TIMELESS SOFTWARE LIMITED
天時軟件有限公司

(incorporated in Hong Kong with limited liability)

(Stock code: 8028)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2018

Characteristics of GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, 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.

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 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 for at least seven days from the date of its publication and on the Company's website at www.timeless.com.hk.

RESULTS

The board of Directors ("Board") of the Company is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2018, together with the comparative audited figures for the corresponding period in 2017, reviewed by the audit committee of the Company and approved by the Board on 20 June 2018 as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2018

	Notes	**2018**	2017
		HK$'000	*HK$'000*
Revenue	3	**174,172**	64,910
Other income and gains		**3,740**	2,370
Purchase and production costs		**(123,827)**	(52,571)
Staff costs		**(13,778)**	(18,364)
Depreciation and amortisation		**(4,225)**	(2,981)
Other expenses		**(19,713)**	(11,026)
Loss on disposal/written off of property, plant and equipment		**(2,732)**	(823)
(Loss)/gain arising on change in fair value held for trading investments		**(53)**	504
Fair value gain on investment properties		**1,208**	–
Fair value changes on financial assets designated as at fair value through profit or loss		**2,825**	–
Gain on disposals of subsidiaries		**–**	1
Gain on disposal of an associate		**3,057**	–
Finance costs	4	**(368)**	(744)
Share of (loss)/gain of associates		**(2,177)**	2,775
Profit/(loss) before tax		**18,129**	(15,949)
Income tax expense	5	**(4,111)**	(1,882)
Profit/(loss) for the year	6	**14,018**	(17,831)
Other comprehensive income/(expense), net of income tax			
Items that may not be reclassified subsequently to profit or loss:			
Gain on revaluation of properties		**–**	964
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**28,779**	(17,818)
Reclassification adjustment on reserves released upon disposal of an associate		**(1,534)**	–
Share of exchange differences of associates		**270**	(292)
Share of other comprehensive expense of associates		**(1,581)**	(162)
		25,934	(18,272)
Other comprehensive income/(expense) for the year, net of income tax		**25,934**	(17,308)
Total comprehensive income/(expense) for the year		**39,952**	(35,139)
Profit/(loss) attributable to:			
Owners of the Company		**2,002**	(16,574)
Non-controlling interests		**12,016**	(1,257)
		14,018	(17,831)
Total comprehensive income/(expense) attributable to:			
Owners of the Company		**6,597**	(20,678)
Non-controlling interests		**33,355**	(14,461)
		39,952	(35,139)
		HK cents	HK cents
Earnings/(loss) per share			
– Basic and diluted	7	**0.07**	(0.66)

Consolidated Statement of Financial Position
At 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment		**34,552**	38,235
Investment properties		**10,200**	8,992
Other intangible assets	8	**186,208**	195,364
Interests in associates		**292**	8,974
Prepaid lease payments		**6,925**	6,606
Deposits		**29,234**	25,327
Other financial assets		**10,625**	–
Land rehabilitation costs		**2,813**	4,118
		280,849	287,616
Current assets			
Inventories		**6,459**	22,414
Prepaid lease payments		**245**	223
Trade and other receivables	9	**9,299**	14,820
Held for trading investments		**3,044**	–
Bank balances and cash		**133,585**	102,086
		152,632	139,543
Current liabilities			
Trade and other payables	10	**13,365**	13,272
Dividends payable to non-controlling interests		**29,619**	5,532
Promissory note	11	**10,266**	10,565
Obligations under a finance lease		**256**	–
Provision for land rehabilitation		**2,490**	–
Current tax liabilities		**622**	–
		56,618	29,369
Net current assets		**96,014**	110,174
Total assets less current liabilities		**376,863**	397,790
Non-current liabilities			
Amount due to a non-controlling interest		**891**	–
Promissory note	11	**–**	9,967
Obligations under a finance lease		**271**	–
Provision for land rehabilitation		**7,291**	8,917
Deferred tax liabilities		**28,828**	29,521
		37,281	48,405
Net assets		**339,582**	349,385
Capital and reserves			
Share capital		**906,074**	906,074
Reserves		**(767,342)**	(773,939)
Equity attributable to owners of the Company		**138,732**	132,135
Non-controlling interests		**200,850**	217,250
Total equity		**339,582**	349,385

