



## **Timeless Software Limited**

*(incorporated in Hong Kong with limited liability)*

**(Stock code: 8028)**

### **RESULTS ANNOUNCEMENT**

**For the six months ended 30 September 2014**

#### **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 2014 together with the comparative unaudited figures for the corresponding periods in 2013 as follows:

### Condensed Consolidated Statement of Comprehensive Income

For the three months and six months ended 30 September 2014

	Notes	(Unaudited) Three months ended 30 September		(Unaudited) Six months ended 30 September	
		2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Turnover	2	35,378	45,315	57,642	67,340
Other income and gains		1,237	1,006	1,431	1,692
Purchase and production costs		(26,479)	(23,789)	(42,795)	(39,753)
Staff costs		(7,235)	(7,632)	(14,148)	(14,843)
Depreciation and amortisation		(935)	(1,092)	(1,932)	(3,510)
Other expenses		(8,429)	(6,884)	(11,098)	(10,847)
Net gains/(losses) on investments held for trading		224	410	226	(1,001)
Finance costs		(510)	(637)	(1,803)	(1,198)
Share of losses of associates		(35)	(29)	(54)	(58)
Profit/(loss) before tax		(6,784)	6,668	(12,531)	(2,178)
Income tax expense	3	(405)	(4,812)	(941)	(7,082)
Profit/(loss) for the period		(7,189)	1,856	(13,472)	(9,260)
<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		3,453	–	4,193	4,813
Reclassification adjustment relating to foreign operations disposed		(14)	–	(14)	–
Share of other comprehensive income of associates		1,274	270	747	18
Other comprehensive income for the period, net of income tax		4,713	270	4,926	4,831
<b>Total comprehensive income/(loss) for the period</b>		(2,476)	2,126	(8,546)	(4,429)

		<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>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Profit/(loss) attributable to:					
Owners of the Company		<b>(5,808)</b>	(7,417)	<b>(12,115)</b>	(18,354)
Non-controlling interests		<b>(1,381)</b>	9,273	<b>(1,357)</b>	9,094
		<b><u>(7,189)</u></b>	<u>1,856</u>	<b><u>(13,472)</u></b>	<u>(9,260)</u>
Total comprehensive income/(loss) attributable to:					
Owners of the Company		<b>(3,659)</b>	(7,147)	<b>(10,306)</b>	(17,084)
Non-controlling interests		<b>1,183</b>	9,273	<b>1,760</b>	12,655
		<b><u>(2,476)</u></b>	<u>2,126</u>	<b><u>(8,546)</u></b>	<u>(4,429)</u>
		<b>HK cents</b>	HK cents	<b>HK cents</b>	HK cents
<b>Loss per share</b>					
– Basic and diluted	5	<b><u>(0.36)</u></b>	<u>(0.47)</u>	<b><u>(0.74)</u></b>	<u>(1.16)</u>

## Condensed Consolidated Statement of Financial Position

At 30 September 2014

	<i>Notes</i>	(Unaudited) 30 September 2014 <i>HK\$'000</i>	(Audited) 31 March 2014 <i>HK\$'000</i>
<b>Non-current assets</b>			
Investment properties	6	19,600	19,600
Property, plant and equipment	6	51,786	49,785
Goodwill		–	510
Other intangible assets	6	312,408	316,157
Interests in associates		7,310	6,617
Prepaid lease payments		7,193	7,192
Deposits		23,682	21,461
Land rehabilitation costs		6,632	6,946
		<u>428,611</u>	<u>428,268</u>
<b>Current assets</b>			
Inventories		53,680	40,752
Prepaid lease payments		187	186
Trade and other receivables	7	25,303	38,173
Investments held for trading		–	4,192
Bank balances and cash		24,913	33,707
		<u>104,083</u>	<u>117,010</u>
<b>Current liabilities</b>			
Trade and other payables	8	31,060	34,320
Amount due to a related company		700	700
Dividends payable to non-controlling interests		42,736	42,244
Bank borrowing	9	9,491	9,786
Promissory note	10	36,076	23,560
Current tax liabilities		2,935	2,524
		<u>122,998</u>	<u>113,134</u>
<b>Net current (liabilities)/assets</b>		<u>(18,915)</u>	<u>3,876</u>
<b>Total assets less current liabilities</b>		<u>409,696</u>	<u>432,144</u>

		<b>(Unaudited)</b>	(Audited)
		<b>30 September</b>	31 March
		<b>2014</b>	2014
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Non-current liabilities</b>			
Promissory note	<i>10</i>	<b>25,422</b>	39,879
Provision for land rehabilitation		<b>9,978</b>	9,849
Deferred tax liabilities	<i>11</i>	<b>41,851</b>	41,824
		<u><b>77,251</b></u>	<u>91,552</u>
<b>Net assets</b>		<u><b>332,445</b></u>	<u>340,592</u>
<b>Capital and reserves</b>			
Share capital	<i>12</i>	<b>775,523</b>	773,715
Reserves		<b>(698,642)</b>	(687,697)
Equity attributable to owners of the Company		<b>76,881</b>	86,018
Non-controlling interests		<b>255,564</b>	254,574
<b>Total equity</b>		<u><b>332,445</b></u>	<u>340,592</u>

