



## **Timeless Software Limited**

*(incorporated in Hong Kong with limited liability)*

**(Stock code: 8028)**

### **RESULTS ANNOUNCEMENT For the year ended 31 March 2014**

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

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

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board 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 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:– (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

## RESULTS

The board of directors (“Board”) of Timeless Software Limited (“Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 March 2014 together with the comparative audited figures for the corresponding period in 2013 as follows:

### Consolidated statement of profit or loss and other comprehensive income For the year ended 31 March 2014

	<i>Notes</i>	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Turnover	3	<b>127,981</b>	204,866
Other income and gains		<b>1,641</b>	2,367
Purchase and production costs		<b>(90,308)</b>	(105,404)
Staff costs		<b>(34,337)</b>	(30,423)
Depreciation and amortisation		<b>(5,650)</b>	(26,670)
Acquisition-related costs		–	(7,146)
Other expenses		<b>(21,808)</b>	(18,833)
Fair value losses on investment properties		<b>(1,782)</b>	–
Loss on disposal of an investment property		–	(588)
Write off/impairment of goodwill		–	(5,436)
Impairment loss on other intangible assets		<b>(62,134)</b>	–
Net (losses)/gains on investments held for trading		<b>(3,123)</b>	7,709
Finance costs	4	<b>(2,504)</b>	(1,578)
Share of (losses)/profits of associates		<b>(322)</b>	1,657
		<hr/>	<hr/>
(Loss)/profit before tax		<b>(92,346)</b>	20,521
Income tax credit/(expense)	6	<b>2,471</b>	(22,371)
		<hr/>	<hr/>
Loss for the year	5	<b>(89,875)</b>	(1,850)
		<hr/>	<hr/>
<b>Other comprehensive (loss)/income, net of income tax</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		<b>(1,036)</b>	4,932
Share of other comprehensive (loss)/income of associates		<b>(632)</b>	484
		<hr/>	<hr/>
Other comprehensive (loss)/income for the year, net of income tax		<b>(1,668)</b>	5,416
		<hr/>	<hr/>
<b>Total comprehensive (loss)/income for the year</b>		<b>(91,543)</b>	3,566
		<hr/>	<hr/>

	<i>Notes</i>	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
(Loss)/profit attributable to:			
Owners of the Company		<b>(56,903)</b>	(27,611)
Non-controlling interests		<b>(32,972)</b>	25,761
		<b><u>(89,875)</u></b>	<u>(1,850)</u>
 Total comprehensive (loss)/income attributable to:			
Owners of the Company		<b>(57,919)</b>	(25,657)
Non-controlling interests		<b>(33,624)</b>	29,223
		<b><u>(91,543)</u></b>	<u>3,566</u>
		<i>HK cents</i>	<i>HK cents</i>
<b>Loss per share</b>	7		
– Basic and diluted		<b><u>(3.56)</u></b>	<u>(1.78)</u>

**Consolidated statement of financial position**  
**At 31 March 2014**

	<i>Notes</i>	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
<b>Non-current assets</b>			
Investment properties		<b>19,600</b>	–
Property, plant and equipment		<b>49,785</b>	47,391
Goodwill	<i>14</i>	<b>510</b>	–
Other intangible assets	<i>8</i>	<b>316,157</b>	363,904
Interests in associates		<b>6,617</b>	7,571
Prepaid lease payments		<b>7,192</b>	7,394
Deposits		<b>21,461</b>	20,235
Land rehabilitation costs		<b>6,946</b>	7,763
		<hr/> <b>428,268</b>	<hr/> 454,258
<b>Current assets</b>			
Inventories		<b>40,752</b>	33,550
Prepaid lease payments		<b>186</b>	186
Trade and other receivables	<i>9</i>	<b>38,173</b>	68,229
Investments held for trading		<b>4,192</b>	17,985
Bank balances and cash		<b>33,707</b>	55,242
		<hr/> <b>117,010</b>	<hr/> 175,192
<b>Current liabilities</b>			
Trade and other payables	<i>10</i>	<b>34,320</b>	28,349
Amount due to a related company		<b>700</b>	700
Dividends payable to non-controlling interests		<b>42,244</b>	46,816
Bank borrowing	<i>11</i>	<b>9,786</b>	–
Promissory note	<i>12</i>	<b>23,560</b>	11,317
Current tax liabilities		<b>2,524</b>	4,326
		<hr/> <b>113,134</b>	<hr/> 91,508
<b>Net current assets</b>		<hr/> <b>3,876</b>	<hr/> 83,684
<b>Total assets less current liabilities</b>		<hr/> <b>432,144</b>	<hr/> 537,942

	<i>Notes</i>	<b>2014</b> <b>HK\$'000</b>	2013 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Promissory note	<i>12</i>	<b>39,879</b>	49,809
Provision for land rehabilitation		<b>9,849</b>	9,872
Deferred tax liabilities	<i>13</i>	<b>41,824</b>	50,947
		<u><b>91,552</b></u>	<u>110,628</u>
<b>Net assets</b>		<u><b>340,592</b></u>	<u>427,314</u>
<b>Capital and reserves</b>			
Share capital		<b>773,715</b>	79,013
Reserves		<b>(687,697)</b>	54,211
Equity attributable to owners of the Company		<b>86,018</b>	133,224
Non-controlling interests		<b>254,574</b>	294,090
<b>Total equity</b>		<u><b>340,592</b></u>	<u>427,314</u>

