



## **Timeless Software Limited**

*(incorporated in Hong Kong with limited liability)*

**(Stock code: 8028)**

### **RESULTS ANNOUNCEMENT For the year ended 31 March 2015**

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

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

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

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*This announcement, for which the directors (the “Directors” or individually a “Director”) of TIMELESS SOFTWARE LIMITED (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

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

## 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 2015 together with the comparative audited figures for the corresponding period in 2014 approved by the Board on 24 June 2015 as follows:

### Consolidated Statement of Profit or Loss and Other Comprehensive Income

*For the year ended 31 March 2015*

	<i>Notes</i>	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Turnover	3	<b>142,986</b>	127,981
Other income and gains		<b>2,265</b>	1,641
Purchase and production costs		<b>(82,781)</b>	(90,308)
Staff costs		<b>(28,219)</b>	(34,337)
Depreciation and amortisation		<b>(14,844)</b>	(5,650)
Other expenses		<b>(23,047)</b>	(21,808)
Fair value gains/(losses) on investment properties		<b>200</b>	(1,782)
Impairment loss on other intangible assets	8	<b>(55,834)</b>	(62,134)
Net gains/(losses) on investments held for trading		<b>226</b>	(3,123)
Gain on disposals of subsidiaries		<b>138</b>	-
Finance costs	4	<b>(2,384)</b>	(2,504)
Share of losses of associates		<b>(610)</b>	(322)
Loss before tax		<b>(61,904)</b>	(92,346)
Income tax credit	6	<b>4,086</b>	2,471
Loss for the year	5	<b>(57,818)</b>	(89,875)
<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		<b>579</b>	(1,036)
Reclassification adjustment on exchange differences released upon disposals of subsidiaries		<b>1,503</b>	-
Share of other comprehensive income/(loss) of associates		<b>710</b>	(632)
Other comprehensive income/(loss) for the year, net of income tax		<b>2,792</b>	(1,668)
<b>Total comprehensive loss for the year</b>		<b>(55,026)</b>	(91,543)

	<i>Notes</i>	<b>2015</b> <b>HK\$'000</b>	2014 <i>HK\$'000</i>
Loss attributable to:			
Owners of the Company		<b>(33,443)</b>	(56,903)
Non-controlling interests		<b>(24,375)</b>	(32,972)
		<u><b>(57,818)</b></u>	<u>(89,875)</u>
 Total comprehensive loss attributable to:			
Owners of the Company		<b>(31,073)</b>	(57,919)
Non-controlling interests		<b>(23,953)</b>	(33,624)
		<u><b>(55,026)</b></u>	<u>(91,543)</u>
		<b>HK cents</b>	HK cents
<b>Loss per share</b>			
– Basic and diluted	7	<u><b>(1.97)</b></u>	<u>(3.56)</u>

**Consolidated Statement of Financial Position**  
*At 31 March 2015*

	<i>Notes</i>	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Non-current assets</b>			
Investment properties		-	19,600
Property, plant and equipment		<b>70,978</b>	49,785
Goodwill	<i>14</i>	-	510
Other intangible assets	<i>8</i>	<b>244,162</b>	316,157
Interests in associates		<b>6,717</b>	6,617
Prepaid lease payments		<b>7,019</b>	7,192
Deposits		<b>25,608</b>	21,461
Land rehabilitation costs		<b>6,158</b>	6,946
		<u><b>360,642</b></u>	<u>428,268</u>
<b>Current assets</b>			
Inventories		<b>45,157</b>	40,752
Prepaid lease payments		<b>185</b>	186
Trade and other receivables	<i>9</i>	<b>18,601</b>	38,173
Investments held for trading		-	4,192
Bank balances and cash		<b>51,037</b>	33,707
		<u><b>114,980</b></u>	<u>117,010</u>
<b>Current liabilities</b>			
Trade and other payables	<i>10</i>	<b>21,523</b>	34,320
Amount due to a related company		<b>700</b>	700
Dividends payable to non-controlling interests		<b>20,557</b>	42,244
Bank borrowing	<i>11</i>	<b>9,192</b>	9,786
Promissory note	<i>12</i>	<b>11,169</b>	23,560
Current tax liabilities		<b>2,368</b>	2,524
		<u><b>65,509</b></u>	<u>113,134</u>
<b>Net current assets</b>		<u><b>49,471</b></u>	<u>3,876</u>
<b>Total assets less current liabilities</b>		<u><b>410,113</b></u>	<u>432,144</u>

	<i>Notes</i>	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Promissory note	<i>12</i>	<b>29,904</b>	39,879
Provision for land rehabilitation		<b>9,866</b>	9,849
Deferred tax liabilities	<i>13</i>	<b>33,782</b>	41,824
		<u><b>73,552</b></u>	<u>91,552</u>
<b>Net assets</b>		<u><b>336,561</b></u>	<u>340,592</u>
<b>Capital and reserves</b>			
Share capital		<b>806,049</b>	773,715
Reserves		<b>(720,008)</b>	(687,697)
Equity attributable to owners of the Company		<b>86,041</b>	86,018
Non-controlling interests		<b>250,520</b>	254,574
<b>Total equity</b>		<u><b>336,561</b></u>	<u>340,592</u>