## Condensed Consolidated Statement of Changes in Equity

*For the six months ended 30 September 2014*

	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>	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 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	-	-	-	-	-	-	-	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	<u>80,410</u>	<u>690,057</u>	<u>3,331</u>	<u>2,450</u>	<u>10,928</u>	<u>(666,175)</u>	<u>121,001</u>	<u>308,071</u>	<u>429,072</u>
Balance at 1 April 2014	<u>773,715</u>	<u>-</u>	<u>5,760</u>	<u>1,914</u>	<u>9,178</u>	<u>(704,549)</u>	<u>86,018</u>	<u>254,574</u>	<u>340,592</u>
Loss for the period	-	-	-	-	-	(12,115)	(12,115)	(1,357)	(13,472)
Other comprehensive income for the period	-	-	-	660	1,149	-	1,809	3,117	4,926
Total comprehensive income/(loss) for the period	-	-	-	660	1,149	(12,115)	(10,306)	1,760	(8,546)
Issue of ordinary shares under employee share option plan	1,817	-	(639)	-	-	-	1,178	-	1,178
Transaction costs attributable to issue of new ordinary shares	(9)	-	-	-	-	-	(9)	-	(9)
Release of reserve upon share options lapsed	-	-	(169)	-	-	169	-	-	-
Release upon disposal of a subsidiary	-	-	-	-	-	-	-	(770)	(770)
Balance at 30 September 2014	<u>775,523</u>	<u>-</u>	<u>4,952</u>	<u>2,574</u>	<u>10,327</u>	<u>(716,495)</u>	<u>76,881</u>	<u>255,564</u>	<u>332,445</u>

**Condensed Consolidated Statement of Cash Flows**  
*For the six months ended 30 September 2014*

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2014</b>	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash (used in)/generated by operating activities	<b>(8,220)</b>	10,844
Net cash generated by/(used in) investing activities	<b>1,898</b>	(34,769)
Net cash (used in)/generated by financing activities	<b>(2,870)</b>	14,860
	<hr/>	<hr/>
<b>Net decrease in cash and cash equivalents</b>	<b>(9,192)</b>	(9,065)
<b>Cash and cash equivalents at the beginning of period</b>	<b>33,583</b>	55,118
Effect of foreign exchange rate changes	<b>398</b>	584
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of period</b>	<b>24,789</b>	46,637
	<hr/>	<hr/>
<b>Analysis of the balances of cash and cash equivalents</b>		
Bank balances and cash	<b>24,913</b>	46,761
Time deposit with original maturity of three months or more and pledge bank deposits	<b>(124)</b>	(124)
	<hr/>	<hr/>
	<b>24,789</b>	46,637
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## **Notes to the Condensed Consolidated Financial Statements**

*For the three months and six months ended 30 September 2014*

### **1. Basis of Preparation and Accounting Policies**

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”).

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.

The accounting policies and method of computation used in the preparation of these results are consistent with those used in annual financial statements for the year ended 31 March 2014. The Group has adopted new or revised standards, amendments to standards and interpretations of Hong Kong Financial Reporting Standards which are effective for accounting periods commencing on or after 1 April 2014. The adoption of such new or revised standards, amendments to standards and interpretations does not have material impact on the condensed consolidated financial statements and does not result in substantial changes to the Group’s accounting policies.

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

In the preparation of these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 March 2014.



## 2. Segment Information

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

### Segment revenues and results

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

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Segment revenue		
Computer hardware and software business	<b>10,325</b>	15,461
Mining business	<b>47,317</b>	51,879
	<b>57,642</b>	67,340
Segment results		
Computer hardware and software business	<b>(9,402)</b>	(17,467)
Mining business	<b>(1,770)</b>	16,934
	<b>(11,172)</b>	(533)
Interest income	<b>131</b>	132
Other income and gains	<b>1,300</b>	1,560
Unallocated corporate expenses	<b>(1,159)</b>	(1,080)
Net gains/(losses) on investments held for trading	<b>226</b>	(1,001)
Finance costs	<b>(1,803)</b>	(1,198)
Share of losses of associates	<b>(54)</b>	(58)
Loss before tax	<b>(12,531)</b>	(2,178)

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, net gains/(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:

	<b>(Unaudited)</b> <b>30 September</b> <b>2014</b> <i>HK\$'000</i>	(Audited) 31 March 2014 <i>HK\$'000</i>
Segment assets		
Computer hardware and software business	<b>14,021</b>	23,161
Mining business	<b>465,025</b>	456,203
Total segment assets	<b>479,046</b>	479,364
Unallocated	<b>53,648</b>	65,914
Consolidated assets	<b>532,694</b>	545,278
Segment liabilities		
Computer hardware and software business	<b>6,773</b>	10,954
Mining business	<b>122,487</b>	120,507
Total segment liabilities	<b>129,260</b>	131,461
Unallocated	<b>70,989</b>	73,225
Consolidated liabilities	<b>200,249</b>	204,686

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.

