



## **Timeless Software Limited**

*(incorporated in Hong Kong with limited liability)*

**(Stock code: 8028)**

### **RESULTS ANNOUNCEMENT**

**For the quarter ended 30 September 2013**

#### **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 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 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 (collectively, the “Group”) for the three months and six months ended 30 September 2013 together with the comparative unaudited figures for the corresponding periods in 2012 as follows:

### Condensed Consolidated Statement of Comprehensive Income

For the three months and six months ended 30 September 2013

	(Unaudited) Three months ended 30 September		(Unaudited) Six months ended 30 September	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Turnover	45,315	57,070	67,340	82,554
Other income and gains	1,006	185	1,692	499
Purchase and production costs	(23,789)	(23,962)	(39,753)	(35,228)
Staff costs	(7,632)	(7,973)	(14,843)	(15,080)
Depreciation and amortisation	(1,092)	(6,410)	(3,510)	(10,589)
Acquisition-related costs	–	–	–	(7,145)
Other expenses	(6,884)	(5,957)	(10,847)	(10,573)
Loss on disposal of investment property	–	(35)	–	(581)
Net gains/(losses) on investments held for trading	410	(494)	(1,001)	(1,946)
Finance costs	(637)	(707)	(1,198)	(708)
Share of losses of associates	(29)	(33)	(58)	(68)
Profit/(loss) before tax	6,668	11,684	(2,178)	1,135
Income tax expense	4 (4,812)	(4,901)	(7,082)	(8,797)
Profit/(loss) for the period	1,856	6,783	(9,260)	(7,662)
<b>Other comprehensive income/(loss), net of income tax</b>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translating foreign operations	–	–	4,813	–
Share of other comprehensive income/(loss) of associates	270	(487)	18	541
Other comprehensive income/(loss) for the period, net of income tax	270	(487)	4,831	541
<b>Total comprehensive income/(loss) for the period</b>	<b>2,126</b>	<b>6,296</b>	<b>(4,429)</b>	<b>(7,121)</b>

	<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>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</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>
Profit/(loss) attributable to:				
Owners of the Company	<b>(7,417)</b>	(4,199)	<b>(18,354)</b>	(20,778)
Non-controlling interests	<b>9,273</b>	10,982	<b>9,094</b>	13,116
	<b><u>1,856</u></b>	<u>6,783</u>	<b><u>(9,260)</u></b>	<u>(7,662)</u>
Total comprehensive income/(loss) attributable to:				
Owners of the Company	<b>(7,147)</b>	(4,686)	<b>(17,084)</b>	(20,237)
Non-controlling interests	<b>9,273</b>	10,982	<b>12,655</b>	13,116
	<b><u>2,126</u></b>	<u>6,296</u>	<b><u>(4,429)</u></b>	<u>(7,121)</u>
	<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>Loss per share</b>				
– Basic and diluted	<b>6</b>	<b>(0.47)</b>	<b>(1.16)</b>	<b>(1.41)</b>

## Condensed Consolidated Statement of Financial Position

At 30 September 2013

		(Unaudited) 30 September 2013 HK\$'000	(Audited) 31 March 2013 HK\$'000
	<i>Notes</i>		
<b>Non-current assets</b>			
Investment property	7	21,383	–
Property, plant and equipment	7	46,252	47,391
Goodwill	14	518	–
Other intangible assets	7	381,691	363,904
Interests in associates		7,531	7,571
Prepaid lease payments		7,395	7,394
Deposits		21,783	20,235
Land rehabilitation costs		7,456	7,763
		<u>494,009</u>	<u>454,258</u>
<b>Current assets</b>			
Inventories		55,265	33,550
Prepaid lease payments		187	186
Trade and other receivables	8	49,714	68,229
Investments held for trading		9,803	17,985
Bank balances and cash		46,761	55,242
		<u>161,730</u>	<u>175,192</u>
<b>Current liabilities</b>			
Trade and other payables	9	38,431	28,349
Bank borrowings	10	10,078	–
Amount due to a related company		700	700
Dividends payable to non-controlling interests		47,202	46,816
Promissory note	11	23,634	11,317
Current tax liabilities		5,818	4,326
		<u>125,863</u>	<u>91,508</u>
<b>Net current assets</b>		<u>35,867</u>	<u>83,684</u>
<b>Total assets less current liabilities</b>		<u>529,876</u>	<u>537,942</u>