Consolidated Statement of Changes in Equity

For the year ended 31 March 2018

	Share capital	Share options reserve	General reserve	Investment revaluation reserve	Property revaluation reserve	Translation reserve	Accumulated deficit	Attributable to owners of the Company	Non-controlling interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 April 2016	866,564	1,809	–	1,793	–	(1,213)	(757,400)	111,553	250,441	361,994
Loss for the year	–	–	–	–	–	–	(16,574)	(16,574)	(1,257)	(17,831)
Other comprehensive income/ (expense) for the year	–	–	–	(162)	964	(4,906)	–	(4,104)	(13,204)	(17,308)
Total comprehensive income/ (expense) for the year	–	–	–	(162)	964	(4,906)	(16,574)	(20,678)	(14,461)	(35,139)
Recognition of equity-settled share-based payments	–	1,750	–	–	–	–	–	1,750	–	1,750
Issue of ordinary shares by way of placing	40,375	–	–	–	–	–	–	40,375	–	40,375
Transaction costs attributable to issue of new ordinary shares	(865)	–	–	–	–	–	–	(865)	–	(865)
Transfer to general reserve	–	–	647	–	–	–	(647)	–	–	–
Release of reserve upon share options lapsed	–	(781)	–	–	–	–	781	–	–	–
Dividends distributed to non-controlling interests	–	–	–	–	–	–	–	–	(18,730)	(18,730)
Balance at 31 March 2017	**906,074**	**2,778**	**647**	**1,631**	**964**	**(6,119)**	**(773,840)**	**132,135**	**217,250**	**349,385**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**2,002**	**2,002**	**12,016**	**14,018**
Other comprehensive income/ (expense) for the year	**–**	**–**	**–**	**(1,631)**	**–**	**6,226**	**–**	**4,595**	**21,339**	**25,934**
Total comprehensive income/ (expense) for the year	**–**	**–**	**–**	**(1,631)**	**–**	**6,226**	**2,002**	**6,597**	**33,355**	**39,952**
Release of reserve upon share options cancelled	**–**	**(710)**	**–**	**–**	**–**	**–**	**710**	**–**	**–**	**–**
Capital injection from a non-controlling interest	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**109**	**109**
Dividends distributed to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(49,864)**	**(49,864)**
Balance at 31 March 2018	**906,074**	**2,068**	**647**	**–**	**964**	**107**	**(771,128)**	**138,732**	**200,850**	**339,582**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

1. GENERAL

Timeless Software Limited (the "Company") is a public limited company incorporated in Hong Kong and its shares are listed on GEM of the Stock Exchange. The address of the registered office and principal place of business of the Company is Room 2208, 118 Connaught Road West, Hong Kong.

The Company is an investment holding company. The principal activities of the Company's principal subsidiaries are (i) the exploration and exploitation of mines ("Mining Business"); and (ii) the provision of consultancy and software maintenance services, software development, sales of computer hardware and software and e-Commerce services ("Software Business").

These consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company.

The financial information relating to the years ended 31 March 2018 and 2017 included in this announcement does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 March 2017 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 March 2018 to the Registrar of Companies in due course.

The Company's auditors have reported on the financial statements of the Group for both financial years. The auditors' reports were unqualified; did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS")

The Company and its subsidiaries (collectively the "Group") has applied for the first time in current year the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"):

Amendments to HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to HKFRS 12	*As part of the Annual Improvements to HKFRSs 2014–2016 Cycle*

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 7 *Disclosure Initiative*

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure, the application of these amendments has had no impact on the Group's consolidated financial statements.

New and revised HKFRSs in issue but not yet effective

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*[1]
HKFRS 15	*Revenue from Contracts with Customers*[1]
HKFRS 16	*Leases*[2]
HKFRS 17	*Insurance Contracts*[4]
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*[1]
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*[2]
Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*[1]
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*[1]
Amendments to HKFRS 9	*Prepayment Features with Negative Compensations*[2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 15	*Clarification to HKFRS 15 Revenue from Contracts with Customers*[1]
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*[2]
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*[2]
Amendments to HKAS 28	*As part of the Annual Improvements to HKFRSs 2014–2016 Cycle*[1]
Amendments to HKAS 40	*Transfers of Investment Property*[1]
Amendments to HKFRSs	*Annual Improvements HKFRS Standards 2015–2017 Cycle*[2]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for annual periods beginning on or after 1 January 2019.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 January 2021.

Except for the new and revised HKFRSs mentioned below, the Directors anticipate that the application of other new and revised HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 9 *Financial Instruments*

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 are described below:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be 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 that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income ("FVTOCI"). All other financial assets 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 *Financial Instruments: Recognition and Measurement*, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

- for non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows and discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

- 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.

Based on the Group's financial instruments and risk management policies as at 31 March 2018, the Directors do not expect that the adoption of HKFRS 9 will have a significant impact on the classification and measurement of its financial assets. HKFRS 9 only affects the accounting for financial liabilities that are designated as financial assets at fair value through profit or loss ("FVTPL"). The Group did not have any financial liabilities designated at FVTPL as at 31 March 2018. The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under HKAS 39, the Directors anticipate that the application of the expected credit loss model of HKFRS 9 may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost.