### 3. Income Tax Expense

	<b>(Unaudited)</b> <b>Three months ended</b> <b>30 September</b> <b>2014</b> <i>HK\$'000</i>		<b>(Unaudited)</b> <b>Six months ended</b> <b>30 September</b> <b>2014</b> <i>HK\$'000</i>	
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Current tax				
PRC Enterprise Income Tax	<b>802</b>	4,034	<b>1,461</b>	6,478
Deferred tax	<b>(397)</b>	778	<b>(520)</b>	604
Total income tax charged in profit or loss	<b>405</b>	4,812	<b>941</b>	7,082

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.

#### 4. Interim Dividend

The directors do not recommend the payment of an interim dividend for the period (for the six months ended 30 September 2013: nil).

#### 5. Loss Per Share

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

	(Unaudited) Three months ended 30 September 2014		(Unaudited) Six months ended 30 September 2014		2013
<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\$(5,808,000)</u>	<u>HK\$(7,417,000)</u>	<u>HK\$(12,115,000)</u>	<u>HK\$(18,354,000)</u>	
<b>Number of ordinary shares:</b>					
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>1,630,655,851</u>	<u>1,590,979,653</u>	<u>1,626,297,952</u>	<u>1,586,620,357</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 2014 and 2013 since their exercise would result in decrease in loss per share.

#### 6. 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\$4,181,000 (for the six months ended 30 September 2013: approximately HK\$440,000) and other intangible assets with a cost of approximately HK\$86,000 (for the six months ended 30 September 2013: approximately HK\$14,498,000). The Group did not purchase any investment property during the current interim period (for the six months ended 30 September 2013: approximately HK\$21,383,000).

During the current interim period, depreciation for property, plant and equipment was approximately HK\$2,578,000 (for the six months ended 30 September 2013: approximately HK\$2,328,000) and amortisation for other intangible assets was approximately HK\$7,973,000 (for the six months ended 30 September 2013: HK\$1,318,000). Amongst the above, approximately HK\$9,118,000 was included in the cost of inventories (for the six months ended 30 September 2013: approximately HK\$636,000). The remaining expenses were charged to the condensed consolidated statement of comprehensive income as incurred.

## 7. Trade and Other Receivables

At 30 September 2014, included in the Group's trade and other receivables are trade receivables of approximately HK\$4,899,000 (31 March 2014: approximately HK\$11,237,000).

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>2014</b> <i>HK\$'000</i>	(Audited) 31 March 2014 <i>HK\$'000</i>
0 to 30 days	278	1,015
31 to 60 days	2,671	4,629
61 to 90 days	10	9
More than 90 days	1,940	5,584
	<u>4,899</u>	<u>11,237</u>

At 30 September 2014, 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\$436,000 and HK\$1,390,000 (31 March 2014: HK\$440,000 and HK\$1,358,000) respectively. The loan carries interest at the best-lending rate of similar maturity of the banks in PRC. These amounts are unsecured and repayable within one year.

## 8. Trade and Other Payables

At 30 September 2014, included in the Group's trade and other payables are trade payables of approximately HK\$10,212,000 (31 March 2014: approximately HK\$11,616,000).

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

	<b>(Unaudited)</b> <b>30 September</b> <b>2014</b> <i>HK\$'000</i>	(Audited) 31 March 2014 <i>HK\$'000</i>
0 to 30 days	6,236	7,491
31 to 60 days	1,686	–
61 to 90 days	40	–
More than 90 days	2,250	4,125
	<u>10,212</u>	<u>11,616</u>

## **9. Bank borrowing**

The bank borrowing is secured by a mortgage loan over the Group's investment properties and bear interest at 3% per annum below the HK\$ best lending rate. The effective interest rate is 2.25% per annum. The bank borrowing shall be repayable by monthly instalments and of which approximately HK\$600,000 (31 March 2014: approximately HK\$593,000) shall be repayable within one year, HK\$2,539,000 (31 March 2014: approximately HK\$2,511,000) shall be repayable within two to five years and HK\$6,352,000 (31 March 2014: approximately HK\$6,682,000) shall be repayable over five years. The bank borrowing contains a repayable on demand clause and is classified as current liabilities in the condensed consolidated statement of financial position.

## **10. Promissory Note**

On 11 May 2012, the Group issued 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 in 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.

Pursuant to the terms of the Promissory Note and the supplemental agreement entered between Starmax Holdings Limited and the Group dated 10 May 2013, the repayment of the first and second instalments in the principal sum of HK\$20,000,000 (the "First and Second Instalment") falls due on 11 May 2014. As repayment of the outstanding principal sum would affect cash flow of the Group, on 9 May 2014, Starmax Holdings Limited and the Group mutually agreed to extend the repayment date of the First and Second Instalment to 11 May 2015.

The interest shall continue to accrue on the overdue instalments at 7% per annum according to the terms of the Promissory Note until the abovementioned instalments are fully paid by the Group. All other terms of the Promissory Note remain the same and valid.