		<b>(Unaudited)</b>	(Audited)
		<b>30 September</b>	31 March
		<b>2013</b>	2013
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Non-current liabilities</b>			
Promissory note	<i>11</i>	<b>38,611</b>	49,809
Provision for land rehabilitation		<b>9,997</b>	9,872
Deferred tax liabilities	<i>12</i>	<b>52,196</b>	50,947
		<u><b>100,804</b></u>	<u>110,628</u>
<b>Net assets</b>		<u><b>429,072</b></u>	<u>427,314</u>
<b>Capital and reserves</b>			
Share capital	<i>13</i>	<b>80,410</b>	79,013
Reserves		<b>40,591</b>	54,211
		<u><b>121,001</b></u>	<u>133,224</u>
Equity attributable to owners of the Company		<b>308,071</b>	294,090
Non-controlling interests		<u><b>308,071</b></u>	<u>294,090</u>
<b>Total equity</b>		<u><b>429,072</b></u>	<u>427,314</u>

## Condensed Consolidated Statement of Changes in Equity

*For the six months ended 30 September 2013*

	Share capital (unaudited) <i>HK\$'000</i>	Share premium (unaudited) <i>HK\$'000</i>	Share options reserve (unaudited) <i>HK\$'000</i>	Investment revaluation reserve (unaudited) <i>HK\$'000</i>	Property revaluation reserve (unaudited) <i>HK\$'000</i>	Translation reserve (unaudited) <i>HK\$'000</i>	Accumulated deficit (unaudited) <i>HK\$'000</i>	Attributable to owners of the Company (unaudited) <i>HK\$'000</i>	Non- controlling interests (unaudited) <i>HK\$'000</i>	Total (unaudited) <i>HK\$'000</i>
Balance at 1 April 2012	65,316	654,107	2,191	2,111	1,061	8,104	(622,580)	110,310	199	110,509
Loss for the period	-	-	-	-	-	-	(20,778)	(20,778)	13,116	(7,662)
Other comprehensive income/(loss) for the period	-	-	-	541	(1,061)	-	1,061	541	-	541
Total comprehensive income/(loss) 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	13,500	31,590	-	-	-	-	-	45,090	-	45,090
Non-controlling interests arising on business combination	-	-	-	-	-	-	-	-	211,108	211,108
Transaction costs attributable to issue of new ordinary shares	-	(164)	-	-	-	-	-	(164)	-	(164)
Release of reserve upon share options lapsed	-	-	(106)	-	-	-	106	-	-	-
Balance at 30 September 2012	78,898	685,726	1,971	2,652	-	8,104	(642,191)	135,160	224,423	359,583
Balance at 1 April 2013	79,013	685,806	4,161	2,527	-	9,581	(647,864)	133,224	294,090	427,314
Loss for the period	-	-	-	-	-	-	(18,354)	(18,354)	9,094	(9,260)
Other comprehensive income/(loss) for the period	-	-	-	(77)	-	1,347	-	1,270	3,561	4,831
Total comprehensive income/(loss) for the period	-	-	-	(77)	-	1,347	(18,354)	(17,084)	12,655	(4,429)
Issue of ordinary shares under employee share option plan	1,397	4,269	(787)	-	-	-	-	4,879	-	4,879
Non-controlling interests arising on business combination (note 14)	-	-	-	-	-	-	-	-	1,326	1,326
Transaction costs attributable to issue of new ordinary shares	-	(18)	-	-	-	-	-	(18)	-	(18)
Release of reserve upon share options lapsed	-	-	(43)	-	-	-	43	-	-	-
Balance at 30 September 2013	80,410	690,057	3,331	2,450	-	10,928	(666,175)	121,001	308,071	429,072

**Condensed Consolidated Statement of Cash Flows**  
*For the six months ended 30 September 2013*

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2013</b>	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash generated by/(used in) operating activities	<b>10,844</b>	(38,917)
Net cash (used in)/generated by investing activities	<b>(34,769)</b>	55,307
Net cash generated by/(used in) financing activities	<b>14,860</b>	(17,718)
	<hr/>	<hr/>
<b>Net decrease in cash and cash equivalents</b>	<b>(9,065)</b>	(1,328)
<b>Cash and cash equivalents at the beginning of period</b>	<b>55,118</b>	62,921
Effect of foreign exchange rate changes	<b>584</b>	–
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of period</b>	<b>46,637</b>	61,593
	<hr/>	<hr/>
<b>Analysis of the balances of cash and cash equivalents</b>		
Bank balances and cash	<b>46,761</b>	61,717
Time deposit with original maturity of three months or more and pledge bank deposits	<b>(124)</b>	(124)
	<hr/>	<hr/>
	<b>46,637</b>	61,593
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# Notes to the Condensed Consolidated Financial Statements

For the three months and six months ended 30 September 2013

## 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 2013 are the same with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2013.