**Consolidated Statement of Changes in Equity**  
*For the year ended 31 March 2015*

	Share capital HK\$'000	Share premium HK\$'000	Share options reserve HK\$'000	Investment revaluation reserve HK\$'000	Translation reserve HK\$'000	Accumulated deficit HK\$'000	Attributable to owners of the Company HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
Balance at 1 April 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 and 1 April 2014	773,715	-	5,760	1,914	9,178	(704,549)	86,018	254,574	340,592
Loss for the year	-	-	-	-	-	(33,443)	(33,443)	(24,375)	(57,818)
Other comprehensive loss for the year	-	-	-	698	1,672	-	2,370	422	2,792
Total comprehensive loss for the year	-	-	-	698	1,672	(33,443)	(31,073)	(23,953)	(55,026)
Issue of ordinary shares under employee share option plan	3,467	-	(1,238)	-	-	-	2,229	-	2,229
Issue of ordinary shares by way of placing	29,246	-	-	-	-	-	29,246	-	29,246
Transaction costs attributable to issue of new ordinary shares	(379)	-	-	-	-	-	(379)	-	(379)
Release of reserve upon share options lapsed	-	-	(412)	-	-	412	-	-	-
Capital injection from non-controlling interests	-	-	-	-	-	-	-	21,751	21,751
Disposals of subsidiaries	-	-	-	-	-	-	-	(1,852)	(1,852)
<b>Balance at 31 March 2015</b>	<b>806,049</b>	<b>-</b>	<b>4,110</b>	<b>2,612</b>	<b>10,850</b>	<b>(737,580)</b>	<b>86,041</b>	<b>250,520</b>	<b>336,561</b>

## Notes to the Financial Statements

For the year ended 31 March 2015

### 1. General

Timeless Software Limited (the “Company”) is a public limited company incorporated in Hong Kong and its shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.

The Company acts as an investment holding company and is principally engaged in the provision of computer consultancy and software maintenance services, software development and sales of computer hardware and software.

These financial statements are presented in Hong Kong dollars (“HK\$”), which is the Company’s functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

### 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 10, HKFRS 12 and HKAS 27 (as revised in 2011)	<i>Investment Entities</i>
Amendments to HKAS 32	<i>Offsetting Financial Assets and Financial Liabilities</i>
Amendments to HKAS 36	<i>Recoverable Amount Disclosures for Non-financial Assets</i>
Amendments to HKAS 39	<i>Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC) – Int 21	<i>Levies</i>

#### **Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities**

The Group has applied the amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities for the first time in the current year. The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

### **Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities (continued)**

- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

As the Company is not an investment entity (assessed based on the criteria set out in HKFRS 10 as at 1 April 2014), the application of the amendments has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

### **Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities**

The Group has applied the amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to HKAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realization and settlement'.

The amendments have been applied retrospectively. The Group has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments has had no impact on the amounts recognised in the Group's consolidated financial statements.

### **Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets**

The Group has applied the amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets for the first time in the current year. The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by HKFRS 13 Fair Value Measurements.

The application of these amendments has had no material impact on the disclosures in the Group's consolidated financial statements.

### **Amendments to HKAS 39 Novation of Derivatives and Continuation of Hedge Accounting**

The Group has applied the amendments to HKFRS 39 Novation of Derivatives and Continuation of Hedge Accounting for the first time in the current year. The amendments to HKFRS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.

The amendments have been applied retrospectively. As the Group does not have any derivatives that are subject to novation, the application of these amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.



## HK(IFRIC)–Int 21 Levies

The Group has applied HK(IFRIC) – Int 21 Levies for the first time in the current year. HK(IFRIC) – Int 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

HK(IFRIC) – Int 21 has been applied retrospectively. The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

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

HKFRS 9	Financial Instruments <sup>1</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>2</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>3</sup>
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations <sup>5</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>4</sup>
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants <sup>5</sup>
Amendments to HKAS 1	Disclosure Initiative <sup>5</sup>
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions <sup>4</sup>
Amendments to HKAS 27	Equity Method in Separate Financial Statements <sup>5</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>5</sup>
Amendments to HKFRS	Annual Improvements 2010 – 2012 Cycle <sup>6</sup>
Amendments to HKFRS	Annual Improvements 2011 – 2013 Cycle <sup>4</sup>
Amendments to HKFRS	Annual Improvements 2012 – 2014 Cycle <sup>5</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

<sup>2</sup> Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

<sup>4</sup> Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

<sup>6</sup> Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

## HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.
- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

## **HKFRS 9 Financial Instruments (continued)**

The directors anticipate that the application of HKFRS 9 may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

### **Annual Improvements to HKFRSs 2010-2012 Cycle**

The Annual Improvements to HKFRSs 2010-2012 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. As the amendments do not contain any effective date, they are considered to be immediately effective.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors of the Company do not anticipate that the application of these amendments will have a material effect on the Group's consolidated financial statements.