Imputed interest expenses of approximately HK\$456,000 (for the three months ended 30 September 2013: approximately HK\$578,000) and HK\$1,694,000 (for the six months ended 30 September 2013: approximately HK\$1,119,000) respectively have been recognised in the condensed consolidated statement of comprehensive income for the three months and six months ended 30 September 2014.

## **11. Deferred Tax Liabilities**

Deferred tax credit of approximately HK\$397,000 (for the three months ended 30 September 2013: deferred tax charge of approximately HK\$778,000) and HK\$520,000 (for the six months ended 30 September 2013: deferred tax charge of approximately HK\$604,000) respectively have been recognised in the condensed consolidated statement of comprehensive income for the three months and six months ended 30 September 2014 within "income tax expense".

## **12. Share Capital**

During the six months ended 30 September 2014, certain employees of the Group exercised share options granted to them under the share option scheme and 10,400,000 (for the six months ended 30 September 2013: 27,940,000) shares of the Company were issued and allotted thereof.

### 13. Fair Value Measurements of Financial Instruments

The fair values of financial instruments traded in active markets are determined with reference to quoted market bid prices.

The directors consider that the carrying amount of the Promissory Note approximated to its fair value as at 30 September 2014. The carrying amount of the Promissory Note as at 31 March 2014 amounted to approximately HK\$63,439,000, whereas its fair value amounted to approximately HK\$62,806,000. The fair value of the Promissory Note has been arrived using the effective interest method by discounting future estimated repayments at discount rate of 2.99% (31 March 2014: 3.63%) with reference to the Hong Kong Exchange Fund Notes yields and credit spreads of comparable financial instruments with similar characteristics.

#### Fair value hierarchy

	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>As at 30 September 2014</b>				
<b>Financial liabilities</b>				
Promissory note	–	61,498	–	61,498
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>As at 31 March 2014</b>				
<b>Financial assets</b>				
Investments held for trading	4,192	–	–	4,192
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Financial liabilities</b>				
Promissory note	–	62,806	–	62,806
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

During the six months ended 30 September 2014, there were no transfer between Level 1 and Level 2, or transfer into or out of Level 3 (for the six months ended 30 September 2013: nil).

### 14. Share-Based Payment Arrangement

On 25 September 2013, an ordinary resolution approving the adoption of a new share option scheme was passed by shareholders of the annual general meeting of the Company (“2013 Share Option Scheme”). Under the 2013 Share Option Scheme, directors of the Company may grant options to eligible persons to subscribe for the Company’s shares subject to the terms and conditions as stipulated therein. Unless otherwise cancelled or amended, the 2013 Share Option Scheme will remain valid for a period of 10 years from the adoption date.

During the six months ended 30 September 2014, no share options were granted to employees (for the six months ended 30 September 2013: nil).

## 15. Disposal of a subsidiary

On 28 September 2014, the Group disposed of its 51% equity interest in 廣州市靈雲信息科技有限公司 (“Lingyun”) to an independent third party at a cash consideration of RMB1,500,000 (equivalent to approximately HK\$1,871,000).

### Analysis of assets and liabilities over which control was lost

	<i>HK\$'000</i>
Property, plant and equipment	236
Goodwill	510
Trade and other receivables	1,291
Bank balances and cash	255
Trade and other payables	(210)
	<hr/>
Net assets disposed of	<b>2,082</b>

### Gain on disposal

	<i>HK\$'000</i>
Consideration received	1,871
Net assets disposed of	(2,082)
Non-controlling interests	770
Cumulative gain on exchange differences reclassified from equity to profit or loss on loss of control	14
	<hr/>
	<b>573</b>

### Net cash inflow arising on disposal

	<i>HK\$'000</i>
Consideration received in cash and cash equivalents	1,871
Less: cash and cash equivalents disposed of	(255)
	<hr/>
	<b>1,616</b>

## 16. 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 transactions during the interim period:

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2014</b>	<b>2013</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interest expenses paid to a related company ( <i>note (i)</i> )	<b>1,694</b>	1,119
Service income from a related company ( <i>note (ii)</i> )	<b>274</b>	–
	<b><u>1,968</u></b>	<b><u>1,119</u></b>

*Notes:*

- (i) Effective interest expenses on Promissory Note is charged at 2.99% (2013: 3.16%) per annum and payable to a related company which is beneficially owned as to 90.01% by Mr. Felipe Tan, a director and shareholder of the Company, at terms mutually agreed by both parties. Further details of the Promissory Note are set out in note 10.
- (ii) Service income in respect of the provision of trading platform design and building services were received from a related company which is beneficially owned as to 26.75% by Mr. Felipe Tan, a director and shareholder of the Company, at normal commercial terms mutually agreed by both parties.