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The Directors anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the Directors do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 *Leases*

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 *Leases* and the related interpretations when it became effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement and prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases. In addition, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

3. SEGMENT INFORMATION

The Group's operating segments are determined based on information reported to the chief operating decision maker (the "CODM"), being the Board, for the purpose of resources allocation and performance assessment. The CODM reviews the Group's internal reporting for the purposes of resource allocation and performance assessment based on two operating segments as (i) Mining Business; and (ii) Software Business.

Segment revenues and results

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

	2018 ***HK$'000***	2017 *HK$'000*
Segment revenue		
Software Business	**300**	800
Mining Business	**173,872**	64,110
	174,172	64,910
Segment results		
Software Business	**(783)**	(8,887)
Mining Business	**20,720**	(1,705)
	19,937	(10,592)
Interest income	**2,145**	956
Other income and gains	**1,595**	1,414
Unallocated corporate expenses	**(7,308)**	(9,440)
(Loss)/gain arising on change in fair value of held for trading investments	**(53)**	504
Fair value changes on financial assets designated as at fair value through profit or loss	**2,825**	–
Fair value gain on investment properties	**1,208**	–
Loss on disposal/written off of property, plant and equipment	**(2,732)**	(823)
Gain on disposals of subsidiaries	**–**	1
Gain on disposal of an associate	**3,057**	–
Finance costs	**(368)**	(744)
Share of (loss)/gain of associates	**(2,177)**	2,775
Profit/(loss) before tax	**18,129**	(15,949)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2017: nil).

Segment results represent the profit/loss from each segment without allocation of interest income, other income and gains, unallocated corporate expenses, loss/gain arising on change in fair value held for trading investments, fair value changes on financial assets designated as at fair value through profit or loss, fair value gain on investment properties, loss on disposal/written-off of property, plant and equipment, gain on disposals of subsidiaries, gain on disposal of an associate, finance costs and share of loss/gain of associates. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

	2018	2017
	HK$'000	*HK$'000*
Segment assets		
Software Business	**–**	–
Mining Business	**274,862**	306,892
Total segment assets	**274,862**	306,892
Unallocated	**158,619**	120,267
Consolidated assets	**433,481**	427,159
Segment liabilities		
Software Business	**–**	–
Mining Business	**81,334**	55,740
Total segment liabilities	**81,334**	55,740
Unallocated	**12,565**	22,034
Consolidated liabilities	**93,899**	77,774

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

- all assets are allocated to reportable segments other than investment properties, held for trading investments, other financial assets, interests in associates, bank balances and cash and corporate and unallocated assets; and

- all liabilities are allocated to reportable segments other than obligations under a finance lease, promissory note, amount due to a non-controlling interest and corporate and unallocated liabilities.

Other segment information

	2018 *HK$'000*	2017 *HK$'000*
Additions to non-current assets*		
Software Business	**–**	–
Mining Business	**863**	561
Unallocated	**758**	–
	1,621	561
Depreciation and amortisation		
Software Business	**–**	11
Mining Business	**4,111**	2,468
Unallocated	**114**	502
	4,225	2,981
Depreciation and amortisation included in purchase and production costs		
Mining Business	**30,826**	6,085
Total depreciation and amortisation recognised in profit or loss	**35,051**	9,066

* Additions to non-current assets include additions to property, plant and equipment.

Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services:

	2018 *HK$'000*	2017 *HK$'000*
Consultancy, software development and maintenance services	**300**	800
Gold dores	**34,786**	32,745
Nickel-copper ores and concentrates	**139,086**	31,365
	174,172	64,910

Geographical information

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

Information about the Group's revenue from external customers is presented based on the location of operations. Information about the Group's non-current assets is presented based on the geographical location of assets are detailed below:

	2018	2017
	HK$'000	*HK$'000*
Revenue from external customers		
Hong Kong	**300**	800
PRC	**173,872**	64,110
	174,172	64,910
Non-current assets		
Hong Kong	**10,844**	8,992
PRC	**229,854**	244,323
	240,698	253,315

Note: Non-current assets excluding financial instruments and interest in associates

Information about major customers

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

	2018	2017
	HK$'000	*HK$'000*
Customer A[1]	**112,473**	31,365
Customer B[1]	**33,312**	32,745
Customer C[1]	**26,613**	–

[1] Revenue from Mining Business

4. FINANCE COSTS

	2018	2017
	HK$'000	*HK$'000*
Interest on bank borrowing	**–**	111
Effective interest on finance lease	**35**	–
Effective interest on promissory note	**333**	633
Total borrowing costs	**368**	744

5. INCOME TAX EXPENSE

	2018	2017
	HK$'000	*HK$'000*
Current tax		
– PRC Enterprise Income Tax	**5,487**	–
– (Over)/under provision in prior year	**(67)**	163
– PRC withholding tax	**2,247**	782
Deferred tax	**(3,556)**	937
Total income tax recognised in profit or loss	**4,111**	1,882

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.

