TIMELESS SOFTWARE LIMITED
天時軟件有限公司

(incorporated in Hong Kong with limited liability)
(Stock Code: 8028)

FOR THE YEAR ENDED 31 MARCH 2017

ANNUAL REPORT

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 report, 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 report 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 report misleading.

This report 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.

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Corporate Information

Directors

Executive Directors

Felipe TAN *(Chairman)*
LAU Yun Fong Carman

Independent Non-Executive Directors

CHAN Choi Ling
CHAN Mei Ying Spencer
LAM Kwai Yan
TSANG Wai Chun Marianna

Compliance Officer

LAU Yun Fong Carman

Audit Committee

TSANG Wai Chun Marianna *(Chairlady)*
CHAN Choi Ling
CHAN Mei Ying Spencer
LAM Kwai Yan

Nomination Committee

LAM Kwai Yan *(Chairman)*
CHAN Choi Ling
CHAN Mei Ying Spencer
TSANG Wai Chun Marianna

Remuneration Committee

CHAN Mei Ying Spencer *(Chairman)*
CHAN Choi Ling
LAM Kwai Yan
TSANG Wai Chun Marianna

Company Secretary

KO Yuen Kwan

Auditors

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Legal Adviser

Michael Li & Co.

Share Registrar

Computershare Hong Kong Investor Services Limited
46th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

Bankers

Hang Seng Bank Limited
Bank of Communications Co., Ltd.

Registered Office

Room 2208
118 Connaught Road West
Hong Kong

Listing

Growth Enterprise Market of The Stock Exchange of Hong Kong Limited

Stock Code

8028

Authorised Representatives to the Stock Exchange

LAU Yun Fong Carman
KO Yuen Kwan

Website

www.timeless.com.hk

Email

info@timeless.com.hk

Chairman's Statement

On behalf of the Board of Directors of the Company, it is my pleasure to report the results for the financial year ended 31 March 2017. This financial year has continued to be a volatile year filled with uncertainties in the global economic and political environment. In the face of these challenges, we continued to streamline the corporate structure and cut the operation cost of the Company and its subsidiaries. On the other hand, we placed 425,000,000 new shares during the year to strengthen our cash flow.

For the Software Business, we have put our efforts in cutting losses by disposing of certain defective operation. Although the Software Business remained recording a loss for the year under review, the loss was decreased to approximately HK$8.9 million from approximately HK$18.9 million as compared to last year, representing a deduction of approximately HK$10.0 million. For the Mining Business, as our gold mine has come close to exhaust, the Group needs to do extra engineering works in order to extract residual ores. As a result, startup of the year has been delayed to June 2016 instead of February 2016, a loss of production of four months. The nickel mining business suffered from Russian high-grade ore dumping into the PRC market, driving demand out of reach. We have therefore delayed our production startup by eight months from February 2016 to October 2016. However, with the recovery of oil price from US$26 per barrel to currently US$48 per barrel, Russia has completely stopped ore dumping activity and it does not look likely that such activity will come again.

To turn around the current dismal situation of Software Business, the Group has tried to diversify its business portfolio by participating in the new collaborative software projects. In January 2017, we entered into a non-binding memorandum of understanding in relation to a possible investment in the small hydropower projects in the PRC. We are currently still at the due diligence phase and shall inform the shareholders once there is any material progress. In March 2017, we also started participating in a car parking project in the PRC. Given the high demand but limited supply of parking spaces and rapid growth of car registration in the PRC, the management is optimistic that the car parking project would have a bright potential.

Looking forward, the Company will firmly adhere to the operating strategy of controlling the production costs and exerting timely adjustment to its strategy in response to the market changes. To strive for steady increase in sales revenue and improvement in business performance, we shall focus on maintaining stable operation income of current business and developing potential investments in other business modules to make the Group stay competitive.

On behalf of the Board, I would like to take this opportunity to express our sincere gratitude to all customers, business partners, shareholders and employees who have supported the Group for years. With your great support, we believe that the Group can successfully overcome difficulties, turn losses into gains and create more value for the stakeholders.

On behalf of the Board
Felipe Tan
Chairman

Hong Kong, 15 June 2017

About the Group

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

Segmental Information

The Company acts as an investment holding company. The Company and its subsidiaries (the "Group") are principally engaged in (i) the provision of consultancy and software maintenance services, software development, sales of computer hardware and software and e-Commerce services ("Software Business"); and (ii) the exploration and exploitation of mines ("Mining Business").

During the year under review, revenue generated by the Group's two operating segments, that is, Software Business and Mining Business accounted for 1% (2016: 3%) and 99% (2016: 97%) respectively.

Business Review and Outlook

Software Business

Overview

Revenue of the Software Business is mainly sourced from the development of software products, consultancy services and computer related hardware trading. During the year under review, the Group had consolidated its operation of the Software Business by disposal of certain deficit subsidiaries and eliminating some outdated businesses.

For the year ended 31 March 2017, the Software Business recorded revenue of approximately HK$0.8 million, representing a decrease of 81% against HK$4.3 million for the year ended 31 March 2016. The segment resulted in operating losses of approximately HK$8.9 million for the year under review, representing a decrease of 53% as compared to the last year of approximately HK$18.9 million. On 28 July 2016, the Company had disposed of the deficit subsidiaries to cut loss and is currently looking for investment opportunity to acquire promising business operations.

Outlook

As a result of the continuous loss recorded, the Group has integrated the business structure of Software Business and adjusted its investment portfolio. We are now studying and exploring the potential of various projects in different industries such as the small hydropower and car parking projects in the PRC. By diversifying its business and collaborating with different partners, we targeted to create additional value and opportunities for the Group. Looking ahead, the Company will continue to pursue this strategy to explore investment opportunities prudently so as to strengthen its Software Business.

Business Review and Outlook (Continued)

Mining Business

Overview

The Mining Business 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 2017, gold dores and nickel-copper ores were the products sold under the Mining Business.

For the year ended 31 March 2017, the Group had revenue from sales of gold dores of approximately HK$32.7 million (2016: HK$54.2 million) and nickel-copper ores of approximately HK$31.4 million (2016: HK$97.3 million).

Due to exhausting resources of the Hongshannan Gold Mine and the fluctuating gold price, both of the outputs and sales volume decreased as compared to last year. Sales of gold dores decreased by approximately 45% to 107 kg for the year ended 31 March 2017.

During the year under review, the resumption of the nickel-copper mining activities were delayed owing to the dumping of nickel-copper ores from Russia and the weak demand for the products. Although the sales contract in respect of the disposal of 15,000 tonnes of nickel-copper ores in October 2016 reduced our stock and generated income for the Group, the turnover from sales of nickel-copper ores decreased by approximately 68% to HK$31.4 million as compared to last financial year of HK$97.3 million.

Resource estimates update

The details of the resource estimates as at 31 March 2017 are set out below:

Gold mine	Resource category	Tonnage (tonnes * 1,000)	Average grade (gram/tonne)
Hongshannan	Indicated	21	2.38
	Inferred	9	2.31

Nickel-copper Mine	Resource category	Tonnage	Average grade	
		(tonnes * 1,000)	(Ni %)	(Cu %)
Baishiquan	Measured	1,215	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.

Business Review and Outlook (Continued)

Mining Business (Continued)

Exploration, Development and Mining Production Activities

	Activity		
Mine	**Exploration**	**Development**	**Mining**
Hongshannan Gold Mine	Completed 10 surface drill holes for a total of approximately 1,144 meters	Completed shaft construction of approximately 84 meters and drift construction of approximately 4,889 meters	Ores extracted: 34,327 tonnes
Tuchushan Iron Mine	No activity during the year		
Baishiquan Nickel-copper Mine	No material exploration	No material development	Ores extracted: 3,010 tonnes
South Hami Gold Project	Completed 1 surface drill hole of approximately 105 meters	No material development	Ores extracted during exploration: 5,972 tonnes

Hongshannan Gold Mine

For the year ended 31 March 2017, the total quantity of gold ores extracted from the mines increased by approximately 41% from 24,356 tonnes in last year to approximately 34,327 tonnes with the additional exploration work done during the year. Due to the lower grade of the gold ores remaining as compared with last year, more gold ores were extracted in order to balance up the quantity of the gold contents and so the quantity of gold dores sold.

Tuchushan Iron Mine

There is no resources feasible for economical production and the carrying amount of the Tuchushan Iron Mine had been fully impaired.

Baishiquan Nickel-copper Mine

For the year ended 31 March 2017, the Group resume the mining activities in late March 2017 with 3,010 tonnes of nickel-copper ores being extracted. Turnover from the sales of nickel-copper ores amounted to approximately HK$31.4 million representing the sales of 15,178 tonnes shattered stock of nickel-copper ores.

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.

Business Review and Outlook (Continued)

Mining Business (Continued)

Expenditure Incurred

During the year ended 31 March 2017, the Group had incurred expenditure of approximately HK$45.0 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	1,042	–	799	1,841
	Others	–	–	1,084	1,084
Subtotal		1,042	–	1,883	2,925
1.2	Development activities (including mine construction)				
	Addition of property, plant and equipment	247	39	71	357
Subtotal		247	39	71	357
Total Capital Expenditure		**1,289**	**39**	**1,954**	**3,282**
2.	**Operating Expenditure for Mining activities**				
	Staff cost	1,337	534	–	1,871
	Consumables	159	31	–	190
	Fuel, electricity, water and other services	1,423	686	–	2,109
	Non-income taxes, royalties and other government charges	352	–	–	352
	Sub-contracting charges	21,262	630	–	21,892
	Transportation	1,652	–	–	1,652
	Depreciation and amortisation	3,326	3,018	–	6,344
	Others	284	280	–	564
Total Operating Expenditure		29,795	5,179	–	34,974
Total Capital and Operating Expenditure		**31,084**	**5,218**	**1,954**	**38,256**
3.	**Processing Expenditure**				
	Staff cost				2,147
	Consumables				2,068
	Fuel, electricity, water and other services				1,466
	Depreciation and amortisation				886
	Transportation				1
	Others				130
Total Processing Expenditure					6,698
Total Expenditure					**44,954**

Business Review and Outlook (Continued)

Mining Business (Continued)

Processing Activities

For the year ended 31 March 2017, gold ores of approximately 40,299 tonnes were extracted from the mines and approximately 37,391 tonnes of gold ores were processed by the processing plant. Although the gold ores extracted increased by approximately 65%, the gold processing quantity decreased by approximately 28% as compared with last financial year. The increase in gold ores extracted was mainly due to the low grade of the gold ores from the Hongshannan Gold Mine as well as ores extracted during exploration contributed by South Hami Gold Project. The decrease in gold processing quantity was mainly due to the maintenance of processing plant and production was resumed late in June 2016.

Infrastructure projects and subcontracting arrangements

During the year ended 31 March 2017, there is no new contracts and commitments undertaken by the Group in relation to infrastructure projects and subcontracting arrangements of the exploration and development of mine.

Impairment on mining rights

For the year ended 31 March 2017, there was no impairment on the mining rights of the Group.

For the year ended 31 March 2016, an impairment of approximately HK$10.3 million was made for the Hongshannan Gold Mine. It was made in view of the unfavourable gold market and expected decrease in profit margins as a result of the slowdown of the global economy.

Outlook

After a sharp decrease in second half of 2016, the gold market price has started recovery since the beginning of 2017. Due to political and economic uncertainties, gold price will still face a lot of fluctuations in 2017. As the Hongshannan Gold Mine is nearly exhausted, we will adjust mining and processing plan to maximize value of the remaining mineral resources and contribute more profit. Meanwhile, the Group will continue to conduct cost control and budget management in a strict manner.

In March 2017, the Group entered into a rental agreement for a processing plant for processing nickel ores and production of nickel concentrate. To better match the inventory and the ore extraction with the sales contract and market demand, the Group will put more efforts on enhancing the stockpile management, optimizing processing efficiency and the cut-off grade of the nickel ores. Facing the risk of the unprecedented fluctuations in nickel price as a result of the policies implemented in Indonesia and the Philippines, we will also enhance our market research and timely adjust the mining and sales plans in response to the market conditions.

Financial Performance Review

For the year ended 31 March 2017, the Group recorded a total turnover of approximately HK$64.9 million (2016: HK$155.7 million), representing a decrease of 58% as compared with the last financial year. Other income and gains of approximately HK$2.4 million for the year under review (2016: approximately HK$3.4 million) mainly represented the sale of used charcoal and by products. Loss for the year was approximately HK$17.8 million (2016: approximately HK$10.2 million), representing an increase of 75% as compared with the year ended 31 March 2016.

The Software Business recorded revenue and segmental loss of approximately HK$0.8 million (2016: HK$4.3 million) and HK$8.9 million (2016: HK$18.9 million) respectively, representing a decrease of 81% and 53% respectively as compared with last year.

The Mining Business segment recorded revenue and segmental loss for the year of approximately HK$64.1 million (2016: HK$151.4 million), and HK$1.7 million (2016: segmental profit of HK$16.1 million) respectively, representing a decrease of 58% and 111% respectively as compared with the prior financial year.

Loss attributable to owners of the Company was approximately HK$16.6 million, as compared to approximately HK$20.6 million for the prior financial year.

Liquidity and Financial Resources

As at 31 March 2017, the Group had bank balances and cash and net current assets amounted to approximately HK$102.1 million and HK$110.2 million (2016: HK$101.8 million and HK$101.7 million) respectively. Out of the Group's bank balances and cash, about 62% and 38% were denominated in Hong Kong dollars and Chinese Renminbi (2016: 44% and 56%) respectively. As at 31 March 2017, the current ratio improved to 4.75 (2016: 3.88).

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 exercise by grantees of the share options granted under the share option schemes.

As at 31 March 2017, the Group had outstanding borrowings of approximately HK$20.5 million (2016: HK$39.4 million), which mainly represented the Hong Kong dollar denominated promissory note accounted for at amortised cost using the effective interest method and a secured bank loan.

Placing of new shares

On 13 December 2016, the Company entered into the placing agreement (the "Placing Agreement") with the placing agents pursuant to which the placing agents have agreed to place, on best efforts basis, up to an aggregate of 425,000,000 new placing shares (the "Placing Shares") to not less than six placees at a price of HK$0.095 per Placing Share.

The completion of the placing took place on 30 December 2016 in accordance with the terms and conditions of the Placing Agreement. The net proceeds from the placing were approximately HK$39.5 million. As at 31 March 2017, the Company has utilised approximately HK$4.1 million listed as follows.

Liquidity and Financial Resources (Continued)

Placing of new shares (Continued)

	HK$'000
Net proceeds from placing	39,510
Less: operating expenses	(2,900)
Less: investment in an associate	(1,200)
Unutilised proceeds	35,410

Among the unutilised proceeds, HK$20.9 million would be used for repayment of promissory note held by Starmax Holdings Limited ("Starmax") and accrued interest thereof and the remaining HK$14.5 million would be used as general working capital of the Group and for future investment opportunities.

Promissory Note

On 11 May 2012, the Group issued a promissory note to 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, of which HK$43 million was repaid. The remaining HK$20 million is repayable in two equal instalments on each anniversary date of issue with the next instalment due on 11 May 2017. 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 2017, the Group repaid the fifth instalment of HK$10 million with accrued interest of approximately HK$0.6 million according to the terms of the promissory note. The last instalment will be due on 11 May 2018.

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

Capital Commitments

Particulars of the capital commitments of the Group are set out on note 32 to the consolidated financial statements.

Gearing Ratio

As at 31 March 2017, the Group's gearing ratio was approximately 16% (31 March 2016: 35%), based on total borrowings of approximately HK$20.5 million (2016: HK$39.4 million) and equity attributable to owners of the Company of approximately HK$132.1 million (2016: HK$111.6 million). The decrease in the ratio was mainly due to the repayment of HK$10 million promissory note, repayment of bank loan of HK$8.6 million and the new issue of shares during the year ended 31 March 2017.

Employee Information

Particulars of the employee information of the Group are set out in "Business Review" section of the Directors' Report.

Charge on the Group's Assets

As at 31 March 2017, 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.

Order Book and Prospects for New Business

There was no order book on hand as at 31 March 2017.

Significant Investments Held

The investments held for trading represents marketable securities listed on the Stock Exchange held by the Group for trading purpose. During the year ended 31 March 2017, the Group disposed of all the investments held for trading and recognised a net gain on investments held for trading and dividend income from trading securities of approximately HK$504,000 (2016: net loss of HK$1,739,000).

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

On 28 July 2016, the Group completed disposal of the entire equity interest of Three Principles Computer Service Company Limited, Encore Trading Limited and Corp-Vision Publishing Limited at a total consideration of HK$155,000. The consideration was approximate to the net asset value of the disposed companies.

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

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 the respective group companies functional currency which are mainly in Hong Kong dollars or Renminbi, the exposure to foreign exchange rate fluctuations is minimal.

Contingent Liabilities

As at 31 March 2017, there was no material contingent liabilities incurred by the Group.

Biographical Details of Directors and Senior Management

Directors

Executive Directors

Mr. Felipe TAN, aged 62, has been appointed as the Chairman of the Company since 29 July 2016 and served as an executive Director of the Company since 30 September 2012. Mr. Tan is also a director of various subsidiaries of the Group. Mr. Tan has over 30 years of experience in metal trading including over 13 years of management experience in mining industry in the PRC. He is the executive director of Loco Hong Kong Holdings Limited ("LocoHK"), the shares of which are listed on GEM (stock code: 8162). Mr. Tan is also the chairman of the board, president and chief executive officer of GobiMin Inc. ("GobiMin"), the shares of which are listed on the TSX Venture Exchange in Canada (symbol: GMN). The subsidiaries and associate companies of GobiMin are principally engaged in exploration projects of a gold mine and prospecting exploration projects of gold, copper and nickel in Xinjiang, PRC. In addition, Mr. Tan has been the director of Jiangmen Proudly Water-soluble Plastic Co., Ltd. (NEEQ: 833367), the shares of which are traded on the National Equities Exchange and Quotations in the PRC, since 10 September 2015.

Ms. LAU Yun Fong Carman, aged 51, has been appointed as an executive Director of the Company since 17 November 2014. Ms. Lau joined the Group in 2013 and is the financial controller of the Group. She is an associate member of the Hong Kong Institute of Certified Public Accountants and has over 15 years of extensive experience in auditing and corporate finance management. Ms. Lau was the financial controller of LocoHK from 2014 to 2016 and had worked in an international accounting firm and then served for 10 years in a company listed on the Main Board of the Stock Exchange. Ms. Lau graduated from the University of Hong Kong with a Bachelor's degree of Social Sciences.