## **Annual Improvements to HKFRSs 2011-2013 Cycle**

The Annual Improvements to HKFRSs 2011-2013 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

- (a) the property meets the definition of investment property in terms of HKAS 40; and
- (b) the transaction meets the definition of a business combination under HKFRS 3.

The directors of the Company do not anticipate that the application of these amendments will have a material effect on the Group's consolidated financial statements.

## **Annual Improvements to HKFRSs 2012-2014 Cycle**

The Annual Improvements to HKFRSs 2012-2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 introduce specific guidance in HKFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued. The amendments apply prospectively.

The amendments to HKFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets and clarify that the offsetting disclosures (introduced in the amendments to HKFRS 7 Disclosure – Offsetting Financial Assets and Financial Liabilities issued in December 2011 and effective for periods beginning on or after 1 January 2013) are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with HKAS 34 Interim Financial Reporting.

The amendments to HKAS 19 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid. These amendments would result in the depth of the market for high quality corporate bonds being assessed at currency level. The amendments apply from the beginning of the earliest comparative period presented in the financial statements in which the amendments are first applied. Any initial adjustment arising should be recognised in retained earnings at the beginning of that period.

The amendments to HKAS 34 clarify the requirements relating to information required by HKAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendments require that such information be incorporated by way of a cross-reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

The directors of the Company do not anticipate that the application of these will have a material effect on the Group's consolidated financial statements.

The Group is in the process of making an assessment of what the impact of the other new or revised HKFRS is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

### 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 of directors, 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:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Segment revenue		
Computer hardware and software business	17,727	33,520
Mining business	125,259	94,461
	<u>142,986</u>	<u>127,981</u>
Segment results		
Computer hardware and software business	(17,551)	(31,930)
Mining business	(41,779)	(51,037)
	<u>(59,330)</u>	<u>(82,967)</u>
Interest income	943	215
Other income and gains	1,322	1,426
Unallocated corporate expenses	(2,409)	(3,289)
Fair value gains/(losses) on investment properties	200	(1,782)
Net gains/(losses) on investments held for trading	226	(3,123)
Gain on disposals of subsidiaries	138	-
Finance costs	(2,384)	(2,504)
Share of losses of associates	(610)	(322)
Loss before tax	<u>(61,904)</u>	<u>(92,346)</u>

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2014: nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represent the loss from each segment without allocation of interest income, other income and gains, unallocated corporate expenses, fair value gains/(losses) on investment properties, net gains/(losses) on investments held for trading, gain on disposals of subsidiaries, finance costs and share of losses 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>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Segment assets		
Computer hardware and software business	<b>31,558</b>	23,161
Mining business	<b>384,505</b>	456,203
	<hr/>	<hr/>
Total segment assets	<b>416,063</b>	479,364
Unallocated	<b>59,559</b>	65,914
	<hr/>	<hr/>
Consolidated assets	<b>475,622</b>	545,278
	<hr/> <hr/>	<hr/> <hr/>
Segment liabilities		
Computer hardware and software business	<b>5,176</b>	10,954
Mining business	<b>83,620</b>	120,507
	<hr/>	<hr/>
Total segment liabilities	<b>88,796</b>	131,461
Unallocated	<b>50,265</b>	73,225
	<hr/>	<hr/>
Consolidated liabilities	<b>139,061</b>	204,686
	<hr/> <hr/>	<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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Additions to non-current assets*		
Computer hardware and software business	1,106	1,602
Mining business	6,780	22,723
	<u>7,886</u>	<u>24,325</u>
Depreciation and amortisation		
Computer hardware and software business	1,083	816
Mining business	13,761	4,834
	<u>14,844</u>	<u>5,650</u>
Impairment loss recognised on trade receivables		
Computer hardware and software business	1,137	1,578
	<u>1,137</u>	<u>1,578</u>
Provision for slow-moving inventories		
Computer hardware and software business	408	2,130
Mining business	5,126	-
	<u>5,534</u>	<u>2,130</u>
Impairment loss on other intangible assets		
Mining business	55,834	62,134
	<u>55,834</u>	<u>62,134</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:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Computer hardware	6,770	7,315
Computer software	2,062	1,812
Software development	8,877	19,414
e-Commerce services	18	4,979
Gold ores	94,557	94,461
Nickel-copper ores	30,702	-
	<u>142,986</u>	<u>127,981</u>

## Geographical information

The Group's operations are mainly situated in Hong Kong and the 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:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Turnover from external customers		
Hong Kong	6,105	5,814
PRC	136,881	122,167
	<u>142,986</u>	<u>127,981</u>
Non-current assets*		
Hong Kong	21,233	20,633
PRC	313,801	386,174
	<u>335,034</u>	<u>406,807</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:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Customer A <sup>2</sup>	66,379	23,952
Customer B <sup>2</sup>	28,388	N/A <sup>3</sup>
Customer C <sup>2</sup>	14,396	N/A <sup>3</sup>
Customer D <sup>2</sup>	N/A <sup>3</sup>	70,236
Customer E <sup>1</sup>	N/A <sup>3</sup>	17,173