**Consolidated statement of changes in equity**  
**For the year ended 31 March 2014**

	Share capital HK\$'000	Share premium HK\$'000	Share options reserve HK\$'000	Investment revaluation reserve HK\$'000	Property revaluation reserve HK\$'000	Translation reserve HK\$'000	Accumulated deficit HK\$'000	Attributable to owners of the Company HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
Balance at 1 April 2012	65,316	654,107	2,191	2,111	1,061	8,104	(622,580)	110,310	199	110,509
Profit/(loss) for the year	-	-	-	-	-	-	(27,611)	(27,611)	25,761	(1,850)
Other comprehensive income/(loss) for the year	-	-	-	416	(1,061)	1,538	1,061	1,954	3,462	5,416
Total comprehensive income/(loss) for the year	-	-	-	416	(1,061)	1,538	(26,550)	(25,657)	29,223	3,566
Recognition of equity-settled share-based payments	-	-	2,301	-	-	-	-	2,301	-	2,301
Issue of ordinary shares under employee share option plan	197	315	(173)	-	-	-	-	339	-	339
Issue of consideration shares	13,500	31,590	-	-	-	-	-	45,090	-	45,090
Non-controlling interests arising on business combination	-	-	-	-	-	-	-	-	282,690	282,690
Transaction costs attributable to issue of new ordinary shares	-	(206)	-	-	-	-	-	(206)	-	(206)
Release of reserve upon share options forfeited	-	-	(158)	-	-	-	158	-	-	-
Dividends payable to non-controlling interests	-	-	-	-	-	-	-	-	(18,225)	(18,225)
Disposal of interest in a subsidiary without loss of control	-	-	-	-	-	(61)	1,108	1,047	203	1,250
Balance at 31 March 2013 and 1 April 2013	79,013	685,806	4,161	2,527	-	9,581	(647,864)	133,224	294,090	427,314
Loss for the year	-	-	-	-	-	-	(56,903)	(56,903)	(32,972)	(89,875)
Other comprehensive loss for the year	-	-	-	(613)	-	(403)	-	(1,016)	(652)	(1,668)
Total comprehensive loss for the year	-	-	-	(613)	-	(403)	(56,903)	(57,919)	(33,624)	(91,543)
Recognition of equity-settled share-based payments	-	-	3,372	-	-	-	-	3,372	-	3,372
Issue of ordinary shares under employee share option plan	2,215	6,733	(1,555)	-	-	-	-	7,393	-	7,393
Non-controlling interests arising on business combination	-	-	-	-	-	-	-	-	1,307	1,307
Transaction costs attributable to issue of new ordinary shares	-	(52)	-	-	-	-	-	(52)	-	(52)
Release of reserve upon share options lapsed	-	-	(218)	-	-	-	218	-	-	-
Dividends payable to non-controlling interests	-	-	-	-	-	-	-	-	(7,199)	(7,199)
Transfer to share capital	692,487	(692,487)	-	-	-	-	-	-	-	-
Balance at 31 March 2014	773,715	-	5,760	1,914	-	9,178	(704,549)	86,018	254,574	340,592

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, the collective term which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong. These consolidated financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance, which on this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), “Accounts and Audit”, which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. These consolidated financial statements also comply with the applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the “GEM Listing Rules”).

### 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Company and its subsidiaries (collectively, the “Group”) has applied the following new and revised Hong Kong Accounting Standards (“HKAS(s)”), HKFRS(s), amendments and interpretations (“HK(IFRIC) – Int”) (hereinafter collectively referred to as the “new and revised HKFRSs”) issued by the HKICPA:

Amendments to HKFRS	<i>Annual Improvements 2009–2011 Cycle</i>
Amendments to HKFRS 1	<i>Government Loans</i>
Amendments to HKFRS 7	<i>Disclosure – Offsetting Financial Assets and Financial Liabilities</i>
HKFRS 10	<i>Consolidated Financial Statements</i>
HKFRS 11	<i>Joint Arrangements</i>
HKFRS 12	<i>Disclosure of Interests in Other Entities</i>
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	<i>Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance</i>
HKFRS 13	<i>Fair Value Measurement</i>
Amendments to HKAS 1	<i>Presentation of Items of Other Comprehensive Income</i>
HKAS 19 (as revised in 2011)	<i>Employee Benefit</i>
HKAS 27 (as revised in 2011)	<i>Separate Financial Statements</i>
HKAS 28 (as revised in 2011)	<i>Investments in Associates and Joint Ventures</i>
HK(IFRIC) – Int 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i>

#### **HKFRS 13 Fair Value Measurements**

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of HKFRS 13 is broad; the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the standard in comparative information provided for periods before the initial application of the standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

#### **Amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income***

The Group has applied the amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*. The amendments introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, the “statement of comprehensive income” is renamed as the “statement of profit or loss and other comprehensive income” and the “income statement” is renamed as the “statement of profit or loss”. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

The directors consider that other than the additional disclosures, the adoption of the new and revised of HKFRSs has no material effect on the consolidated financial statements of the Group for the current or prior years.

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

Amendments to HKFRS	<i>Annual Improvements 2010–2012 Cycle</i> <sup>2</sup>
Amendments to HKFRS	<i>Annual Improvements 2011–2013 Cycle</i> <sup>3</sup>
HKFRS 9	<i>Financial Instruments</i> <sup>5</sup>
Amendments to HKFRS 9 and HKFRS 7	<i>Mandatory Effective Date of HKFRS 9 and Transitional Disclosures</i> <sup>5</sup>
HKFRS 9, HKFRS 7 and HKAS 39	<i>Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39</i> <sup>5</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (as revised in 2011)	<i>Investment Entities</i> <sup>1</sup>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i> <sup>4</sup>
HKFRS 14	<i>Regulatory Deferral Accounts</i> <sup>4</sup>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> <sup>4</sup>
Amendments to HKAS 19	<i>Defined Benefit Plans: Employee Contributions</i> <sup>3</sup>
Amendments to HKAS 32	<i>Offsetting Financial Assets and Financial Liabilities</i> <sup>1</sup>
Amendments to HKAS 36	<i>Recoverable Amount Disclosures for Non-financial Assets</i> <sup>1</sup>
Amendments to HKAS 39	<i>Novation of Derivatives and Continuation of Hedge Accounting</i> <sup>1</sup>
HK(IFRIC) – Int 21	<i>Levies</i> <sup>1</sup>



- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.
- <sup>2</sup> Effective for grant date, acquisition date or annual periods beginning on or after 1 July 2014 as appropriate, with earlier application permitted.
- <sup>3</sup> Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.
- <sup>4</sup> Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
- <sup>5</sup> No mandatory effective date yet determined but is available for adoption.