### Compensation of key management personnel

The key management personnel are the directors of the Company. Details of their remuneration during the current interim period are set out as follows:

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2014</b>	<b>2013</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Short-term employee benefits	<b>3,121</b>	3,157
Post-employment benefits	<b>56</b>	44
	<b><u>3,177</u></b>	<b><u>3,201</u></b>



## **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”).

### **Business Review and Outlook**

#### *Computer Hardware and Software Business*

The “Internet of Things” (“IOT”) white paper, published by China Academy of Telecommunication Research of the Ministry of Industry and Information Technology of the People’s Republic of China in May 2014, pointed out: the home appliance industry, leveraging on IOT technology, has spearheaded into quest for value space expansion and product services improvement. Such innovative model does not confined to only intelligent home and devices, but will also spawn various intelligent products that fused IOT elements together, deepening further the fusion between traditional industries and IOT technologies; at the same time, the internet platform services and mobile network business models will be made use of, forming innovative products and services with an open industry ecology.

The Group has anticipated such opportunities for long, eyeing on intelligent search, added with software-hardware integration in smart home appliances, combing through software development upon logistics, IOT and mobile devices plus collation of mid-level architecture of Big Data, so as strive to create new space on such new frontier. Such circumstances are opportunities but they are challenges; facing the uncertainties of the future, the Group will continue to prudently manage its operations, maintain strict financial management and control, simplify organization structure and expenses tightening. The Group will cautiously assess any opportunity so as to ensure a bright future for the shareholders of the company.

#### *Mining Business*

##### Overview

The Mining Business mainly includes the exploration and exploitation of gold, iron and nickel-copper mines and the processing and sale of outputs from the mines in the PRC. For the six months ended 30 September 2014, gold dores were the only product sold under the Mining Business.

##### Operation

For the six months ended 30 September 2014, the Mining Business has attained an aggregate gold output of approximately 144 kg and gold sales of approximately 145 kg, representing a decrease of 3.7% and 4.2% respectively as compared to the corresponding period of last year. The turnover for the period under review amounted to HK\$47.3 million, representing a decrease of 8.8% 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 2014 was US\$1,285.95 per ounce, representing a decrease of 6.3% as compared with the average gold price of US\$1,373.08 per ounce for the six months ended 30 September 2013.

#### Exploration, Development and Mining Production Activities

The exploration, development and mining production activities of the project of the Group for the six months ended 30 September 2014 are summarised below:

	<b>Activity</b>		
	<b>Exploration</b>	<b>Development</b>	<b>Mining</b>
Heishiliang Gold Mine	No material activity		
	Mineral resource and reserve estimates (as per the independent technical report prepared in November 2011) fully exhausted in March 2014		
Hongshannan Gold Mine	No material exploration	No material development	Extracted ores: 10,991 tonnes
			Mining activity suspended for development in 2013 and resumed in March 2014 with quantity extracted gradually picked up since June 2014
Tuchushan Iron Mine	No material activity during the period under review		
Baishiquan Nickel-copper Mine	No material exploration	Shaft construction of approximately 90 meters and drift construction of approximately 300 meters completed with ores extracted during development that may contribute to revenue when sold	Commercial production not yet commenced
South Hami Gold Project	Exploratory drift of approximately 350 meters and exploratory shaft of approximately 108 meters completed	Underground drifting of approximately 1,180 meters and shafting of approximately 1,010 meters completed with ores extracted during development that may contribute to revenue when sold	Commercial production not yet commenced

## Processing Activity

For the six months ended 30 September 2014, the total quantity of gold ores processed by the processing plant were 38,055 tonnes, slightly decreased by 3.8% as compared to the corresponding period of last year.

## Expenditure Incurred

During the six months ended 30 September 2014, the Group has incurred expenditure of approximately HK\$56.8 million 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	–	–	–	–	2,706	2,706
Others	–	–	–	–	669	669
<i>Subtotal</i>	–	–	–	–	3,375	3,375
1.2 Development activities (including mine construction)						
Addition of intangible assets, property, plant and equipment	–	91	–	3,472	451	4,014
Construction of tunnels and sub- contracting charges	–	–	–	1,774	9,653	11,427
Staff cost	–	–	–	48	380	428
Others	–	–	–	2,648	1,580	4,228
<i>Subtotal</i>	–	91	–	7,942	12,064	20,097
<b>Total Capital Expenditure</b>	<b>–</b>	<b>91</b>	<b>–</b>	<b>7,942</b>	<b>15,439</b>	<b>23,472</b>
<b>2. Operating Expenditure for Mining Activities</b>						
Staff cost	–	324	–	–	–	324
Consumables	–	14	–	–	–	14
Fuel, electricity, water and other services	–	581	–	–	–	581
Non-income taxes, royalties and other government charges	85	52	–	–	–	137
Sub-contracting charges	4,510	11,702	–	–	–	16,212
Transportation	1,284	1,159	–	–	–	2,443
Depreciation and amortisation	–	6,619	–	–	–	6,619
Others	438	195	–	–	–	633
<b>Total Operating Expenditure</b>	<b>6,317</b>	<b>20,646</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>26,963</b>
<b>Total Capital and Operating Expenditure</b>	<b>6,317</b>	<b>20,737</b>	<b>–</b>	<b>7,942</b>	<b>15,439</b>	<b>50,435</b>

	Heishiliang Gold Mine <i>HK\$'000</i>	Hongshannan Gold Mine <i>HK\$'000</i>	Tuchushan Iron Mine <i>HK\$'000</i>	Baishiquan Nickel- copper Mine <i>HK\$'000</i>	South Hami Gold Project <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>3. Processing Expenditure</b>						
Staff cost						1,850
Consumables						2,392
Fuel, electricity, water and other services						1,149
Depreciation and amortisation						569
Transportation						256
Others						136
<b>Total Processing Expenditures</b>						<b>6,352</b>
<b>Total Expenditures</b>						<b>56,787</b>

For Heishiliang Gold Mine, the operating expenditure of HK\$6.3 million incurred for the six months ended 30 September 2014 were related to ores extracted in the previous financial year but accounted for during the period under review.