<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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Interest on bank borrowing	214	191
Effective interest on promissory note	2,170	2,313
Total borrowing costs	<u>2,384</u>	<u>2,504</u>



## 5. Loss for the Year

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Loss for the year has been arrived at after charging/(crediting):		
Directors' and chief executive's emoluments	7,107	7,579
Other staff's retirement benefits scheme contributions	1,763	2,618
Other staff's equity-settled share-based payments	-	2,275
Other staff costs	<u>19,349</u>	<u>21,865</u>
Total employee benefits expenses	<u><u>28,219</u></u>	<u><u>34,337</u></u>
Depreciation of property, plant and equipment	3,113	3,155
Amortisation of:		
– prepaid lease payments	186	186
– land rehabilitation costs	801	799
– other intangible assets	<u>10,744</u>	<u>1,510</u>
Total depreciation and amortisation	<u><u>14,844</u></u>	<u><u>5,650</u></u>
Auditors' remuneration		
– audit services	880	950
– non-audit services	359	357
Cost of inventories recognised as an expense	81,596	83,804
Loss on disposal of property, plant and equipment	4	3
Impairment loss recognised on trade receivables (included in other expenses)	1,137	1,578
Impairment loss on other intangible assets	55,834	62,134
Operating lease rentals in respect of rented premises	2,058	2,496
Provision for slow-moving inventories (included in other expenses)	5,534	2,130
Net foreign exchange gains	(56)	(216)
Dividends from equity securities	(84)	(328)
Interest income	<u>(943)</u>	<u>(215)</u>
Gross rental income from investment properties	-	-
Less: direct operating expenses from investment properties that did not generate rental income during the year	<u>115</u>	<u>113</u>
	<u><u>115</u></u>	<u><u>113</u></u>

## 6. Income Tax Credit

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current tax		
- PRC Enterprise Income Tax	4,027	6,535
Deferred tax (note 13)	<u>(8,113)</u>	<u>(9,006)</u>
Total income tax recognised in profit or loss	<u><u>(4,086)</u></u>	<u><u>(2,471)</u></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:

	2015	2014
<b>Loss:</b>		
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	<u><u>HK\$33,443,000</u></u>	<u><u>HK\$56,903,000</u></u>
<b>Number of ordinary shares:</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u><u>1,693,394,133</u></u>	<u><u>1,600,357,805</u></u>

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 2015 and 2014 since their exercise would result in a decrease in loss per share.

## 8. Other Intangible Assets

	<b>Mining rights</b> <i>HK\$'000</i>	<b>Exploration rights and assets</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>Cost</b>			
Balance at 1 April 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>
Balance at 31 March 2014	149,510	253,877	403,387
Effect of foreign currency exchange differences	252	432	684
Additions	-	85	85
Transfer to mining rights	223,446	(254,394)	(30,948)
	<u>373,208</u>	<u>-</u>	<u>373,208</u>
<b>Balance at 31 March 2015</b>			
<b>Accumulated amortisation and impairment</b>			
Balance at 1 April 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>
Balance at 31 March 2014	56,334	30,896	87,230
Effect of foreign currency exchange differences	95	52	147
Provided for the year	16,783	-	16,783
Eliminated upon transfer to mining rights	-	(30,948)	(30,948)
Impairment loss recognised	55,834	-	55,834
	<u>129,046</u>	<u>-</u>	<u>129,046</u>
<b>Balance at 31 March 2015</b>			
<b>Carrying amounts</b>			
<b>Balance at 31 March 2015</b>	<b><u>244,162</u></b>	<b><u>-</u></b>	<b><u>244,162</u></b>
Balance at 31 March 2014	<u>93,176</u>	<u>222,981</u>	<u>316,157</u>

The effective amortisation rate of mining rights for the year approximates to 4% (2014: 1%).

Amortisation expenses of approximately HK\$10,744,000 (2014: HK\$1,510,000) have been included in profit or loss in the depreciation and amortisation line item and HK\$6,039,000 (2014: nil) have been capitalised in the cost of inventories for the year ended 31 March 2015.

During the year ended 31 March 2015, due to decline in market price of gold and iron which results in decrease in operating results by a PRC subsidiary which is engaging in mining and processing of gold, iron and nickel-copper and located in Xinjiang of the PRC, the Group carried out a review on the recoverable amounts of the relevant mines.