### 3. SEGMENT INFORMATION

The Group's operating segments are determined based on information reported to the chief operating decision maker (the "CODM"), being the Board, for the purpose of resources allocation and performance assessment. The CODM reviews the Group's internal reporting for the purposes of resource allocation and performance assessment based on two operating segments as (i) the provision of computer consultancy and software maintenance services, software development, sales of computer hardware and software and e-Commerce services ("Computer hardware and software business"); and (ii) the exploration and exploitation of mines ("Mining business").

#### Segment revenues and results

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

	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Segment revenue		
Computer hardware and software business	<b>33,520</b>	48,828
Mining business	<b>94,461</b>	156,038
	<b>127,981</b>	204,866
	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Segment results		
Computer hardware and software business	<b>(31,930)</b>	(25,732)
Mining business	<b>(51,037)</b>	46,513
	<b>(82,967)</b>	20,781
Interest income	<b>215</b>	502
Other income and gains	<b>1,426</b>	1,865
Unallocated corporate expenses	<b>(3,289)</b>	(9,827)
Fair value losses on investment properties	<b>(1,782)</b>	–
Loss on disposal of an investment property	–	(588)
Net (losses)/gains on investments held for trading	<b>(3,123)</b>	7,709
Finance costs	<b>(2,504)</b>	(1,578)
Share of (losses)/profits of associates	<b>(322)</b>	1,657
(Loss)/profit before tax	<b>(92,346)</b>	20,521

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2013: nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represent the (loss)/profit from each segment without allocation of interest income, other income and gains, unallocated corporate expenses, fair value losses on investment properties, loss on disposal of an investment property, net (losses)/gains on investments held for trading, finance costs and share of (losses)/profits of associates. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

### Segment assets and liabilities

	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Segment assets		
Computer hardware and software business	<b>23,161</b>	33,191
Mining business	<b>456,203</b>	513,796
	<hr/>	<hr/>
Total segment assets	<b>479,364</b>	546,987
Unallocated	<b>65,914</b>	82,463
	<hr/>	<hr/>
Consolidated assets	<b>545,278</b>	629,450
	<hr/>	<hr/>
Segment liabilities		
Computer hardware and software business	<b>10,954</b>	13,742
Mining business	<b>120,507</b>	127,268
	<hr/>	<hr/>
Total segment liabilities	<b>131,461</b>	141,010
Unallocated	<b>73,225</b>	61,126
	<hr/>	<hr/>
Consolidated liabilities	<b>204,686</b>	202,136
	<hr/>	<hr/>

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 properties, amount and loan due from an associate, investments held for trading and bank balances and cash; and
- all liabilities are allocated to reportable segments other than bank borrowing and promissory note.

## Other segment information

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Additions to non-current assets*		
Computer hardware and software business	1,602	1,100
Mining business	22,723	451,547
	<u>24,325</u>	<u>452,647</u>
Depreciation and amortisation		
Computer hardware and software business	816	796
Mining business	4,834	25,874
	<u>5,650</u>	<u>26,670</u>
Impairment loss recognised on trade receivables		
Computer hardware and software business	1,578	–
	<u>1,578</u>	<u>–</u>
Provision for slow-moving inventories		
Computer hardware and software business	2,130	–
	<u>2,130</u>	<u>–</u>
Impairment loss on other intangible assets		
Mining business	62,134	–
	<u>62,134</u>	<u>–</u>
Write off/impairment of goodwill		
Mining business	–	5,436
	<u>–</u>	<u>5,436</u>

\* *Additions to non-current assets include additions to property, plant and equipment, goodwill, other intangible assets, prepaid lease payments and land rehabilitation costs (including assets from the acquisition through business combination).*

## Revenue from major products and services

The Group's revenue from its major products and services were as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Computer hardware	7,315	31,265
Computer software	1,812	7,482
Gold dores	94,461	152,231
Iron ore	–	3,807
Software development	19,414	4,498
e-Commerce services	4,979	5,583
	<u>127,981</u>	<u>204,866</u>

## Geographical information

The Group's operations are mainly situated in Hong Kong and the People's Republic of China ("PRC").

The Group's revenue from external customers by location of operations and information about its non-current assets\* by location of assets are detailed below:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Turnover from external customers		
Hong Kong	5,814	8,153
PRC	<u>122,167</u>	<u>196,713</u>
	<u>127,981</u>	<u>204,866</u>
Non-current assets*		
Hong Kong	20,633	1,337
PRC	<u>386,174</u>	<u>432,686</u>
	<u>406,807</u>	<u>434,023</u>

\* *Non-current assets excluding financial instruments*

## Information about major customers

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Customer A <sup>2</sup>	23,952	N/A <sup>3</sup>
Customer B <sup>2</sup>	70,236	152,142
Customer C <sup>1</sup>	<u>17,173</u>	<u>27,705</u>

<sup>1</sup> *Revenue from computer hardware and software business*

<sup>2</sup> *Revenue from mining business*

<sup>3</sup> *The corresponding revenue did not contribute over 10% of the total revenue of the Group*

## 4. FINANCE COSTS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interest on:		
– a finance lease	–	2
– bank borrowing not wholly repayable with five years	191	–
Effective interest on promissory note	<u>2,313</u>	<u>1,576</u>
Total borrowing costs	<u>2,504</u>	<u>1,578</u>

