	12,706
Net losses on disposal of investment properties	(581)	–
Net losses on investments held for trading	(1,946)	(2,601)
Finance costs	(708)	(3)
Share of loss of an associate	(68)	(53)
Profit/(loss) before tax	<u>1,135</u>	<u>(3,935)</u>

Segment results represents the profit/(loss) from each segment without allocation of central administration cost, interest and other income and gain, gain on partial disposal of equity interests in a jointly controlled entity, net losses on disposal of investment properties, net losses on investments held for trading, finance costs, share of loss of an associate and income tax expense. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

## Segment assets

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

	<b>(Unaudited)</b> <b>30 September</b> <b>2012</b> <b>HK\$'000</b>	(Audited) 31 March 2012 <i>HK\$'000</i>
Segment assets		
Computer hardware and software business	<b>28,579</b>	21,334
Mining business	<b>459,294</b>	–
	<b>487,873</b>	21,334
Interest in associates	<b>5,902</b>	5,430
Interest in jointly controlled entities	–	–
Unallocated corporate assets	<b>85,180</b>	89,926
	<b>578,955</b>	116,690

For the purposes of monitoring segment performances and allocating resources between segments, all assets are allocated to reportable segments other than interests in associates, interests in jointly controlled entities, investment properties, investments held for trading and bank balances and cash. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

## 4. INCOME TAX EXPENSE

	<b>(Unaudited)</b> <b>Three months ended</b> <b>30 September</b> <b>2012</b> <b>HK\$'000</b>		<b>(Unaudited)</b> <b>Six months ended</b> <b>30 September</b> <b>2012</b> <b>HK\$'000</b>	
		2011 <i>HK\$'000</i>		2011 <i>HK\$'000</i>
Current tax:				
People's Republic of China ("PRC")				
Enterprise Income Tax	<b>5,985</b>	–	<b>10,512</b>	–
Deferred tax:				
Current period	<b>(1,084)</b>	–	<b>(1,715)</b>	–
Total income tax charged in profit or loss	<b>4,901</b>	–	<b>8,797</b>	–

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods. No provision for Hong Kong Profits tax has been made in the condensed consolidated financial statements 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% for both periods. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

## 5. INTERIM DIVIDEND

The directors do not recommend the payment of an interim dividend for the period (for the six months ended 30 September 2011: nil).

## 6. EARNINGS/(LOSS) PER SHARE

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

	(Unaudited) Three months ended 30 September		(Unaudited) Six months ended 30 September	
	2012	2011	2012	2011
Profit/(loss) for the period attributable to owners of the Company for the purpose of basic and diluted earnings/(loss) per share	<u>HK\$(4,199,000)</u>	<u>HK\$699,000</u>	<u>HK\$(20,778,000)</u>	<u>HK\$(3,924,000)</u>
<b>Number of ordinary shares:</b>				
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	<u>1,577,521,286</u>	1,134,922,373	<u>1,472,618,060</u>	1,134,804,401
Effect of dilutive potential ordinary shares in respect of share options granted	<u>N/A</u>	<u>3,281,601</u>	<u>N/A</u>	<u>N/A</u>
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	<u>1,577,521,286</u>	<u>1,138,203,974</u>	<u>1,472,618,060</u>	<u>1,134,804,401</u>

The computation of diluted loss per share did not assume the exercise of the Company's outstanding share options existed for the three months ended 30 September 2012 and six months ended 30 September 2012 and 2011 since their exercises would result in a decrease in loss per share.

## 7. 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\$10,677,000 (for the six months ended 30 September 2011: HK\$708,000) and other intangible assets with a cost of approximately HK\$1,191,000 (for the six months ended 30 September 2011: nil). In addition, the acquisition of property, plant and equipment and other intangible assets during the current interim period through the business combination is disclosed in note 13.

During the current interim period, depreciation for property, plant and equipment was approximately HK\$1,600,000 (for the six months ended 30 September 2011: HK\$434,000) and amortisation for other intangible assets was HK\$9,698,000 (for the six months ended 30 September 2011: nil). Amongst the above, approximately HK\$909,000 were included in the cost of inventories. The remaining expenses were charged to the condensed consolidated statement of comprehensive income as incurred.