Independent Non-executive Directors

Ms. CHAN Choi Ling, aged 42, has been appointed as an independent non-executive Director since 30 September 2012. Ms. Chan is a qualified solicitor in Hong Kong. She obtained her Bachelor of Laws degree from the City University of Hong Kong. Ms. Chan has over 10 years' experience in civil litigation. Ms. Chan currently practises as a solicitor in a law firm in Hong Kong.

Mr. CHAN Mei Ying Spencer, aged 60, has been appointed as an independent non-executive Director since 25 October 2005. He is an entrepreneur in various industries and a consultant to Global Resources Management Sdn Bhd. Mr. Chan has all-round experience in corporate finance, business development, sales and marketing. Mr. Chan has a Computer Science degree from the University of Melbourne, Australia, followed by a Master's Degree in Business Administration from the Chinese University of Hong Kong. He also has attended an executive management program at INSEAD, Fontainbleau, France.

Mr. LAM Kwai Yan, aged 57, has been appointed as an independent non-executive Director since 23 December 2008. Mr. Lam has a degree in Business Studies from the University of Southern Queensland, Australia. He is a member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the CPA Australia and Institute of Singapore Chartered Accountants. Mr. Lam has worked for various large corporations, and has vast experiences with SME's, including auditing and consulting on re-organisation and restructuring businesses that have cross-border operations in China. His work also included advising and consulting for listed public companies.

Directors (Continued)

Independent Non-executive Directors (Continued)

Ms. TSANG Wai Chun Marianna, aged 62, has been appointed as an independent non-executive Director since 16 October 2003. She is the Managing Director of TWC Management Limited. She is a member of the Institute of Chartered Secretaries and Administrators, the Hong Kong Institute of Company Secretaries, the Taxation Institute of Hong Kong, the Society of Registered Financial Planners, the Chartered Institute of Arbitrators, the Institute of Financial Accountants and the Institute of Public Accountants in Australia, and the Association of International Accountants UK. She obtained a postgraduate certificate in Professional Accounting. Ms. Tsang was appointed as a member of the Board of Review (Inland Revenue Ordinance) from 2010 to 2015. She has over 30 years of company secretarial, corporate affairs, and related legal working experience in major commercial corporations and in professional firms. Ms. Tsang has served as an independent non-executive director of LocoHK, since 22 July 2014.

Compliance Officer

Ms. LAU Yun Fong Carman is the compliance officer of the Company.

Company Secretary

Ms. KO Yuen Kwan, aged 52, has comprehensive experience in finance, accounting and compliance matters of listed companies in Hong Kong and Canada. Ms. Ko joined the Group in November 2014. She is currently the Chief Financial Officer, Vice President Corporate Affairs & Secretary and director of GobiMin. Ms. Ko was the company secretary of LocoHK from 2014 to 2016 and another company listed on the Main Board of the Stock Exchange for more than 10 years, responsible for the company secretarial, legal and compliance matters. Ms. Ko holds a Master's degree in Professional Accounting from the Hong Kong Polytechnic University and is a member of the HKICPA, the CPA Australia and the Hong Kong Institute of Chartered Secretaries.

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 2017, 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 of Directors (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.

Board of Directors

Composition and Responsibilities

The Board is responsible for directing the strategic objectives of the Company and overseeing the management of the business. The Directors are charged with the task of promoting the success of the Company and making decisions in the best interest of the Company.

The Board also takes up the corporate governance functions pursuant to the Code. During the year, the Board as a whole, is responsible for the following corporate governance functions:

– To develop and review the Company's policies and practices on corporate governance and make recommendations to the board;
– To review and monitor the training and continuous professional development of Directors and senior management;
– To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
– To review the Company's compliance with the Code and disclosure in the Corporate Governance Report.

The Board led by its Chairman approves and monitors group wide strategies and policies, annual budgets and business plans, evaluates the performance of the Company, and supervises the management. Management is responsible for the day-to-day operations of the Group under the leadership of the Chairman.

The Board currently comprises six Directors, including two executive Directors (including Chairman of the Board) and four independent non-executive Directors.

Board of Directors (Continued)

Composition and Responsibilities (Continued)

The composition of the Board is currently as follows:

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

Biographical details of the Directors are set out in the "Biographical Details of Directors and Senior Management" section on pages 12 to 13 of this annual report. To the best knowledge of the Company, save as disclosed under the section "Biographical Details of Directors and Senior Management", there is no financial, business, family or other material or relevant relationships among members of the Board.

Board Meetings

The Board held 8 meetings during the year ended 31 March 2017.

Directors' Attendance at Board/Board Committee/General Meetings

Here below are details of all Directors' attendance at the board meetings, board committee meetings and general meetings held during the year ended 31 March 2017:

	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	2016 Annual General Meeting
	Number of Meetings Attended/Held				
Executive Directors:					
CHENG Kin Kwan[(1)]	1/1	–	–	–	0/1
LAU Yun Fong Carman	8/8	–	–	–	1/1
Felipe TAN	8/8	–	–	–	1/1
ZHANG Ming[(2)]	1/3	–	–	–	0/1
Non-executive Director:					
LAM Kai Ling Vincent[(3)]	1/1	–	–	–	1/1
Independent Non-executive Directors:					
CHAN Choi Ling[(4)]	7/8	3/3	1/1	1/1	1/1
CHAN Mei Ying Spencer	7/8	5/6	2/2	2/2	1/1
LAM Kwai Yan	8/8	6/6	2/2	2/2	1/1
TSANG Wai Chun Marianna	8/8	6/6	2/2	2/2	1/1

Board of Directors (Continued)

Composition and Responsibilities (Continued)

Directors' Attendance at Board/Board Committee/General Meetings (Continued)

Notes:

(1) Dr. CHENG Kin Kwan retired as Director on 29 July 2016.
(2) Mr. ZHANG Ming resigned as Director on 26 September 2016.
(3) Mr. LAM Kai Ling Vincent resigned as Director on 29 July 2016.
(4) Ms. CHAN Choi Ling was appointed as member of audit committee, nomination committee and remuneration committee with effect from 29 July 2016.

Appropriate notices are given to all Directors in advance for attending regular and other board or board committee meetings in accordance with the articles of association (the "Articles of Association") of the Company. Meeting agendas and other relevant information are provided to the Directors in advance of board or board committee meetings. All Directors are consulted to include additional matters in the agenda for such meetings.

Appointment, Re-election and Removal

The Company's Articles of Association have been amended to provide that all Directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after their appointment and every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

Each of the executive Directors has entered into service contract with the Company when they are appointed as Directors. These service contracts will continue thereafter until terminated by either party giving to the other party not less than three months' notice in writing.

Each of the non-executive Director and independent non-executive Directors was appointed for a term of one year, subject to re-election.

Save as disclosed above, none of the Directors proposed for re-election at the forthcoming annual general meeting ("AGM") has any service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than the statutory compensation.

Confirmation of Independence

The Company confirmed that annual confirmations of independence were received from each of the Company's independent non-executive Directors pursuant to Rule 5.09 of the GEM Listing Rules and all independent non-executive Directors are considered to be independent.

Directors' Securities Transactions

The Company has adopted a code of conduct regarding the securities transactions by Directors on terms no less exacting than the required standard of dealings set out in rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company throughout the year ended 31 March 2017.

Board of Directors (Continued)

Directors' Participation in Continuous Professional Trainings

During the year under review, the Directors received from the Company from time to time the updates on laws, rules and regulations which might be relevant to their roles, duties and functions as director of a listed company.

The Directors, namely Dr. Cheng Kin Kwan (retired on 29 July 2016), Mr. Felipe Tan, Mr. Zhang Ming (resigned on 26 September 2016), Ms. Lau Yun Fong Carman, Mr. Lam Kai Ling Vincent (resigned on 29 July 2016), Ms. Chan Choi Ling, Mr. Chan Mei Ying Spencer, Mr. Lam Kwai Yan and Ms. Tsang Wai Chun Marianna, confirmed that, during the year under review and where applicable, up to date of cessation as directors of the Company, they have participated in continuous professional development to develop and refresh their knowledge and skills.

Directors' and Officers' Liabilities Insurance and Indemnity

The Company has arranged for Directors' and Officers' Liability Insurance and Indemnity covering liabilities in respect of the legal actions against the Directors that may arise out in the corporate activities which has been complied with the Code. The insurance coverage is reviewed on an annual basis.

Board Committees

Audit Committee

The Audit Committee comprises four independent non-executive Directors, namely:

Ms. TSANG Wai Chun Marianna *(Chairlady)*
Ms. CHAN Choi Ling
Mr. CHAN Mei Ying Spencer
Mr. LAM Kwai Yan

The primary duties of the Audit Committee are to review and supervise the financial reporting process, internal control and risk management systems of the Group.

Under the terms of reference of the Audit Committee, the committee is required, amongst other things, to oversee the relationship with the external auditors, review the Group's consolidated financial statements and annual report and accounts, half-year report and quarterly reports and the connected transactions, monitor compliance with statutory and GEM Listing Rules requirements, review the scope, extent and effectiveness of the activities of the Group's internal control, engage independent legal or other advisers as it determines is necessary and perform investigations.

For the year ended 31 March 2017, the Audit Committee held 6 meetings. Details of the attendance of the members of the Audit Committee in the said meetings are set out under the sub-heading "Directors' Attendance at Board/Board Committee/General Meetings" above.

Board Committees (Continued)

Audit Committee (Continued)

The summary of work of the Audit Committee during the year was as follows:

- To make recommendation to the Board on re-appointment of the external auditor;
- To monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, and to discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;
- To monitor integrity of the Company's consolidated financial statements and annual report and accounts, half-year report and quarterly reports, and to review significant financial reporting judgments contained in them.

The Audit Committee has reviewed the accounts for the year ended 31 March 2017 which were audited by HLB Hodgson Impey Cheng Limited, whose term of office will expire upon the coming AGM of the Company. The Audit Committee has recommended to the Board that HLB Hodgson Impey Cheng Limited will be re-appointed as the auditors of the Company at the coming AGM. During the year ended 31 March 2017, the Board did not take different view from the Audit Committee on the appointment of external auditor.

Nomination Committee

The Company has established the Nomination Committee in March 2006 in compliance with the GEM Listing Rules, terms of reference of which have been adopted by the Company and are consistent with the requirements of the Code. The Nomination Committee comprises four independent non-executive Directors, namely:

Mr. LAM Kwai Yan *(Chairman)*
Ms. CHAN Choi Ling
Mr. CHAN Mei Ying Spencer
Ms. TSANG Wai Chun Marianna

The primary aim of the Nomination Committee is to review and make recommendation to the Board when the vacancies occurred. The Nomination Committee meets at least once a year or as needed where vacancies arise at the Board.

For the year ended 31 March 2017, the Nomination Committee held 2 meetings. Details of the attendance of the members of the Nomination Committee in the said meeting are set out under the sub-heading "Directors' Attendance at Board/Board Committee/General Meetings" above.

The summary of work of the Nomination Committee during the year was as follows:

- To review and monitor the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations to the Board regarding any proposed changes;
- To identify and nominate qualified individuals for appointment as additional Directors or to fill Board vacancies as and when they arise. The criteria to be adopted by the Board in considering each individual shall be their ability to contribute to the effective carrying out by the Board of its responsibilities;
- To make recommendations to the Board on matters relating to the appointment or re-appointment of Directors and succession planning for Directors in particular the chairman and the chief executive officer.

Board Committees (Continued)

Remuneration Committee

The Remuneration Committee was set up in March 2006 and comprises four independent non-executive Directors, namely:

Mr. CHAN Mei Ying Spencer *(Chairman)*
Ms. CHAN Choi Ling
Mr. LAM Kwai Yan
Ms. TSANG Wai Chun Marianna

The primary aim of the Remuneration Committee is to formulate transparent procedures for developing remuneration policies and compensation packages for the employees of the Group.

For the year ended 31 March 2017, the Remuneration Committee held 2 meetings. Details of the attendance of the members of the Remuneration Committee in the said meeting are set out under the sub-heading "Directors' Attendance at Board/Board Committee/General Meetings" above.

The summary of work of the Remuneration Committee during the year was as follows:

– To determine the policy for the remuneration of executive Directors, assessing performance of executive Directors and approving the terms of executive Directors' service contracts;
– To make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration and to place recommendations before the Board concerning the total remuneration and/or benefits granted to the Directors from time to time;
– To review and approve the senior management's remuneration proposals with reference to the corporate goals and objectives resolved by the Board from time to time.

Auditors' Remuneration

For the year ended 31 March 2017, the fees paid/payable to the auditors in respect of the audit and non-audit services were as follows:

Types of services	Amount (HK$)
Annual audit services	770,000

Accountability and Audit

Directors' Responsibility for the Consolidated Financial Statements

The following statements, which set out the responsibilities of the Directors in relation to the consolidated financial statements, should be read in conjunction with, but distinguished from, the Independent Auditors' Report on page 44 to 47 of this annual report which acknowledges the reporting responsibilities of the Group's auditors.

Accountability and Audit (Continued)

Directors' Responsibility for the Consolidated Financial Statements (Continued)

The Directors acknowledge that they are responsible for the preparation of consolidated financial statements which give a true and fair view. In preparing the consolidated financial statements which give a true and fair view, the Directors consider that the Group uses appropriate accounting policies that are consistently applied, makes judgments and estimates that are reasonable and prudent, and that all applicable accounting standards are followed. The Directors are responsible for ensuring that the Group keeps accounting records which disclose the consolidated financial position of the Group and enable the preparation of consolidated financial statements in accordance with Companies Ordinance (Chapter 622 of the laws of Hong Kong) ("Hong Kong Companies Ordinance") and the applicable Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. Having made appropriate enquiries, the Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the consolidated financial statements. The Directors in particular consider the adequacy of resources, qualifications and experience of staff to the Group's accounting and financial reporting function, and their training programmes and budget.

Review of Risk Management and Internal Control

The Audit Committee assists the Board in meeting its responsibilities for maintaining the effective systems of risk management and internal control. It reviews the process by which the Group evaluates its control environment and risk assessment process, and the way in which business and control risks are managed.

The Board recognises its responsibility for maintaining the adequate systems of risk management and internal control and prompt and transparent reporting of the Company's activities to the shareholders and to the public.

The Board has conducted annually the review of the effectiveness of the risk management and internal control systems and considered that the systems facilitate the effectiveness and efficiency of operations, safeguard assets against unauthorised use and disposition, ensure the maintenance of proper accounting records and the truth and fairness of the consolidated financial statements, and ensure compliance with relevant legislation and regulations. It aims to achieve reasonable assurance against material misstatement or loss in the management of the Group's business activities.

Company Secretary

The Company Secretary has day-to-day knowledge of the Company's affairs and plays an important role in supporting the Board by ensuring that Board policy and procedures, all applicable laws, rules and regulations are followed. The Company Secretary reports to the Chairman on corporate governance matters and is accountable to the Board for matters relating to the Director's duties.

For the year ended 31 March 2017, the Company Secretary undertook over 15 hours' professional training to update her skill and knowledge in compliance with the Code.

Changes in Constitutional Documents

For the year ended 31 March 2017, there was no change in its constitutional documents.

Shareholders' Rights

According to the Company's Articles of Association and as provided by the Hong Kong Companies Ordinance, shareholders of the Company holding at the date of deposit of the requisition not less than 5% of the total voting rights of all the members of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within three (3) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

If a shareholder wishes to propose a person other than a Director retiring for election as a Director at the coming AGM, the shareholder should deposit a written notice of nomination and also a notice signed by the person to be proposed of his willingness to be elected at the registered office of the Company within 7-day period commencing from the day after the dispatch of the AGM notice (or such other period as may be determined and announced by the Directors from time to time).

Communication with Shareholders

The Company recognises the importance of maintaining an on-going communication with shareholders to ensure that shareholders are kept well informed of the business activities and direction of the Group.

The Company uses a range of communication tools including various notices, announcements, circulars, annual report and AGM to disclose relevant information to shareholders. Separate resolutions are proposed at general meeting on each substantially separate issue, including the re-election of Directors. The Chairman of the Board and the chairman of all board committees, together with the external auditor, shall attend the AGM to answer the enquiries of shareholders. In compliance with the Code E.1.3, the notice of AGM will be sent to shareholders at least 20 clear business days before the meeting.

To further promote the effective communication with shareholders and the public, the corporate website is maintained to disseminate the information of the Group electronically on a timely basis.

Voting by Poll

All resolutions put to the AGM will be voted by poll at the meeting in accordance with the requirements of the GEM Listing Rules.

To ensure that shareholders are familiar with the detailed procedures for conducting a poll, the chairman of the meeting will explain the detailed procedures for conducting a poll at the commencement of the meeting and then answer any questions from shareholders regarding voting by way of a poll.

At the conclusion of the AGM, the poll results will be published on the GEM website and the Company's website.

The Procedures for Sending Enquiries to the Board

Specific enquiries from shareholders to the Board can be sent in writing to the Company at our registered office in Hong Kong or by email through info@timeless.com.hk as stated on the Company's website.

About this Report

Pursuant to the Environmental, Social and Governance Reporting Guide ("ESG Reporting Guide") under Appendix 20 to the Rules Governing the Listing of Securities on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "GEM Listing Rules"), this Environmental, Social and Governance Report (the "ESG Report") confirms and discloses information on the environmental, social and governance issues and key performance indicators of Timeless Software Limited 天時軟件有限公司 ("Timeless" or the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 March 2017.

The Company is a company incorporated in Hong Kong with limited liability under the Companies Ordinance (Chapter 622 of the laws of Hong Kong) ("Hong Kong Companies Ordinance"). The Company's shares are listed on the GEM of the Stock Exchange.

The Group is principally engaged in two business segments, namely (i) the provision of consultancy and software maintenance services, software development, sales of computer hardware and software and e-Commerce services ("Software Business"); and (ii) the exploration and exploitation of mines ("Mining Business").

The Mining Business includes exploration and exploitation of mines and processing and sale of the outputs from the mines in Xinjiang, the People's Republic of China ("PRC"). Gold dores and raw materials of minerals are the main products sold under the Mining Business.

During the year from 1 April 2016 to 31 March 2017 (the "Reporting Period"), the Mining Business accounted for 99% of the Group's total turnover. The remaining turnover is recorded from the Software Business. This ESG Report only covers the information and activities of our Mining Business for the year ended 31 March 2017.

The ESG Report highlights our approaches and strategies implemented in pursuit of sustainability during the Reporting Period. This ESG Report covers the performance and measures for sustainability of our Mining Business, unless otherwise specified. The content is in compliance with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the "ESG Reporting Guide" under Appendix 20 to the GEM Listing Rules.