## Gold mining

For the year ended 31 March 2015, the recoverable amount of the gold mine is determined based on a value in use calculation and discount rate of 9% (2014: 8%) which reflects current market assessments of the time value of money and the risks specific to the gold mining. Other key assumptions for the value in use relate to the estimation of cash inflows/outflows which include level of production, mining costs and gold prices. Based on the value in use calculation, the recoverable amount of the gold mining cash-generating unit was found to be less than its carrying amount. The review led to the recognition of an impairment loss on the mining rights of approximately HK\$18,216,000 (2014: HK\$31,238,000), which has been recognised in profit or loss and included in “impairment loss on other intangible assets” during the year ended 31 March 2015.

## Iron mining

For the year ended 31 March 2015, the iron price has further dropped by approximately 46% to US\$60 per tonne. The management considered under such circumstance, the mine has no resources feasible for economical production and determined to be fully impaired. The review led to the recognition of an impairment loss on the mining rights of approximately HK\$37,618,000 (2014: nil), which has been recognised in profit or loss and included in “impairment loss on other intangible assets” during the year ended 31 March 2015.

## Nickel-copper mining

For the year ended 31 March 2014, the recoverable amount of the nickel-copper mine was determined based on a value in use calculation, and discount rate of 8% which reflects then market assessments of the time value of money and the risks specific to the mine. Other key assumptions for the value in use relate to the estimation of cash inflows/outflows which include level of production, mining costs and nickel prices. Based on the value in use calculation, the recoverable amount of the mine was found to be less than its carrying amount. The review led to the recognition of an impairment loss on the explorations right and assets of approximately HK\$30,896,000, which was recognised in profit or loss and included in “impairment loss on other intangible assets” during the year ended 31 March 2014.

## 9. Trade and Other Receivables

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade receivables	8,453	12,815
Allowance for doubtful debts	<u>(1,790)</u>	<u>(1,578)</u>
Trade receivables, net of allowance	6,663	11,237
Prepayments	6,552	18,585
Deposits	27,939	23,643
Other receivables	<u>3,055</u>	<u>6,169</u>
	44,209	59,634
Less: deposits classified as non-current assets	<u>(25,608)</u>	<u>(21,461)</u>
	<u><b>18,601</b></u>	<u><b>38,173</b></u>

Long-term deposits of the Group represent the land restoration and environmental recoverability guarantee deposits in certain specified bank accounts. The amounts are restricted and not expected to be refunded within the next 12 months as at 31 March 2015.

As at 31 March 2015, included in the Group's trade receivables are amount due from a related company amounted to approximately HK\$78,000 (2014: nil) which is beneficially owned as to 26.75% by Mr. Felipe Tan, a director and shareholder of the Company. The maximum outstanding balance of the amount due was approximately HK\$78,000 for the year ended 31 March 2015 (2014: nil). In addition, included in the Group's other receivables are non-interest bearing amount due from an associate and interest-bearing loan to an associate amounting to approximately HK\$431,000 and HK\$1,374,000 (2014: HK\$440,000 and HK\$1,358,000) respectively. The loan carries interest at the best-lending rate with similar maturity of the banks in PRC. These amounts are unsecured and repayable within one year.

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

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0 to 30 days	<b>4,288</b>	1,015
31 to 60 days	<b>710</b>	4,629
61 to 90 days	-	9
More than 90 days	<b>1,665</b>	5,584
	<b><u>6,663</u></b>	<b><u>11,237</u></b>

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

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade payables	<b>2,625</b>	11,616
Customers' deposits received	<b>1,841</b>	1,961
Other payables	<b>17,057</b>	20,743
	<b><u>21,523</u></b>	<b><u>34,320</u></b>

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

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0 to 30 days	<b>1,481</b>	7,491
31 to 60 days	-	-
61 to 90 days	-	-
More than 90 days	<b>1,144</b>	4,125
	<b><u>2,625</u></b>	<b><u>11,616</u></b>

## 11. Bank Borrowing

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Secured bank loan	<u>9,192</u>	<u>9,786</u>
Carrying amount repayable:		
Within one year	607	593
More than one year from but contain a repayment on demand clause (shown under current liabilities)	<u>8,585</u>	<u>9,193</u>
	<u>9,192</u>	<u>9,786</u>

The bank loan is secured by a mortgage over the Group's investment properties or fixed assets and bear interest at 3% per annum below the HK\$ 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 "PN"). The PN 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 PN, 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 and the Group entered a supplemental agreement 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 PN until the First Instalment is fully paid by the Group. All other terms of the PN remain the same and valid.

Pursuant to the terms of the PN and the supplemental agreement 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 PN until the abovementioned instalments are fully paid by the Group. All other terms of the PN remain the same and valid.

On 30 December 2014, the Group agreed with Starmax Holdings Limited to repay on 30 December 2014 the First and Second instalments and the accrued default interests of approximately HK\$901,000 (at the default rate of 7% per annum) accumulated from 9 May 2014 to 30 December 2014. All other terms of the PN 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 <i>HK\$'000</i></b>	<b>Fair value adjustments arising from business combination <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
Balance at 1 April 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)
Balance at 31 March 2014	1,607	40,217	41,824
Effect of foreign currency exchange differences	3	68	71
Charge/(credit) to profit or loss	1,016	(9,129)	(8,113)
<b>Balance at 31 March 2015</b>	<b>2,626</b>	<b>31,156</b>	<b>33,782</b>

Under the Enterprise Income Tax Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has been provided in full in the consolidated financial statements in respect of temporary differences attributable to the profits earned by certain PRC subsidiaries. (2014: approximately HK\$229,000 has not been provided for in the consolidated financial statements as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future).