## 8. TRADE AND OTHER RECEIVABLES

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 trade receivables and the Group does not hold any collateral over these balances. 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 ageing analysis of trade receivables at the end of the reporting period:

	<b>(Unaudited)</b> <b>30 September</b> <b>2012</b> <b>HK\$'000</b>	(Audited) 31 March 2012 HK\$'000
Age		
0 to 30 days	<b>1,513</b>	3,300
31 to 60 days	<b>2,182</b>	608
61 to 90 days	<b>107</b>	39
More than 90 days	<b>5,498</b>	2,161
	<b>9,300</b>	6,108

At 30 September 2012, included in the Group's other receivables are an amount due from an associate and interest-bearing loan to an associate amounting to approximately HK\$250,000 and HK\$1,358,000 (31 March 2012: HK\$209,000 and HK\$1,358,000) respectively. The loan carries interest at the best-lending rate of similar loans offered by the banks in PRC. These amounts are unsecured and repayable within one year.

## 9. TRADE AND OTHER PAYABLES

The following is an ageing analysis of trade payables presented at the end of the reporting period:

	<b>(Unaudited)</b> <b>30 September</b> <b>2012</b> <b>HK\$'000</b>	(Audited) 31 March 2012 HK\$'000
Age		
0 to 30 days	<b>2,770</b>	501
31 to 60 days	<b>2,302</b>	–
61 to 90 days	<b>898</b>	–
More than 90 days	<b>3,601</b>	784
	<b>9,571</b>	1,285

## 10. PROMISSORY NOTE

The promissory note is in the principal amount of HK\$63,000,000 of which HK\$3,000,000 was paid on 8 August 2012, being the date falling three months from the date of issue and HK\$60,000,000 is repayable in six equal instalments on each anniversary of the date of issue. The promissory note bears interest at 3% per annum payable on each anniversary of the date of issue.

Imputed interest expenses of approximately HK\$706,000 (for the three months ended 30 September 2011: nil) and HK\$706,000 (for the six months ended 30 September 2011: nil) respectively have been recognised in the condensed consolidated statement of comprehensive income for the three and six months ended 30 September 2012.

## 11. DEFERRED TAX LIABILITIES

Deferred tax credit of approximately HK\$1,084,000 (for the three months ended 30 September 2011: nil) and HK\$1,715,000 (for the six months ended 30 September 2011: nil) respectively have been recognised in the condensed consolidated statement of comprehensive income for the three months and six months ended 30 September 2012. In addition, recognition of deferred tax liabilities during the current interim period through the business combination is disclosed in note 13.

## 12. SHARE CAPITAL

270,000,000 shares at the issue price of HK\$0.15 each of the Company were issued and allotted to Starmax Holdings Limited on 11 May 2012 as partial consideration in relation to acquisition of 51% equity interest in Goffers Management Limited and its subsidiaries.

During the six months ended 30 September 2012, certain employees of the Group exercised share options granted to them under the 2003 share option scheme and 1,650,000 (for the six months ended 30 September 2011: 2,800,000) shares of the Company were issued and allotted thereof.

## 13. BUSINESS COMBINATION

On 11 May 2012, the Group completed the acquisition of the 51% equity interest in Goffers Management Limited and its subsidiaries (collectively, the “Goffers Group”). The consideration was satisfied by the issue of (i) of 270,000,000 consideration shares by the Company at the issue price of HK\$0.15 each; and (ii) promissory note in the principal amount of HK\$63,000,000. The market share price was HK\$0.167 at the date of exchange. The Board considers that the acquisition represents a strategic move providing the Group with an opportunity to enter the mining industry in the PRC, which is expected to broaden the Group’s revenue base and create value for the shareholders of the Company.

The major assets of the Goffers Group comprise of its 51% controlling interests in 新疆天目礦業資源開發有限公司 (“Xinjiang Tianmu”), a Sino-foreign equity joint venture company established in the PRC which is principally engaged in exploration and exploitation of gold, iron, nickel-copper mines in Xinjiang of the PRC and the processing and sale of the outputs from the mines.