#### Infrastructure Projects, Subcontracting Arrangements and Purchases of Equipment

All new contracts and commitments entered into during the six months ended 30 September 2014 by the Group were summarised as follows:

	Infrastructure projects <i>HK\$'000</i>	Subcontracting arrangements <i>HK\$'000</i>	Purchase of equipment and consumables <i>HK\$'000</i>	Total <i>HK\$'000</i>
Heishiliang Gold Mine	–	463	–	463
Hongshannan Gold Mine	–	528	–	528
Tuchushan Iron Mine	–	–	–	–
Baishiquan Nickel-copper Mine	–	2,141	–	2,141
South Hami Gold Project	–	254	–	254
Processing Plant	–	–	801	801
<b>Total</b>	<b>–</b>	<b>3,386</b>	<b>801</b>	<b>4,187</b>

#### 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 repayment of the first and the second instalments in the principal sum

of HK\$20 million due on 11 May 2014 were extended to 11 May 2015 according to the mutual agreement between Starmax Holdings Limited and the Group on 9 May 2014. The interest shall continue to accrue on the overdue instalments at 7% per annum according to the terms of the Promissory Note until the abovementioned instalments are fully paid by the Group.

## Outlook

The gold market price is in a decreasing trend. It decreased by 10.2% from the highest of US\$1,345.17 per ounce on 10 July 2014 to US\$1,208.15 on 30 September 2014. If the decreasing trend of gold market price continues, the profit of the Group from the gold mining will be adversely affected.

For the Nickel market, Nickel price picked a record high of USD51,800 per tonne in 2007. With the impact of Lehman incidence to financial market, Nickel corrected and hit a low of USD8,850 per tonne at the end of 2008. Since then, market corrected itself and visited USD29,425 per tonne in 2011, but was then faced with supply of Nickel laterite and Chinese Nickel Pig Iron production to bring Nickel down to USD13,205 per tonne in 2013. Started from January 2014, Indonesia banded Nickel ore exports and helped Nickel to gradually recover. Currently, Nickel is trading at above USD15,000 per tonne. The management is of the opinion that the impact of the Nickel ore export band has caused China to lose 300,000 tonnes of Nickel content in Nickel Pig Iron production capacity. This shortage will be reflected from 2015 onwards. Therefore, we are bullish on the Nickel price and also confident in the Company's potential earnings from Nickel mining operation.

The management will closely monitor the development plan of the Baishiquan Nickel-copper Mine, targeting to commence the commercial production and finalise the plan on acquisition or construction of the floatation plant in 2015. During the underground development, the Company discovered that certain ore body of Baishiquan Nickel-copper Mine runs a higher grade of metal contents than the previous estimates. Testing done on the ore extracted from Baishiquan Nickel-copper Mine during development further confirmed this estimation. Subsequent to the period under review, the Company has started to deliver and sell such higher grade ore to buyers, which will contribute to the revenue of the Group for the year. The management is optimistic that the sale of the nickel ores, being the main outputs of the Baishiquan Nickel-copper Mine, will become another major source of the income of the Mining Business after the commencement of the commercial production.

Facing the volatile market conditions, the management will timely adjust its operating strategies so as to minimise the adverse impact on the Group from the drop of the metal market price.

## **Financial Performance Review**

For the six months ended 30 September 2014, the Group recorded turnover of approximately HK\$57,642,000, representing a decrease of 14.4% against the corresponding period in 2013. Loss for the period under review was approximately HK\$13,472,000, an increase of 45.5% as compared to the corresponding period in 2013. Effective interest expense of the Promissory Note amounting to approximately HK\$1,694,000 representing the majority of finance costs which incurred in the six months ended 30 September 2014, as compared with HK\$1,119,000 in the corresponding period in 2013.

In respect of the Computer Hardware and Software Business segment, the Group recorded turnover and segmental loss of approximately HK\$10,325,000 (2013: approximately HK\$15,461,000) and HK\$9,402,000 (2013: approximately HK\$17,467,000) respectively, representing decrease of 33.2% and 46.2% respectively as compared with the corresponding period.

The Mining Business segment posted turnover, loss before interest income and expense, income taxes, depreciation, amortisation and impairment and segmental loss for the period under review of approximately HK\$47,317,000 (2013: approximately HK\$51,879,000), approximately HK\$260,000 (2013: earnings before interest income and expense, income taxes, depreciation, amortisation and impairment approximately HK\$20,027,000) and approximately HK\$1,770,000 (2013: segmental profit of approximately HK\$16,934,000) respectively, representing a decrease of 8.8%, 101.3% and 110.5% respectively as compared with the corresponding period.