Quality of Working Environment

Employment (B1)

Employee remuneration and dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversification and other benefits and welfares are determined under the following policies and regulations:

1. Remuneration of employees is determined in accordance with the staff salaries management policy.

2. Employees are recruited, promoted and dismissed pursuant to the "Labour Law of the PRC" (《中華人民共和國勞動法》) and the "Employment Contract Law of the PRC" (《中華人民共和國勞動合同法》).

Quality of Working Environment (Continued)

Employment (B1) (Continued)

3. In order to better realise the potential of employees and strictly comply with the working hours and holidays required by the local laws, mining workers enjoy an eight-day paid rest days each month. Due to the special location nature of the mine, the employee leave policy is flexible. Employees can enjoy their rest days on a monthly basis or accumulate their rest days and take all the rest days in the middle of the year or at the end of the year.

4. We have defined employee recruitment control procedure so as employee recruitment is carried out under equal opportunities.

5. Regarding the diversity of employees and other benefits and welfares, various welfares and benefits are provided to all the employees pursuant to the requirements as stipulated by local governments where our enterprises are located, including endowment insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing provident funds which are equivalent to 20%-18%, 6%, 2%-1%, 1.6%, 0.5% and 10% of the total monthly basic salary respectively.

Laws, regulations and relevant systems and requirements mentioned above were strictly followed with an aim to provide a favorable working environment for all of our employees.

For the year ended 31 March 2017, there was no violation of relevant codes, rules and regulations.

Health and Safety (B2)

For the provision of a safe working environment and protecting employees from occupational hazards, we strictly complied with the "Work Safety Law of the PRC"(《中華人民共和國安全生產法》), the"Safety Regulations for Metal and Nonmetal Mines"(《金屬非金屬礦山安全規程》) and the"Code for Design of Nonferrous Metal Mining"(《有色金屬採礦設計規範》).

For the year ended 31 March 2017, there was no violation of relevant codes, rules and regulations.

For the year ended 31 March 2017, measures adopted on occupational health and safety and relevant implementation and supervisory methods were as follows:

1. In accordance with the protective articles distribution standards and the relevant provisions of the "Selection Rules of Articles for Labour Protection Use" (《勞動防護用品選用規則》), we distributed articles for labour protective use to employees. Employees' daily operation complied with rules and regulation on safety production and the rules of use of articles for labour protection use in wearing and utilising the articles for labour protective use properly.

2. Arranging at least two occupational health checks for each employee (one before employment and one before loss of office).

3. The establishment of production facilities which meet hygiene standards. Timely distribution of national-standard protective articles. Strict implementation of ventilation and dustproof management system, strengthening the management of ventilation to prevent dust, toxic and hazardous substances from harming human health.

Quality of Working Environment (Continued)

Health and Safety (B2) (Continued)

4. The establishment of the management system and other production-related systems, such as safety production management approach, job responsibility system, methods for rewards and punishment of safety production.

5. Designating specialized safety management personnel at all levels to perform safety management and inspection for the production environment, production equipment and facilities.

6. Designating safety supervisors to conduct safety checking for the mine and the selected plants at least once on a monthly basis, and organised monthly assessments for production units. The results of the assessments linked to the monthly performance-based wages of the units.

For the year ended 31 March 2017, no working days was lost due to work injury.

Development and Training (B3)

To further enhance the employee's quality, to meet the development needs and to fully utilise the strengths of talents, talent cultivation and acquisition were treated as the only way to a strong enterprise, which help to create a favorable atmosphere of respecting knowledge and talent. We have clear rules on the employee re-education and training. We offer training sponsorship, payment of participation in work-related external training programs and tuition fees arising from professional or qualification examinations for employees who participate in self-study examinations, correspondence studies and obtain national recognised academic diplomas.

For the year ended 31 March 2017, staff training mainly included:

Staff	Tuition fee/head (RMB)	Hours/head	Number of participants
Keeper (保管員)	1,380	48	2
Blast safety officer (爆破安全員)	1,380	48	2

All mining workers received 15 minutes of safety rehearsal training every day before the start of work. This ensures their familiarity with the site operating environment and safe operation.

Labour Standards (B4)

As for the prevention of child labour or forced labour, we have established recruitment control procedure for employees. During the recruitment process, the identity card is verified in order to eradicate false identity. We strictly complied with laws and regulations, including the "Labour Law of the PRC" (《中華人民共和勞動法》), the "Labour Contract Law of the PRC" (《中華人民共和國勞動合同法》), "Law of the PRC on the Protection of Minors" (《中華人民共和國未成年人保護法》), "Order No. 619 of the State Council of Special Rules on the Labour Protection of Female Employees" (《女職工勞動保護特別規定國務院令第619號》), "Order No. 364 of the State Council of Provisions on the Prohibition of Using Child Labour" (《禁止使用童工的規定國務院令第364號》).

The Group has fulfilled all its obligations to its employees and there was no labour disputes nor litigation during the year ended 31 March 2017.

Environmental Protections

Emissions (A1)

The wastes disposed under the Mining Business were mainly barren rocks, exhaust gas and dust. During the process of waste disposal, we mainly complied with the stipulations of relevant laws, regulations and policies, such as the "Environmental Protection Law of the PRC" (《中華人民共和國環境保護法》); "Order No. 11 of the State Environmental Protection Administration" (《國家環境保護總局令第11號》); the "Provision on the Administration of Prevention and Treatment of Environmental Pollution by Tailings" (《防治尾礦污染環境管理規定》); the "Regulations on the Administration of Environmental Protection of Construction Project" (《建設項目環境保護管理條例》); and the "Provision on Environmental Design for Metallurgy" (《冶金環境設計規定》).

We strictly complied with the stipulations of the aforementioned national laws, regulations and policies to improve the recycling and utilization of the wastes and strive to reduce wastes disposal.

For the year ended 31 March 2017, there was no violation of relevant codes, rules and regulations.

For the year ended 31 March 2017, the Group disposed of barren rocks of approximately 42,000 tonnes, exhaust gas of approximately 225.27 million m^3 and dust of approximately 132,423.05 kg in total.

The measure for reducing disposal was to transform the process used in the processing plants. We have transformed the process to change the tailings disposal from wet mode to dry mode pursuant to relevant requirements. Through the use of dust reduction equipment, we have reduced the emission of dust which meet the requirements of the State. Moreover, in handling hazardous and non-hazardous wastes, after crushing and dry emission, the wastes are used for underground filling of mines, paving of roads or stored in the qualified tailing pond. Our safe disposal rate of industrial wastes reached 100% through the aforementioned measures.

Use of Resources (A2)

For the year ended 31 March 2017, we consumed electricity of approximately 2,600,208 kWh. Based on the production requirements of the mine and selected plants, we will suspend the idle transformers so as to reduce basic electricity cost and production cost.

For the year ended 31 March 2017, we consumed water of approximately 74,850 m^3. We did not have problems in seeking appropriate water resources. The existing supply of water resources could satisfy our needs in respect of the guarantee of volume, quality and facilities of water supply.

The Environment and Natural Resources (A3)

According to the regulations on environmental protection and restoration and governance of mine production by the national competent department of environmental protection and department of land and resources, we have compiled the "Environmental Impact Assessment Report of Construction Projects" (《建設項目環境影響評價報告書》) and the "Proposal of Restoration, Governance and Protection of Mines Environment (with Reclamation)" (《礦山環境恢復治理保護方案（帶複墾）》), and, in the construction, completion and production stages, in strict accordance with the "three simultaneous" requirements. In other words, the pollution preventive measures of the construction project and the main project must be designed, constructed and operated at the same time. Before the commencement of operation or use of the construction project, facilities to prevent and control pollution must be inspected and accepted by environmental protection department which has approved the original report on the environmental impact.

Environmental Protections (Continued)

The Environment and Natural Resources (A3) (Continued)

For the year ended 31 March 2017, the following management actions have been taken:

1. Mines and processing plants carried out production in accordance with the requirement of the "Environmental Impact Assessment Report of Construction Project" (《建設項目環境影響評價報告書》) and has completed construction acceptance. The acceptance approval has been obtained from the state competent department.

2. The construction of the tailings pond of the processing plant has attained Level-3 Standard and has passed the acceptance inspection. Acceptance approval has been obtained from the state competent department.

3. The major environmental impacts of mine production are the accumulation of mining barren rocks, the covering or damage of the original land form, and the pollution due to domestic sewage and other emissions. According to the requirements of the "Proposal of Restoration, Governance and Protection of Mines Environment (with Reclamation)" (《礦山環境恢復治理保護方案(帶複墾)》), we have used the mining barren rock for underground filling of mines with the remaining barren rock stockpiled in the same areas. In accordance with the requirements of the "Environmental Impact Assessment Report of Construction Project" (《建設項目環境影響評價報告書》), we have established garbage pools, public toilets and other facilities in the living area for garbage and wastes collection and classification, with regular treatment.

Operating Practices

Anti-corruption (B7)

We established corresponding management systems in compliance with the relevant national laws, regulations and requirements with reference to the actual situation. These systems are formulated to prevent the occurrence of illegal and criminal activities such as bribery, extortion, fraud and money laundering.

Senior management personnel and relevant departments jointly set up a bidding group. In order to prevent the above illegal activities, the bidding group reviews the bidding process involved in all the bulk material procurement, construction projects execution and major investment projects, and monitors, inspects and manages the contract joint signing system.

If employees identified violations of national laws and regulations in the production and business activities, they can report to the senior management personnel or other disciplinary departments. We shall investigate and verify the suspected case. According to the investigation results, the case will be dealt with in accordance with rules and regulations. For serious violation of national laws and regulations with huge sum, we will refer the case to the judicial authority for handling in accordance with the laws.

We have established a whistleblowing system which is open to all employees for supervision and whistle-blowing on illegal and criminal activities such as bribery, extortion, fraud and money laundering. Employees may report to the Chairman of the Board and the Chairlady of the Audit Committee.

For the year ended 31 March 2017, we have not received any report on illegal and criminal activities such as bribery, extortion, fraud and money laundering in the Group.

For the year ended 31 March 2017, the Group did not have any illegal and criminal case of bribery, extortion, fraud and money laundering.

Operating Practices (Continued)

Supply Chain Management (B5)

Our suppliers provide various types of products, but with different production quality. There are 88 suppliers, of which 64 located in Xinjiang and 24 located outside Xinjiang, such as Shandong, Shanghai, Hebei, Gansu and other places. To ensure the normal production, stability of the supplier team and the establishment of long-term mutually beneficial supply and demand relation, we have specifically developed a supplier management approach which applies to suppliers of raw and auxiliary materials, spare parts and components and service providers providing supporting services.

We strictly comply with the management system. For each type of materials, the Operating Department nominates two to three suppliers and forms a Supplier Selection Team, which consists of staff from the Operating Department, Production Department and Finance Department. Supply cooperation agreements are signed with the selected suppliers, which specifically stipulated the rights and obligations of both parties and the mutually benefited terms of cooperation. We regularly visit, communicate with and investigate suppliers to understand their types of materials and their credibility. We may appraise the supplier on a regular or irregular basis. The suitability, quality and price of the supplier's products will be evaluated. Supply cooperation agreements will be terminated if the suppliers fail to meet our requirements.

Product Responsibilities (B6)

Gold dores and raw materials of minerals are the main products we sold. The sale of gold dores is determined with reference to the applicable spot prices of gold in the Shanghai Gold Exchange. As per the agreement, both purchaser and supplier conduct checking and analysis of the product with arbitration samples retained. In the event of any dispute, the two parties may send the arbitration samples to the national recognised testing unit for analysis and for handling based on its results. Finally, settlement takes place according to the analysis results and transaction price.

For the year ended 31 March 2017, there was no complaint nor product recall due to quality or impact on health for our products.

Community Involvement

Community Investment (B8)

The Group bears its social and community responsibilities and obligations in mind and devoted to social welfare activities. We are also committed to creating jobs in the areas in which we operate to help the local people developing their career and enhance the overall local workforce. We strive to promote social development and improvement, and also encourage and support employees to contribute to local and national charity work through donations or participating in charitable work. We plan to participate in more relevant activities in the coming year to contribute to the community.

The Directors present their annual report and the audited consolidated financial statements for the year ended 31 March 2017.

The principal activity of the Company is investment holding.

The principal activities of the Company's principal subsidiaries are set out in note 35 to the consolidated financial statements.

Business Review

Review of Business and Performance

A review of the business of the Company and a discussion and analysis of the Group's performance during the year and outlook of Company's business are set out in the Management Discussion and Analysis on pages 4 to 11. The discussion forms part of this Directors' Report.

Principal Risks and Uncertainties

The Group's performance may be directly or indirectly affected by risks and uncertainties relating to the Group's businesses. The followings are the principal risk factors facing the Company as required to be disclosed pursuant to the Hong Kong Companies Ordinance and are those that could result in the Group's business performance, financial condition, operations results or development prospects materially different from expected or historical results.

Software Business

(i) *Business Risks*

The Software Business operates in a highly competitive industry which faces rapid changes in market trends, consumer preferences and constantly evolving technological advances in hardware models, software features and functionalities. We face forever changing hardware model and feature changes in various products which have to be incorporated into our software products and/or services to cope with the evolving environment.

The Software Business mitigates the risk through continual reviews of market trends, including hardware changes, software updates and emerging technologies. We also maintain a competitive position through commitments to innovate and build a broad coverage on various operating environment; and execution of clear strategy to emphasize on software development as our key competitiveness.

Mining Business

(i) *Metal Prices*

There are many factors that can affect the gold, copper and nickel prices and demand in the international markets, including fluctuations in the global political stability and social situation and international economic conditions. In addition, commodity prices are also likely to fall to a lower level. It is impossible to predict gold, copper and nickel price movements in the future. The profitability of the Group may be significantly affected by the changes in the market prices of metals. The Group aims to mitigate this risk by maintaining close relationship with customers and by timely adjusting production layout, improving the flexibility of the production system and strengthening the cost control. The Group closely monitors commodity prices and potential impacts on cash flow and project development. Capital expenditure plans are aligned to prevailing and anticipated market conditions.

Business Review (Continued)

Principal Risks and Uncertainties (Continued)

Mining Business (Continued)

(ii) *Currency Risks*

The Group's operating expenses and revenues from the mining business are in RMB, one of the main currencies used by the Group. Currently, the RMB is linked to the US dollar by exchange rates managed through China's central bank. Accordingly, exchange rate fluctuations with the RMB may adversely affect the Group's financial position and operating results. The Group does not currently engage in foreign currency hedging activities.

Under current regulations, there is no restriction on foreign exchange conversion of the RMB on the current account, although any foreign exchange transaction on the capital account is subject to prior approval from the State Administration of Foreign Exchange ("SAFE") or review by the payment bank in accordance with regulations issued by SAFE. However, even on the current account the RMB is not a freely convertible currency. Foreign invested enterprises in China are currently allowed to repatriate profit to their foreign parents or pay outstanding current account obligations in foreign exchange but must present the proper documentation to a designated foreign exchange bank in order to do so. There is no guarantee that foreign exchange control policies will not be changed so as to require government approval to convert RMB into foreign currency on the current account or repatriate profits. These limitations could affect the ability of the Group to pay dividends, obtain foreign exchange through debt or equity financing, or to obtain foreign exchange for capital expenditures. The Group closely monitors the latest development of the foreign exchange control policies and will take timely and appropriate actions should there be any potential change be anticipated.

(iii) *Exploration, Development and Operating Risks*

The exploration and development of mineral deposits involves significant risks over a significant period of time, which even with a combination of careful evaluation, experience and knowledge may not be eliminated. Few properties that are explored are ultimately developed into producing mines. Major expenditures may be required to establish mineral reserves through drilling, to develop metallurgical processes and to develop the mining and processing facilities and infrastructure at any site chosen for mining. No assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economic viability of a mineral deposit depends on many factors, including size, grade, cost of operations, metal prices, cost of processing equipment, and continuing access to smelter facilities on acceptable terms, government regulations, land tenure, and environmental protection. The exact effect of these factors cannot be measured but the combinations of these factors may impact the success of the Group's mineral exploration, development and acquisition activities. Even after the commencement of mining operations, such operations may be subject to risks and hazards such as environmental hazards, industrial accidents, cave-ins, rock bursts, unusual or unexpected geological formations, ground control problems and flooding. The occurrence of any of the foregoing could result in damage to or destruction of mineral properties and production facilities, personal injuries, environmental damage, delays or interruptions of production, increases in production costs, monetary losses, legal liability and adverse government action.

Business Review (Continued)

Principal Risks and Uncertainties (Continued)

Mining Business (Continued)

(iii) *Exploration, Development and Operating Risks (Continued)*

To mitigate the above risks, the Group has developed and maintained policies appropriate to set and adjust the stage of development of its various projects.

It is not always possible to obtain insurance against all such risks and the Group may decide not to insure against certain risks because of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any further profitability and result in increasing costs and a decline in the value of the securities of the Group. The Group does not maintain insurance against political or environmental risks.

The Group's properties are generally located in the Xinjiang region, a sector which has in the past experienced seismic activity on the Richter scale. Therefore, planning for mines and infrastructures must consider seismicity in the design and there exist a risk that seismic activities may cause significant damages to the Group's infrastructures and operations in the area.

The development of mining properties has inherent risks. The Group may not have sufficient technical or financial resources to complete the projects. Costs over-runs are common in mining projects and may pose a risk for the Group.

(iv) *Uncertainty of Ore Reserves and Resource Estimates*

There are numerous uncertainties inherent in estimating mineral resources and mineral reserves. Such estimates are a subjective process, and the accuracy of any mineral resources and mineral reserves estimate is a function of the quantity and quality of available data and of the assumptions made and judgements used in engineering and geological interpretation. These amounts are estimates only and the actual level of recovery of minerals from such deposits may be different. Differences between management's assumptions, including economic assumptions such as mineral prices, market conditions and actual events could have a material adverse effect on the Company's mineral reserve and mineral resource estimates, financial position and results of operations.

For some of its properties, the Group may prepare its own mineral reserves and resources estimate only in accordance with the former China Ministry of Geological and Mineral Resources ("CMGMR") classification system. The CMGMR classification system may not compliant with the recognised standard acceptable to the Stock Exchange. These figures are only estimates and there cannot be any assurance given that the estimated mineral reserves and resources will be recovered or that they will be recovered at the rates estimated. Mineral reserve and resource estimates are determined based upon assumed commodity prices and operating costs. These factors may in the future render certain mineral reserves and resources unproductive and may ultimately result in a significant reduction in reserves and resources.