### Consideration transferred (determined on a provisional basis)

	<b>(Unaudited)</b> <b>HK\$’000</b>
Consideration shares	<b>45,090</b>
Promissory note	<b>63,020</b>
	<b><u>108,110</u></b>

Pursuant to the sales and purchase agreement, the vendor has warranted and undertaken that, the total actual and completed sales of gold by Xinjiang Tianmu for the twelve months ending 30 June 2013 (the “Actual Sales”) shall not be less than 282 kg (the “Guarantee Sales”) and that any shortfall from the Guarantee Sales will be compensated to the Group by paying in cash an amount which is equivalent of 26.01% of the shortfall between the Guarantee Sales and Actual Sales at HK\$124,000 per kg. The maximum amount payable by the vendor under the gold sales guarantee is approximately HK\$9,095,000. The above arrangement is expected to be accounted for as a contingent consideration receivable at fair value through profit or loss. At the date of this results announcement, the directors was still in the process of assessing the fair value of the contingent consideration receivable as at the date of acquisition.

Acquisition related-costs amounting to approximately HK\$7,145,000 have been excluded from the cost of acquisition and have been recognised as an expense in the condensed consolidated statement of comprehensive income.

**Assets and liabilities recognised at the date of acquisition (determined on a provisional basis)**

	<b>(Unaudited)</b> <b>HK\$'000</b>
<b>Non-current assets</b>	
Property, plant and equipment	30,585
Intangible assets	314,272
Prepaid lease payments	142
Deposits	16,471
Land rehabilitation costs	948
<b>Current assets</b>	
Inventories	19,358
Prepaid lease payments	5
Trade and other receivables	32,564
Bank balances and cash	57,507
<b>Current liabilities</b>	
Trade and other payables	(37,862)
Amounts due to related companies	(10,664)
Current tax liabilities	(4,098)
Dividend payable	(57,437)
<b>Non-current liabilities</b>	
Deferred tax liabilities	(71,842)
Provision for rehabilitation	(2,067)
	<u>287,882</u>

Intangible assets arising from business combination represent exploration rights and assets and mining rights and reserves. The initial accounting for property, plant and equipment and intangible assets acquired in the above business combination with fair value of approximately HK\$30,585,000 and HK\$314,272,000 respectively have been determined on a provisional basis, awaiting the completion of professional valuations. The amounts of deferred tax liabilities and goodwill may be adjusted accordingly.

**Non-controlling interests**

The non-controlling interests in the Goffers Group recognised at the acquisition date was measured at the non-controlling interests' proportionate share of the acquiree's provisional fair value of net assets of the Goffers Group and amounted to approximately HK\$211,108,000.

### Goodwill arising on acquisition (determined on a provisional basis)

	(Unaudited) HK\$'000
Consideration transferred	108,110
Plus: non-controlling interests	211,108
Less: recognised amount of net identifiable assets acquired	<u>(287,882)</u>
Provisional goodwill arising on acquisition	<u>31,336</u>

The goodwill is attributable to the profitability and future market development expected to arise from the acquired business. None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

### Net cash inflow arising on acquisition

	(Unaudited) HK\$'000
Consideration paid in cash	–
Add: cash and cash equivalent balances acquired	<u>57,507</u>
	<u>57,507</u>

### Impact of acquisition on the results of the Group

Included in the loss for the six months ended 30 September 2012 is post-acquisition profit of approximately HK\$17,739,000 attributable to the Goffers Group. Revenue for the six months ended 30 September 2012 includes approximately HK\$66,819,000 in respect of the Goffers Group.

Had the acquisition been effected at 1 April 2012, the revenue of the Group for the six months ended 30 September 2012 would have been approximately HK\$99,649,000 and the loss of the Group for the six months ended 30 September 2012 would have been approximately HK\$6,855,000. This unaudited pro forma information is for illustrative purpose only and is not necessarily an indication of results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2012, nor is it intended to be a projection of future results.

## 14. SHARE-BASED PAYMENT ARRANGEMENT

During the six months ended 30 September 2012, no share options were granted to employees (for the six months ended 30 September 2011: 2,700,000 share options were granted to employees).