### Estimates

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 preparing 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 consolidated financial statements for the year ended 31 March 2013.

### Adoption of new and revised HKFRSs effective in the current period

In the current interim period, the Group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA, which are effective for the Group’s annual periods beginning on or after 1 April 2013.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine

The adoption of the above new and revised HKFRSs has had no significant financial impact on these condensed consolidated interim financial statements. The Group has not early adopted the new and revised HKFRSs that have been issued but are not yet effective. The Group is in the process of assessing the impact of these new and revised HKFRSs on the financial performance and financial position of the Group.



### 3. 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:

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2013</b>	2012
	<b>HK\$'000</b>	HK\$'000
Segment revenue		
Computer hardware and software business	<b>15,461</b>	15,735
Mining business	<b>51,879</b>	66,819
	<b>67,340</b>	82,554
Segment results		
Computer hardware and software business	<b>(17,467)</b>	(12,121)
Mining business	<b>16,934</b>	24,397
	<b>(533)</b>	12,276
Interest income	<b>132</b>	309
Other income and gains	<b>1,560</b>	190
Unallocated corporate expenses	<b>(1,080)</b>	(8,337)
Loss on disposal of investment property	<b>–</b>	(581)
Net losses on investments held for trading	<b>(1,001)</b>	(1,946)
Finance costs	<b>(1,198)</b>	(708)
Share of losses of associates	<b>(58)</b>	(68)
(Loss)/profit before tax	<b>(2,178)</b>	1,135

Segment revenue reported above represents revenue generated from external customers. There was no inter-segment revenue.

Segment results represents the profit/(loss) from each segment without allocation of interest income, other income and gains, unallocated corporate expenses, loss on disposal of investment property, net losses on investments held for trading, finance costs and share of losses of associates. This is the measure reported to the chief operating decision maker (the "CODM"), being the directors, 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 2013 <i>HK\$'000</i>	(Audited) 31 March 2013 <i>HK\$'000</i>
Segment assets		
Computer hardware and software business	24,024	33,191
Mining business	544,514	513,796
Total segment assets	568,538	546,987
Unallocated	87,201	82,463
Consolidated assets	<u>655,739</u>	<u>629,450</u>
Segment liabilities		
Computer hardware and software business	8,612	13,742
Mining business	145,732	127,268
Total segment liabilities	154,344	141,010
Unallocated	72,323	61,126
Consolidated liabilities	<u>226,667</u>	<u>202,136</u>

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

- all assets are allocated to reportable segments other than interests in associates, investment property, amount and loan due from an associate, investments held for trading and bank balances and cash.
- all liabilities are allocated to reportable segments other than bank borrowings and promissory note.

## 4. Income Tax Expense

	(Unaudited) Three months ended 30 September 2013 <i>HK\$'000</i>		(Unaudited) Six months ended 30 September 2013 <i>HK\$'000</i>	
	2012 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Current tax				
PRC Enterprise Income Tax	4,034	5,985	6,478	10,512
Deferred tax	778	(1,084)	604	(1,715)
Total income tax charged in profit or loss	<u>4,812</u>	<u>4,901</u>	<u>7,082</u>	<u>8,797</u>

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 interim 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 2012: nil).

## 6. Loss Per Share

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

	(Unaudited) Three months ended 30 September 2013		(Unaudited) Six months ended 30 September 2013		2012
<b>Loss:</b>					
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	<u>HK\$(7,417,000)</u>	<u>HK\$(4,199,000)</u>	<u>HK\$(18,354,000)</u>	<u>HK\$(20,778,000)</u>	
<b>Number of ordinary shares:</b>					
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>1,590,979,653</u>	<u>1,577,521,286</u>	<u>1,586,620,357</u>	<u>1,472,618,060</u>	

The computation of diluted loss per share did not assume the exercise of the Company's outstanding share options existed during the three months and six months ended 30 September 2013 and 2012 since their exercises would result in a decrease in loss per share.

## 7. Property, Plant and Equipment, Investment Property and Other Intangible Assets

During the current interim period, the Group purchased property, plant and equipment with a cost of approximately HK\$440,000 (for the six months ended 30 September 2012: HK\$10,677,000), investment property with a cost of HK\$21,383,000 (for the six months ended 30 September 2012: nil) and other intangible assets with a cost of approximately HK\$14,498,000 (for the six months ended 30 September 2012: HK\$1,191,000). In addition, the acquisition of property, plant and equipment during the current interim period through the business combination is disclosed in note 14.