Business Review (Continued)

Principal Risks and Uncertainties (Continued)

Mining Business (Continued)

(v) Capital Requirements

The Group does have limited financial resources. Although the Group believes it will be able to fund the development of its mineral properties through existing working capital, and a combination of debt and equity, there can be no assurance the Group will be able to raise additional funding if needed. Failure to obtain such additional funding could result in the delay or indefinite postponement of the exploration and development of some of the Group's properties.

(vi) Permits and Licences

The operations of exploration and mining require specific licences and permits e.g. mining licence for mining activities and exploration licence for exploration activities. Any changes in regulations imposed by the governments due to any reasons are beyond the control of the Group and may adversely affect its business and its ability or retain title to its property and obtain some of the necessary licences. The changes of regulations may include, but not limited to, varying degrees of those with respect to stricter restrictions on production, price controls, export controls, income taxes, and expropriation of property, employment, land use, water use, environmental legislation and mine safety.

The Group's exploration and mining licences are subject to annual audit by the Department of Land and Resources of Xinjiang, China. In their annual audit, the authorities may consider whether the Group's mining activities have been in compliance with the relevant laws and regulations. If the Group fails to meet the relevant requirements or materially breaches any laws or regulations, it may not pass such audit, in which case it may be subject to penalties in accordance with applicable laws, or be given a deadline to rectify deficiencies, or, in serious cases, have its permits and licences revoked. While the Group has never encountered such problems in the past, there can be no assurance that it will pass future audits. Should permits or licences be suspended or revoked, the Group's mining business and results of operations could be materially affected.

(vii) Environmental Regulation

The mining operations of the Group are subject to environmental regulations promulgated by relevant governments. The relevant environmental regulations impose restrictions and prohibitions on spills, or handling of various substances produced during mining or processing operations. In addition, approval of environmental impact assessment for certain types of the mining operations are required. In breach of such regulations or failure of the governmental approval may result in the imposition of fines and penalties. The costs of compliance with environmental regulations, such as advanced equipment which is environmental friendly, has the potential to reduce the profitability of future operations. To mitigate the risk, the Group regularly reviews developments in the relevant legislation and monitors compliance with the required standards.

Business Review (Continued)

Principal Risks and Uncertainties (Continued)

Mining Business (Continued)

(viii) *Competition*

There is significant and increasing competition within the mining industry for the discovery and acquisition of properties considered having commercial potential. The Group competes with other mining companies, some of which have greater financial resources, and as a result, the Group may not be able to acquire mineral interests on terms it considers acceptable. As well, the Group competes for the recruitment and retention of qualified employees and other personnel. The current economic growth in China and the corresponding creation of a more liquid market for skilled employees may lead to future problems in retaining local Chinese management. As a result of this competition, the Group may not be able to acquire additional mineral interests and hire or retain qualified personnel for its projects. In order to mitigate such risk, the Group reviews and improves the recruitment and retention practices on a regular basis to retain competent staff. The Group provides competitive remuneration package to attract and retain their services.

Compliance with the Relevant Laws and Regulations

The Group has compliance policies and procedures in place to ensure adherence to applicable laws, rules and regulations, in particular, those have a significant impact to the Group. The Audit Committee is delegated by the Board to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements. During the year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

Environmental Policies and Performance

The Group is committed to the long term sustainability of the environment and communities in which it operates and is aware of the potential impact that its subsidiary companies may have on the environment.

The Group closely monitors the evolving environmental legislation, adopts measures to enhance environmental sustainability and ensures that it and its subsidiaries at a minimum comply with the local regulatory requirements with regard to the environment.

The Group will review its environmental practices from time to time and will implement further ecofriendly measures and practices closely adhering to the 3Rs – Reduce, Recycle and Reuse and enhancing environmental sustainability.

For the year ended 31 March 2017, the Group endeavored to enhance safety and environmental protection by adhering to targets such as "zero work casualty, zero environmental incident", energy conservation and emission reduction, etc. It also made efforts to serve and help develop local communities. More details are set out in the "Environmental Protections" section of Environmental, Social and Governance Report on pages 25 and 26, which form part of this Directors' Report.

Business Review (Continued)

Relationship with Employees, Suppliers and Customers

The Group recognises the importance of maintaining a stable staff force and provides remuneration packages at competitive levels to retain the employees. The remuneration policy is annually reviewed by the management. The Group also concerns on work safety to the employees. During the year ended 31 March 2017, there was no serious work safety issue. Certain employees have worked for the Group for over 10 years.

The Group values long standing relations with its customers and suppliers. The Group aims at delivering high quality products and services to its customers and developing mutual trust and enhancing commitment between the Group and the suppliers.

For the Mining Business, the top two customers are large enterprises located in Xinjiang and Gansu. Long term trading relations have been established with them since 2011 and 2014. For the year ended 31 March 2017, all the trade receivables from them have been fully collected and no provision is necessary.

The Group puts strong emphasis on the reliability of suppliers to meet our needs. The Group has a good reputation with the suppliers. The Group's practice of making prompt payments to them benefited us for enjoying better service and maintaining long term relations with the suppliers.

Summary Financial Information

A summary of the results and the assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements and reclassified as appropriate, is set out on page 116. The summary does not form part of the audited consolidated financial statements.

Financial Key Performance Indicators

We assess our performance against the following financial key performance indicators ("KPIs"), each of which is linked to our long-term strategy. The Directors think it is appropriate to use the following KPIs to monitor progress in the delivery of the Group's strategic objectives, to assess actual performance and to provide aid for business management. The underlying data are sourced from internal company records.

Business Review (Continued)

Financial Key Performance Indicators (Continued)

KPIs		For the year ended 31 March 2017	2016
The Group			
1. (LBITDA) EBITDA	HK$'000	**(6,307)**	30,396
2. Operating cash flow per share	HK cents	**(0.45)**	1.41
3. Losses per share – basic and diluted	HK cents	**(0.66)**	(0.96)
4. Current ratio	times	**4.75**	3.88
5. Gearing ratio	%	**15.54**	35.31
Software Business			
6. Service revenue per staff	HK$'000	**89**	224
Mining Business			
7. Gold production	ounces	**3,423**	6,236
8. Cash cost per tonne of gold ores extracted	HK$	**683**	644
9. Cash production cost per ounce of gold dores sold	HK$	**8,919**	7,505
10. Nickel-copper ores extracted	tonnes	**3,010**	69,305
11. Cash cost per tonne of nickel-copper ores extracted	HK$	**718**	524

1. (LBITDA) EBITDA

The (LBITDA) EBITDA of the Group decreased by HK$36.7 million from earning of approximately HK$30.4 million for the year ended 31 March 2016 to loss of approximately HK$6.3 million for the year ended 31 March 2017. The decrease was mainly attributed by the decrease in sales of nickel-copper ores from 36,682 tonnes in last year to 15,178 tonnes in current year as well as the decrease in sales of gold dores from 193 kg in last year to 107 kg in current year.

Relevance to Strategy: It stands for (losses) earnings before interest income and expense, income taxes, depreciation, amortisation and impairment loss on other intangible assets. It is a valuable indicator of the ability to generate operating cash flow to fund working capital and capital expenditures and to serve debt obligations.

2. Operating cash flow per share

The operating cash flow per share decreased to cash outflow HK cents 0.45 for the year ended 31 March 2017 (2016: cash inflow per share of HK cents 1.41). The decrease was mainly due to decrease in sales volume in both Software and Mining Business.

Relevance to Strategy: It is the cash generated from or utilised in operating activities, divided by the weighted average of the number of shares in issue. It helps measure the ability to generate cash from the whole business.

Business Review (Continued)

Financial Key Performance Indicators (Continued)

3. Loss per share – basic and diluted

The basic and diluted loss per share decreased to HK cents 0.66 for the year ended 31 March 2017 (2016: HK cents 0.96). The decrease was mainly due to the impairment of intangible assets HK$10.3 million which only incurred in the year ended 31 March 2016.

Relevance to Strategy: It is calculated by dividing the loss attributable to the owners of the Company by the weighted average of the number of shares in issue. It indicates the profitability and is often used as an indicator to determine share price and value.

4. Current ratio

The current ratio increased from 3.88 as at 31 March 2016 to 4.75 as at 31 March 2017. The increase in current ratio is mainly due to the increase in cash balance resulting from the new issue of shares during the year.

Relevance to Strategy: It is calculated by dividing the current assets by the current liabilities of the Group. It measures the financial strength of the Group and the ability whether the Group has enough resources to pay its debts over the next 12 months.

5. Gearing ratio

The gearing ratio was improved from 35% as at 31 March 2016 to 16% as at 31 March 2017. The decrease in gearing ratio is mainly due to the partially repayment of the promissory note and the new issue of 425 million ordinary shares by way of placing during the year.

Relevance to Strategy: It is calculated by dividing the total interest bearing borrowing of the Group by the equity attributable to owners of the Company. It measures the financial risk to which the Group is subjected to.

6. Service revenue per staff

The service revenue per staff for the Software Business decreased to HK$0.1 million for the year ended 31 March 2017 (2016: HK$0.2 million), a 60% decrease comparing to the prior financial year, as the turnover from Software Business has been decreased.

Relevance to Strategy: It is defined as service revenue, excluding hardware sales, divided by number of staff. It is a key indicator to measure the ability of the Group to achieve the objective to develop business through software expertise and excellence.

7. Gold production

The gold production decreased by 45% to 3,423 ounces for the year ended 31 March 2017 (2016: 6,236 ounces). The decrease was due to decrease in grading of gold ores extracted during the year.

Relevance to Strategy: It is the aggregate quantity of the gold produced from our processing plant owned by a non-wholly owned subsidiary. It is one of the key measures used to track the efficiency of utilizing our processing plant.

Business Review (Continued)

Financial Key Performance Indicators (Continued)

8. Cash cost per tonne of gold ores extracted

The cash cost per tonne of gold ores extracted consider stable at approximately HK$683 per tonne for the year ended 31 March 2017 (2016: HK$644).

Relevance to Strategy: It is calculated by dividing the aggregate cash costs incurred by gold ores quantity extracted. It is used to monitor the unit cash cost of extraction and is used as a reference in designing the mining plan.

9. Cash production cost per ounce of gold dores sold

The cash production cost per ounce of gold dores increased to HK$8,919 for the year ended 31 March 2017 (2016: HK$7,505) due to the decrease in average grading of the gold ores.

Relevance to Strategy: It is calculated by dividing the aggregate cash costs by gold quantity sold. It is used to monitor the efficiency of the production.

10. Nickel-copper ore extracted

The nickel-copper ore extraction decreased by 96% to 3,010 tonnes for the year ended 31 March 2017 (2016: 69,305 tonnes). The significant decrease in the ore extracted is mainly due to the late commencement of ore extraction in March 2017 owing to the dumping of nickel-copper ores from Russia and the weak demand for the products.

Relevance to Strategy: It is one of the key measures used to track activities level of the mine.

11. Cash cost per tonne of nickel-copper ore extracted

The cash cost per tonne of nickel-copper ores extracted increased 37% to HK$718 per tonne (2016: HK$524 per tonne). The increase was due to minimal quantity being extracted while there are certain amount of fixed costs incurred.

Relevance to Strategy: It is calculated by dividing the aggregate cash cost by nickel-copper ores quantity extracted. It is used to monitor the unit cash cost of extraction and is used as a reference in designing the mining plan.

Business Review (Continued)

Key relationships with employees, customers and suppliers and others

(i) Major Customers and Suppliers

During the year, the aggregate sales attributable to the Group's five largest customers comprised approximately 99% (2016: 95%) of the Group's total sales while the sales attributable to the Group's largest customer was approximately 50% (2016: 62%) of the Group's total sales.

The aggregate purchases during the year attributable to the Group's five largest suppliers comprised approximately 56% (2016: 62%) of the Group's total purchases while the purchases attributable to the Group's largest supplier was approximately 17% (2016: 19%) of the Group's total purchases.

Save as disclosed above, none of the Directors, their associates or any shareholder, which to the knowledge of the Directors owned more than 5% of the Company's total issued shares, had any interest in the share capital of any of the five largest customers or suppliers of the Group.

(ii) Emolument Policy

The emolument policy of the employees of the Group is set up on the basis of their merit, qualifications and competence.

The emoluments of the Directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted share option schemes as an incentive to Directors and eligible employees, details of the share option schemes are set out in note 30 to the consolidated financial statements.

(iii) Competing Interest

Mr. Felipe Tan holds shareholding and directorship in GobiMin. Its subsidiaries and associate companies are principally engaged in exploration of a gold mine and prospecting exploration projects of gold, copper and nickel in Xinjiang, PRC. All of them are in exploration or prospecting stage and are not yet in production, whereas the Mining Business of the Group are in production stage. In this regard, Mr. Felipe Tan is considered to have interests in businesses which might compete, either directly or indirectly with the businesses of the Group.

The abovementioned competing businesses are operated and managed by companies with independent management and administration. In addition, the Board is independent from the boards of the abovementioned companies. Accordingly, the Group is therefore capable of carrying on business independently, and at arm's length from the said competing business.

(iv) Management Contract

No management contract in force during the year for the management and administration of the whole or any substantial part of the Group's business subsisted at the end of the year or at any time during the year.

Business Review (Continued)

Key relationships with employees, customers and suppliers and others (Continued)

(v) Employee information

As at 31 March 2017, the Group employed a total staff of 164. 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.

General Information

Results and Appropriations

The results of the Group for the year are set out in the consolidated statement of profit or loss and other comprehensive income on page 48.

The Directors do not recommend the payment of dividend nor transfer of any amount to reserves (2016: nil).

Share Capital

Details of the movement in share capital of the Company during the year are set out in note 28 to the consolidated financial statements.

Reserves

Details of the movements in reserves of the Group and the Company during the year are set out on page 50 and note 37 to the consolidated financial statements, respectively.

The Company had no reserves available for distribution to shareholders as at 31 March 2017 (2016: nil).

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group during the year are set out in note 13 to the consolidated financial statements.

Directors and Directors' Service Contracts

The Directors of the Company during the year and up to the date of this report were:

Executive Directors:

CHENG Kin Kwan (retired on 29 July 2016)
LAU Yun Fong Carman
Felipe TAN *(Chairman)*
ZHANG Ming (resigned on 26 September 2016)

Non-executive Director:

LAM Kai Ling Vincent (resigned on 29 July 2016)

Independent Non-executive Directors:

CHAN Choi Ling
CHAN Mei Ying Spencer
LAM Kwai Yan
TSANG Wai Chun Marianna

Directors and Directors' Service Contracts (Continued)

Each of the executive Directors has entered into a service contract with the Company when he or she is appointed as a Director of the Company. These service contracts will continue thereafter until terminated by either party giving to the other party not less than three months' notice in writing.

Each of the non-executive Director and independent non-executive Directors was appointed for a term of one year.

Save as disclosed above, none of the Directors proposed for re-election at the forthcoming AGM has any service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Other than the existing and former Directors named above, the following persons were the Directors of the subsidiaries undertakings during the financial year ended 31 March 2017 or during the period beginning on 1 April 2017 and ending on the date of this report:

1. Han Zhaoju
2. Hu Caixia
3. Ko Yuen Kwan
4. LAM Kai Ling Vincent (appointed on 13 September 2016)
5. Leung Mei Sheung Eliza (ceased on 28 July 2016)
6. Li Jianping
7. Tan Qingfeng
8. Wong Tai Wai David (ceased on 28 July 2016)
9. Yang Jingui
10. Yu Yan Li (ceased on 28 July 2016)
11. Zhu Jing

Permitted Indemnity Provision

The Company maintains directors' and officers' liability insurance, which gives appropriate cover for any legal actions against its Directors and officers of the Group. The permitted indemnity provision is in force for the benefit of the Directors as required by section 470 of the Hong Kong Companies Ordinance when this report prepared by the Directors is approved in accordance with section 391(1)(a) of the Hong Kong Companies Ordinance.

Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares of the Company

At 31 March 2017, the interests and short positions of the Directors and the chief executive of the Company and their associates in the shares, underlying shares or debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules, were as follows:

Long positions

(a) Interests in the shares of the Company

	Number of ordinary shares held in the capacity of			
Name of Director	Beneficial owner	Controlled corporation	Total number of shares	Percentage of shareholding
Executive Director				
Felipe Tan	145,008,000	561,594,400*	706,602,400	25.12%
Independent Non-Executive Directors				
Chan Choi Ling	1,200,000	–	1,200,000	0.04%
Chan Mei Ying Spencer	1,800,000	–	1,800,000	0.06%
Lam Kwai Yan	1,200,000	–	1,200,000	0.04%

* These shares were held by Starmax, a company which is beneficially owned by Mr. Felipe Tan. By virtue of the SFO, Mr. Felipe Tan is deemed to have interests in the shares held by Starmax.

(b) Interests in shares of associated corporation of the Company

Name of Director	Name of associated corporation	Capacity	Number of shares/ registered capital	Percentage of interest in the registered capital of the associated corporation
Felipe Tan	Goffers Management Limited	Interest of controlled corporation	200*	100%
	Goffers Resources Limited	Interest of controlled corporation	1,000	100%
	Kangshun HK Limited	Interest of controlled corporation	1,000	100%
	Kangshun Investments Limited	Interest of controlled corporation	1,000	100%
	Xinjiang Tianmu Mineral Resources Development Co. Ltd	Interest of controlled corporation	RMB36,000,000	51%

* 98 shares (representing 49%) are held by Mr. Felipe Tan through Starmax whereas 102 shares (representing 51%) are pledged to Starmax as security of the payment obligations of the Group under the Promissory Note.

Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares of the Company (Continued)

Long positions (Continued)

(c) Interests in debentures of associated corporation of the Company

Name of director	Name of associated corporation	Capacity	Amount of debentures
Felipe Tan	Time Kingdom Limited	Interest of controlled corporation	HK$20,000,000*

* The outstanding balance of the Promissory Note issued to Starmax which is beneficially owned by Mr. Felipe Tan. On 11 May 2017, HK$10,000,000 has been repaid and the balance of the promissory note is HK$10,000,000.