The investment properties are held with objective to consume substantially all of their economic benefits through sale. Therefore the Group has not recognised any deferred taxes on changes in fair value of the investment properties as gain or loss on disposal of its investment properties is not subject to any income taxes.

At the end of the reporting period, the Group has estimated unused tax losses of approximately HK\$424,000,000 (2014: HK\$384,000,000) available for offsetting against future profits of the group entities in which the losses arose. These estimated unused tax losses of the Group may be carried forward indefinitely except for an amount of approximately HK\$39,680,000 (2014: HK\$35,000,000) which is due to expire within one to five years. No deferred tax asset has been recognised in respect of these estimated unused tax losses due to unpredictability of future profit streams.

#### 14. Goodwill

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Cost</b>		
Balance at beginning of year	7,244	6,734
Additional amounts recognised from business combination occurring during the year	-	510
Derecognised on disposals of subsidiaries	<u>(510)</u>	<u>-</u>
Balance at end of year	<u>6,734</u>	<u>7,244</u>
<b>Accumulated impairment losses</b>		
Balance at beginning of year	6,734	6,734
Write off/impairment recognised in the year	<u>-</u>	<u>-</u>
Balance at end of year	<u>6,734</u>	<u>6,734</u>
<b>Carrying amounts</b>		
Balance at 31 March	<u>-</u>	<u>510</u>

#### 15. DIVIDEND

No dividends had been paid or declared by the Company during the year (2014: nil).



## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review and Outlook

#### *Computer Hardware and Software Business*

##### Overview

The Software Business mainly includes the development of software products and/or services for clients plus computer related hardware trading. For the year ended 31 March 2015, software services accounts for approximately half of the revenue under the Software Business whereas the rest came from computer related hardware sales with computer services commanding a much higher profit margin.

##### Operation

In the financial year 2015 the cumulative revenue received grouped under Tianjin Port Projects was approximately HK\$4.21 million (2014: HK\$1.46 million).

The cumulative revenue received grouped under Cultural Management Office Projects came to approximately HK\$1.49 million (2014: HK\$0.302 million).

The revenue from Midea was received as license fees based on unit shipment, thus it was dependent on the sales unit that might be impacted by other factors such as market, competitors and government policies which are not under our control. The revenue received under captioned clients came to HK\$368,000 (2014: HK\$588,000).

Even though the revenue received from the above projects has been increased as compared with last year, the business segment reported losses of HK\$ 17.6 million for the year.

##### Outlook

The Group is considering restructure of the Computer Hardware and Software Business with an aim to consolidate its operation and improve its performance such as by way of disposing unpromising divisions.

#### *Mining Business*

##### Overview

The Mining Business mainly includes the exploration and exploitation of mines and the processing and sale of outputs from the mines in the PRC. For the year ended 31 March 2015, gold ores and nickel-copper ores were the products sold under the Mining Business.

## Operation

For the year ended 31 March 2015, the Group has turnover from gold sales of approximately HK\$94.6 million (2014: HK\$94.5 million) and turnover from sales of nickel-copper ores of approximately HK\$30.7 million (2014: Nil).

The quantity of gold sold increased by approximately 2% to 300 kg for the year ended 31 March 2015 while the average market price of gold decreased by approximately 6% to US\$1,248 per ounce for the year ended 31 March 2015. Therefore, there is no significant difference of the turnover recorded from gold sales for both years ended 31 March 2015 and 2014.

The turnover from sales of nickel-copper ores of HK\$30.7 million represents the sales of 8,658 tonnes of nickel-copper ores extracted from the trial production of the Baishiquan Nickel-copper Mine commenced in late 2014.

## Resource estimates update

The details of the resource estimates as at 31 March 2015 are set out below:

<b>Gold mine</b>	<b>Resource category</b>	<b>Tonnage (tonnes * 1,000)</b>	<b>Average grade (gram/tonne)</b>
Hongshannan	Indicated	62	3.74
	Inferred	26	3.77

<b>Nickel-copper Mine</b>	<b>Resource category</b>	<b>Tonnage (tonnes * 1,000)</b>	<b>Average grade (Ni %) (Cu %)</b>	
Baishiquan	Measured	1,290	1.43	0.88
	Indicated	3,447	0.59	0.35
	Inferred	813	0.60	0.36

### *Notes:*

- (1) The mineral resource estimates were made with reference to the independent technical report prepared in accordance with the JORC (2004) Code Standard in November 2011. 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

Mine	Activity		
	Exploration	Development	Mining
Heishiliang Gold Mine	No exploration and development activity Mineral resource and reserve estimates (as per the independent technical report prepared in November 2011) fully exhausted. Ores extracted completely processed during the year		
Hongshannan Gold Mine	No material exploration	No material development	Extracted ores: 24,361 tonnes
Tuchushan Iron Mine	No activity during the year		
Baishiquan Nickel-copper Mine	No material exploration	Shaft construction of approximately 90 meters and drift construction of approximately 448 meters completed	Ores extracted during development: 16,328 tonnes
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	Ores extracted during exploration and development: 13,030 tonnes

*Heishiliang Gold Mine*

The stockpiles of approximately 15,000 tonnes at 31 March 2014 were being processed during the year and the Group considered Heishiliang Gold Mine were fully exhausted.