## 15. RELATED PARTY TRANSACTIONS

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

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

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2012</b>	<b>2011</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Capital expenditures paid to a related company	<b>2,397</b>	<b>–</b>

Capital expenditures were paid to a related company which is a fellow subsidiary of 哈密六合資源開發有限公司, a non-controlling shareholder of a subsidiary, at 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:

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2012</b>	<b>2011</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Short-term employee benefits	<b>2,358</b>	<b>1,891</b>
Post-employment benefits	<b>33</b>	<b>35</b>
	<b>2,391</b>	<b>1,926</b>

## 16. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current interim period's presentation.



## MANAGEMENT DISCUSSION AND ANALYSIS

### **Business Review and Outlook**

During the period under review, the Group has completed the acquisition of the Goffers Group on 11 May 2012 and further expanded its lines of business to the mining industry and 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 “Computer Hardware and Software Business”); and (ii) the exploration and exploitation of various mines in Xinjiang, the PRC (hereinafter collectively referred to as the “Mining Business”).

#### ***Computer Hardware and Software Business***

According to the news of the national Ministry of Industry and Information Technology, in the first half of 2012, revenue growth from software industry surpassed the growth generated by the electronic information industry and has become one of the highlights of the national economy. During the “12th Five-Year” period, the pattern of the software industry is facing a major adjustment; the Ministry of Industry will hasten and intensify the development of software standards.

Given the scenario mentioned above, the Group objectively analysed the national policy adjustment and the market changes so inferred, pioneered ideas development, and is constantly improving the results of various development and seeking multifaceted development, in order to maintain a strong development potential.

On one hand, the Group has cumulated years of experience and achievements on software development and finally, we gained recognition from leading domestic home appliance enterprise, willing to join hand with us to co-operate in intelligent robot project, which shall bring in long lasting market effect with products and revenue. Further the Group’s technological edge and commitment is also appreciated by leading logistics corporations; after years of cultivation, finally we are being awarded a chance, to attempt to organically combine technology together with eCommerce Market, which shall serve as additional revenue channel for the Group.

In addition to the above, the acquisition of the Goffers Group was completed in May 2012, providing a stable income and profit source for the Group.

#### ***Mining Business***

The main product of the Mining Business is gold dores which are priced at the time of sales after production with reference to the applicable spot prices of gold in the Shanghai Gold Exchange (“SGE”), with adjustment for the gold content and refining cost of the gold dores. As at 30 September 2012, the SGE gold market price has increased by about 6.36% against the price on 30 September 2011 and about 12.58% against the price on 31 December 2011. With USA Federal Reserve unveiled QE3, Europe announced bond buying plans and Japan expanded its asset purchase program, we expect strong price swings in the short run due to the hot capital flow in the markets, but upward trend in gold price in the long run.

During the period from 11 May 2012, being the date of completion of acquisition of the Mining Business, to 30 September 2012, ores of about 43,000 tonnes were extracted from the gold mines. The processing plant processed gold ores of about 31,600 tonnes with an average grade of 4.89 grams per tonne. The processed output of gold dorés totaled to about 221 kilogram, of which 152 kilogram were sold and contributed for a turnover of about HK\$65 million.

The mining infrastructure for the Baishiquan nickel-copper mine continued in process. The total capital expenditure during the period from 11 May 2012 to 30 September 2012 amounted to about HK\$5.7 million. Upon commercial production as scheduled in 2014, the probable reserves of Baishiquan nickel-copper mine of approximately 1.2 million tonnes of ores with average grade of Ni 0.52% and Cu 0.34% is expected to be a vital part of profit contribution to the Group on top of the existing gold mining and processing operation.

## **Outlook**

Looking forward into the second half of the year, the Group shall full steam ahead to highlight our uniqueness whereas different subsidiaries shall focus on expertise of their own so that our development coverage could be more comprehensive and ultimately, a novel, multi-facet Group with varieties of competitiveness could be formed. In short, the Group shall stay prudent in mindset, attentive in attitude and vigilant in research and assess, keeping ears open to shareholders' voice, so as to ensure a sustainable, healthy and stable development for the Group, living up to expectation of our shareholders.

## **Financial Performance Review**

For the six months ended 30 September 2012, the Group recorded turnover of approximately HK\$82,554,000, representing an increase of 599% against the corresponding period in 2011. Loss for the period under review was approximately HK\$7,662,000, an increase of 94.7% as compared to the corresponding period in 2011.