(d) Options to subscribe for ordinary shares of the Company

Particulars of the Directors' interests in share options to subscribe for shares in the Company pursuant to the Company's 2013 share option schemes were as follows:

				Number of share options and underlying shares						
Name of Directors	Date of grant	Vesting and Exercisable period	Exercise price per share HK$	Outstanding at 1.4.2016	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Reclassified during the year	Outstanding at 31.3.2017
Executive Directors										
Felipe Tan	02.03.2017	02.03.2017–01.03.2027	0.1080	–	2,000,000	–	–	–	–	2,000,000
Lau Yun Fong Carman	03.10.2013	03.10.2013–02.10.2023	0.1435	2,075,676	–	–	–	–	–	2,075,676
	17.02.2014	17.02.2014–16.02.2024	0.1329	415,135	–	–	–	–	–	415,135
	02.03.2017	02.03.2017–01.03.2027	0.1080	–	1,000,000	–	–	–	–	1,000,000
Zhang Ming*	03.10.2013	03.10.2013-02.10.2023	0.1435	3,113,514	–	–			(3,113,514)	–
Independent Non-Executive Directors										
Chan Choi Ling	02.03.2017	02.03.2017–01.03.2027	0.1080	–	1,000,000	–	–	–	–	1,000,000
Chan Mei Ying Spencer	02.03.2017	02.03.2017–01.03.2027	0.1080	–	1,000,000	–	–	–	–	1,000,000
Lam Kwai Yan	02.03.2017	02.03.2017–01.03.2027	0.1080	–	1,000,000	–	–	–	–	1,000,000
Tsang Wai Chun Marianna	02.03.2017	02.03.2017–01.03.2027	0.1080	–	1,000,000	–	–	–	–	1,000,000
				5,604,325	7,000,000	–	–	–	(3,113,514)	9,490,811

* A total of 3,113,514 options as at 31 March 2017 were reclassified from "Directors" category to "Others" category as Mr. Zhang Ming resigned as a Director of the Company with effect from 26 September 2016.

Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares of the Company (Continued)

Save as disclosed above and other than nominee shares in certain wholly-owned subsidiaries held by certain Directors in trust for the Group, at 31 March 2017, none of the Directors or chief executive or any of their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations which fall to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO, or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 31 March 2017, the register maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain Directors and the chief executive, the following shareholders had notified the Company of relevant interest in the issued share capital of the Company.

Name of substantial shareholder	Number of ordinary shares held	Number of share options and underlying shares held	Aggregate long position	Percentage of the issued share capital as at 31 March 2017
Starmax Holdings Limited*	561,594,400	–	561,594,400	19.97%

* Starmax is beneficially owned by Mr. Felipe Tan

Save as disclosed in the section "Directors' and chief executive's interests and short positions in shares and underlying shares of the Company", the Company has not been notified of any other interests or short positions in the issued share capital as at 31 March 2017.

Share Options

Details of the Company's share option schemes adopted on 28 April 2003 and 25 September 2013 are set out in note 30 to the consolidated financial statements.

Directors' Interests in Contracts

There were no contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Independence of Independent Non-Executive Directors

The Company has received written confirmation from each of its independent non-executive Directors in respect of their independence during the year and all independent non-executive Directors are still being considered to be independent.

Connected Transaction

None of the "Related party transactions" as disclosed in the note 36 to the consolidated financial statements for the year ended 31 March 2017 constituted discloseable non-exempted connected transaction or non-exempted continuing connected transaction under the GEM Listing Rules.

To the extent of the above "Related party transactions" constituted connected transactions as defined in the GEM Listing Rules, the Company had complied with the relevant requirements under Chapter 20 of the GEM Listing Rules during the year.

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.

Corporate Governance

Principal corporate governance policies adopted by the Company are set out in the Corporate Governance Report on pages 14 to 21.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of its Directors as at the date of this report, the Company has maintained sufficient public float as required under the GEM Listing Rules.

Auditors

HLB Hodgson Impey Cheng Limited, the auditors of the Company, will retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming AGM.

On behalf of the Board
TIMELESS SOFTWARE LIMITED
Felipe Tan
Chairman

Hong Kong, 15 June 2017

HLB 國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE MEMBERS OF TIMELESS SOFTWARE LIMITED
(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of Timeless Software Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 48 to 114, which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis For Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Impairment assessment of mining right on nickel-copper mining	
Refer to key sources of estimation uncertainty in note 6 and the disclosures of mining right on nickel-copper mining in note 15 to the consolidated financial statements. As at 31 March 2017, the Group has mining right on nickel-copper mining of approximately HK$194,460,000. For the purpose of assessing impairment, mining right on nickel-copper mining was allocated to cash-generating unit ("CGU"), and the recoverable amount of the CGU was determined by management based on value-in-use calculation using cash flow projection. In carrying out the impairment assessment, significant management judgement was used to appropriately identify of CGU and to determine the key assumption, including production scale, mining costs, nickel-copper price and discount rate, underlying the value-in-use calculation.	Our audit procedures included: – assessing management's identification of CGU based on the Group's accounting policies and understanding of the Group's business; – assessing value-in-use calculation methodology adopted by management; – assessing the reasonableness of key assumptions (including production scale, mining costs, nickel-copper price and discount rate) based on our knowledge of the business and industry and using valuation expert; and – checking the mathematical accuracy of the value-in-use calculation in the management's impairment assessment.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in this independent auditors' report is Mr. Kwok Kin Leung.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Kwok Kin Leung
Practising Certificate Number: P05769

Hong Kong, 15 June 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Revenue	7	**64,910**	155,704
Other income and gains		**2,370**	3,398
Purchase and production costs		**(52,571)**	(93,626)
Staff costs		**(18,364)**	(25,793)
Depreciation and amortisation		**(2,981)**	(4,010)
Other expenses		**(11,026)**	(27,269)
Loss on disposal of property, plant and equipment		**(823)**	–
Impairment loss on other intangible assets	15	**–**	(10,332)
Gain/(loss) arising on change in fair value of investments held for trading		**504**	(1,739)
Gain on disposals of subsidiaries	34	**1**	3,533
Finance costs	8	**(744)**	(1,136)
Share of gain/(loss) of associates	16	**2,775**	(142)
Loss before tax		**(15,949)**	(1,412)
Income tax expense	11	**(1,882)**	(8,748)
Loss for the year	9	**(17,831)**	(10,160)
Other comprehensive income/(expense), net of income tax			
Items that will not be reclassified subsequently to profit or loss:			
Gain on revaluation of properties	13	**964**	–
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(17,818)**	(14,903)
Reclassification adjustment on exchange differences released upon disposals of subsidiaries	34	**–**	(7,911)
Share of exchange differences of associates	16	**(292)**	(303)
Share of other comprehensive expense of associates	16	**(162)**	(819)
		(18,272)	(23,936)
Other comprehensive expense for the year, net of income tax		**(17,308)**	(23,936)
Total comprehensive expense for the year		**(35,139)**	(34,096)
(Loss)/profit attributable to:			
Owners of the Company		**(16,574)**	(20,621)
Non-controlling interests		**(1,257)**	10,461
		(17,831)	(10,160)
Total comprehensive expense attributable to:			
Owners of the Company		**(20,678)**	(33,503)
Non-controlling interests		**(14,461)**	(593)
		(35,139)	(34,096)
		HK cents	HK cents
Loss per share			
– Basic and diluted	12	**(0.66)**	(0.96)

Consolidated Statement of Financial Position

At 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment	13	38,235	66,144
Investment properties	14	8,992	–
Other intangible assets	15	195,364	209,594
Interests in associates	16	8,974	5,453
Prepaid lease payments	17	6,606	7,157
Deposits	20	25,327	26,374
Land rehabilitation costs	18	4,118	5,116
		287,616	319,838
Current assets			
Inventories	19	22,414	27,700
Prepaid lease payments	17	223	236
Trade and other receivables	20	14,820	6,066
Investments held for trading	21	–	1,172
Bank balances and cash	22	102,086	101,802
		139,543	136,976
Current liabilities			
Trade and other payables	23	13,272	15,628
Dividends payable to non-controlling interests		5,532	–
Bank borrowing	24	–	8,585
Promissory note	25	10,565	10,866
Current tax liabilities		–	180
		29,369	35,259
Net current assets		110,174	101,717
Total assets less current liabilities		397,790	421,555
Non-current liabilities			
Promissory note	25	9,967	19,935
Provision for land rehabilitation	26	8,917	9,422
Deferred tax liabilities	27	29,521	30,204
		48,405	59,561
Net assets		349,385	361,994
Capital and reserves			
Share capital	28	906,074	866,564
Reserves		(773,939)	(755,011)
Equity attributable to owners of the Company		132,135	111,553
Non-controlling interests		217,250	250,441
Total equity		349,385	361,994

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 15 June 2017 and are signed on its behalf by:

Felipe Tan	**Lau Yun Fong Carman**
Director	*Director*

Consolidated Statement of Changes in Equity

For the year ended 31 March 2017

	Share capital HK$'000	Share options reserve HK$'000	General reserve HK$'000	Investment revaluation reserve HK$'000	Property revaluation reserve HK$'000	Translation reserve HK$'000	Accumulated deficit HK$'000	Attributable to owners of the Company HK$'000	Non-controlling interests HK$'000	Total HK$'000
Balance at 1 April 2015	806,049	4,110	–	2,612	–	10,850	(737,580)	86,041	250,520	336,561
(Loss)/profit for the year	–	–	–	–	–	–	(20,621)	(20,621)	10,461	(10,160)
Other comprehensive expense for the year	–	–	–	(819)	–	(12,063)	–	(12,882)	(11,054)	(23,936)
Total comprehensive expense for the year	–	–	–	(819)	–	(12,063)	(20,621)	(33,503)	(593)	(34,096)
Issue of ordinary shares under employee share option schemes	4,070	(1,500)	–	–	–	–	–	2,570	–	2,570
Issue of ordinary shares by way of placing	18,125	–	–	–	–	–	–	18,125	–	18,125
Issue of ordinary shares by way of open offer	39,798	–	–	–	–	–	–	39,798	–	39,798
Transaction costs attributable to issue of new ordinary shares	(1,478)	–	–	–	–	–	–	(1,478)	–	(1,478)
Release of reserve upon share options lapsed	–	(801)	–	–	–	–	801	–	–	–
Capital injection from non-controlling interests	–	–	–	–	–	–	–	–	1,249	1,249
Disposals of subsidiaries (Note 34)	–	–	–	–	–	–	–	–	(735)	(735)
Balance at 31 March 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**

Consolidated Statement of Cash Flows

For the year ended 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Cash flows from operating activities			
Loss before tax		(15,949)	(1,412)
Adjustments for:			
Interest income		(956)	(2,270)
Interest expense		744	1,136
Share of (gain)/loss of associates		(2,775)	142
Depreciation and amortisation		9,066	26,917
Impairment loss on other intangible assets	15	–	10,332
Impairment loss on other receivables		–	289
Loss on disposal of property, plant and equipment		823	–
Gain on disposals of subsidiaries	34	(1)	(3,533)
(Gain)/loss arising on change in fair value of investments held for trading		(504)	1,739
Expense recognised in respect of equity-settled share-based payments		1,750	–
		(7,802)	33,340
Movements in working capital:			
Decrease in inventories		4,996	19,711
Increase in trade and other receivables		(9,070)	(1,823)
Decrease/(increase) in investments held for trading		1,660	(2,918)
Decrease in trade and other payables		(1,287)	(1,028)
Decrease in amount due to a related company		–	(700)
Cash (used in)/generated from operations		(11,503)	46,582
Income taxes paid		(1,115)	(12,994)
Net cash (used in)/generated by operating activities		(12,618)	33,588
Cash flows from investing activities			
Interest received		655	351
Addition to interest in an associate		(1,200)	–
Dividends received		16	7
Payments for property, plant and equipment		(561)	(6,397)
Additions to mining rights		–	(7,689)
Additions to prepaid lease payments		–	(704)
Net cash (outflows)/inflows arising from disposal of subsidiaries	34	(294)	5,883
Proceed from disposal of property, plant and equipment		10,765	–
Withdrawal of pledged bank deposits		–	124
Net cash generated by/(used in) investing activities		9,381	(8,425)
Cash flows from financing activities			
Proceeds from issue of equity shares		40,375	60,493
Payment for transaction costs attributable to issue of new ordinary shares		(865)	(1,478)
Repayments of bank borrowing		(8,585)	(607)
Repayment of promissory note		(10,000)	(10,000)
Interest paid		(1,013)	(1,408)
Capital injection from non-controlling interests		–	1,249
Dividends paid to non-controlling interests		(13,198)	(20,557)
Net cash generated by financing activities		6,714	27,692
Net increase in cash and cash equivalents		3,477	52,855
Cash and cash equivalents at the beginning of year		101,802	50,913
Effect of foreign exchange rate changes		(3,193)	(1,966)
Cash and cash equivalents at the end of year		102,086	101,802
Analysis of the balances of cash and cash equivalents			
Bank balances and cash	22	102,086	101,802

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 ("GEM") 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 Room 2208, 118 Connaught Road West, Hong Kong.

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

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

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 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendments to HKAS 27	*Equity Method in Separate Financial Statements*
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2012–2014 Cycle*

The directors consider that the adoption of the amendments to HKFRSs has no material effect 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*[2]
HKFRS 15	*Revenue from Contracts with Customer*[2]
HKFRS 16	*Leases*[3]
Amendments to HKAS 7	*Disclosure Initiative*[1]
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*[1]
Amendments to HKAS 40	*Transfers of Investment Property*[2]
Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*[2]
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*[2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKFRS 15	*Clarification to HKFRS 15 Revenue from Contracts with Customers*[2]
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2014–2016 Cycle*[5]

[1] Effective for annual periods beginning on or after 1 January 2017.
[2] Effective for annual periods beginning on or after 1 January 2018.
[3] Effective for annual periods beginning on or after 1 January 2019.
[4] Effective for annual periods beginning on or after a date to be determined.
[5] Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

New and revised HKFRSs in issue but not yet effective (Continued)

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. 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 mechanisms currently available in HKAS 39. Under HKFRS 9, 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 retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

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

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

New and revised HKFRSs in issue but not yet effective (Continued)

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 was issued which 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 of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

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 leases and service contracts on the basis of whether an identified asset is controlled by a customer. Subject to limited exceptions for short-term leases and low value assets, distinctions of operating 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. However, the standard does not significantly change the accounting of lessors. Application of HKFRS 16 will result in the Group's recognition of right-of-use assets and corresponding liabilities in respect of the Group's lease arrangements. These assets and liabilities are currently not required to be recognised but certain relevant information is disclosed as commitments to these consolidated financial statements. Total operating lease commitments of the Group as lessee as at 31 March 2017 amounted to approximately HK$987,000 (Note 31).

The directors of the Company do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Group's results but it is expected that certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

The directors of the Company anticipate that the application of the other new and revised standards and amendments will have no material impact on the results and the financial position of the Group.

3. Significant Accounting Policies

Statement of compliance

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA and the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange ("GEM Listing Rules").

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below. Certain comparative figures have been reclassified to conform with current year's presentation.

Basis of consolidation

The consolidation financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved where the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

3. Significant Accounting Policies (Continued)

Basis of consolidation (Continued)

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. Significant Accounting Policies (Continued)

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

3. Significant Accounting Policies (Continued)

Business combinations (Continued)

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or groups of cash-generating units) to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated in tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described below.

3. Significant Accounting Policies (Continued)

Subsidiaries

Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are excluded from consolidation from the date that control ceases.

Investments in subsidiaries presented in the statement of financial position of the Company included in note 37 are stated at cost less any impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is or the portion so classified is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Any retained portion of an investment in an associate that has not been classified as held for sale shall be accounted for using the equity method. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances.

Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

3. Significant Accounting Policies (Continued)

Investments in associates (Continued)

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of HKAS 39, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3. Significant Accounting Policies (Continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue is recognised when the account of revenue can be reliably measured, when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities as described below.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from rendering of services is recognised when the relevant services have been rendered.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy below.

3. Significant Accounting Policies (Continued)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

3. Significant Accounting Policies (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

3. Significant Accounting Policies (Continued)

Foreign currencies (Continued)

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes (Mandatory Provident Fund scheme and state-managed retirement benefit schemes) are recognised as an expense when employees have rendered services entitling them to the contributions.

Share-based payment arrangements

Equity-settled share-based payment transactions

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

3. Significant Accounting Policies (Continued)

Share-based payment arrangements (Continued)

Equity-settled share-based payment transactions (Continued)

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium (transferred to share capital on or after the commencement date of the Hong Kong Companies Ordinance on 3 March 2014). When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated deficit.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

The fair value of the goods and services received are recognised as expenses (unless the goods and services qualify for recognition as assets).

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from “loss before tax” as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

3. Significant Accounting Policies (Continued)

Taxation (Continued)

Deferred tax (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred taxes for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment including buildings, leasehold land (classified as finance leases) and freehold land held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes (construction in progress) are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

3. Significant Accounting Policies (Continued)

Property, plant and equipment (Continued)

Depreciation is recognised so as to write off the cost of assets (other than construction in progress) less their residual values over their useful lives, using the straight-line method as follows:

Land and buildings	20 years
Leasehold improvements	Over the shorter of the term of lease, and 8 to 20 years
Plant and machinery	8 years
Computer equipment	3 to 5 years
Furniture and fixtures	5 years
Office equipment	3 to 5 years
Motor vehicles	5 to 8 years

The estimated useful lives, residual values and property method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item (including the relevant prepaid lease payments) at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to accumulated deficit.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes). Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties measured using the fair value model

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are classified and accounted for as investment properties and are measured using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

3. Significant Accounting Policies (Continued)

Investment properties (Continued)

Investment properties measured using the fair value model (Continued)

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Alternatively, intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

3. Significant Accounting Policies (Continued)

Intangible assets (Continued)

Mining rights

Mining rights are stated at cost less accumulated amortisation and any impairment losses. Mining rights include the cost of acquiring mining licences, exploration and evaluation costs, and the cost of acquiring interests in the mining reserves of existing mining properties. The mining rights are amortised using the units of production method based on the proven and probable mineral reserves.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata based on the carrying mount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. Significant Accounting Policies (Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts (if any).

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provision for land rehabilitation

The Group is required to incur costs for restoration of the land after the underground sites have been mined. Provision for land rehabilitation is recognised when the Group has a present obligation as a result of past event, and it is probable that the Group will be required to settle that obligation. Provision is measured by reference to relevant rules and regulations applicable in the People’s Republic of China (“PRC”) at the end of the reporting period.

Land rehabilitation costs are provided in the period in which the obligation is identified and is capitalised to the land rehabilitation costs. The costs are amortised on the straight-line basis over their estimate useful lives.

3. Significant Accounting Policies (Continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss" (FVTPL), "held-to-maturity investments", "available-for-sale" (AFS) financial assets and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The Group's financial assets are classified into financial assets at FVTPL and loans and receivables.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the statement of profit or loss and other comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including deposits, trade and other receivables and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL on initial recognition.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the consolidated statement of profit or loss and other comprehensive income.