Loss attributable to owners of the Company was approximately HK\$12,115,000, as compared to approximately HK\$18,354,000 over the same period in 2013.

### **Liquidity and Financial Resources**

As at 30 September 2014, the Group had bank balances and cash and net current liabilities amounted to approximately HK\$24,913,000 (31 March 2014: approximately HK\$33,707,000) and approximately HK\$18,915,000 (31 March 2014: net current assets of approximately HK\$3,876,000) respectively. Out of the Group's bank balances and cash, about 25% and 75% (31 March 2014: 35% and 65%) were denominated in Hong Kong dollars and Chinese Renminbi respectively. As at 30 September 2014, the current ratio stood at 0.85 (31 March 2014: 1.03).

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 scheme.

As at 30 September 2014, the Group had outstanding borrowings of approximately HK\$70,989,000 (31 March 2014: HK\$73,225,000), 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 announcement, the Promissory Note shall be repaid by instalments with accrued interests (as amended by supplemental agreements) and of which approximately HK\$32,614,000 (31 March 2014: approximately HK\$34,841,000) was repayable within one year, HK\$31,802,000 (31 March 2014: approximately HK\$31,802,000) was repayable within two to five years accordingly.

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 2014, the Group's gearing ratio was approximately 92.34% (31 March 2014: 85.13%), based on total borrowings of approximately HK\$70,989,000 (31 March 2014: approximately HK\$73,225,000) and equity attributable to owners of the Company of approximately HK\$76,881,000 (31 March 2014: approximately HK\$86,018,000). The increase in the ratio was mainly attributable to the purchase of plant and machinery during the period under review.

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

As at 30 September 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\$2,527,000 as at 30 September 2014.

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

During the period under review, the Group disposed its 51% equity interests in Lingyun for a cash consideration of RMB1,500,000. Further details of the disposal are set out in note 15 to this results announcement.

Save as above, there was no material disposal or acquisition of subsidiaries and affiliated companies for the period under review.

## **Future plans for material investments**

The Group does not have any plan for material investments in the near future.

## **Exposure to exchange risks**

The Group is not exposed to significant foreign currency risk as majority of its transactions are denominated in the respective functional currencies of the Group's major operating subsidiaries (i.e. Hong Kong dollars and Renminbi).

## **Contingent liabilities**

As at 30 September 2014, there were no material contingent liabilities incurred by the Group.

## Employee information

As at 30 September 2014, the Group employed a total staff of 173. 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 2014, the interests and short positions of the directors and the chief executive of the Company and their associates in the shares, underlying shares or debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules, were as follows:

#### *Long positions*

#### (a) Interests in the shares of the Company

Name of directors	Number of ordinary shares held in the capacity of			Percentage of shareholding
	Beneficial owner	Controlled corporation	Total number of shares	
Cheng Kin Kwan	223,800,000	–	223,800,000	13.69%
Law Kwai Lam	10,000,000	28,325,000*	38,325,000	2.34%
Leung Mei Sheung, Eliza	26,592,000	–	26,592,000	1.63%
Fung Chun Pong, Louis	488,000	–	488,000	0.03%
Liao Yun	11,800,000	–	11,800,000	0.72%
Felipe Tan	5,062,000	304,912,000*	309,974,000	18.96%
Zhang Ming	75,500,000	–	75,500,000	4.62%

\* 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 directors	Date of grant	Exercisable period	Exercise price per share HK\$	Number of share options and number of underlying shares				
				Outstanding at 01.04.2014	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 30.09.2014
Law Kwai Lam	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
Fung Chun Pong, Louis	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
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>8,700,000</u>	<u>–</u>	<u>–</u>	<u>(300,000)</u>	<u>8,400,000</u>

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

Name of directors	Date of grant	Exercisable period	Exercise price per share HK\$	Number of share options and number of underlying shares				
				Outstanding at 01.04.2014	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 30.09.2014
Fung Chun Pong, Louis	3.10.2013	3.10.2013–2.10.2023	0.1490	1,000,000	–	–	–	1,000,000
Liao Yun	3.10.2013	3.10.2013–2.10.2023	0.1490	3,000,000	–	(3,000,000)	–	–
Zhang Ming	3.10.2013	3.10.2013–2.10.2023	0.1490	3,000,000	–	–	–	3,000,000
Chan Mei Ying, Spencer	3.10.2013	3.10.2013–2.10.2023	0.1490	1,000,000	–	–	–	1,000,000
Lam Kwai Yan	3.10.2013	3.10.2013–2.10.2023	0.1490	1,000,000	–	–	–	1,000,000
Chan Choi Ling	3.10.2013	3.10.2013–2.10.2023	0.1490	1,000,000	–	–	–	1,000,000
				<u>10,000,000</u>	<u>–</u>	<u>(3,000,000)</u>	<u>–</u>	<u>7,000,000</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 2014, 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 2014, 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 2014
Educational Information Technology (HK) Company Limited ( <i>note 1</i> )	108,057,374	–	108,057,374	6.61%
Starmax Holdings Limited ( <i>note 2</i> )	304,912,000	–	304,912,000	18.65%

*Notes:*

- (1) These shares were held in trust for 寧夏教育信息技術股份有限公司 (Ningxia Educational Information Technology Company Limited), a company which is owned as to 25.04% by the Group.
- (2) Starmax Holdings Limited is beneficially owned as to 90.01% by Mr. Felipe Tan who also directly holds 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 2014, the Company has not been notified of any other interests or short positions in the issued share capital as at 30 September 2014.