During the current interim period, depreciation for property, plant and equipment was approximately HK\$2,328,000 (for the six months ended 30 September 2012: HK\$1,600,000) and amortisation for other intangible assets was HK\$1,318,000 (for the six months ended 30 September 2012: HK\$9,698,000). Amongst the above, approximately HK\$636,000 was included in the cost of inventories (for the six months ended 30 September 2012: HK\$909,000). The remaining expenses were charged to the condensed consolidated statement of comprehensive income as incurred.

## 8. Trade and Other Receivables

At 30 September 2013, included in the Group's trade and other receivables are trade receivables of approximately HK\$12,557,000 (31 March 2013: HK\$21,326,000).

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 ageing analysis of trade receivables by age, presented based on the invoice date:

	<b>(Unaudited)</b> <b>30 September</b> <b>2013</b> <i>HK\$'000</i>	(Audited) 31 March 2013 <i>HK\$'000</i>
0 to 30 days	2,834	13,771
31 to 60 days	1,819	16
61 to 90 days	1,282	38
More than 90 days	6,622	7,501
	<u>12,557</u>	<u>21,326</u>

At 30 September 2013, 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\$331,000 and HK\$1,392,000 (31 March 2013: HK\$290,000 and HK\$1,375,000) respectively. The loan carries interest at the best-lending rate of similar loans offered by the banks in the PRC. These amounts are unsecured and repayable within one year.

## 9. Trade and Other Payables

At 30 September 2013, included in the Group's trade and other payables are trade payables of approximately HK\$17,799,000 (31 March 2013: HK\$11,047,000).

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

	<b>(Unaudited)</b> <b>30 September</b> <b>2013</b> <i>HK\$'000</i>	(Audited) 31 March 2013 <i>HK\$'000</i>
0 to 30 days	5,930	9,921
31 to 60 days	6,683	624
61 to 90 days	1,884	144
More than 90 days	3,302	358
	<u>17,799</u>	<u>11,047</u>

## 10. Bank borrowings

During the six months ended 30 September 2013, the Group entered into HK\$10,270,000 mortgage loan with a bank and is secured by a charge over the investment property. The weighted average effective interest rate on the mortgage loan is 2.25% per annum. As at 30 September 2013, the bank borrowings shall be repayable by monthly instalments and of which approximately HK\$587,000 shall be repayable within one year, HK\$2,483,000 shall be repayable within two to five years and HK\$7,008,000 shall be repayable over five years. The bank borrowings contains a repayable on demand clause and is classified as current liabilities in the condensed consolidated statement of financial position.

## **11. Promissory Note**

The promissory note is in the principal amount of HK\$63,000,000 of which HK\$3,000,000 is repayable on 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 and is secured by a charge over 51% of the issued share capital of Goffers Management Limited, a non-wholly owned subsidiary of the Company.

Pursuant to the terms of the promissory note, the repayment of the first instalment in the principal amount of HK\$10,000,000 (“First Instalment”) falls due on 11 May 2013. In order to provide sufficient funding for the project in relation to a mining services agreement entered into between the Group and certain independent third parties for the work and services to operate and maintain the mine facilities of three gold mines located in the Republic of Madagascar, on 10 May 2013, Starmax Holdings Limited (as noteholder) and Time Kingdom Limited, a wholly-owned subsidiary of the Company (as issuer), mutually agreed to extend the due date for the repayment of the First Instalment to 11 May 2014, and that interest shall continue to accrue on the overdue First Instalment at 7% per annum according to the terms of the promissory note until the First Instalment is fully paid by the Company. All other terms of the promissory note remain the same and valid.

Imputed interest expenses of approximately HK\$578,000 (for the three months ended 30 September 2012: HK\$706,000) and HK\$1,119,000 (for the six months ended 30 September 2012: HK\$706,000) respectively have been recognised in the condensed consolidated statement of comprehensive income for the three months and six months ended 30 September 2013.

## **12. Deferred Tax Liabilities**

Deferred tax charge of approximately HK\$778,000 (for the three months ended 30 September 2012: deferred tax credit of HK\$1,084,000) and HK\$604,000 (for the six months ended 30 September 2012: deferred tax credit of HK\$1,715,000) respectively have been recognised in the condensed consolidated statement of comprehensive income for the three months and six months ended 30 September 2013 within “income tax expense”.