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Other financial liabilities

Other financial liabilities (including trade and other payables, dividends payable to non-controlling interests, bank borrowing and promissory note) are subsequently measured at amortised cost using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis other than financial liabilities classified as at FVTPL.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognise its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. Significant Accounting Policies (Continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person,

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4. Financial Instruments

(a) Categories of financial instruments

	2017 HK$'000	2016 HK$'000
Financial assets		
Fair value through profit or loss – Investments held for trading	–	1,172
Loans and receivables (including cash and cash equivalents)	137,287	129,735
Financial liabilities		
Amortised cost	39,336	55,013

(b) Financial risk management objectives and policies

The Group's major financial instruments include deposits, trade and other receivables, investments held for trading, bank balances and cash, trade and other payables, dividends payable to non-controlling interests, bank borrowing and promissory note. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

Market risk

Foreign currency risk management

Foreign currency risk refers to the risk that movement in foreign currency exchange rate will affect the Group's financial results and its cash flows. The management considers that the Group is not exposed to significant foreign currency risk as majority of its transactions are denominated in Hong Kong dollars and Renminbi (functional currencies of the major group entities) and the Group do not have major monetary assets/liabilities denominated in currencies other than the functional currencies of the relevant group entities at the end of the reporting period.

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

Interest rate risk management

The Group's fair value interest rate risk relates to primarily to its fixed-rate borrowings. The cash flow interest rate risk of the Group relates primarily to their variable-rate bank deposits. The management considers that the exposure to interest rate risk on bank deposits is insignificant. For borrowings which are fixed-rate instruments is insensitive to any change in interest rates. A change in interest rates at the end of the reporting period would not affect profit or loss. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

4. Financial Instruments (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

Other price risks

The Group is exposed to equity price risk through their investments in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk is mainly concentrated on the fluctuation of market price of equity securities listed on the Stock Exchange.

Equity price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risk at the end of the reporting period.

If the prices of the respective equity instruments had been 10% higher/lower, loss for the year ended 31 March 2017 would decrease/increase by nil (2016: HK$117,000). There was no investments held for trading as at 31 March 2017.

Credit risk management

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the Group reviews the recoverable amount of each individual trade debt and other receivables at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because majority of the counterparties are banks with high credit ratings assigned by international credit-rating agencies and state-owned banks with good reputation.

The Group has no significant concentration of credit risk on trade receivables as at 31 March 2017.

At 31 March 2016, the Group has concentration of credit risk on trade receivables by geographical location in Hong Kong, which accounted for 100% of the trade receivables as at 31 March 2016. In addition, the Group has certain concentration of credit risk by customers as approximately 44% of the Group's trade receivables as at 31 March 2016 were due from the Group's five largest customers.

The management closely monitors the settlement of trade and other receivables and reviews their recoverability to ensure that adequate impairment losses are recognised for irrecoverable amounts.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings or good reputation and on trade receivables, the Group does not have any other significant concentration of credit risk.

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

4. Financial Instruments (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk management

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay and include both interest and principal cash flows.

For bank borrowing with a repayment on demand clause are included in the "On demand or less than 1 year", the earliest time band regardless of the probability of the bank choosing to exercise its rights within one year after the reporting date. The maturity analysis for other non-derivative financial liabilities is prepared based on the scheduled repayment dates.

	Weighted average effective interest rate %	On demand or less than 1 year HK$'000	1–5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts at 31 March HK$'000
2017					
Non-derivative financial liabilities					
Trade and other payables	**N/A**	**13,272**	**–**	**13,272**	**13,272**
Dividends payable to non-controlling interests	**N/A**	**5,532**	**–**	**5,532**	**5,532**
Promissory note	**3.16**	**10,600**	**10,300**	**20,900**	**20,532**
		29,404	**10,300**	**39,704**	**39,336**
2016					
Non-derivative financial liabilities					
Trade and other payables	N/A	15,627	–	15,627	15,627
Bank borrowing	2.25	8,602	–	8,602	8,585
Promissory note	3.16	10,902	20,900	31,802	30,801
		35,131	20,900	56,031	55,013

4. Financial Instruments (Continued)

(c) Fair value measurements of financial instruments

Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis

Fair value hierarchy

	2017 HK$'000	2016 HK$'000
Financial assets included in Level 1		
Financial asset at fair value through profit or loss		
– Investments held for trading	–	1,172

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the quoted market bid price. These instruments are included in level 1.

During the years ended 31 March 2017 and 2016, there were no transfers between Levels 1, 2 and 3.

Fair value of financial assets and financial liabilities that are carried at other than fair value

Fair value hierarchy

	2017 HK$'000	2016 HK$'000
Financial liabilities included in Level 2		
Promissory note	20,408	31,221

The carrying amount of the Promissory Note as at 31 March 2017 amounted to approximately HK$20,532,000 (2016: HK$30,801,000), whereas its fair value amounted to approximately HK$20,408,000 (2016: HK$31,221,000). The fair value of the Promissory Note at 31 March 2017 has been arrived using the effective interest method by discounting future estimated repayments at discount rate of 4.05% with reference to the United States Treasury Bonds yields and credit spreads of comparable financial instruments with similar characteristics.

The directors consider that the carrying amounts of the Group's other financial assets and liabilities carried at cost or amortised cost are not materially different from their fair values as at 31 March 2017 and 2016.

5. Capital Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debts (which includes bank borrowing and promissory note) and equity attributable to owners of the Company (comprising issued share capital and reserves).

The Group is not subject to any externally imposed capital requirements.

Gearing ratio

The directors review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and as well as the issue of new debts.

The gearing ratio at the end of the reporting period was as follows:

	2017 **HK$'000**	2016 HK$'000
Debts	**20,532**	39,386
Equity attributable to owners of the Company	**132,135**	111,553
Gearing ratio	**15.5%**	35.3%

6. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revisions affect only that period, or in the period of the revisions and future periods if the revisions affect both current and future periods.

6. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of mining rights

The carrying amounts of mining rights are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable in accordance with the accounting policy as disclosed in note 3. The recoverable amount of these assets, or, where appropriate, the cash-generating units to which they belong, is calculated as the higher of its fair value less costs of disposal and value in use. Estimating the value in use requires the Group to estimate the expected future cash flows from the cash-generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Mines reserves

Engineering estimates of the Group's mines reserves are inherently imprecise and represent only approximate amounts because of the significant judgements involved in developing such information. Mines reserves estimates can fluctuate from initial estimates when there are significant changes in any of the factors or assumptions used in estimating mines reserves, notably changes in the geology of the reserves and assumptions used in determining the economic feasibility of the reserves. This change is considered a change in estimates for accounting purposes and is reflected on a prospective basis at related amortisation rates.

7. 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) Software business; (ii) Mining business.

Segment revenues and results

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

	2017 HK$'000	2016 HK$'000
Segment revenue		
Software business	800	4,261
Mining business	64,110	151,443
	64,910	155,704
Segment results		
Software business	(8,887)	(18,912)
Mining business	(1,705)	16,097
	(10,592)	(2,815)
Interest income	956	2,270
Other income and gains	1,414	1,128
Unallocated corporate expenses	(9,440)	(2,511)
Gain/(loss) arising on change in fair value of investments held for trading	504	(1,739)
Loss on disposal of property, plant and equipment	(823)	–
Gain on disposals of subsidiaries	1	3,533
Finance costs	(744)	(1,136)
Share of gain/(loss) of associates	2,775	(142)
Loss before tax	(15,949)	(1,412)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2016: nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment results represent the loss from each segment without allocation of interest income, other income and gains, unallocated corporate expenses, gain/loss arising on change in fair value of investments held for trading, loss on disposal of property plant and equipment, gain on disposals of subsidiaries, finance costs and share of gain/loss of associates. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

7. Segment Information (Continued)

Segment assets and liabilities

	2017 HK$'000	2016 HK$'000
Segment assets		
Software business	–	21,477
Mining business	306,892	326,910
Total segment assets	306,892	348,387
Unallocated	120,267	108,427
Consolidated assets	427,159	456,814
Segment liabilities		
Software business	–	2,366
Mining business	55,740	53,068
Total segment liabilities	55,740	55,434
Unallocated	22,034	39,386
Consolidated liabilities	77,774	94,820

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

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

Other segment information

	2017 HK$'000	2016 HK$'000
Additions to non-current assets*		
Software business	–	218
Mining business	561	14,572
	561	14,790
Depreciation and amortisation		
Software business	11	1,303
Mining business	2,468	2,707
Unallocated	502	–
	2,981	4,010
Depreciation and amortisation included in purchase and production costs		
Mining business	6,085	22,907
Total depreciation and amortisation recognised in profit or loss	9,066	26,917
Impairment loss on other intangible assets		
Mining business	–	10,332

* Additions to non-current assets include additions to property, plant and equipment, other intangible assets and prepaid lease payments.

7. Segment Information (Continued)

Revenue from major products and services

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

	2017 HK$'000	2016 HK$'000
Computer hardware	–	2,651
Consultancy, software development and maintenance services	800	1,610
Gold dores	32,745	54,175
Nickel-copper ores	31,365	97,268
	64,910	155,704

Geographical information

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

	2017 HK$'000	2016 HK$'000
Revenue from external customers		
Hong Kong	800	1,421
PRC	64,110	154,283
	64,910	155,704
Non-current assets		
Hong Kong	8,992	20,139
PRC	244,323	267,872
	253,315	288,011

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:

	2017 HK$'000	2016 HK$'000
Customer A[1]	31,365	97,268
Customer B[1]	32,745	52,655

1 Revenue from mining business

8. Finance Costs

	2017 HK$'000	2016 HK$'000
Interest on bank borrowing	111	201
Effective interest on promissory note	633	935
	744	1,136

9. Loss for the Year

	2017 HK$'000	2016 HK$'000
Loss for the year has been arrived at after charging/(crediting):		
Directors' and chief executive's emoluments (Note 10)	3,864	6,671
Other staff's retirement benefits scheme contributions	860	1,108
Other staff's equity-settled share-based payments	532	–
Other staff costs	13,108	18,014
Total employee benefits expenses	18,364	25,793
Depreciation of property, plant and equipment	4,295	4,307
Amortisation of other intangible assets	1,790	18,600
Total depreciation and amortisation (included in the purchase and production costs line item)	6,085	22,907
Depreciation of property, plant and equipment	2,090	3,053
Amortisation of:		
– prepaid lease payments	167	192
– land rehabilitation costs	724	765
Total depreciation and amortisation (included in the depreciation and amortisation line item)	2,981	4,010
Auditors' remuneration		
– audit services	770	820
– non-audit services	–	200
Cost of inventories recognised as an expense	48,661	91,859
Impairment loss recognised on other receivables (included in other expenses)	–	289
Operating lease rentals in respect of rented premises	373	307
Net foreign exchange losses	80	229
Dividends from equity securities	(16)	(7)
Equity settled share-based payments to consultants	952	–
Interest income	(956)	(2,270)
Rental income arising from investment properties less direct outgoing expenses	(30)	–

10. Directors', Chief Executive's and Employees' Emoluments

Directors' and chief executive's emoluments

The emoluments paid or payable to each of the directors and the chief executive were as follows:

For the year ended 31 March 2017

	Fees HK$'000	Salaries and other benefits in kind HK$'000	Retirement benefits scheme contributions HK$'000	Performance and discretionary bonus HK$'000	Share-based payments HK$'000	Total emoluments HK$'000
Executive directors						
Felipe Tan	120	711	26	82	76	1,015
Lau Yun Fong Carman	120	663	17	89	38	927
Cheng Kin Kwan (retired on 29 July 2016)	–	534	–	395	–	929
Zhang Ming (resigned on 26 September 2016)	60	216	9	22	–	307
Non-executive director						
Lam Kai Ling Vincent (resigned on 29 July 2016)	30	–	–	–	–	30
Independent non-executive directors						
Tsang Wai Chun Marianna	126	–	–	–	38	164
Chan Mei Ying Spencer	126	–	–	–	38	164
Lam Kwai Yan	126	–	–	–	38	164
Chan Choi Ling	126	–	–	–	38	164
	834	2,124	52	588	266	3,864

10. Directors', Chief Executive's and Employees' Emoluments (Continued)

Directors' and chief executive's emoluments (Continued)

For the year ended 31 March 2016

	Fees HK$'000	Salaries and other benefits in kind HK$'000	Retirement benefits scheme contributions HK$'000	Performance and discretionary bonus HK$'000	Share-based payments HK$'000	Total emoluments HK$'000
Executive directors						
Felipe Tan	120	552	18	179	–	869
Lau Yun Fong Carman	120	410	18	10	–	558
Cheng Kin Kwan	–	2,136	–	82	–	2,218
Law Kwai Lam (resigned on 10 August 2015)	–	151	–	–	–	151
Leung Mei Sheung Eliza (resigned on 10 August 2015)	–	222	8	500	–	730
Liao Yun (resigned on 10 August 2015)	–	164	7	500	–	671
Fung Chun Pong Louis (resigned on 27 May 2015)	–	92	3	–	–	95
Zhang Ming	120	553	18	134	–	825
Non-executive director						
Lam Kai Ling Vincent (appointed on 27 May 2015)	76	–	–	–	–	76
Independent non-executive directors						
Tsang Wai Chun Marianna	126	–	–	–	–	126
Chan Mei Ying Spencer	126	–	–	–	–	126
Lam Kwai Yan	126	–	–	–	–	126
Chan Choi Ling	100	–	–	–	–	100
	914	4,280	72	1,405	–	6,671

During the year, no emoluments were paid by the Group to any of the directors or the chief executive as an inducement to join or upon joining the Group or as compensation for loss of office (2016: nil). None of the directors or the chief executive has waived any emoluments during the year (2016: nil).

10. Directors', Chief Executive's and Employees' Emoluments (Continued)

Employees' emoluments

The five individuals with the highest paid employees of the Group during the year included three directors (2016: three directors). One (2016: two) of whom were resigned as director of the Company during the year and remained as employee of the Group after his resignation. Remuneration paid to him as director during the year was HK$929,000 (2016: HK$1,401,000), details of which are set out above. Details of the remuneration for the year of the remaining three (2016: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2017 HK$'000	2016 HK$'000
Salaries and allowances	**2,565**	2,739
Retirement benefits scheme contributions	**11**	83
Performance and discretionary bonus	**3,981**	4,668
	6,557	7,490

The emoluments of each of these highest paid individuals whose remuneration fell within the following bands is as follows:

	2017	2016
HK$1,500,001 to HK$2,000,000	**2**	3
HK$2,000,001 to HK$2,500,000	**–**	1
HK$3,000,001 to HK$3,500,000	**1**	–
	3	4

During the year, no emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2016: nil).

11. Income Tax Expense

	2017 HK$'000	2016 HK$'000
Current tax		
– PRC Enterprise Income Tax	**–**	10,806
– Under provision in prior year	**163**	–
– PRC withholding tax	**782**	–
Deferred tax (note 27)	**937**	(2,058)
Total income tax recognised in profit or loss	**1,882**	8,748

11. Income Tax Expense (Continued)

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.

The tax expense for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2017 **HK$'000**	2016 HK$'000
Loss before tax	**(15,949)**	(1,412)
Tax at the Hong Kong Profits Tax rate of 16.5%	**(2,631)**	(233)
Tax effect of share of (gain)/loss of associates	**(458)**	23
Tax effect of expenses not deductible for tax purposes	**1,908**	3,633
Tax effect of income not taxable for tax purposes	**(124)**	(1,642)
Tax effect of unrecognised tax losses	**2,434**	3,409
Under provision in prior year	**163**	–
Effect of different tax rates for subsidiaries operating in jurisdictions other than Hong Kong	**868**	2,967
PRC withholding tax	**(278)**	591
Income tax expense for the year	**1,882**	8,748

12. Loss Per Share

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

Loss:

	2017 **HK$'000**	2016 HK$'000
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	**16,574**	20,621

Number of ordinary shares:

	2017 **'000**	2016 '000
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**2,495,005**	2,148,272

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 2017 and 2016 since their exercise would result in a decrease in loss per share.

13. Property, Plant and Equipment

	Land and buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Computer equipment HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost/valuation								
Balance at 1 April 2015	61,282	724	13,856	7,450	627	2,804	3,952	90,695
Exchange adjustments	(1,867)	–	(624)	(56)	–	(8)	(125)	(2,680)
Derecognised on disposals of subsidiaries (Note 34)	–	–	–	(5,565)	(466)	(1,521)	(426)	(7,978)
Additions	4,916	–	599	761	66	55	–	6,397
Balance at 31 March 2016	**64,331**	**724**	**13,831**	**2,590**	**227**	**1,330**	**3,401**	**86,434**
Exchange adjustments	**(2,389)**	**–**	**(742)**	**(98)**	**–**	**(10)**	**(142)**	**(3,381)**
Surplus on revaluation	**964**	**–**	**–**	**–**	**–**	**–**	**–**	**964**
Transfer to investment properties (Note 14)	**(9,547)**	**–**	**–**	**–**	**–**	**–**	**–**	**(9,547)**
Additions	**41**	**–**	**71**	**271**	**–**	**14**	**164**	**561**
Disposals	**(11,217)**	**(724)**	**(222)**	**(905)**	**(227)**	**(1,148)**	**(66)**	**(14,509)**
Balance at 31 March 2017	**42,183**	**–**	**12,938**	**1,858**	**–**	**186**	**3,357**	**60,522**
Accumulated depreciation and impairment								
Balance at 1 April 2015	7,802	36	1,701	5,996	403	1,509	2,270	19,717
Exchange adjustments	(346)	–	(77)	(29)	–	(3)	(66)	(521)
Provided for the year	4,150	145	1,814	452	50	374	375	7,360
Eliminated on disposals of subsidiaries (Note 34)	–	–	–	(4,978)	(404)	(766)	(118)	(6,266)
Balance at 31 March 2016	**11,606**	**181**	**3,438**	**1,441**	**49**	**1,114**	**2,461**	**20,290**
Exchange adjustments	**(584)**	**–**	**(184)**	**(50)**	**–**	**(3)**	**(91)**	**(912)**
Provided for the year	**3,937**	**36**	**1,747**	**375**	**11**	**15**	**264**	**6,385**
Eliminated on transfer to investment properties (Note 14)	**(555)**	**–**	**–**	**–**	**–**	**–**	**–**	**(555)**
Eliminated on disposals	**(599)**	**(217)**	**(218)**	**(704)**	**(60)**	**(1,060)**	**(63)**	**(2,921)**
Balance at 31 March 2017	**13,805**	**–**	**4,783**	**1,062**	**–**	**66**	**2,571**	**22,287**
Carrying amounts								
Balance at 31 March 2017	**28,378**	**–**	**8,155**	**796**	**–**	**120**	**786**	**38,235**
Balance at 31 March 2016	52,725	543	10,393	1,149	178	216	940	66,144

Depreciation expenses of approximately HK$2,090,000 (2016: HK$3,053,000) have been included in profit or loss in the depreciation and amortisation line item and approximately HK$4,295,000 (2016: HK$4,307,000) had been included in profit or loss in the purchase and production costs line item for the year ended 31 March 2017.