The fluctuations in turnover and result for the Group was mainly contributed by (i) the newly acquired Goffers Group for which recorded turnover and segmental profit for the period under review of approximately HK\$66,819,000 and HK\$24,397,000 respectively; (ii) non-recurring acquisition related-costs of the Goffers Group incurred during the period under review of approximately HK\$7,145,000; (iii) income tax expense amounted to approximately HK\$1,893,000 arising from the disposal of certain investment properties located in the PRC; (iv) net losses of approximately HK\$1,946,000 on listed equity investments; and (v) depreciation and amortisation amounted to approximately HK\$10,589,000.

For the Computer Hardware and Software business, the Group recorded turnover and segmental loss of approximately HK\$15,735,000 and HK\$12,121,000 for the current interim period respectively, representing an increase of 33.2% and decrease of 7.2% as compared to the corresponding period in 2011.

Loss attributable to owners of the Company was approximately HK\$20,778,000, as compared to approximately HK\$3,924,000 over the same period in 2011.

## **Liquidity and financial resources**

As at 30 September 2012, the Group had bank balances and cash and net current assets amounted to approximately HK\$61,717,000 and HK\$77,438,000 (31 March 2012: HK\$63,045,000 and HK\$92,893,000) respectively. Out of the Group's bank balances and cash, about 29% and 71% were denominated in Hong Kong dollars and Chinese Renminbi respectively. As at 30 September 2012, the current ratio stood at 1.79 (31 March 2012: 16.03).

The Group generally financed its operations and investing activities primarily with internally generated cash flow as well as the proceeds from previous fund raising activities and from the exercising by grantees of the share options granted under the 2003 share option scheme.

As at 30 September 2012, the Company's total number of issued shares was 1,577,961,503 (31 March 2012: 1,306,311,503). During the current interim period, 270,000,000 shares at the issue price of HK\$0.15 each of the Company were issued and allotted to Starmax Holdings Limited on 11 May 2012 as partial consideration in relation to acquisition of 51% equity interest in the Goffers Group. In addition, certain employees of the Group exercised share options granted to them under the 2003 share option scheme and 1,650,000 (for the six months ended 30 September 2011: 2,800,000) shares of the Company were issued and allotted thereof.

As at 30 September 2012, the Group had outstanding borrowings of approximately HK\$60,255,000 (31 March 2012: HK\$24,000), for which primarily represents the outstanding balance of the promissory note denominated in Hong Kong dollars. The promissory note shall be repaid by annual instalments with accrued interests in fixed rate and of which approximately HK\$11,164,000 was repayable within one year, HK\$40,443,000 was repayable within two to five years and HK\$8,648,000 was repayable after five years.

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

## **Gearing ratio**

As at 30 September 2012, the Group's gearing ratio was approximately 44.6% (31 March 2012: 0.02%), based on total borrowings of approximately HK\$60,255,000 (31 March 2012: HK\$24,000) and equity attributable to owners of the Company of approximately HK\$135,160,000 (31 March 2012: HK\$110,310,000). The increase in the ratio was mainly attributable to the acquisition of subsidiaries.

## **Charge on the Group's assets**

As at 30 September 2012, 102 shares of Goffers Management Limited (representing 51% of the issued share capital), an indirect wholly-owned subsidiary of the Company, was pledged to the noteholder in order to secure the payment obligations of the Group under the promissory note. As at 30 September 2012, the Group had also pledged bank deposits with carrying amounts of approximately HK\$110,000 to secure the general credit facilities granted to the Company and a subsidiary.

## **Order book and prospects for new business**

The amount of orders on hand of the Group was over HK\$2,000,000 as at 30 September 2012.

## **Material acquisitions and disposal of subsidiaries and affiliated companies**

On 7 September 2011 and 10 April 2012, Time Kingdom Limited (“Purchaser”), a direct wholly-owned subsidiary of the Company, entered into a sale and purchase agreement and supplemental agreement respectively (collectively, the “Agreements”) with an independent third party Starmax Holdings Limited (“Vendor”), pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the 102 shares of Goffers Management Limited (“Goffers”), representing 51% of the issued share capital of Goffers, for HK\$103,500,000. The consideration shall be satisfied at completion by the Company to issue the consideration shares to the Vendor at the issue price of HK\$0.15 each to the Vendor and by the Purchaser issuing the promissory note to the Vendor. The Board considers that the acquisition represents a strategic move providing the Group with an opportunity to enter the mining industry in the PRC which will be enhancing value for the shareholders.