*Hongshannan Gold Mine*

The production of Hongshannan Gold Mine was temporarily suspended in 2013 for underground development and the mining activity has been resumed in March 2014 with quantity extracted gradually picked up since June 2014. For the year ended 31 March 2015, ores extracted totalled to 24,361 tonnes.

### *Tuchushan Iron Mine*

The market price of iron dropped continuously since 2012. From 1 April 2014 onward, the iron price has further dropped by approximately 46% to US\$60 per tonnes at 31 March 2015. The management considered under such circumstance, it has no resources feasible for economical production. Accordingly, the carrying amount of Tuchushan Iron Mine has been fully impaired in current year.

### *Baishiquan Nickel-Copper Mine*

The development of Baishiquan nickel-copper mine has nearly completed and a trial production has been carried out in 2014. For the year ended 31 March 2015, the Group has extracted 16,328 tonnes of nickel-copper ores with 8,658 tonnes being shattered and sold during the year. Turnover from the sales of nickel-copper ores amounted to approximately HK\$30.7 million. The Group is studying the plan to rent or construct a floatation plant by the end of 2015 and to bring the nickel-copper mine in full commercial production.

### *South Hami Gold Project*

It composes of gold properties located in the southern area of Hami which are under exploration. We have completed exploratory drift of approximately 350 meters and exploratory shaft of approximately 108 meters. Certain infrastructure has been completed with access road, electricity and water in place. For the year ended 31 March 2015, the ores extracted from South Hami Gold Project during exploration and development was approximately 13,030 tonnes. No potential reserve has yet been observed but the Group will keep on the exploration work on it.

### Processing activities

For the year ended 31 March 2015, gold ores of approximately 37,391 tonnes were extracted from the mines and approximately 54,739 tonnes were processed by the processing plant. Although the gold ores extracted increased by approximately 18%, the gold processing quantity decreased by 18% as compared with last financial year. The decrease in gold processing quantity was mainly due to certain resources used for gold processing activities were assigned to develop nickel-copper mine in early 2015.

## Expenditure incurred

During the year ended 31 March 2015, the Group has incurred approximately HK\$93,664,000 on exploration, development, mining and processing activities, details of which are set out below:

	Heishiliang Gold Mine HK\$'000	Hongshannan Gold Mine HK\$'000	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	-	-	-	2,675	2,675
Others	-	-	-	822	822
<i>Subtotal</i>	-	-	-	3,497	3,497
1.2 Development activities (including mine construction)					
Addition of intangible assets; property, plant and equipment	-	180	5,966	7	6,153
Construction of tunnels and roads and sub- contracting charges	-	-	6,627	13,499	20,126
Staff cost	-	-	-	552	552
Others	-	-	210	2,580	2,790
<i>Subtotal</i>	-	180	12,803	16,638	29,621
<b>Total Capital Expenditure</b>	-	180	12,803	20,135	33,118
<b>2. Operating Expenditure for Mining activities</b>					
Staff cost	-	728	571	-	1,299
Consumables	-	51	182	-	233
Fuel, electricity, water and other services	-	989	1,175	-	2,164
Non-income taxes, royalties and other government charges	84	85	34	-	203
Others	393	508	475	-	1,376
Sub-contracting charges	4,460	16,429	569	-	21,458

	Heishiliang Gold Mine HK\$'000	Hongshannan Gold Mine HK\$'000	Baishiquan Nickel-copper Mine HK\$'000	South Hami Gold Project HK\$'000	Total HK\$'000
Transportation	1,269	2,046	-	-	3,315
Depreciation and amortisation	-	14,460	4,272	-	18,732
Total Operating Expenditures	6,206	35,296	7,278	-	48,780
Total capital and operating expenditures	6,206	35,476	20,081	20,135	81,898
3. Processing Expenditure					
Staff cost					4,322
Consumables					3,820
Fuel, electricity, water and other services					1,855
Depreciation and amortisation					1,077
Transportation					362
Others					330
Total Processing Expenditures					11,766
Total Expenditures					93,664

### Infrastructure projects, subcontracting arrangements and purchases of equipment

All new contracts and commitments entered into during the year ended 31 March 2015 by the Group were summarised as follows:

	Infrastructure projects HK\$'000	Subcontracting arrangements HK\$'000	Purchase of equipment and consumables HK\$'000	Total HK\$'000
Baishiquan Nickel-copper Mine Processing Plant	1,287	5,723	906	7,916
	-	-	358	358
<b>Total</b>	<b>1,287</b>	<b>5,723</b>	<b>1,264</b>	<b>8,274</b>

### Impairment on mining rights

For the year ended 31 March 2015, the Group has written off the carrying amount of Tuchushan Iron Mine of approximately HK\$37.6 million in full and Hongshannan Gold mine of HK\$18.2 million. It was made in view of the unfavourable iron and gold market and the Directors expect that it shall not be turnaround in near future.