As at 31 March 2016, land and buildings of carrying amount of approximately HK$19,079,000 had been pledged to secure mortgages granted to the Group. The loan was fully settled and the charge was released during the year. Further details of the borrowing are set out in note 24 to these consolidated financial statements.

14. Investment Properties

At fair value

	2017 HK$'000
Balance at beginning of year	–
Transfer from property, plant and equipment (Note 13)	8,992
Balance at end of year	8,992

The Group's property interest held under operating lease to earn rentals is measured using the fair value model and is classified and accounted for as investment properties.

The Group's property interest was held under medium-term operating lease and situated in Hong Kong.

Fair value measurement of the Group's investment properties

The fair value was determined based on direct comparison method that reflects recent transaction prices for similar properties, adjusted for differences in nature, location and condition of the properties under review.

The Group has determined that the highest and best use of investment properties at the measurement date would be to convert those properties for commercial purpose either for capital appreciation or for earning rentals.

Details of the Group's investment properties and information about the fair value hierarchy as at 31 March 2017 are as follows:

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Commercial property unit located in Hong Kong	–	8,992	–	8,992

During the year, there were no transfers of fair value measurements between Level 1 and 2 and no transfers into or out of Level 3.

15. Other Intangible Assets

	Mining rights HK$'000
Cost	
Balance at 1 April 2015	373,208
Effect of foreign currency exchange differences	(18,189)
Additions	7,689
Balance at 31 March 2016	**362,708**
Effect of foreign currency exchange differences	**(21,118)**
Balance at 31 March 2017	**341,590**
Accumulated amortisation and impairment	
Balance at 1 April 2015	129,046
Effect of foreign currency exchange differences	(7,200)
Provided for the year	20,936
Impairment loss recognised	10,332
Balance at 31 March 2016	**153,114**
Effect of foreign currency exchange differences	**(9,874)**
Provided for the year	**2,986**
Balance at 31 March 2017	**146,226**
Carrying amounts	
Balance at 31 March 2017	**195,364**
Balance at 31 March 2016	209,594

At 31 March 2017, the carrying amounts of the mining rights for gold mining and nickel-copper mining amounting to approximately HK$904,000 and HK$194,460,000 (2016: HK$3,579,000 and HK$206,015,000) respectively.

The effective amortisation rate of mining rights for the year approximates to 1% (2016: 6%).

Amortisation expenses of approximately HK$1,790,000 (2016: approximately HK$18,600,000) have been included in profit or loss for the year in the purchase and production costs line item and approximately HK$1,196,000 (2016: approximately HK$2,336,000) have been capitalised in the cost of inventories as at 31 March 2017.

15. Other Intangible Assets (Continued)

Nickel-copper mining

The recoverable amount of nickel-copper mining is determined based on a value in use calculation and using discount rate of 17% which reflects current market assessments of the time value of money and the risks specifics to nickel-copper mining. Other key assumptions for the value in use relate to the estimation of cash inflows which include production scale, mining costs and nickel-copper prices.

Based on the value in use calculation, the director considered that the recoverable amount of the nickel-copper mining cash-generating unit was found to be more than its carrying amount. Accordingly, no impairment loss has been recognised for the year ended 31 March 2017 (2016: nil).

Gold mining

For the year ended 31 March 2016, the Group carried out a review on the recoverable amount of gold mining and the directors considered that the recoverable amount of the gold mining cash-generating unit was found to be less than its carrying amount and accordingly, an impairment loss on the mining rights of approximately HK$10,332,000 had been recognised in profit or loss within "impairment loss on other intangible assets" for the year ended 31 March 2016. The recoverable amount of gold mining was determined based on a value in use calculation and using discount rate of 9% which reflects current market assessments of the time value of money and the risks specifics to gold mining. Other key assumptions for the value in use relate to the estimation of cash inflows which include production scale, mining costs and gold prices.

16. Interests in Associates

	2017 **HK$'000**	2016 HK$'000
Unlisted investments, at cost	**96,350**	95,150
Share of post-acquisition results and other comprehensive income	**(87,376)**	(89,697)
	8,974	5,453

The principal associate of the Group at 31 March 2017 and 2016 represents 25.035% equity interest in 寧夏教育信息技術股份有限公司 (Ningxia Educational Information & Technology Co., Ltd.) ("Ningxia Educational"), a Sino-foreign joint stock limited company established in the PRC and engaged in the development of education informatisation programmes in Ningxia Hui Autonomous Region of the PRC.

The summarised financial information in respect of the Group's material associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

16. Interests in Associates (Continued)

Major Associate

The summarised financial information in respect of the Group's major associate is as follows:

	2017 HK$'000	2016 HK$'000
Current assets	31,343	20,398
Non-current assets	10,873	12,733
Current liabilities	(2,857)	(2,999)
Non-current liabilities	(7,903)	(8,351)
Net assets	31,456	21,781
Revenue	–	–
Profit/(loss) for the year	11,491	(567)
Other comprehensive expense for the year	(1,816)	(4,482)
Total comprehensive income/(expense) for the year	9,675	(5,049)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2017 HK$'000	2016 HK$'000
Net assets of the associate	31,456	21,781
Proportion of the Group's ownership interest	25.035%	25.035%
Carrying amount of the Group's interest	7,875	5,453

Associates that are not individually material

The following table illustrated the aggregate financial information of the Group's associates that are not individually material:

	2017 HK$'000	2016 HK$'000
Share of the associates' result and total comprehensive expense for the year	(101)	–
Aggregate carrying amount of the Group's investments in the associates	1,099	–

17. Prepaid Lease Payments

	2017 HK$'000	2016 HK$'000
Balance at beginning of year	**7,393**	7,204
Addition	**–**	704
Amortisation expense	**(167)**	(192)
Effect of foreign currency exchange differences	**(397)**	(323)
Balance at end of year	**6,829**	7,393
Analysis of the carrying amounts of prepaid lease payments is as follows:		
Prepaid lease payments	**6,829**	7,393
Less: portion to be charged to profit or loss in the coming twelve months and shown as current assets	**(223)**	(236)
Balance at end of year	**6,606**	7,157

The Group's prepaid lease payments comprised a land use right situated in the PRC under medium term lease with lease term of 50 years.

18. Land Rehabilitation Costs

	2017 HK$'000	2016 HK$'000
Balance at beginning of year	**5,116**	6,158
Amortisation expense	**(724)**	(765)
Effect of foreign currency exchange differences	**(274)**	(277)
Balance at end of year	**4,118**	5,116

The land rehabilitation costs relate to the restoration costs for the occupation of lands at mining sites. The amortisation period ranges from approximately 1 to 13 years.

19. Inventories

	2017 HK$'000	2016 HK$'000
Raw materials	**22,385**	27,671
Finished goods	**29**	29
	22,414	27,700

20. Trade and Other Receivables

	2017 HK$'000	2016 HK$'000
Trade receivables		
Account receivables	–	1,195
Note receivables	9,331	–
Allowance for doubtful debts	–	(1,015)
	9,331	180
Prepayments	4,946	4,507
Deposits	25,409	26,533
Other receivables	461	1,220
	40,147	32,440
Less: deposits classified as non-current assets	(25,327)	(26,374)
	14,820	6,066

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 from 31 March 2017.

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

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

	2017 HK$'000	2016 HK$'000
0 to 30 days	–	161
31 to 60 days	–	19
	–	180

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

	2017 HK$'000	2016 HK$'000
0 to 90 days	9,331	–

20. Trade and Other Receivables (Continued)

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.

As at 31 March 2017 and 2016, the Group did not have any account receivables that are past due, for which the Group considers no provision for impairment is required.

As at 31 March 2017, the Group did not have any account receivables. As at 31 March 2016, 85% of the account receivables were past due and impaired. Of the account receivables balance at 31 March 2016, 44% were due from the Group's five largest customers.

Movement in the allowance for doubtful debts

	2017 HK$'000	2016 HK$'000
Balance at beginning of the year	**1,015**	1,790
Derecognised upon disposals of subsidiaries	**(1,015)**	(775)
Balance at the end of year	**–**	1,015

Age of impaired trade receivables

	2017 HK$'000	2016 HK$'000
Overdue by:		
More than 90 days	–	1,015

As at 31 March 2016, the Group's account receivables of approximately HK$1,015,000 were determined to be impaired. The impaired receivables related to customers that were in financial difficulties and management assessed that the receivables were not recoverable. The Group did not hold any collateral over these balances.

21. Investments Held for Trading

As at 31 March 2016, the investments held for trading of HK$1,172,000 represent Hong Kong listed equity securities. The fair values of these investments were determined with reference to quoted market bid prices.

22. Bank Balances and Cash

Bank balances and cash comprise cash held by the Group and short-term bank deposits with effective interest rates ranging between 0.010% and 1.430% (2016: between 0.010% and 1.755%) per annum.

As at 31 March 2017, the Group had bank balances and cash of approximately HK$38,457,000 (2016: HK$56,694,000) which are denominated in Renminbi and placed with banks in the PRC. The remittance of these funds out of the PRC is subject to the exchange control restrictions imposed by the PRC government.

23. Trade and Other Payables

	2017 HK$'000	2016 HK$'000
Trade payables	**2,933**	3,777
Deposits received	**–**	1
Other payables	**10,339**	11,850
	13,272	15,628

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

	2017 HK$'000	2016 HK$'000
0 to 30 days	**2,082**	451
31 to 60 days	**27**	–
61 to 90 days	**320**	–
More than 90 days	**504**	3,326
	2,933	3,777

24. Bank Borrowing

	2017 HK$'000	2016 HK$'000
Secured bank loan	**–**	8,585
Carrying amount repayable:		
Within one year	**–**	621
More than one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	**–**	7,964
	–	8,585

As at 31 March 2016, the bank loan was secured by a mortgage over the Group's land and buildings with carrying value of approximately HK$19,079,000 (Note 13), and bore interest at 3% per annum below the HK$ best lending rate. The effective interest rate was 2.25% per annum. The bank loan was fully repaid during the year ended 31 March 2017.

25. 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 outstanding aggregate principal amount of the PN is repayable by instalments in accordance with the terms of the PN and bears interest at 3% per annum payable on each anniversary date of issue. The PN 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. As at 31 March 2017, the outstanding aggregate principal amount of the PN amounting to HK$20,000,000 (2016: HK$30,000,000).

26. Provision for Land Rehabilitation

	2017 HK$'000	2016 HK$'000
Balance at beginning of year	**9,422**	9,866
Effect of foreign currency exchange differences	**(505)**	(444)
Balance at end of year	**8,917**	9,422

In accordance with relevant PRC rules and regulations, the Group is obliged to accrue the cost for land reclamation and mine closures for the Group's existing mines. The provision for land rehabilitation has been determined by the directors based on their best estimates with reference to relevant PRC rules and regulations.

27. Deferred Taxation

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

	Withholding tax on undistributed profits HK$'000	Fair value adjustments HK$'000	Total HK$'000
Balance at 1 April 2015	2,626	31,156	33,782
Effect of foreign currency exchange differences	(118)	(1,402)	(1,520)
Charge/(credit) to profit or loss	591	(2,649)	(2,058)
Balance at 31 March 2016	**3,099**	**27,105**	**30,204**
Effect of foreign currency exchange differences	**(166)**	**(1,454)**	**(1,620)**
Charge/(credit) to profit or loss			
Origination and reversal of temporary differences	**(278)**	**1,997**	**1,719**
Reversal upon payment	**(782)**	**–**	**(782)**
Balance at 31 March 2017	**1,873**	**27,648**	**29,521**

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.

Fair value adjustments represent the deferred tax differences recognised in respect of the Group's mining rights, property, plant and equipment and prepaid lease payments.

At the end of the reporting period, the Group has estimated unused tax losses of approximately HK$294,000,000 (2016: HK$349,000,000) 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$12,000,000 (2016: nil) 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.

28. Share Capital

	Number of ordinary shares		Amount	
	2017	2016	**2017 HK$'000**	2016 HK$'000
Ordinary shares, issued and fully paid:				
At beginning of year	**2,387,881,803**	1,846,291,503	**866,564**	806,049
Issue of shares by way of placing	**425,000,000**	125,000,000	**40,375**	18,125
Issue of shares by way of open offer	**–**	397,980,300	**–**	39,798
Exercise of share options	**–**	18,610,000	**–**	4,070
Transaction costs attributable to issue of new ordinary shares	**–**	–	**(865)**	(1,478)
At end of year	**2,812,881,803**	2,387,881,803	**906,074**	866,564

On 9 April 2015, an aggregate of 125,000,000 ordinary shares were issued to not less than six placees, who are independent third parties, at a price of HK$0.145 per share. The net proceeds were used to provide additional working capital of the Group.

On 8 January 2016, the Company issued 397,980,300 ordinary shares of the Company at a subscription price of HK$0.10 per share by way of open offer on the basis of one offer share for every five shares in issue held on 14 December 2015 (the "Open Offer").

On 30 December 2016, an aggregate of 425,000,000 ordinary shares were issued to not less than six placees, who are independent third parties, at a price of HK$0.095 per share. The net proceeds were used to provide additional working capital of the Group.

Share options were exercised by option holders during the year ended 31 March 2016 to subscribe for a total of 18,610,000 ordinary shares by payment of subscription monies of approximately HK$2,570,000 which was credited to share capital. Related share-based payment expense of approximately HK$1,500,000 previously recognised in share options reserve was transferred to share capital. No share options were exercised by option holders during the year ended 31 March 2017.

All the shares issued during the years ended 31 March 2017 and 2016 rank pari passu with the then existing shares in all respects.

29. Reserves

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity to the consolidated financial statements.

Share options reserve

The share options reserve comprises the portion of the grant date fair value of unexercised share options granted to eligible participants of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments.

29. Reserves (Continued)

Translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

30. Share Options

Share option scheme prior to 28 April 2013 ("2003 Share Option Scheme")

The options of the 2003 Share Option Scheme may be granted to any director, employee, consultant, customer, supplier, agent, partner, provider of financial assistance, shareholder or adviser of or contractor to the Group or a company in which the Group holds an interest or a subsidiary of such company ("Eligible Participants"), the trustee of the Eligible Participants or a company beneficially owned by the Eligible Participants. The purpose of the 2003 Share Option Scheme is to recognise and acknowledge the contributions that the Eligible Participants had made or may make to the Group.

The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the 2003 Share Option Scheme and other share option schemes of the Company shall not, in aggregate, exceed 30% of the shares of the Company in issue from time to time.

No options may be granted to any Eligible Participants which if exercised in full would result in the total number of shares issued and to be issued upon exercise of the share options already granted to such Eligible Participants in the 12-month period up to and including the date of such new grant exceeding 1% of the issued share capital of the Company as at the date of grant unless approval is obtained from the shareholders of the Company. The exercisable period is determined by the board of directors in its absolute discretion, save that such period shall not be more than ten years from the date of grant. There is no generally applicable minimum period for which the options must be held before it can be exercised.

An offer of the grant of an option shall be accepted when the Company receives in writing the acceptance of the offer from the grantee together with a remittance in favor of the Company of HK$1 by way of consideration for the grant thereof. The option shall remain open for acceptance by the Eligible Participants concerned for a period of 28 days from the date of offer. The exercise price shall be determined by the board of directors at the time of grant of the relevant option and notified to each grantee and shall not be less than the highest of: (i) the closing price of a share as stated in the Stock Exchange's daily quotation sheet on the date of grant of the relevant option, which must be a business day; (ii) an amount equivalent to the average closing price of shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of the relevant option; and (iii) the nominal value of a share.

The 2003 Share Option Scheme is valid for a period of ten years commencing on the adoption date of 28 April 2003 and was expired during the financial year ended 31 March 2014. Thereafter, no further options would be granted under the 2003 Share Option Scheme but the subsisting options granted thereunder prior to the expiry date will continue to be valid and exercisable in accordance with the terms of the 2003 Share Option Scheme.

30. Share Options (Continued)

Share option scheme on or after 25 September 2013 ("2013 Share Option Scheme")

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

The purpose of the 2013 Share Option Scheme is to provide incentives to the eligible participants to contribute to the Group and to enable the Group to recruit high-caliber employees and attract resources that are valuable to the Group. Under the 2013 Share Option Scheme, the board of directors of the Company may grant options to any person being an full time or part time employees of the Group (including any directors, whether executive or non-executive and whether independent or not, of the Company or any subsidiary) any supplier, consultants, agents and advisers or any person who, in the sole discretion of the board of directors of the Company, has contributed or may contribute to the Group eligible for options under this share option scheme ("2013 Eligible Participants") at a price to be determined by the board of directors being the highest of (a) the closing price of the shares on the Stock Exchange on the date of grant of the option, which must be a trading day and (b) the average closing price of the shares of the Stock Exchange for the five trading days immediately preceding the date of grant of the option.

The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the 2013 Share Option Scheme shall not exceed 10% of the shares of the Company in issue from time to time and together with other share option schemes of the Company shall not, in aggregate, exceed 30% of the shares of the Company in issue from time to time. No options may be granted to any 2013 Eligible Participants which if exercised in full would result in the total number of shares issued and to be issued upon exercise of the share options already granted to such 2013 Eligible Participants in the 12-month period up to and including the date of such new grant exceeding 1% of the issued share capital of the Company as at the date of grant unless approval is obtained from the shareholders of the Company. The exercisable period is determined by the board of directors in its absolute discretion, save that such period shall not be more than ten years from the date of grant. There is no generally applicable minimum period for which the options must be held before it can be exercised.

The 2013 Share Option Scheme shall be valid and effective for a period of 10 years commencing 25 September 2013 and its remaining life as at 31 March 2017 was about 6.5 years.

An offer of the grant of an option shall be accepted when the Company receives in writing the acceptance of the offer from the grantee together with a remittance in favor of the Company of HK$1 by way of consideration for the grant thereof. The option shall remain open for acceptance by the 2013 Eligible Participants concerned for a period of 28 days from the date of offer.