6. PROFIT/(LOSS) FOR THE YEAR

	2018	2017
	HK$'000	*HK$'000*
Profit/(loss) for the year has been arrived at after charging/ (crediting):		
Directors' and chief executive's emoluments	**2,885**	3,864
Other staff's retirement benefits scheme contributions	**1,610**	860
Other staff's equity-settled share-based payments	**–**	532
Other staff costs *(Note)*	**9,283**	13,108
Employee benefits expenses	**13,778**	18,364
Depreciation of property, plant and equipment	**3,948**	4,295
Amortisation of other intangible assets	**26,878**	1,790
Depreciation and amortisation (included in the purchase and production costs line item)	**30,826**	6,085
Depreciation of property, plant and equipment	**2,200**	2,090
Amortisation of:		
– prepaid lease payments	**321**	167
– land rehabilitation costs	**1,704**	724
Depreciation and amortisation (included in the depreciation and amortisation line item)	**4,225**	2,981

	2018	2017
	HK$'000	*HK$'000*
Rental income arising from investment properties	**(360)**	(30)
Less: direct outgoing expenses	**42**	–
	(318)	(30)
Auditors' remuneration		
— audit services	**750**	770
Cost of inventories recognised as an expense	**112,611**	48,661
Operating lease rentals in respect of rented premises	**2,389**	373
Net foreign exchange (gains)/losses	**(156)**	80
Dividends from equity securities	**–**	(16)
Equity settled share-based payments to consultants	**–**	952
Interest income	**(2,145)**	(956)

Note: Amount excluded production staff costs of approximately HK$11,107,000 (2017: HK$4,761,000) which is included in the purchase and production costs line item.

7. EARNINGS/(LOSS) PER SHARE

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

Earnings/(loss):

	2018	2017
	HK$'000	*HK$'000*
Profit/(loss) for the year attributable to owners of the Company for the purpose of basic and diluted earnings (loss) per share	**2,002**	(16,574)

Number of ordinary shares:

	2018	2017
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share	**2,812,882**	2,495,005

The computation of diluted earnings/loss per share did not assume the exercise of the Company's outstanding share options as the exercise price of those share options is higher than the average market price of the shares for the year (2017: their exercise would result in a decrease in loss per share).

8. OTHER INTANGIBLE ASSETS

	Mining rights *HK$'000*
Cost	
Balance at 1 April 2016	362,708
Effect of foreign currency exchange differences	(21,118)
Balance at 31 March 2017	**341,590**
Effect of foreign currency exchange differences	**36,398**
Balance at 31 March 2018	**377,988**
Accumulated amortisation and impairment	
Balance at 1 April 2016	153,114
Effect of foreign currency exchange differences	(9,874)
Provided for the year	2,986
Balance at 31 March 2017	**146,226**
Effect of foreign currency exchange differences	**17,450**
Provided for the year	**28,104**
Balance at 31 March 2018	**191,780**
Carrying amounts	
Balance at 31 March 2018	**186,208**
Balance at 31 March 2017	195,364

At 31 March 2018, the carrying amounts of the mining rights for nickel-copper mine and gold mine were approximately HK$186,208,000 and nil respectively (2017: HK$194,460,000 and HK$904,000 respectively).

9. TRADE AND OTHER RECEIVABLES

	2018 ***HK$'000***	2017 *HK$'000*
Trade receivables		
Note receivables	**7,360**	9,331
Prepayments	**1,412**	4,946
Deposits	**29,656**	25,409
Other receivables	**105**	461
	38,533	40,147
Less: deposits classified as non-current assets	**(29,234)**	(25,327)
	9,299	14,820

Note receivables represented bank acceptance bills of exchange and are interest-free.

The following is an analysis of note receivables by age, presented based on the date to maturity of notes:

	2018	2017
	HK$'000	*HK$'000*
0 to 90 days	**4,300**	9,331
91 to 180 days	**3,060**	–
	7,360	9,331

As at 31 March 2018 and 2017, the Group did not have any account receivables.

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 2018.

10. TRADE AND OTHER PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Trade payables	**3,098**	2,933
Other payables *(Note)*	**10,267**	10,339
	13,365	13,272

Note: Included in other payables are deposits received of approximately HK$3,699,000 (2017: HK$3,412,000), receipt in advance of approximately HK$271,000 (2017: nil) and other payables and accruals of approximately HK$6,297,000 (2017: HK$6,927,000).