## 5. LOSS FOR THE YEAR

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Loss for the year has been arrived at after charging/(crediting):		
Directors' and chief executive's emoluments	7,579	6,196
Other staff's retirement benefits scheme contributions	2,618	2,157
Other staff's equity-settled share-based payments	2,275	2,301
Other staff costs	<u>21,865</u>	<u>19,769</u>
Total employee benefits expenses	<u>34,337</u>	<u>30,423</u>
Depreciation of property, plant and equipment:		
– owned by the Group	3,155	1,920
– held under a finance lease	–	20
Amortisation of:		
– prepaid lease payments	186	170
– land rehabilitation costs	799	918
– other intangible assets	<u>1,510</u>	<u>23,642</u>
Total depreciation and amortisation	<u>5,650</u>	<u>26,670</u>
Auditors' remuneration	950	950
Cost of inventories recognised as an expense	83,804	98,428
Loss on disposal of property, plant and equipment	3	2
Impairment loss recognised on trade receivables (included in other expenses)	1,578	–
Impairment loss on other intangible assets	62,134	–
Operating lease rentals in respect of rented premises	2,496	2,977
Provision for slow-moving inventories (included in other expenses)	2,130	–
Net foreign exchange gains	(216)	(247)
Dividends from listed equity securities	(328)	(1,004)
Interest income	<u>(215)</u>	<u>(502)</u>
Gross rental income from investment properties	–	(163)
Less: direct operating expenses from investment properties that generated rental income during the year	–	39
direct operating expenses from investment properties that did not generated rental income during the year	<u>113</u>	<u>–</u>
	<u>113</u>	<u>(124)</u>

## 6. INCOME TAX (CREDIT)/EXPENSE

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Current tax		
– PRC Enterprise Income Tax	6,535	25,801
Deferred tax ( <i>note 13</i> )	<u>(9,006)</u>	<u>(3,430)</u>
Total income tax recognised in profit or loss	<u>(2,471)</u>	<u>22,371</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated profit for both years. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates. No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group had no assessable profit arising in or derived from Hong Kong for both years.

## 7. LOSS PER SHARE

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

	2014	2013
<b>Loss:</b>		
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	<b><u>HK\$(56,903,000)</u></b>	<b><u>HK\$(27,611,000)</u></b>
<b>Number of ordinary shares:</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<b><u>1,600,357,805</u></b>	<b><u>1,549,039,997</u></b>

The computation of diluted loss per share did not assume the exercise of the Company's outstanding share options existed during the years ended 31 March 2014 and 2013 since their exercise would result in a decrease in loss per share.

## 8. OTHER INTANGIBLE ASSETS

	Mining rights <i>HK\$'000</i>	Exploration rights and assets <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Cost</b>			
Balance at 1 April 2012	–	–	–
Acquisition through business combination	137,037	243,210	380,247
Effect of foreign currency exchange differences	1,713	3,040	4,753
Additions	168	2,378	2,546
	<u>138,918</u>	<u>248,628</u>	<u>387,546</u>
Balance at 31 March 2013	138,918	248,628	387,546
Effect of foreign currency exchange differences	(322)	(576)	(898)
Additions	10,914	5,825	16,739
	<u>149,510</u>	<u>253,877</u>	<u>403,387</u>
<b>Balance at 31 March 2014</b>	<b>149,510</b>	<b>253,877</b>	<b>403,387</b>
<b>Accumulated amortisation and impairment</b>			
Balance at 1 April 2012	–	–	–
Provided for the year	23,642	–	23,642
	<u>23,642</u>	<u>–</u>	<u>23,642</u>
Balance at 31 March 2013	23,642	–	23,642
Effect of foreign currency exchange differences	(56)	–	(56)
Provided for the year	1,510	–	1,510
Impairment loss recognised	31,238	30,896	62,134
	<u>56,334</u>	<u>30,896</u>	<u>87,230</u>
<b>Balance at 31 March 2014</b>	<b>56,334</b>	<b>30,896</b>	<b>87,230</b>
<b>Carrying amounts</b>			
<b>Balance at 31 March 2014</b>	<b><u>93,176</u></b>	<b><u>222,981</u></b>	<b><u>316,157</u></b>
Balance at 31 March 2013	<u>115,276</u>	<u>248,628</u>	<u>363,904</u>

## 9. TRADE AND OTHER RECEIVABLES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade receivables	12,815	21,326
Allowance for doubtful debts	<u>(1,578)</u>	<u>–</u>
Trade receivables, net of allowance	11,237	21,326
Prepayments	18,585	31,161
Deposits	23,643	29,965
Other receivables	<u>6,169</u>	<u>6,012</u>
	59,634	88,464
Less: deposits classified as non-current assets	<u>(21,461)</u>	<u>(20,235)</u>
	<u><b>38,173</b></u>	<u><b>68,229</b></u>

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
0 to 30 days	1,015	13,771
31 to 60 days	4,629	16
61 to 90 days	9	38
More than 90 days	<u>5,584</u>	<u>7,501</u>
	<u><b>11,237</b></u>	<u><b>21,326</b></u>

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.

## 10. TRADE AND OTHER PAYABLES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade payables	11,616	11,047
Customers' deposits received	1,961	1,941
Other payables	<u>20,743</u>	<u>15,361</u>
	<u><b>34,320</b></u>	<u><b>28,349</b></u>

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

	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
0 to 30 days	7,491	9,921
31 to 60 days	–	624
61 to 90 days	–	144
More than 90 days	4,125	358
	<u>11,616</u>	<u>11,047</u>

## 11. BANK BORROWING

	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Secured bank loan	<u>9,786</u>	–
Carrying amount repayable:		
Within one year	593	–
More than one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	<u>9,193</u>	–
	<u>9,786</u>	–

The bank loan is secured by a mortgage over the Group's investment properties and bear interest at 3% per annum below the Hong Kong dollar best lending rate. The effective interest rate is 2.25% per annum.