## **13. Share Capital**

During the six months ended 30 September 2012, 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 2013, the authorised share capital was increased from HK\$125,000,000 divided into 2,500,000,000 shares at HK\$0.05 each to HK\$250,000,000 divided into 5,000,000,000 shares at HK\$0.05 each. The increase in authorised share capital was duly passed by the shareholders by way of poll at the annual general meeting held on 25 September 2013.

During the six months ended 30 September 2013, certain employees of the Group exercised share options granted to them under the share option scheme and 27,940,000 (for the six months ended 30 September 2012: 1,650,000) shares of the Company were issued and allotted thereof.

#### 14. Business Combination

On 5 August 2013, the Group completed the acquisition of the 51% equity interest in 廣州市靈雲信息科技有限公司 (“the Target Company”) at a cash consideration of RMB1,500,000 (equivalent to approximately HK\$1,898,000). The Target Company is principally engaged in furniture software design. The Board considers that the acquisition was made with an aim to expand the Group’s existing scale of operation and enlarge the Group’s market presence in the PRC. By injecting and synergising Timeless unique cloud-based technology, the Group aims to streamline manufacturing process, lessen production turn-around and boost related revenue multi-fold, which is expected to broaden the Group’s revenue base and create value for the shareholders of the Company.

##### Assets and liabilities recognised at the date of acquisition

	<b>(Unaudited)</b> <b>HK\$’000</b>
<b>Non-current assets</b>	
Property, plant and equipment	194
<b>Current assets</b>	
Trade and other receivables	13
Bank balances and cash	2,572
<b>Current liabilities</b>	
Trade and other payables	(73)
	<u>2,706</u>

##### Non-controlling interests

The non-controlling interests in the Target Company recognised at the acquisition date was measured at the non-controlling interests’ proportionate share of the acquiree’s fair value of net assets of the Target Company and amounted to approximately HK\$1,326,000.

##### Goodwill arising on acquisition

	<b>(Unaudited)</b> <b>HK\$’000</b>
Consideration transferred	1,898
Plus: non-controlling interests	1,326
Less: recognised amount of net identifiable assets acquired	<u>(2,706)</u>
Goodwill arising on acquisition	<u>518</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

	<b>(Unaudited)</b> <b>HK\$'000</b>
Consideration paid in cash	<b>(1,898)</b>
Add: cash and cash equivalent balances acquired	<b>2,572</b>
	<hr/> <b>674</b> <hr/>

## Impact of acquisition on the results of the Group

Included in the loss for the six months ended 30 September 2013 is post-acquisition loss of approximately HK\$149,000 attributable by the Target Company. Revenue for the six months ended 30 September 2013 includes approximately HK\$27,000 in respect of the Target Company.

Had the acquisition been effected at 1 April 2013, the revenue of the Group for the six months ended 30 September 2013 would have been approximately HK\$67,833,000 and the loss of the Group for the six months ended 30 September 2013 would have been approximately HK\$9,492,000. 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 2013, nor is it intended to be a projection of future results.

## 15. Fair Value Measurement

The Directors consider that the carrying amounts of financial assets and financial liabilities in the condensed consolidated interim financial statements approximate to their fair values.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets that are measured at fair value at 30 September 2013 and 31 March 2013.

	<b>Level 1</b> <b>HK\$'000</b>	<b>Level 2</b> <b>HK\$'000</b>	<b>Level 3</b> <b>HK\$'000</b>	<b>Total</b> <b>HK\$'000</b>
<b>30 September 2013</b>				
Assets				
Investments held for trading	<b>9,803</b>	–	–	<b>9,803</b>
	<hr/> <b>Level 1</b> <b>HK\$'000</b>	<hr/> <b>Level 2</b> <b>HK\$'000</b>	<hr/> <b>Level 3</b> <b>HK\$'000</b>	<hr/> <b>Total</b> <b>HK\$'000</b>
<b>31 March 2013</b>				
Assets				
Investments held for trading	<b>17,985</b>	–	–	<b>17,985</b>

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. During six months ended 30 September 2013, there were no transfer between Level 1 and Level 2, or transfer into or out of Level 3 (31 March 2013: nil).

## 16. Share-Based Payment Arrangement

Pursuant to an ordinary resolution passed by the shareholders on 25 September 2013, the Group adopted a new share option scheme (the “New Share Option Scheme”) which is valid for a period being the earlier of the 10th anniversary of the adoption date of 25 September 2013 or the termination of the New Share Option Scheme in succeeding to the expired 2003 share option scheme (the “2003 Share Option Scheme”).

During the six months ended 30 September 2013, no share options were granted to employees (for the six months ended 30 September 2012: nil).