At 31 March 2017, the total number of shares available for issue under the 2013 Share Option Scheme is 83,460,689 (2016: 126,630,148) shares, representing 2.97% (2016: 5.30%) of the issued share capital of the Company at that date.

Options granted are fully vested at the date of grant. All equity-settled share-based payments will be settled in equity. The Group has no legal and constructive obligation to repurchase or settle the options.

30. Share Options (Continued)

Details of the movements in the number of share options granted during the year are as follows:

				Number of share options										
Type of Particulars	Date of grant	Exercisable period	Exercise price per share HK$	Outstanding at 1.4.2015	Granted during the year	Exercised during the year	Lapsed during the year	Adjusted upon the Open Offer*	Outstanding at 31.3.2016	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding at 31.3.2017
2003 Share Option Scheme														
Director	24.03.2006	24.03.2006–23.03.2016	0.1474*	1,300,000	–	(800,000)	(518,919)	18,919	–	-	-	-	-	-
	26.09.2006	26.09.2006–25.09.2016	0.0743*	5,000,000	–	(1,500,000)	(3,632,432)	132,432	–	-	-	-	-	-
	18.06.2007	18.06.2007–17.06.2017	0.2871*	1,100,000	–	–	(1,130,270)	30,270	–	-	-	-	-	-
				7,400,000	–	(2,300,000)	(5,281,621)	181,621	–	-	-	-	-	-
Employee	24.03.2006	24.03.2006–23.03.2016	0.1474*	300,000	–	–	(300,000)	–	–	-	-	-	-	-
	18.06.2007	18.06.2007–17.06.2017	0.2871*	1,700,000	–	–	(1,100,000)	22,702	622,702	-	-	-	(622,702)	-
	09.09.2011	09.09.2011–08.09.2021	0.1445*	1,900,000	–	(800,000)	(300,000)	30,270	830,270	-	-	-	(830,270)	-
	20.11.2012	20.11.2012–19.11.2022	0.1281*	15,400,000	–	(5,200,000)	(200,000)	378,380	10,378,380	-	-	-	(7,264,866)	3,113,514
				19,300,000	–	(6,000,000)	(1,900,000)	431,352	11,831,352	-	-	-	(8,717,838)	3,113,514
Total				26,700,000	–	(8,300,000)	(7,181,621)	612,973	11,831,352	-	-	-	(8,717,838)	3,113,514
Weighted average exercise price				HK$0.1423	N/A	HK$0.1265	HK$0.1559	HK$0.1316	HK$0.1373	N/A	N/A	N/A	HK$0.1410	HK$0.1281

30. Share Options (Continued)

Type of Particulars	Date of grant	Exercisable period	Exercise price per share HK$	Number of share options: Outstanding at 1.4.2015	Granted during the year	Exercised during the year	Lapsed during the year	Adjusted upon the Open Offer*	Outstanding at 31.3.2016	Granted during the year	Exercised during the year	Cancelled during the year	Reclassified during the year**	Lapsed during the year	Outstanding at 31.3.2017
2013 Share Option Scheme															
Directors	03.10.2013	03.10.2013–02.10.2023	0.1435*	9,000,000	–	(4,000,000)	–	189,190	5,189,190	-	-	-	(3,113,514)	-	2,075,676
	17.02.2014	17.02.2014–16.02.2024	0.1329*	400,000	–	–	–	15,135	415,135	-	-	-	-	-	415,135
	02.03.2017	02.03.2017–01.03.2027	0.1080	–	–	–	–	–	–	7,000,000	-	-	-	-	7,000,000
				9,400,000	–	(4,000,000)	–	204,325	5,604,325	7,000,000	-	-	(3,113,514)	-	9,490,811
Employees	03.10.2013	03.10.2013–02.10.2023	0.1435*	9,710,000	–	(4,910,000)	(600,000)	158,920	4,358,920	-	-	-	-	(726,487)	3,632,433
	17.02.2014	17.02.2014–16.02.2024	0.1329*	2,900,000	–	(1,400,000)	(800,000)	26,487	726,487	-	-	-	-	(103,784)	622,703
	02.03.2017	02.03.2017–01.03.2027	0.1080	–	–	–	–	–	–	12,000,000	-	-	-	-	12,000,000
				12,610,000	–	(6,310,000)	(1,400,000)	185,407	5,085,407	12,000,000	-	-	-	(830,271)	16,255,136
Others	03.10.2013	03.10.2013–02.10.2023	0.1435*	–	–	–	–	–	–	-	-	-	3,113,514	-	3,113,514
	02.03.2017	02.03.2017–01.03.2027	0.1080	–	–	–	–	–	–	25,000,000	-	-	-	-	25,000,000
				–	–	–	–	–	–	25,000,000	-	-	3,113,514	-	28,113,514
Total				22,010,000	–	(10,310,000)	(1,400,000)	389,732	10,689,732	44,000,000	-	-	-	(830,271)	53,859,461
Weighted average exercise price				HK$0.1419	N/A	HK$0.1475	HK$0.1427	HK$0.1424	HK$0.1424	HK$0.108	N/A	N/A	N/A	HK$0.1422	HK$0.1143

* Exercise price per share and number of share options were adjusted for the Open Offer as detailed in note 28.

** A total of 3,113,514 options outstanding as at 31 March 2017 were transferred from "Directors" category to "Others" category upon resignation of a director during the year.

30. Share Options (Continued)

44,000,000 (2016: nil) share options have been granted to eligible participants under the 2013 share option scheme during the year ended 31 March 2017, of which 2,000,000 share options were granted to an employee who is a close family member of Mr. Felipe Tan, a director and shareholder of the Company.

The fair value of the share options granted was determined using the Binomial Option Priority Model (the "Model"). Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations. Expected volatility is based on the historical volatility of the Company's share price, adjusted for any expected changes to future volatility based on publicly available information.

Details of the fair values of share options determined at the date of grant using the Model with the inputs are as follows:

	2 March 2017
Share price at grant date	HK$0.108
Exercise price	HK$0.108
Expected volatility	85.548%
Expected life	9.998 years
Risk-free interest rate	1.824%
Expected dividend yield	Nil

The fair value of the share options granted during the year was approximately HK$1,750,000 (2016: nil).

Options granted are fully vested at the date of grant. During the year ended 31 March 2017, equity-settled share-based payments to employees and directors of approximately HK$798,000 (2016: nil) has been included in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2017, the corresponding amount of which has been credited to share options reserve (Note 29).

The fair value of the share options granted to suppliers of service amounted to approximately HK$952,000 (2016: nil) has been included in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2017, the corresponding amount of which has been credited to share options reserve (Note 29). The Company measures the fair value of share options granted by reference to the fair values of services rendered.

The total consideration received during the year from grant of share options amounted to HK$14 (2016: nil).

No share options granted under the share option schemes were exercised during the year. The weighted average share price at the date of exercise for share options exercised during the year ended 31 March 2016 was HK$0.2509 per share.

31. Operating Lease Commitments

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2017 HK$'000	2016 HK$'000
Within one year	987	16

Operating lease payments represent rentals payable by the Group for certain of its office premises and processing plant. The lease terms ranged from one to three years and rentals are fixed over the lease periods. The Group does not have an option to purchase the leased asset at the expiry of the lease period.

The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2017 HK$'000	2016 HK$'000
Within one year	30	–

Property rental income earned during the year was approximately HK$30,000 (2016: nil).

32. Capital Commitments

	2017 HK$'000	2016 HK$'000
Contracted but not provided for:		
Acquisition of property, plant and equipment	–	264

33. Retirement Benefits Schemes

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the plans are held separately from those of the Group in funds under the control of trustees.

The employees of the Group's subsidiary in the PRC are members of a state-managed retirement benefits plan operated by the government of the PRC. The subsidiary is required to contribute a certain percentage of their payroll to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits plan is to make the specified contributions.

During the year ended 31 March 2017, the total amount contributed by the Group to the schemes and charged to the consolidated statement of profit or loss and other comprehensive income amounted to approximately HK$912,000 (2016: HK$1,180,000).

34. Disposals of Subsidiaries

On 28 July 2016, the Group disposed of the entire equity interest in its wholly-owned subsidiaries, namely, Three Principles Computer Service Company Limited, Encore Trading Limited and Corp-Vision Publishing Limited at a total cash consideration of HK$155,000. These subsidiaries were principally engaged in provision of computer consultancy services, development and sales of computer software, trading of computer software and hardware in Hong Kong.

On 31 July 2015, the Group disposed of the entire equity interest of Timeless China Limited, a wholly-owned subsidiary of the Company, and its subsidiaries to Keyhard Software Limited, a company beneficially owned by an ex-employee of a subsidiary of the Company, at a cash consideration of HK$7,500,000.

In addition, a subsidiary of the Company was under the process of deregistration during the year ended 31 March 2016 and accordingly this subsidiary has been deconsolidated from the consolidated financial statements for the year ended 31 March 2016. This subsidiary was an inactive company with no significant assets and liabilities on the date of deconsolidation.

Analysis of the aggregated assets and liabilities over which control was lost

	2017 HK$'000	2016 HK$'000
Non-current assets		
Property, plant and equipment	–	1,712
Current assets		
Inventories	–	82
Trade and other receivables	62	14,069
Bank balances and cash	449	1,617
Current liabilities		
Trade and other payables	(357)	(4,867)
Net assets disposed of	154	12,613

34. Disposals of Subsidiaries (Continued)

Gain on disposals of subsidiaries

	2017 HK$'000	2016 HK$'000
Consideration received	155	7,500
Net assets disposed of	(154)	(12,613)
Non-controlling interests	–	735
Cumulative exchange differences in respect of the net assets of the subsidiaries reclassified from equity to profit or loss	–	7,911
Gain on disposal	1	3,533

Net cash flow on disposals of subsidiaries

	2017 HK$'000	2016 HK$'000
Consideration received in cash and cash equivalents	155	7,500
Less: cash and cash equivalent balances disposed of	(449)	(1,617)
Net cash (outflow)/inflow	(294)	5,883

35. Principal Subsidiaries

General information of principal subsidiaries

Details of the Company's principal subsidiaries, all of which, excluding those explained below, are limited liability companies, at the end of the reporting period are as follows:

Name of subsidiary	Place of incorporation/ registration/ operations	Nominal value of issued and fully paid share capital/ registered capital	Proportion of ownership interest held by the Company		Principal activities
			Directly	Indirectly	
新疆天目礦業資源開發有限公司 ("Xinjiang Tianmu")	PRC	RMB36,000,000	–	26%	Exploration and exploitation of certain gold, iron and nickel-copper mines in Xinjiang of the PRC and processing and sale of the outputs from the mines

35. Principal Subsidiaries (Continued)

General information of principal subsidiaries (Continued)

Xinjiang Tianmu is a Sino-foreign equity joint venture company established in the PRC and owned as to 51% by Goffers Management Limited, a 51% owned subsidiary of the Group.

The above table lists the subsidiary of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities during the year and at the end of the reporting period.

Details of a non-wholly-owned subsidiary that has material non-controlling interests

The table below shows details of a non-wholly-owned subsidiary of the Group that has material non-controlling interests:

Name of subsidiary	Place of establishment/ registration and principal place of business	Proportion of ownership interests held by the non-controlling interests		(Loss)/profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2017	2016	**2017**	2016	**2017**	2016
				HK$'000	HK$'000	**HK$'000**	HK$'000
Xinjiang Tianmu	PRC	**74%**	74%	**(1,117)**	11,192	**211,625**	246,869
Individually immaterial subsidiaries with non-controlling interests						**5,625**	3,572
						217,250	250,441

Summarised financial information in respect of the Group's subsidiary that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

35. Principal Subsidiaries (Continued)

Details of non-wholly-owned subsidiary that has material non-controlling interests (Continued)

Xinjiang Tianmu

	2017 HK$'000	2016 HK$'000
Current assets	75,677	89,368
Non-current assets	269,650	294,247
Current liabilities	(22,745)	(13,436)
Non-current liabilities	(36,564)	(36,527)
Net assets	286,018	333,652
Equity attributable to owners of the Company	74,393	86,783
Non-controlling interests	211,625	246,869
Total equity	286,018	333,652
Revenue	64,110	151,443
Other income and gains	2,355	3,380
Expenses	(67,975)	(139,699)
(Loss)/profit for the year	(1,510)	15,124
(Loss)/profit attributable to owners of the Company	(393)	3,932
(Loss)/profit attributable to non-controlling interests	(1,117)	11,192
(Loss)/profit for the year	(1,510)	15,124
Other comprehensive expense attributable to owners of the Company	(4,655)	(3,904)
Other comprehensive expense attributable to non-controlling interests	(13,244)	(11,107)
Other comprehensive expense for the year	(17,899)	(15,011)
Total comprehensive (expense)/income attributable to owners of the Company	(5,048)	28
Total comprehensive (expense)/income attributable to non-controlling interests	(14,361)	85
Total comprehensive (expense)/income for the year	(19,409)	113
Dividends paid to non-controlling interests	8,298	–

35. Principal Subsidiaries (Continued)

Details of non-wholly-owned subsidiary that has material non-controlling interests (Continued)

Xinjiang Tianmu (Continued)

	2017 HK$'000	2016 HK$'000
Net cash inflow from operating activities	**1,215**	64,757
Net cash inflow/(outflow) from investing activities	**93**	(13,533)
Net cash outflow from financing activities	**(16,469)**	(32,342)
Effect of foreign exchange rate changes	**(3,108)**	(1,959)
Net (decrease)/increase in cash and cash equivalents	**(18,269)**	16,923

36. Related Party Transactions

Details of balances with related parties are set out in the consolidated statement of financial position and respective notes.

Saved as disclosed elsewhere in the consolidated financial statements, the Group had the following significant transactions with related parties during the year:

	2017 HK$'000	2016 HK$'000
Rental expenses paid to related companies (Note i)	**373**	207
Interest expenses paid to a related company (Note ii)	**633**	935
Service income received from a related company (Note iii)	**550**	10
Rental income received from an associate (Note iv)	**30**	–

Notes:

i. Rental expenses in respect of the leasing of office premises were paid to related companies which are beneficially owned by Mr. Felipe Tan, a director and shareholder of the Company, at terms mutually agreed by both parties.

ii. Effective interest expenses on PN is charged at 3.10% (2016: 3.16%) per annum and payable to a related company which is beneficially owned by Mr. Felipe Tan, a director and shareholder of the Company, at terms mutually agreed by both parties. Further details of the PN are set out in note 25.

iii. Service income in respect of services provided by the Group was received from a related company, in which Mr. Felipe Tan is a director and has indirect equity interest, at terms mutually agreed by both parties.

iv. Rental income in respect of the leasing of office premises was received from an associate, in which the Company owned 48% equity interest, at terms mutually agreed by both parties.

Compensation of key management personnel

The key management personnel are the directors of the Company. The details of the remuneration paid to them are set out in note 10.

37. Statement of Financial Position and Reserve Movement of the Company

Statement of financial position of the Company

	2017 HK$'000	2016 HK$'000
Non-current assets		
Property, plant and equipment	–	19,946
Investment properties	8,992	–
Investments in subsidiaries	14,844	14,995
Interests in associates	6,717	6,717
	30,553	41,658
Current assets		
Trade and other receivables	215	805
Amounts due from subsidiaries	99,625	42,709
Bank balances and cash	2,133	36,022
	101,973	79,536
Current liabilities		
Trade and other payables	1,502	1,056
Bank borrowing	–	8,585
	1,502	9,641
Net current assets	100,471	69,895
Total assets less current liabilities	131,024	111,553
Net assets	131,024	111,553
Capital and reserves		
Share capital	906,074	866,564
Reserves	(775,050)	(755,011)
Total equity	131,024	111,553

The statement of financial position was approved and authorised for issue by the Board of Directors on 15 June 2017 and are signed on its behalf by:

Felipe Tan
Director

Lau Yun Fong Carman
Director

37. Statement of Financial Position and Reserve Movement of the Company (Continued)

Reserves movements of the Company

	Share options reserve HK$'000	Property revaluation reserve HK$'000	Accumulated deficit HK$'000	Total HK$'000
Balance at 1 April 2015	4,110	–	(709,636)	(705,526)
Total comprehensive expense for the year	–	–	(47,985)	(47,985)
Issue of ordinary shares under employee share option plan	(1,500)	–	–	(1,500)
Release of reserve upon share options lapsed	(801)	–	801	–
Balance at 31 March 2016	**1,809**	**–**	**(756,820)**	**(755,011)**
Total comprehensive expense for the year	**–**	**964**	**(22,753)**	**(21,789)**
Recognition of equity-settled share-based payments	**1,750**	**–**	**–**	**1,750**
Release of reserve upon share options lapsed	**(781)**	**–**	**781**	**–**
Balance at 31 March 2017	**2,778**	**964**	**(778,792)**	**(775,050)**

Major Property Information

The Group's property portfolio summary – major property held for investment:

Location	Existing use	Tenure	Group's interest (%) 2017	2016
Unit 6 on 11th Floor of Tower 2, Ever Gain Plaza, No. 88 Container Port Road, Kwai Chung, New Territories	Office	Medium term lease	**100%**	100%

Five-Years Financial Summary

	Year ended 31 March				
	2013 HK$'000	2014 HK$'000	2015 HK$'000	2016 HK$'000	**2017 HK$'000**
RESULTS					
Revenue	204,866	127,981	142,986	155,704	**64,910**
Profit/(loss) before tax	20,521	(92,346)	(61,904)	(1,412)	**(15,949)**
Income tax (expense)/income	(22,371)	2,471	4,086	(8,748)	**(1,882)**
Loss for the year	(1,850)	(89,875)	(57,818)	(10,160)	**(17,831)**
Attributable to:					
Owners of the Company	(27,611)	(56,903)	(33,443)	(20,621)	**(16,574)**
Non-controlling interests	25,761	(32,972)	(24,375)	10,461	**(1,257)**
	(1,850)	(89,875)	(57,818)	(10,160)	**(17,831)**

	At 31 March				
	2013 HK$'000	2014 HK$'000	2015 HK$'000	2016 HK$'000	**2017 HK$'000**
ASSETS AND LIABILITIES					
Total asset	629,450	545,278	475,622	456,814	**427,159**
Total liabilities	(202,136)	(204,686)	(139,061)	(94,820)	**(77,774)**
	427,314	340,592	336,561	361,994	**349,385**
Attributable to:					
Owners of the Company	133,224	86,018	86,041	111,553	**132,135**
Non-controlling interests	294,090	254,574	250,520	250,441	**217,250**
	427,314	340,592	336,561	361,994	**349,385**