## 12. PROMISSORY NOTE

On 11 May 2012, the Group issued promissory note to Starmax Holdings Limited as part of the purchase consideration of a 51% equity interest of Goffers Management Limited in the principal amount of HK\$63,000,000 (the "Promissory Note") of which HK\$3,000,000 was repaid on 8 August 2012. The balance of HK\$60,000,000 is repayable by six equal instalments on each anniversary date of issue. The promissory note bears interest at 3% per annum payable on each anniversary date of issue and is secured by a charge over a 51% of the issued share capital of Goffers Management Limited, a non-wholly owned subsidiary of the Company.

The fair value of the promissory note was HK\$63,020,000 at the date of issue. The fair value of the promissory note was arrived using the effective interest method by discounting future estimated repayments at discount rates ranging from 2.175% to 3.164% with reference to the Hong Kong Exchange Fund Notes yields and credit spreads of comparable financial instruments with similar characteristics. In performing the fair value assessment, the directors have made reference to a valuation performed by an independent valuer.

Pursuant to the terms of the promissory note, the first instalment in the principal amount of HK\$10,000,000 ("First Instalment") would be due on 11 May 2013. 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 repayment date 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 Group. All other terms of the promissory note remain the same and valid.



### 13. DEFERRED TAXATION

The following are the major deferred tax liabilities recognised and movements thereon during the current and prior years:

	<b>Withholding tax on undistributed profits HK\$'000</b>	<b>Fair value adjustments arising from business combination HK\$'000</b>	<b>Total HK\$'000</b>
Balance at 1 April 2012	–	–	–
Recognised on business combination	1,725	51,981	53,706
Effect of foreign currency exchange differences	22	649	671
Credit to profit or loss	(413)	(3,017)	(3,430)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2013	1,334	49,613	50,947
Effect of foreign currency exchange differences	(3)	(114)	(117)
Charge/(credit) to profit or loss	276	(9,282)	(9,006)
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 March 2014</b>	<b>1,607</b>	<b>40,217</b>	<b>41,824</b>

### 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 (“Lingyun”) at a cash consideration of RMB1,500,000 (equivalent to approximately HK\$1,870,000). Lingyun 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 the Group’s 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 acquired and liabilities recognised at the date of acquisition

	<i>HK\$'000</i>
<b>Non-current assets</b>	
Property, plant and equipment	191
<b>Current assets</b>	
Trade and other receivables	13
Bank balances and cash	2,534
<b>Current liabilities</b>	
Trade and other payables	(71)
	<hr/>
Total	<b>2,667</b>

### **Non-controlling interests**

The non-controlling interests in Lingyun recognised at the acquisition date was measured at the non-controlling interests' proportionate share of the acquiree's fair value of net assets of Lingyun and amounted to approximately HK\$1,307,000.

### **Goodwill arising on acquisition**

	<i>HK\$'000</i>
Consideration transferred	1,870
Plus: non-controlling interests	1,307
Less: fair value of identifiable net assets acquired	<u>(2,667)</u>
Total	<u>510</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 on acquisition**

	<i>HK\$'000</i>
Consideration paid in cash	(1,870)
Plus: cash and cash equivalent balances acquired	<u>2,534</u>
Total	<u>664</u>

## **15. DIVIDEND**

No dividends had been paid or declared by the Company during the year (2013: nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review and Outlook

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*

##### *Tianjin Port*

In December 2013, Timeless given its cutting edge advantage in development technology and years of experience, successfully won the building of Sailing 17 e-Commerce platform project amongst numerous competitors. The Sailing 17 e-Commerce platform is owned by Penavico TJ, a subsidiary of Tianjin Port, world’s fourth largest port by throughput tonnage as of 2013. Under a very tough schedule as required by the client, the new sailing17.com was launched before the Chinese new year of 2014. Sailing17 was designed and built to be an e-commerce platform for different online businesses and new initiatives from Tianjin Port to cover different port and logistics related services. Those services include port information, port operations and partners’ (from manufacturers, carriers, piers, container yards, logistics service providers to financial service providers) online services.

Given the success of Sailing 17, in April 2014, Tianjin Port awarded Timeless with another project – to build another online platform – The Virtual Dry Port (線上無水港) – vdp.sailing17.com. Such platform is the first of its kind in China, aiming to provide end-to-end services linking the 21 inland ports of Tianjin, customs (both from the inland ports and TJ) rails and/or road transportations to Tianjin Port.

The success of Sailing17 platform building binds the on-going, stable and long term partnership relationship between Timeless and Tianjin Port with an aim to build various large scale online services integrated with off-line operations to cover different inland ports, service providers and service areas. Sailing17 is an open and global platform to allow rapid integration with other services to be the ultimate e-commerce platform of Tianjin Port for B2B and B2C with on-line payment.

##### *Cultural Management Office, Guangzhou (CMOGZ)*

For the past few years, Guangzhou Talent Valley Company Limited, has managed to successfully develop a number of projects for CMOGZ and in 2013, continued on to obtain maintenance revenue. Within the next 1-2 months, a new phase of development project of CMOGZ will achieve material progress: Guangzhou Press and Publication Bureau, a bureau directly led by CMOGZ, is going to issue a public tender for the construction of the “Guangzhou copyright comprehensive information service platform”; such tender has already gone through stages of expert appraisal, approval and funding process and will be announced shortly. Given our good working track record relationship with CMOGZ and our edge in

acquaintance of copyright business process flow, we are confident in winning the project and upon such foundation, we will strive to apply such platform to be utilised by the whole nation through CMOGZ.