## 17. 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 condensed consolidated 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>2013</b>	2012
	<b>HK\$'000</b>	HK\$'000
Capital expenditures paid to a related company	—	2,397

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>2013</b>	2012
	<b>HK\$'000</b>	HK\$'000
Short-term employee benefits	3,157	2,358
Post-employment benefits	44	33
	<b>3,201</b>	2,391



## **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 “Computer Hardware and Software Business”); and (ii) the exploration and exploitation of mines (hereinafter collectively referred to as the “Mining Business”).

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

#### **Business Review**

4G networks at home and abroad is vastly undergoing deployment and implementation, enabling consumers at large to connect and access to complex content quicker than before, boosting development of mobile content vigorously; thus Mobile personal communications software such as WhatsApp and other non-telecommunications infrastructure service providers (OTT) services mushroomed.

After years of intelligence products integration and fusion, decentralisation gradually becomes the new trend, users are beginning to use a variety of products for different functions; we can foresee: by integrating different innovative services together, more novel and disruptive services will emerge in the information technology industry.

Facing the continuous changing market environment, the Group works diligently in extern whereas stays prudent in intern; by effectively leveraging brand name advantages, we strive to broaden market channels, strengthen partnership teams building so as to sustain development of the Group inside out. To meet the advent of the new experiential consumer economy era, the Group shall invest more resources into new media operation and mobile information.

Leveraging on self-possessed technological advantages, the Group endeavors to deepen the strategic partnerships with vast parties already in possession of advantages in broad and large customer base, such as large-scale logistics provider Alibaba, large appliances supplier Midea Group, government agencies such as Cultural Management Office and co-operation with certain judicial and justice enforcement agencies. Further, large and unique interest consumers groups are not forgotten; we are in strategic alliance with Zestbike, a China nation-wide bicycle enthusiasts group and cloud based home-furniture design and manufacturing factory, so as to further advance our network channels and establish strategic marketing alliance, in order to enhance information exchange and long term co-operation to achieve win-win collaboration in the days to come.

Though development is on the growing trend, the Group stays vigilant, steadily improves management structure quality, and vigorously develops online platforms for potential consumers to explore new lifestyle personalities, so as to establish a distinct brand name image.

## **Outlook**

Mobile communication will continue to set off new trends, morphing business communications to consumers and stakeholders, government's relations with people, and further change individuals' communications rippling into the mass audience.

As the government continues to improve the intellectual environment and the explosive growth of mobile Internet, the Group shall conduct further study on market demands together with strategic partners, continue on enhancing technological edges and strengthening product development effort to substantiate the Group's base and future.

Looking ahead, the economic situation of the second half year is still complicated and grim. The Group shall continue on improving its information management systems, combing and streamlining management process, integrating external and internal resources, enhancing business process and management models, so as to lead by informatisation and materialise modern management.

## ***Mining Business***

### **Business Review**

The Group completed the acquisition of a 51% equity interest in the Mining Business on 11 May 2012. Therefore, there was only five months operation of Mining Business in corresponding period last year. The mining business mainly includes the exploration, mining, ore processing and sale of gold dores in the PRC.

For the six months ended 30 September 2013, the Mining Business has attained an aggregate gold output of approximately 150 kg and gold sales of approximately 151 kg respectively, representing a decrease of approximately 1.3% and 0.9% respectively compared to the corresponding period of last year. The turnover for the period under review amounted to approximately HK\$51,879,000, representing a decrease of 22.3% compared to the corresponding period of last year. The decrease in turnover was mainly contributed by the decrease in gold market price during the period under review. The average gold market price for the six months ended 30 September 2013 was US\$1,373.08 per ounce, representing a decrease of approximately 15.9% as compared with the average gold price of US\$1,632.68 per ounce for the six months ended 30 September 2012.

For the six months ended 30 September 2013, the total quantity of gold ores extracted from the mines and processed by the processing plant were approximately 25,506 tonnes and 39,562 tonnes respectively. The monthly average of the gold ores extracted and processed were approximately 4,595 tonnes and 6,615 tonnes for the period under review, representing a decrease of approximately 46.9% and an increase of approximately 4.5% respectively compared to the monthly average of the gold ores extracted and processed of 8,652 tonnes and 6,328 tonnes in the corresponding period of last year. The decrease of gold ores extracted from the mines for the period under review was due to the construction work of a major gold mine, Hongshannan Gold Mine, which is expected to be completed by the end of 2013. The mining activity of Hongshannan Gold Mine will be resumed by early 2014. The temporary decrease in gold ores extraction have no significant impact on the gold output due to the stockpile at 30 September 2013 of approximately 31,000 tonnes of gold ores, which should be sufficient to feed the processing plant and support its normal production for the year ending 31 March 2014.