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

	2018	2017
	HK$'000	*HK$'000*
0 to 30 days	**5**	2,082
31 to 60 days	**101**	27
61 to 90 days	**897**	320
More than 90 days	**2,095**	504
	3,098	2,933

11. PROMISSORY NOTE

On 11 May 2012, the Group issued a 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 repayable by instalments in accordance with the terms of the PN on each anniversary date of issue. The PN is secured by a charge over a 51% equity interest of Goffers Management Limited, a non-wholly-owned subsidiary of the Company. As at 31 March 2018, the outstanding aggregate principal amount of the PN amounting to HK$10,000,000 (2017: HK$20,000,000).

12. DIVIDEND

No dividend had been paid or declared by the Company during the year (2017: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

Mining Business

Overview

The Mining Business mainly comprises of a gold mine and a nickel-copper mine. For the year ended 31 March 2018, products sold under the Mining Business are gold dores, high-grade nickel ores, nickel concentrates and copper concentrates.

For the year ended 31 March 2018, the Group had turnover from sales of gold dores of approximately HK$34.8 million (2017: HK$32.7 million) and nickel-copper products of approximately HK$139.1 million (2017: HK$31.4 million).

As the gold mines of the Group have come to exhaustion, the mine has stopped production in October 2017. Sales of processed gold dores were approximately 108 kg for the year ended 31 March 2018 (2017: 107 kg), representing an increase of 1%.

The production costs were adversely affected by the environmental protection regulations implemented during the year. The imports of Russian nickel ores into the China market also have impact on the sales of our nickel products.

During the year ended 31 March 2018, the extraction of nickel-copper ores and sales of nickel-copper products both increased as compared to last year. Turnover from nickel-copper products comprised of sales of 24,520 tonnes of nickel-copper ores of approximately HK$53.3 million (2017: 15,178 tonnes of HK$31.4 million), 17,782 tonnes of nickel concentrate of approximately HK$61.1 million (2017: nil) and 2,087 tonnes of copper concentrate of approximately HK$24.7 million (2017: nil).

Resource estimates update

The details of the resource estimates as at 31 March 2018 are set out below:

Gold mine	**Resource category**	**Tonnage (tonnes*1,000)**	**Average grade (gram/tonne)**
Hongshannan	Indicated	–	–
	Inferred	–	–

Nickel-copper Mine	**Resource category**	**Tonnage (tonnes*1,000)**	**Average grade (Ni%)**	**(Cu%)**
Baishiquan	Measured	1,075	1.83	0.86
	Indicated	3,447	0.58	0.35
	Inferred	813	0.61	0.36

Notes:

(1) The mineral resource estimates were made with reference to the Competent Person's 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 aforesaid Competent Person's Report and were confirmed by Group's internal experts.

Exploration, Development and Mining Production Activities

	Activity		
Mine	**Exploration**	**Development**	**Mining**
Hongshannan Gold Mine	No material exploration	Completed drift construction of approximately 1,477 meters	Ores extracted: 24,798 tonnes
Tuchushan Iron Mine	No activity during the year		
Baishiquan Nickel-copper Mine	No material exploration	Completed drift construction of approximately 1,539 meters	Ores extracted: 142,312 tonnes
South Hami Gold Project	No activity during the year		

Hongshannan Gold Mine

For the year ended 31 March 2018, the gold ores extracted from the mines decreased to approximately 24,798 tonnes by approximately 28% from 34,327 tonnes in last year. The decrease in gold ores extracted was mainly attributable to the exhaustion of the Hongshannan Gold Mine. As at 31 March 2018, there was no stock at the mine yard and the gold processing plant. Along with the stop production of the Hongshannan Gold Mine, the rehabilitation plan and the leasing out of gold processing plant is under consideration.

Tuchushan Iron Mine

In July 2017, Xinjiang Tianmu Mineral Resources Development Co. Ltd. ("Xinjiang Tianmu"), a PRC subsidiary of the Company, received a notice from the regulatory authority, according to which Xinjiang Tianmu was ordered to terminate its mining, exploration and development activities of the Tuchushan Iron Mine which is located in Xinjiang Lop Nur Wild Camel National Grade Natural Reserve. As Tuchushan Iron Mine has no operating activities for years, the shut-down has no material financial impact on the Group. The deposit paid secured at specific bank as requested by Ministry of Land and Resources is approximately HK$1.6 million.