All conditions precedent under the Agreements were satisfied and completion took place on 11 May 2012 and the Goffers Group became subsidiaries of the Company since that date. The acquisition results in the issue of 270,000,000 consideration shares by the Company to the Vendor at the issue price of HK\$0.15 each and promissory note in the principal amount of HK\$63,000,000, representing the consideration of HK\$103,500,000.

The acquisition constitutes a very substantial acquisition of the Company under Chapter 19 of the GEM Listing Rules. Relevant details were set out in the announcement dated 7 September 2011 and the circular dated 12 April 2012 published on the GEM website of the Stock Exchange at [www.hkgem.com](http://www.hkgem.com).

Save as disclosed above, there was no material acquisition or disposal of subsidiaries and affiliated companies during the current interim period.

## **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 Hong Kong dollars or Renminbi and the exchange rate of Renminbi to Hong Kong dollars has been relatively stable throughout the period under review, the exposure to foreign exchange rate fluctuations is minimal.

## **Contingent liabilities**

As at 30 September 2012, the contingent liabilities of the Group did not have any change as compared to those as disclosed in the Group’s annual report for the year ended 31 March 2012.

## Employee information

As at 30 September 2012, the Group employed a total staff of 196. 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

As at 30 September 2012, 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) Ordinary shares of HK\$0.05 each of the Company

Name of directors	Number of ordinary shares held in the capacity of			
	Beneficial owner	Controlled corporation	Total number of shares	Percentage of shareholding
Cheng Kin Kwan	221,440,000	–	221,440,000	14.03%
Law Kwai Lam	10,000,000	28,325,000*	38,325,000	2.43%
Leung Mei Sheung, Eliza	13,492,000	–	13,492,000	0.86%
Zheng Ying Yu	4,900,000	–	4,900,000	0.31%
Fung Chun Pong, Louis	488,000	–	488,000	0.03%
Liao Yun	4,510,000	–	4,510,000	0.29%
Felipe Tan	34,922,000	270,000,000*	304,922,000	19.32%

\* These shares were held by private companies which are wholly-owned by Mr. Law Kwai Lam or owned as to 90.01% by Mr. Felipe Tan respectively.

(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 or 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	RMB10,200,000	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

<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\$60,000,000*

\* 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 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 1.4.2012	Exercised during the period	Outstanding at 30.9.2012
Cheng Kin Kwan	5.9.2003	5.9.2003– 4.9.2013	0.2280	6,960,000	–	6,960,000
	8.12.2003	8.12.2003– 7.12.2013	0.2130	800,000	–	800,000
	25.2.2004	25.2.2004– 24.2.2014	0.1900	7,700,000	–	7,700,000
Law Kwai Lam	5.9.2003	5.9.2003– 4.9.2013	0.2280	2,000,000	–	2,000,000
	9.1.2004	9.1.2004– 8.1.2014	0.1900	1,000,000	–	1,000,000
	28.2.2005	28.2.2005– 27.2.2015	0.0722	1,000,000	–	1,000,000
	26.9.2006	26.9.2006– 25.9.2016	0.0772	3,500,000	–	3,500,000
	18.6.2007	18.6.2007– 17.6.2017	0.2980	800,000	–	800,000
Leung Mei Sheung Eliza,	5.9.2003	5.9.2003– 4.9.2013	0.2280	5,500,000	–	5,500,000
	8.12.2003	8.12.2003– 7.12.2013	0.2130	4,300,000	–	4,300,000
	25.2.2004	25.2.2004– 24.2.2014	0.1900	5,800,000	–	5,800,000
Zheng Ying Yu	5.9.2003	5.9.2003– 4.9.2013	0.2280	2,000,000	–	2,000,000
	8.12.2003	8.12.2003– 7.12.2013	0.2130	400,000	–	400,000
	9.1.2004	9.1.2004– 8.1.2014	0.1900	6,100,000	–	6,100,000
	13.12.2004	13.12.2004– 12.12.2014	0.0982	50,000	–	50,000
Fung Chun Pong, Louis	5.9.2003	5.9.2003– 4.9.2013	0.2280	2,000,000	–	2,000,000
	9.1.2004	9.1.2004– 8.1.2014	0.1900	1,000,000	–	1,000,000
	19.4.2004	19.4.2004– 18.4.2014	0.2096	300,000	–	300,000
	24.3.2006	24.3.2006– 23.3.2016	0.1530	300,000	–	300,000
	18.6.2007	18.6.2007– 17.6.2017	0.2980	300,000	–	300,000