The nickel price (the LME Spot Price), being the major element of the Baishiquan Nickel-Copper Mine, has shown a downward trend since the 2013 year-high of US\$18,599 per tonne in February and dropped to US\$13,885 as at 30 September 2013, representing a decrease of approximately US\$4,700 per tonne. After taking into account the fluctuation of the metal price, the management has decided to temporarily suspend its development plan until market recovers.

In October 2013, the Group has entered into a termination agreement to terminate a service agreement in respect of three gold mines located in the Republic of Madagascar entered into in March 2013. The decision was made because the results of the site visits and analysis of the project did not match with the management's expectation. A deposit of US\$800,000 paid to owners of the mines as security for the performance of the Group's obligations pursuant to the service agreement was refunded to the Group upon the termination of the service agreement.

## **Outlook**

As all the revenue of the Mining Business came from the sales of gold dores, the gold price has significant impact on its result. Recently the gold price was highly fluctuated and had shown downward trend. Looking forward, if the downward trend continues for another half year, we would expect decrease in the result of the Mining Business compared to the corresponding period of last year. In response, the management will monitor the market closely and make timely adjustment to its operating strategies in order to maintain steady and continuous contribution to the Group.

## **Financial Performance Review**

For the six months ended 30 September 2013, the Group recorded turnover of approximately HK\$67,340,000, representing a decrease of 18.4% against the corresponding period in 2012. Loss for the period under review was approximately HK\$9,260,000, an increase of 20.9% as compared to the corresponding period in 2012. Effective interest expense of the promissory note amounting to approximately HK\$1,119,000 representing the majority of finance costs which incurred in the six months ended 30 September 2013, as compared with HK\$706,000 in the corresponding period in 2012. No acquisition-related costs were incurred during the period under review, as compared to HK\$7,145,000 in the corresponding period in 2012 attributable to the acquisition of Mining Business.

For the Computer Hardware and Software business, the Group recorded turnover and segmental loss of approximately HK\$15,461,000 and HK\$17,467,000 for the current interim period respectively, representing a decrease of 1.7% and an increase of 44.1% as compared to the corresponding period in 2012.

For the Mining Business, the Group recorded turnover and segmental profit of approximately HK\$51,879,000 and HK\$16,934,000 respectively for the period under review, representing a decrease of 22.4% and 30.6% respectively as compared to the corresponding period in 2012.

Loss attributable to owners of the Company was approximately HK\$18,354,000, as compared to approximately HK\$20,778,000 over the same period in 2012.

## **Liquidity and Financial Resources**

As at 30 September 2013, the Group had bank balances and cash and net current assets amounted to approximately HK\$46,761,000 and HK\$35,867,000 (31 March 2013: HK\$55,242,000 and HK\$83,684,000) respectively. Out of the Group's bank balances and cash, about 30% and 70% were denominated in Hong Kong dollars and Chinese Renminbi respectively. As at 30 September 2013, the current ratio stood at 1.28 (31 March 2013: 1.91).

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

As at 30 September 2013, the Company's total number of issued shares was 1,608,201,503 (31 March 2013: 1,580,261,503). In addition, certain employees of the Group exercised share options granted to them under the share option scheme and 27,940,000 (for the six months ended 30 September 2012: 1,650,000) shares of the Company were issued and allotted thereof.

As at 30 September 2013, the Group had outstanding borrowings of approximately HK\$72,323,000 (31 March 2013: HK\$61,126,000), comprising of the promissory note of HK\$62,245,000 and bank borrowings of HK\$10,078,000 respectively (31 March 2013: comprised of promissory note of HK\$61,126,000). The promissory note shall be repaid by annual instalments with accrued interests in fixed rate and of which approximately HK\$23,634,000 shall be repayable within one year and HK\$38,611,000 shall be repayable within two to five years. The bank borrowings shall be repayable by monthly instalments and of which approximately HK\$587,000 shall be repayable within one year, HK\$2,483,000 shall be repayable within two to five years and HK\$7,008,000 shall be repayable over five years.

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

### **Gearing Ratio**

As at 30 September 2013, the Group's gearing ratio was approximately 59.8% (31 March 2013: 45.9%), based on total borrowings of approximately HK\$72,323,000 (31 March 2013: HK\$61,126,000) and equity attributable to owners of the Company of approximately HK\$121,001,000 (31 March 2013: HK\$133,224,000). The increase in the ratio was mainly attributable to increase in bank borrowings during the period under review.