Baishiquan Nickel-copper Mine

For the year ended 31 March 2018, both the extraction of nickel-copper ores and sales of nickel-copper products increased. The Group resumed extraction and processing of nickel-copper ores in April 2017 with 142,312 tonnes of nickel-copper ores being extracted during the year (2017: 3,010 tonnes). Turnover from the sales of nickel-copper products amounted to approximately HK$139.1 million (2017: HK$31.4 million) representing the sales of 24,520 tonnes of nickel-copper ores (2017: 15,178 tonnes), 17,782 tonnes of nickel concentrate (2017: nil) and 2,087 tonnes of copper concentrate (2017: nil).

South Hami Gold Project

It composes of gold properties located in the southern area of Hami which are under exploration. There was only minimal exploration and no development work done during the year as no potential reserve has yet been observed.

Expenditure Incurred

During the year ended 31 March 2018, the Group had incurred expenditure of approximately HK$96.9 million on exploration, development, mining and processing activities, details of which are set out below:

	Hongshannan Gold Mine *HK$'000*	Baishiquan Nickel-copper Mine *HK$'000*	South Hami Gold Project *HK$'000*	Total *HK$'000*
1. Capital Expenditure				
1.1 Exploration activities				
Drilling and analysis	–	–	–	–
Subtotal	–	–	–	–
1.2 Development activities (including mine construction)				
Addition of property, plant and equipment	–	144	–	144
Construction of tunnels and sub-contracting charges	–	6,308	–	6,308
Subtotal	–	6,452	–	6,452
Total Capital Expenditure	–	6,452	–	6,452
2. Operating Expenditure for Mining activities				
Staff cost	516	2,406	–	2,922
Consumables	107	195	–	302
Fuel, electricity, water and other services	736	1,751	–	2,487
Non-income taxes, royalties and other government charges	353	820	–	1,173
Sub-contracting charges	11,142	10,894	–	22,036
Transportation	1,765	6,335	–	8,100
Depreciation and amortisation	1,611	28,209	–	29,820
Others	278	372	–	650
Total Operating Expenditure	16,508	50,982	–	67,490
Total Capital and Operating Expenditure	16,508	57,434	–	73,942
3. Processing Expenditure				
Staff cost				8,185
Consumables				7,051
Fuel, electricity, water and other services				5,110
Depreciation and amortisation				744
Transportation				1
Others				1,916
Total Processing Expenditure				23,007
Total Expenditure				96,949

Processing Activities

For the year ended 31 March 2018, the total quantity of gold ores extracted from the mines was approximately 24,798 tonnes (2017: 40,299 tonnes) and processed by the processing plant was 38,649 tonnes (2017: 37,391 tonnes) respectively. The gold ores extracted decreased by 38% while gold processing quantity increased by 3% as compared with last financial year. The decrease in gold ores extracted was mainly due to the exhaustion of the Hongshannan Gold Mine. The gold processing quantity was increased as the processing plant was running at high capacity during the year under review.

For the year ended 31 March 2018, the nickel-copper ores extracted from the mines was approximately 142,312 tonnes (2017: 3,010 tonnes) and processed by the processing plant was 139,038 tonnes (2017: nil). Due to the increase in nickel and copper price and the growing demand from nickel and copper products, the Group resumed the extraction and started processing of nickel-copper ores in April 2017 and nickel-copper ores and nickel and copper concentrate become the main products of the Mining Business.

Infrastructure projects and subcontracting arrangements

During the year ended 31 March 2018, there is no new contract and commitment undertaken by the Group in relation to infrastructure project and subcontracting arrangement of the exploration and development of mine.

Impairment on mining rights

For the year ended 31 March 2018, there is no impairment on the mining rights of the Group.

Outlook

Although the Group has successfully entered into sales contracts with the buyers, sales of nickel-copper ores are expected to decrease in 2018 due to the import of large volume of high-grade nickel ores from Russia to the PRC market. In order to bridge up the decrease in the sales, the Company has entered into a tenancy agreement of the processing plant to resume production of nickel-copper concentrates in April 2018, which falls into different category of application and is not impacted by the imports of Russian nickel ores.

Facing such dismal situation and stringent environmental protection regulations, the Group has formulated strict cost control strategy to reduce expenditures in transportation, administration and other aspects. While underpinning the existing sales channels, we also set specific targets to achieve a more complete sales channel coverage, which is pivotal to growing our metal product sales business in a fast-changing and dynamic market place. With an aim to promote sustainable development, the Group will enhance technical transform to adjust product categories in line with the market requirements. By virtue of our experience in investment in a tin processing company in Hong Kong, the Group will continuously seek other potential opportunities to broaden our income stream.

Software Business

Overview

Software Business included the development of software products, consultancy services and computer related hardware trading. During the year under review, the Group had further streamlined such business segment and explored new development opportunities with the use of the proceeds generated from disposal of an associate in the PRC.