Name of directors	Date of grant	Exercisable period	Exercise price per share <i>HK\$</i>	Number of share options and number of underlying shares		
				Outstanding at 1.4.2012	Exercised during the period	Outstanding at 30.9.2012
Liao Yun	5.9.2003	5.9.2003– 4.9.2013	0.2280	800,000	–	800,000
	26.11.2003	26.11.2003– 25.11.2013	0.2300	400,000	–	400,000
	9.1.2004	9.1.2004– 8.1.2014	0.1900	790,000	–	790,000
	19.4.2004	19.4.2004– 18.4.2014	0.2096	300,000	–	300,000
	16.9.2004	16.9.2004– 15.9.2014	0.0870	500,000	–	500,000
	30.9.2004	30.9.2004– 29.9.2014	0.0900	500,000	–	500,000
	13.12.2004	13.12.2004– 12.12.2014	0.0982	300,000	–	300,000
	22.9.2005	22.9.2005– 21.9.2015	0.0920	400,000	–	400,000
	24.3.2006	24.3.2006– 23.3.2016	0.1530	300,000	–	300,000
Tsang Wai Chun, Marianna	24.3.2006	24.3.2006– 23.3.2016	0.1530	500,000	–	500,000
	26.9.2006	26.9.2006– 25.9.2016	0.0772	1,500,000	–	1,500,000
Chan Mei Ying, Spencer	24.3.2006	24.3.2006– 23.3.2016	0.1530	500,000	–	500,000
				58,600,000	–	58,600,000

Save as disclosed above and other than nominee shares in certain wholly-owned subsidiaries held by certain directors in trust for the Group, as at 30 September 2012, 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 2012, according to the register maintained by the Company pursuant to Section 336 of the SFO, the following persons (not being a director or the chief executive of the Company) were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital of the Company.

### *Long positions in the shares and underlying shares*

Name of substantial shareholders	Capacity	Number of ordinary shares held	Number of underlying shares held	Approximate percentage of the issued share capital as at 30 September 2012
Educational Information Technology (H.K.) Company Limited ( <i>note 1</i> )	Trustee	108,057,374	–	6.85%
Starmax Holdings Limited ( <i>note 2</i> )	Beneficial owner	270,000,000	–	17.11%

#### *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% by the Group.
- (2) Starmax Holdings Limited is beneficially owned as to 90.01% by Mr. Felipe Tan who also directly holds 34,922,000 shares.

Save as disclosed in the section “Directors’ and chief executive’s interests and short positions in shares and underlying shares of the Company”, as at 30 September 2012, the Company had not been notified of any other interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under Part XV of the SFO.