## Share Options

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

Type of participants	Date of grant	Exercisable period	Exercise price per share HK\$	Number of share options				
				Outstanding at 1.4.2014	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 30.9.2014
Directors	19.4.2004	19.4.2004–18.4.2014	0.2096	300,000	–	–	(300,000)	–
	28.2.2005	28.2.2005–27.2.2015	0.0722	1,000,000	–	–	–	1,000,000
	24.3.2006	24.3.2006–23.3.2016	0.1530	1,300,000	–	–	–	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	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	–	(800,000)	–	800,000
	22.9.2005	22.9.2005–21.9.2015	0.0920	4,800,000	–	(2,400,000)	–	2,400,000
	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	3,750,000	–	(2,000,000)	–	1,750,000
	18.6.2007	18.6.2007–17.6.2017	0.2980	1,700,000	–	–	–	1,700,000
	9.9.2011	9.9.2011–8.9.2021	0.1500	1,900,000	–	–	–	1,900,000
	20.11.2012	20.11.2012–19.11.2022	0.1330	19,100,000	–	(1,000,000)	–	18,100,000
				<u>45,300,000</u>	<u>–</u>	<u>(6,700,000)</u>	<u>(2,650,000)</u>	<u>35,950,000</u>

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

Type of participants	Date of grant	Exercisable period	Exercise price per share HK\$	Number of share options				
				Outstanding at 1.4.2014	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 30.9.2014
Directors	3.10.2013	3.10.2013–2.10.2023	0.1490	10,000,000	–	(3,000,000)	–	7,000,000
Employees	3.10.2013	3.10.2013–2.10.2023	0.1490	16,400,000	–	(300,000)	(2,000,000)	14,100,000
	17.2.2014	17.2.2014–16.2.2024	0.1380	5,200,000	–	(400,000)	–	4,800,000
				<u>31,600,000</u>	<u>–</u>	<u>(3,700,000)</u>	<u>(2,000,000)</u>	<u>25,900,000</u>

## 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 2014 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 2014.

### **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 2014.

### **Updated Biographical Details of Directors**

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

#### *Executive director*

Mr. Felipe Tan, aged 59, is currently a director of Xinjiang Tianmu Mineral Resources Development Co. Ltd. ("Xinjiang Tianmu"), Goffers Resources Limited, Kangshun HK Limited, Kangshun Investments Limited and Goffers Management Limited, all of which are non-wholly owned subsidiaries of the Company. Xinjiang Tianmu is principally engaged in the exploration and exploitation of gold, iron and nickel-copper mines in Xinjiang, PRC. Mr.

Tan has over 30 years of experience in metal trading including over 13 years of management experience in mining industry in the PRC. Currently, he is the chairman and executive director of Loco Hong Kong Holdings Limited (Stock code: 8162), the shares of which is listed on the Growth Enterprise Market (“GEM”) of the Stock Exchange of Hong Kong Limited. Mr. Tan is also the chairman of the board, president and chief executive officer of 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. During the period from 1994 to 2006, Mr. Tan had been an executive director of Simsen International Corporation Limited (stock code: 993), a company listed on the Stock Exchange, and a director of its subsidiaries, responsible for its metal trading and mining operations.

*Independent non-executive director*

Ms. Tsang Wai Chun, Marianna, aged 60, is the Managing Director of TWC Management Limited. She is also the independent non-executive director of Loco Hong Kong Holdings Limited (Stock code: 8162), the shares of which is listed on the GEM. She is a member of the Institute of Chartered Secretaries and Administrators, the Hong Kong Institute of Company Secretaries, the Taxation Institute of Hong Kong, the Society of Registered Financial Planners and the Chartered Institute of Arbitrators. She is appointed as a member of the Board of Review (Inland Revenue Ordinance). Ms. Tsang has over 30 years of company secretarial, corporate affairs, and related legal working experience in major commercial corporations and in professional firms. She has an MBA and a postgraduate certificate in Professional Accounting. She was appointed as an independent non-executive director in October 2003.

**Audit Committee**

The audit committee comprises three independent non-executive directors, Ms. Tsang Wai Chun Marianna, Mr. Chan Mei Ying Spencer and Mr. Lam Kwai Yan. The audit committee has reviewed the unaudited interim financial results for the six months ended 30 September 2014

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

Hong Kong, 12 November 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, 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)).*