In November 2017, the Group entered into an agreement regarding formation of a new investment company. The new company is engaged in investment in potential startups in Hong Kong IT ecosystem to capitalise the coming IT trend and the future potential of startup economy by their individual strengths, so as to maximise the return on capital.

For the year ended 31 March 2018, the Software Business recorded revenue of approximately HK$0.3 million, representing a decrease of 63% against HK$0.8 million for the year ended 31 March 2017. The segment result was improved that the operating losses was reduced to approximately HK$0.8 million, representing a decrease of 91% as compared with last year (2017: HK$8.9 million).

Outlook

In respect of the proceeds from realising our previous investment in the software business, we have accumulated a reasonable resources for long-term projects. In order to rationally allocate and effectively use the funds, we will scientifically divide our fiscal expenditures structure.

In May 2018, the Group entered into a subscription agreement in respect of investment in 28.57% equity interest of an e-sport company, which is principally engaged in provision of advertising and promotion service of e-sports activities and organisation of regular e-sports tournament. The investee operates an e-sports gaming platform which provides systematic gaming and social services to e-sports enthusiasts and has held over 100 sizable online and offline e-sports competitions and activities since 2013. With fast revenue growth, the investee was ranked the 7th place of the Deloitte Technology Fast 20 Hong Kong Program and also ranked the 36th place of the Deloitte Technology Fast 50 China Program in 2017. It is important to note that e-sport has been introduced as a demonstration sport at 2018 Asian Games and will become a medal event at 2022 Asian Games. Due to the high economic potential of the e-sport industry as an emerging new sector, the Company believes that investment in such a promising company would bring positive returns to the Company.

Apart from the existing projects, the Group will continue to explore potential projects for expanding its Software Business horizon with the purpose of capturing new opportunities from the growth in the IT-related and other hi-tech industries. The Company will continue to follow the trend of market development, adjust its business direction in a timely manner. Through exploring creative marketing ideas to maintain a satisfactory annual performance of the Company, we committed to lay a concrete foundation for stable development.

FINANCIAL PERFORMANCE REVIEW

For the year ended 31 March 2018, the Group recorded a total turnover of approximately HK$174.2 million (2017: HK$64.9 million), representing an increase of 1.7 times as compared with the last financial year. Other income and gains of approximately HK$3.7 million for the year under review (2017: HK$2.4 million) mainly represented interest income and sales of by products from gold processing. Profit for the year was approximately HK$14.0 million (2017: loss of HK$17.8 million), representing an increase of 1.8 times as compared with the year ended 31 March 2017.

The Group invested in 8.86% equity interest of a tin trading and processing company in December 2017. The investee is equipped with self-developed testing facility and has production capacity of 1,500 tonnes of tin ingots per month. With a promising tin business, the investee will have a strong financial performance which also enhance its good dividend payment capability and the potential capital gain to the Group.

The Mining Business segment recorded revenue of approximately HK$173.9 million (2017: HK$64.1 million), and segmental profit for the year of HK$20.7 million (2017: segmental loss of HK$1.7 million), representing an increase of 1.7 times and 13.2 times respectively as compared with the prior financial year.

The Software Business recorded revenue of approximately HK$0.3 million (2017: HK$0.8 million) and segmental loss of HK$0.8 million (2017: HK$8.9 million), representing a decrease of 63% and 91% respectively as compared with last year.

Profit attributable to owners of the Company was approximately HK$2.0 million, as compared to loss of approximately HK$16.6 million for the prior financial year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2018, the Group had bank balances and cash of approximately HK$133.6 million (2017: HK$102.1 million) and net current assets amounted to HK$96.0 million (2017: HK$110.2 million). Out of the Group's bank balances and cash, about 22% was denominated in Hong Kong dollars (2017: 62%), 77% was denominated in Chinese Renminbi (2017: 38%) and 1% was denominated in United State dollars (2017: less than 1%). As at 31 March 2018, the current ratio was 2.70 (2017: 4.75).

The Group generally financed its operations and investing activities primarily with internally generated cash flow as well as the proceeds from fund raising activities.

As at 31 March 2018, the Group had outstanding borrowings of approximately HK$11.7 million (2017: HK$20.5 million), which mainly represented the Hong Kong dollar denominated promissory note accounted for at amortised cost using the effective interest method, obligations under a finance lease and amount due to a non-controlling interest.