## Share options

### 2003 share option scheme

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 30.9.2012
				Outstanding at 1.4.2012	Granted during the period	Exercised during the period	Forfeited during the period	
Directors	5.9.2003	5.9.2003–4.9.2013	0.2280	19,260,000	–	–	–	19,260,000
	26.11.2003	26.11.2003–25.11.2013	0.2300	400,000	–	–	–	400,000
	8.12.2003	8.12.2003–7.12.2013	0.2130	5,500,000	–	–	–	5,500,000
	9.1.2004	9.1.2004–8.1.2014	0.1900	8,890,000	–	–	–	8,890,000
	25.2.2004	25.2.2004–24.2.2014	0.1900	13,500,000	–	–	–	13,500,000
	19.4.2004	19.4.2004–18.4.2014	0.2096	600,000	–	–	–	600,000
	16.9.2004	16.9.2004–15.9.2014	0.0870	500,000	–	–	–	500,000
	30.9.2004	30.9.2004–29.9.2014	0.0900	500,000	–	–	–	500,000
	13.12.2004	13.12.2004–12.12.2014	0.0982	350,000	–	–	–	350,000
	28.2.2005	28.2.2005–27.2.2015	0.0722	1,000,000	–	–	–	1,000,000
	22.9.2005	22.9.2005–21.9.2015	0.0920	400,000	–	–	–	400,000
	24.3.2006	24.3.2006–23.3.2016	0.1530	1,600,000	–	–	–	1,600,000
	26.9.2006	26.9.2006–25.9.2016	0.0772	5,000,000	–	–	–	5,000,000
	18.6.2007	18.6.2007–17.6.2017	0.2980	1,100,000	–	–	–	1,100,000
Employees	5.9.2003	5.9.2003–4.9.2013	0.2280	22,900,000	–	–	–	22,900,000
	15.9.2003	15.9.2003–14.9.2013	0.2550	8,000,000	–	–	(300,000)	7,700,000
	26.11.2003	26.11.2003–25.11.2013	0.2300	2,000,000	–	–	–	2,000,000
	8.12.2003	8.12.2003–7.12.2013	0.2130	800,000	–	–	–	800,000
	9.1.2004	9.1.2004–8.1.2014	0.1900	4,396,000	–	–	(498,000)	3,898,000
	25.2.2004	25.2.2004–24.2.2014	0.1900	20,000,000	–	–	–	20,000,000
	19.4.2004	19.4.2004–18.4.2014	0.2096	750,000	–	–	(150,000)	600,000
	16.9.2004	16.9.2004–15.9.2014	0.0870	2,550,000	–	–	(800,000)	1,750,000
	30.9.2004	30.9.2004–29.9.2014	0.0900	1,100,000	–	(300,000)	(300,000)	500,000
	13.12.2004	13.12.2004–12.12.2014	0.0982	1,600,000	–	–	–	1,600,000
	22.9.2005	22.9.2005–21.9.2015	0.0920	4,800,000	–	–	–	4,800,000
	24.3.2006	24.3.2006–23.3.2016	0.1530	1,250,000	–	(50,000)	–	1,200,000
	26.9.2006	26.9.2006–25.9.2016	0.0772	8,900,000	–	(1,500,000)*	(400,000)	7,000,000
	18.6.2007	18.6.2007–17.6.2017	0.2980	2,200,000	–	–	(500,000)	1,700,000
14.2.2011	14.2.2011–13.2.2021	0.0882	1,700,000	–	(500,000)	–	1,200,000	
9.9.2011	9.9.2011–8.9.2021	0.1500	2,700,000	–	(300,000)	–	2,400,000	
				<u>144,246,000</u>	<u>–</u>	<u>(2,650,000)</u>	<u>(2,948,000)</u>	<u>138,648,000</u>

\* Only 500,000 shares allotment were being fully executed as at 30 September 2012 and 1,000,000 shares were issued and allotted to the respective grantee on 5 October 2012.

## **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.V). 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 dependent 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, 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 2012 with the code provisions set out in the Corporate Governance Code contained in Appendix 15 to the GEM listing Rules, except for 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. Save as disclosed above, the Company has met the code provisions set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules throughout the six months ended 30 September 2012.

## **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 2012.

## **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 2012.

**On behalf of the Board**

**Cheng Kin Kwan**

*Chairman & Chief Executive Officer*

Hong Kong, 13 November 2012

*As at the date of this announcement, the executive Directors are Mr. Cheng Kin Kwan, Mr. Law Kwai Lam, Ms. Leung Mei Sheung, Eliza, Ms. Zheng Ying Yu, Mr. Fung Chun Pong, Louis, Mr. Liao Yun, Mr. Felipe Tan and Mr. Zhang Ming; and the independent non-executive Directors are Ms. Tsang Wai Chun, Marianna, Mr. Chan Mei Ying, Spencer, Mr. Lam Kwai Yan and Ms. Chan Choi Ling.*

*This announcement will remain on the GEM website ([www.hkgem.com](http://www.hkgem.com)) on the “Latest Company Announcements” page for at least 7 days from the day of its posting and on the Company’s website ([www.timeless.com.hk](http://www.timeless.com.hk)).*