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

As at 30 September 2013, 102 shares of Goffers Management Limited (representing 51% of the issued share capital), an indirect wholly-owned subsidiary of the Company, was pledged to the noteholder in order to secure the payment obligations of the Group under the promissory note.

In addition, the Group had also pledged bank deposits and an investment property with carrying amounts of approximately HK\$110,000 and HK\$21,383,000 respectively to secure certain credit and loan 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\$2,700,000 as at 30 September 2013.

### **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 2013, the contingent liabilities of the Group did not have any significant change as compared to those as disclosed in the Group's annual report for the year ended 31 March 2013.

## Employee information

As at 30 September 2013, the Group employed a total staff of 211. 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 2013, 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 share of HK\$0.05 each of the Company

Name of directors	Number of ordinary shares held in the capacity of			Percentage of shareholding
	Beneficial owner	Controlled corporation	Total number of shares	
Cheng Kin Kwan	221,440,000	–	221,440,000	13.77%
Law Kwai Lam	10,000,000	28,325,000*	38,325,000	2.38%
Leung Mei Sheung, Eliza	19,992,000	–	19,992,000	1.24%
Zheng Ying Yu	13,450,000	–	13,450,000	0.84%
Fung Chun Pong, Louis	488,000	–	488,000	0.03%
Liao Yun	8,800,000	–	8,800,000	0.55%
Felipe Tan	5,062,000	304,912,000*	309,974,000	19.27%
Zhang Ming	75,500,000	–	75,500,000	4.69%

\* 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/ 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	RMB20,000,000	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

<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 director	Date of grant	Exercisable period	Exercise price per share HK\$	Number of share options and number of underlying shares				
				Outstanding at 01.04.2013	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 30.09.2013
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)	–	–



Name of director	Date of grant	Exercisable period	Exercise price per share HK\$	Number of share options and number of underlying shares				Outstanding at 30.09.2013
				Outstanding at 01.04.2013	Granted during the period	Exercised during the period	Lapsed during the period	
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
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
				<u>58,600,000</u>	<u>–</u>	<u>(18,340,000)</u>	<u>(10,960,000)</u>	<u>29,300,000</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 2013, 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 2013, 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 as at 30 September 2013
Educational Information Technology (HK) Company Limited ( <i>note 1</i> )	108,057,374	–	108,057,374	6.72%
Starmax Holdings Limited ( <i>note 2</i> )	304,912,000	–	304,912,000	18.96%

*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 5,062,000 shares.

Save as disclosed in the section “Directors’ and chief executive’s interests and short positions in shares and underlying shares of the Company”, at 30 September 2013, the Company has not been notified of any other interests or short positions in the issued share capital as at 30 September 2013.

## 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 30.9.2013
				Outstanding at 1.4.2013	Granted during the period	Exercised during the period	Lapsed during the period	
Directors	5.9.2003	5.9.2003–4.9.2013	0.2280	19,260,000	–	(8,300,000)	(10,960,000)	–
	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	–	(400,000)	–	5,100,000
	9.1.2004	9.1.2004–8.1.2014	0.1900	8,890,000	–	(6,890,000)	–	2,000,000
	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	–	(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	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	–	(300,000)	–	1,300,000
	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	7,700,000	–	–	(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	3,898,000	–	–	–	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	600,000	–	–	–	600,000
	16.9.2004	16.9.2004–15.9.2014	0.0870	1,750,000	–	–	–	1,750,000
	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	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	900,000	–	–	–	900,000
	26.9.2006	26.9.2006–25.9.2016	0.0772	5,700,000	–	–	–	5,700,000
	18.6.2007	18.6.2007–17.6.2017	0.2980	1,700,000	–	–	–	1,700,000
	14.2.2011	14.2.2011–13.2.2021	0.0882	1,200,000	–	(1,000,000)	(200,000)	–
	9.9.2011	9.9.2011–8.9.2021	0.1500	2,400,000	–	–	–	2,400,000
20.11.2012	20.11.2012–19.11.2022	0.1330	29,800,000	–	(9,100,000)	(500,000)	20,200,000	
			<u>166,848,000</u>	<u>–</u>	<u>(28,440,000)*</u>	<u>(42,260,000)</u>	<u>96,148,000</u>	

\* Only 27,940,000 shares allotment were being fully executed as at 30 September 2013 and 500,000 shares were issued and allotted to the respective grantee on 8 October 2013.

## **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 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 2013 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 2013.

## **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 2013.

## **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 2013.

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

Hong Kong, 12 November 2013

*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)).*