Promissory Note

On 11 May 2012, the Group issued a promissory note to Starmax Holdings Limited ("Starmax") as part of the purchase consideration of a 51% equity interest of Goffers Management Limited ("Goffers"), a non-wholly owned subsidiary of the Company, in the principal amount of HK$63 million. As at 31 March 2018, HK$53 million was repaid and the remaining HK$10 million is repayable on 11 May 2018. The promissory note bears interest at 3% per annum payable on each anniversary of the date of issue and is secured by a charge over a 51% of the issued share capital of Goffers. Overdue instalments bear interests at 7% per annum according to the terms of the promissory note until the overdue instalments are fully paid by the Group.

Subsequent to the financial year end on 11 May 2018, the Group repaid the last instalment of HK$10 million with accrued interest of approximately HK$0.3 million according to the terms of the promissory note and the related charge was released.

The Directors believed that the Group's existing financial resources are sufficient to fulfill its commitments and working capital requirements.

GEARING RATIO

As at 31 March 2018, the Group's gearing ratio was approximately 8% (2017: 16%), based on total borrowings of approximately HK$11.7 million (2017: HK$20.5 million) and equity attributable to owners of the Company of approximately HK$138.7 million (2017: HK$132.1 million). The decrease in the ratio was mainly due to the repayment of HK$10 million promissory note during the year ended 31 March 2018.

EMPLOYEE INFORMATION

As at 31 March 2018, the Group employed a total staff of 57. 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.

CHARGE ON THE GROUP'S ASSETS

As at 31 March 2018, 102 shares of Goffers (representing 51% of the issued share capital) was pledged to the noteholder in order to secure the payment obligations of the Group under the promissory note. Subsequent to the financial year end on 11 May 2018, the Group repaid the last instalment of HK$10 million to the noteholder and the related pledge was released. In addition, one motor vehicle of the Group was pledged as security for a finance lease as at the date of the report.

ORDER BOOK AND PROSPECTS FOR NEW BUSINESS

There was no order book on hand as at 31 March 2018.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

On 29 September 2017, the Group completed the disposal of 25.04% of the issued share capital in Ningxia Educational Information & Technology Co., Ltd. ("Ningxia") at a total consideration of RMB5,752,500 (equivalent to approximately HK$6,717,000) and gain on disposal of an associate of approximately HK$3,057,000 was recognised during the year. After the disposal, Ningxia ceased to be an associate of the Company.

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

FUTURE PLANS FOR MATERIAL INVESTMENTS

Subscription of 28.57% equity interest in Cyber Games Arena Limited

On 16 May 2018, Time Rich HK Limited ("Subscriber"), a wholly-owned subsidiary of the Company, entered into a subscription agreement with an independent third party, Cyber Games Arena Limited ("Target Company"), and the major shareholders of Target Company ("Guarantors"), pursuant to which the Subscriber agreed to subscribe for 4,000 ordinary shares of Summit Soar Limited ("Summit Soar") at HK$50,000,000, which is the holding company of the Target Company, representing approximately 28.57% equity interest in Summit Soar after restructuring. The Target Company is principally engaged in provision of advertising and promotion service of e-sport activities and organisation of regular e-sport tournament.

EXPOSURE TO EXCHANGE RISKS

Since the Group's borrowings and its source of income are primarily denominated in the respective group companies functional currency which are mainly in Hong Kong dollars or Renminbi, the exposure to foreign exchange rate fluctuations is not significant.

CONTINGENT LIABILITIES

As at 31 March 2018, there was no material contingent liabilities incurred by 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 four independent non-executive Directors, Ms. Tsang Wai Chun Marianna, Ms. Chan Choi Ling, 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 2018.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 March 2018 as set out in the preliminary announcement have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on this preliminary announcement.

CORPORATE GOVERNANCE PRACTICES

The Company strives to attain and maintain the highest standard of corporate governance as it believes that effective corporate governance practices are fundamental to enhancing shareholder value and safeguarding shareholder interests.

The principles of corporate governance adopted by the Group emphasise a quality board, sound internal control, and transparency and accountability to all its shareholders.

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 2018, 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. After the retirement of Dr. Cheng Kin Kwan as chairman and chief executive officer of the Company on 29 July 2016, the post of Chief Executive Officer of the Company is vacant and the role of the Chief Executive Officer has been performed by the executive Directors collectively. The Board will continue to use its best endeavour in finding a suitable candidate to assume duties as Chief Executive Officer of the Company as soon as possible.

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

On behalf of the Board
TIMELESS SOFTWARE LIMITED
Felipe Tan
Chairman

Hong Kong, 20 June 2018

Executive Directors:
Mr. Felipe Tan *(Chairman)*
Ms. Lau Yun Fong Carman

Independent non-executive Directors:
Ms. Chan Choi Ling
Mr. Chan Mei Ying Spencer
Mr. Lam Kwai Yan
Ms. Tsang Wai Chun Marianna