### *Intelligent robot project with Midea*

Talent Valley Company Limited – a wholly-owned subsidiary of Timeless Software Limited in Guangzhou, has signed a ten year software development project with Midea home appliance to develop intelligent vacuum cleaner which involves features and functions such as: control system, cruising control, navigation, area-memory-mapping and obstacle detection etc. and further, Timeless would be also providing intelligent home solution based on internet and Cloud-platform. At present the project is in steady progress and the first phase payment has been received.

## ***Mining Business***

### *Overview*

The Group completed the acquisition of a 51% equity interest in the Mining Business on 11 May 2012. Therefore, there was only eleven months operation of Mining Business in last year. The Mining Business mainly includes the exploration, mining, processing and sale of gold dores in the PRC. For the year ended 31 March 2014, gold dores were the only product of the Mining Business.

### *Operation*

For the year ended 31 March 2014, the Group has gold sales of approximately 293.8 kg, representing a decrease of approximately 17% as compared to last year. The average gold market price also decreased for approximately 20% from US\$1,653 per ounce for eleven months ended 31 March 2013 to US\$1,328 per ounce for the twelve months ended 31 March 2014. The turnover from gold sale for the year under review therefore has recorded a decrease of approximately 37.9% as compared to last year.

*Reserve estimates update*

The details of the reserve estimates as at 31 March 2014 are set out below:

<b>Gold mine</b>	<b>Reserve/Resource category</b>	<b>Tonnage (tonnes*1,000)</b>	<b>Average grade (gram/tonne)</b>	
Heishiliang	Proved	–	–	
	Probable	–	–	
	Stockpiles	15	1.47	
Hongshannan	Proved	81	5.14	
	Probable	8	2.71	
	Stockpiles	10	3.49	
<b>Iron Mine</b>	<b>Reserve category</b>	<b>Tonnage (tonnes*1,000)</b>	<b>Average grade (Fe %)</b>	
Tuchushan	Proved	–	–	
	Probable	322	32.96	
<b>Nickel-copper Mine</b>	<b>Reserve category</b>	<b>Tonnage (tonnes*1,000)</b>	<b>Average grade (Ni %)</b>	<b>(Cu %)</b>
Baishiquan	Proved	–	–	–
	Probable	1,208	0.52	0.34

*Notes:*

- (1) The mineral resource and reserve estimates were made with reference to the independent technical report prepared in accordance with the JORC (2004) Code Standard in November 2011 (the “Competent Person Report”). The details of the assumptions and parameters used to calculate these resource and reserve estimates were disclosed in the circular of the Company dated 12 April 2012 in relation to the very substantial acquisition.
- (2) The changes in mineral resource and reserve estimates were due to production and exploration since the date of the Competent Person’s Report and were confirmed by Group’s internal experts.

*Exploration, Development and Mining Production Activities*

<b>Mine</b>	<b>Exploration</b>	<b>Activity Development</b>	<b>Mining</b>
Heishiliang Gold Mine	Completed approximately 330 meters drilling	No material development during the year	Extracted Ores: 23,897 tonnes
Hongshannan Gold Mine	No material exploration during the year	Underground channels and other development of approximately 5,000 meters	Extracted Ores: Nil
Tuchushan Iron Mine	No material development during the year		
Baishiquan Nickel-copper Mine	No material development during the year		
South Hami Gold Project	Completed 36 drill holes of approximately 6,622 meters	No material development during the year	Commercial production not yet commenced

**Heishiliang Gold Mine**

According to the Competent Person Report, Heishiliang Gold Mine has an estimated reserve of 26,000 tonnes gold ores at an average grade of 3.44 gram per tonne and 18,000 tonnes gold ores at stockpiles at an average grade of 3.49 gram per tonne as at 1 December 2011. During the period from 1 December 2011 to 31 March 2014, approximately 40,797 tonnes of gold ores were extracted from Heishiliang Gold Mine which exceeded the estimated reserve of 26,000 tonnes made in 2012. The Group's internal experts confirmed that Heishiliang Gold Mine were exhausted at 31 March 2014.

**Hongshannan Gold Mine**

The production of Hongshannan Gold Mine was temporarily suspended since the beginning of 2013 for underground development. The mining activity of Hongshannan Gold Mine has been resumed in March 2014.

**Tuchushan Iron Mine**

According to the Competent Person Report, Tuchushan Iron Mine has estimated reserves of 322,000 tonnes iron ores at an average iron grade of 32.96% and 14,000 tonnes iron ores at stockpiles at average grade of 39.65% as at 1 December 2011. The iron ores at stockpiles were sold in December 2011 and during the year ended December 2012.

The iron price per tonne dropped for approximately 21% from US\$214 on 28 February 2012 to US\$169 on 31 March 2013. As at 31 May 2014, the iron price has further dropped by approximately 18% to US\$138 per tonnes as compared with the figure on 31 March 2013. The management considered the iron price was not favour to economically feasible production and therefore deferred the commercial production of the Tuchushan Iron Mine, pending for market recovery. As an alternative measure, the management will seek potential buyers for the Tuchushan Iron Mine.

#### Baishiquan Nickel-Copper Mine

The development of Baishiquan nickel-copper mine has been completed and is ready for mining. However, since the nickel price softened from the highest of US\$18,599 per tonne on 4 February 2013 to the lowest of US\$13,155 per tonne on 9 July 2013, the management has decided to defer its commercial production until the market recovers. The nickel price was US\$15,861 per tonne on 31 March 2014 and rebounded by approximately 22% to US\$19,400 per tonne on 2 June 2014. In view of the rising trend of nickel price, the management will closely monitor the market situation and is planning to commence the commercial mining of the Baishiquan nickel-copper mine which is preliminary scheduled to early 2015.

However as the Group has no processing plant for nickel ore, to bring the nickel-copper mine to production in long run involves setting up of a floatation plant which is scheduled to be completed by the end of 2014.