As at 31 March 2014, the impairment for mining rights was 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 principal 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.

On 30 December 2014, the Group repaid the first and second instalments of HK\$20 million with accrued default interest of approximately HK\$0.9 million. On 11 May 2015, the Group repaid the third instalments of HK\$10 million with accrued default interest of approximately HK\$1.2 million according to the terms of the promissory note.

### Outlook

As at 31 March 2015, the gold market price was US\$1,187 per ounce which represents a decrease of approximately 7.6% as compared with the gold price as at 31 March 2014. If the decreasing trend of gold market price continues, the profit of the Group from the gold mining will be adversely affected. 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.

Nickel was trading at above US\$14,000 per tonne throughout the year 2014 and closed at US\$14,875 per tonne at 31 December 2014. The price dropped by about 16% and then remain stable to US\$12,500 per tonne at 31 March 2015. Even though the nickel price has been decreased compared to the price in 2014, certain ore body of Baishiquan Nickel-copper Mine runs a higher grade and quantity of metal contents than the previous estimates. The management is optimistic that with the significant increase in the resource and reserve estimates, the sale of the nickel-copper ores, being the main outputs of the Baishiquan Nickel-copper Mine, will become another major source of the income of the Mining Business in the coming financial years.

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 year ended 31 March 2015, the Group recorded turnover of approximately HK\$142,986,000 (2014: HK\$127,981,000), representing an increase of 11.7% as compared with the prior financial year. Loss attributable to owners of the Company was approximately HK\$33,443,000, as compared to approximately HK\$56,903,000 for the prior financial year.

The Computer Hardware and Software Business segment, recorded turnover and segmental loss of approximately HK\$17,727,000 (2014: HK\$33,520,000) and HK\$17,551,000 (2014: HK\$31,930,000) respectively, representing a decrease of 47.1% and 45.0% respectively as compared with the prior financial year. The Mining Business segment recorded turnover and segmental loss for the year of approximately HK\$125,259,000 (2014: HK\$94,461,000), and HK\$41,779,000 (2014: HK\$51,037,000) respectively, representing a decrease of 32.6% and 18.1% respectively as compared with the prior year.

The decrease in loss for the Group was mainly attributable by the impairment of intangible assets of approximately HK\$62.1 million for the year ended 31 March 2014 while the impairment of intangible assets in current year was approximately HK\$55.8 million.

### **Liquidity and financial resources**

As at 31 March 2015, the Group had bank balances and cash and net current assets amounted to approximately HK\$51,037,000 and HK\$49,471,000 (31 March 2014: HK\$33,707,000 and HK\$3,876,000) respectively. Out of the Group's bank balances and cash, about 13% and 85% were denominated in Hong Kong dollars and Chinese Renminbi (31 March 2014: 35% and 65%) respectively. As at 31 March 2015, the current ratio stood at 1.76 (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 schemes.

As at 31 March 2015, the Group had outstanding borrowings of approximately HK\$50,265,000 (31 March 2014: HK\$73,225,000), 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 report, the promissory note are scheduled to be repaid by instalments with accrued interests (as amended by supplemental agreements), of which approximately HK\$11,207,000 was repayable within one year and 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 2015, the Group's gearing ratio was approximately 58.42% (31 March 2014: 85.13%), based on total borrowings of approximately HK\$50,265,000 (31 March 2014: HK\$73,225,000) and equity attributable to owners of the Company of approximately HK\$86,041,000 (31 March 2014: HK\$86,018,000). The decrease in the ratio was mainly due to the repayment of HK\$20 million promissory note during the year ended 31 March 2015.

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

As at 31 March 2015, 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 property, plant and equipment with carrying amounts of approximately HK\$110,000 and HK\$19,692,000 respectively to secure certain credit and loan facilities granted to the Group.

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

There was no order book on hand as at 31 March 2015.

### **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 12.4% (2014: 26.2%) and 87.6% (2014: 73.8%) 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 2015, there were no material contingent liabilities incurred by the Group.

### **Employee information**

As at 31 March 2015, the Group employed a total staff of 166. 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 2015.

### **Code on Corporate Governance Practices**

The Company has adopted the code provisions ("Code Provisions") set out in the Corporate Governance Code (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 2015, 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  
**Timeless Software Limited**  
**Cheng Kin Kwan**  
*Chairman*

Hong Kong, 24 June 2015

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