#### *South Hami Gold Project*

It composes of gold properties located in the southern area of Hami which are under exploration. We have completed 36 drill holes of approximately 6,622 meters. Certain infrastructure has been completed with access road, electricity and water in place.

The Group will continue to develop and explore the South Hami Gold Project, targeting to bring it to production in 2014 or 2015.

#### *Processing Activities*

For the year ended 31 March 2014, gold ores of approximately 31,758 tonnes were extracted from the mines and approximately 66,713 tonnes were processed by the processing plant. Although the gold ores extracted decreased by approximately 55%, the gold processing quantity increased by 33% as compared with last year. The decrease in gold ores extraction was due to the underground development work of Hongshannan Gold Mine. The increase in the ores processing quantity proved the temporary decrease in gold ores extraction would have no impact on our production due to the inventories of ores kept by the Group.

## Expenditure Incurred

During the year ended 31 March 2014, the Group has incurred approximately HK\$85,519,000 on exploration, development, mining and processing activities, details of which are set out below:

	Heishiliang Gold Mine HK\$'000	Hongshannan Gold Mine HK\$'000	Tuchushan Iron Mine HK\$'000	Baishiquan Nickel- copper Mine HK\$'000	South Hami Gold Project HK\$'000	Total HK\$'000
<b>1. Capital Expenditure</b>						
1.1 Exploration activities						
Drilling and analysis	-	-	-	1,371	4,063	5,434
Others	-	-	-	192	422	614
Subtotal	-	-	-	1,563	4,485	6,048
1.2 Development activities (including development activities include mine construction)						
Addition of intangible assets;						
property, plant and equipment	4,825	8,594	-	-	1,014	14,433
Construction of tunnels and roads and sub-contracting charges	-	2,539	-	2,263	14,454	19,256
Staff cost	-	-	-	47	911	958
Others	-	-	-	2,626	2,284	4,910
Subtotal	4,825	11,133	-	4,936	18,663	39,557
<b>Total Capital Expenditure</b>	<b>4,825</b>	<b>11,133</b>	<b>-</b>	<b>6,499</b>	<b>23,148</b>	<b>45,605</b>



	Heishiliang Gold Mine HK\$'000	Hongshannan Gold Mine HK\$'000	Tuchushan Iron Mine HK\$'000	Baishiquan Nickel- copper Mine HK\$'000	South Hami Gold Project HK\$'000	Total HK\$'000
<b>2. Operating Expenditure for Mining activities</b>						
Staff cost	258	541	–	–	–	799
Consumables	45	176	–	–	–	221
Fuel, electricity, water and other services	–	211	–	–	–	211
Non-income taxes, royalties and other government charges	141	54	–	–	–	195
Others	433	436	–	–	–	869
Sub-contracting charges	9,776	12,084	–	–	–	21,860
Transportation	2,146	469	–	–	–	2,615
Depreciation and amortisation	1,298	210	–	–	–	1,508
<b>Total Operating Expenditures</b>	<b>14,097</b>	<b>14,181</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>28,278</b>
<b>Total capital and operating expenditures</b>	<b>18,922</b>	<b>25,314</b>	<b>–</b>	<b>6,499</b>	<b>23,148</b>	<b>73,883</b>
<b>3. Processing Expenditure</b>						
Staff cost						4,244
Consumables						4,784
Fuel, electricity, water and other services						2,178
Depreciation and amortisation						1,036
Transportation						294
Others						366
<b>Total Processing Expenditures</b>						<b>12,902</b>
<b>Total Expenditures</b>						<b>85,519</b>

*Infrastructure projects, subcontracting arrangements and purchases of equipment*

All new contracts and commitments entered into during the year ended 31 March 2014 by the Group were related to the infrastructure projects and were summarised as follows:

	<i>HK\$'000</i>
Heishiliang Gold Mine	–
Hongshannan Gold Mine	5,027
Tuchushan Iron Mine	–
Baishiquan Nickel-copper Mine	1,497
South Hami Gold Project	1,497
	<hr/>
Total	8,021
	<hr/>

*Madagascar Projects*

In October 2013, the Group has entered into a termination agreement to terminate a service agreement entered in March 2013 in respect of three gold mines located in the Republic of Madagascar. The decision was made because the results of the site visits and the 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.

*Dividend to non-controlling interest*

At 31 March 2014, the Group has dividend payable to non-controlling interest for a total of HK\$42.2 million, of which HK\$7.2 million was declared in January 2014 for 2013 profit of a non-wholly owned subsidiary of the Group engaging in Mining Business before adjustment made for consolidation purpose; HK\$18.2 million was declared by the same subsidiary in January 2013 for its 2012 performance. The remaining balance of HK\$16.8 million was declared before the acquisition date of 11 May 2012.

*Impairment on mining rights and exploration rights and assets*

As at 31 March 2014, the impairment for mining rights and exploration rights and assets were made in relation to the Heishiliang Gold Mine for HK\$4.8 million, Hongshannan Gold Mine for HK\$26.4 million and Baishiquan Nickel-copper Mine for HK\$30.9 million. They were made in view of the unfavourable future prospect of the relevant metals due to the recorded and forecasted falling metal price of the respective products and expected decrease in profit margins as a result of the slowdown of the global economy.

### *Promissory Note*

On 11 May 2012, the Group issued promissory note in the principal amount of HK\$63 million to Starmax Holdings Limited as part of the consideration of acquisition of the Mining Business. After the repayment of HK\$3 million in August 2012, the outstanding aggregate principle amount of HK\$60 million 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.

The repayment date of the first instalment of promissory note with principal amount of HK\$10 million due on 11 May 2013 was extended to 11 May 2014. On 9 May 2014, the repayment date for the first and the second installments in the total principal sum of HK\$20 million was further extended to 11 May 2015 at the interest rate of 7% per annum until they are fully paid by the Company.

### *Outlook*

As at 31 March 2014, the gold market price was US\$1,284 per ounce which represents a decrease of approximately 20% as compared with the gold price as at 31 March 2013. The decreasing trend of gold price continues during the first half year of 2014. As at 2 June 2014 the gold market was further decrease to US\$1,241 per ounce.

The decreasing trend of gold price will have negative impact on the Group's profit as well as the cashflow. If the trend continues in the near future, the Mining Business may incur loss. The management is closely monitoring the market situation and will take necessary measures to cope with the continuous decreasing trend of gold price including adjusting the production target for the coming year. In the other hand, if the nickel price continuously performs and stays at the current level (as at 2 June 2014 the nickel price was US\$19,400 per tonne) or above, the management will consider to commence the commercial mining of the Baishiquan nickel-copper mine during the second half of 2014.

The Group will continue to development and explore South Hami Gold Project, targeting to bring it to production in 2014 or 2015.

### **Financial Performance Review**

For the year ended 31 March 2014, the Group recorded audited turnover of approximately HK\$127,981,000 (2013: HK\$204,866,000), representing a decrease of 37.5% as compared with the same period of last year. Loss attributable to owners of the Company was approximately HK\$56,903,000, as compared to approximately HK\$27,611,000 over the same period in 2013.

In respect of the Computer Hardware and Software Business segment, the Group recorded turnover and segmental loss of approximately HK\$33,520,000 (2013: HK\$48,828,000) and HK\$31,930,000 (2013: HK\$25,732,000) respectively, representing a decrease of 31.3% and an increase of 24.1% respectively as compared with the prior year. The Mining Business segment posted turnover, earnings before interest income and expense, income taxes, depreciation, amortisation and impairment (“EBITDA”) and segmental loss for the year under review of approximately HK\$94,461,000 (2013: HK\$156,038,000), approximately HK\$17,234,000 (2013: approximately HK\$71,739,000) and HK\$51,037,000 (2013: profit of HK\$46,513,000) respectively, representing a decrease of 39.5% and 209.7% respectively as compared with the prior year.

The substantial increase in loss for the Group was mainly attributable to (i) the recognition of impairment losses on intangible assets amounting to approximately HK\$62,134,000 in relation to the Company’s mining business segment mainly caused by the decrease in the average gold and nickel market price; (ii) net loss of approximately HK\$3,123,000 on listed equity investments, as compared to a gain of approximately HK\$7,709,000 in the comparable period.

### **Liquidity and financial resources**

As at 31 March 2014, the Group had bank balances and cash and net current assets amounted to approximately HK\$33,707,000 and HK\$3,876,000 (31 March 2013: HK\$55,242,000 and HK\$83,684,000) respectively. Out of the Group’s bank balances and cash, about 35% and 65% were denominated in Hong Kong dollars and Chinese Renminbi (31 March 2013: 48% and 52%) respectively. As at 31 March 2014, the current ratio stood at 1.03 (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 fund raising activities and from the exercising by grantees of the share options granted under the share option schemes.

As at 31 March 2014, the Group had outstanding borrowings of approximately HK\$73,225,000 (31 March 2013: HK\$61,126,000), for which primarily represents the Hong Kong dollar denominated promissory note accounted for at amortised cost using the effective interest method. As at the date of this results announcement, the promissory note shall be repaid by instalments with accrued interests (as amended by supplemental agreements) and of which approximately HK\$34,841,000 was repayable within one year, HK\$31,802,000 was repayable within two to five years accordingly.

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 31 March 2014, the Group’s gearing ratio was approximately 85.13% (31 March 2013: 45.88%), based on total borrowings of approximately HK\$73,225,000 (31 March 2013: HK\$61,126,000) and equity attributable to owners of the Company of approximately HK\$86,018,000 (31 March 2013: HK\$133,224,000). The increase in the ratio was mainly attributable to increase in bank borrowing as to finance the purchase of investment properties during the year under review.

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

As at 31 March 2014, 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 investment properties with carrying amounts of approximately HK\$110,000 and HK\$19,600,000 respectively to secure certain credit and loan facilities granted to the Group.

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

The amount of orders on hand of the Group was over HK\$6,536,000 as at 31 March 2014.

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

There was no material disposal or acquisition of subsidiaries and affiliated companies for the year under review.

### **Segmental information**

The Group is currently organised into two operating segments – (i) the Computer Hardware and Software business; and (ii) the Mining business. During the year under review, revenue generated by the Group's Computer Hardware and Software Business and Mining Business accounted for 26.2% (2013: 23.8%) and 73.8% (2013: 76.2%) respectively.

### **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 year under review, the exposure to foreign exchange rate fluctuations is minimal.

### **Contingent liabilities**

As at 31 March 2014, there were no material contingent liabilities incurred by the Group.

### **Employee information**

As at 31 March 2014, the Group employed a total staff of 212. 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.

## **Purchase, sale or redemption of the Company's listed securities**

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

## **Audit Committee**

The audit committee comprises 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 audited financial results of the Group for the year ended 31 March 2014.

## **Code on Corporate Governance Practices**

The Company has adopted the code provisions ("Code Provisions") set out in the Corporate Governance Code (taking effect from 1 April 2012) (the "Code") as set out in Appendix 15 to the GEM Listing Rules. The Company had complied with all Code Provisions as set out in the Code, throughout the year ended 31 March 2014, except for Code Provision A.2.1.

Code Provision A.2.1 provides that the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. The positions of Chairman of the Board and Chief Executive Officer of the Company are both currently carried on by Mr. Cheng Kin Kwan. The Board considers that vesting the roles of chairman and chief executive officer in the same person facilitates the execution of the Group's business strategies and maximizes effectiveness of its operation. The Board as well as nomination committee shall nevertheless review the structure of the Board from time to time and shall consider the appropriate move to take should suitable circumstance arises.

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

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

Hong Kong, 24 June 2014

*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)).*