



**TIMELESS** SOFTWARE LIMITED  
天時軟件有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 8028)



**INTERIM REPORT**  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018



## Characteristics of GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”)

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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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 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](http://www.hkgem.com) for at least seven days from the date of its publication and on the Company’s website at [www.timeless.com.hk](http://www.timeless.com.hk).*

# Condensed Consolidated Statement of Comprehensive Income

For the three months and six months ended 30 September 2018

	Notes	(Unaudited)			
		Three months ended 30 September 2018 HK\$'000	2017 HK\$'000	Six months ended 30 September 2018 HK\$'000	2017 HK\$'000
Revenue		27,689	50,533	32,442	70,167
Other income and gains		1,105	275	2,190	874
Purchase and production costs		(23,596)	(39,259)	(24,474)	(53,542)
Staff costs		(2,387)	(2,669)	(5,310)	(5,300)
Depreciation and amortisation		(716)	(716)	(1,448)	(1,421)
Other expenses		(4,160)	(5,722)	(7,771)	(8,729)
Gain/(loss) arising on change in fair value of held-for-trading investments		7	–	(128)	–
Gain on disposal of an associate	9	–	3,057	–	3,057
Finance costs	4	(118)	(81)	(158)	(203)
Share of gain/(loss) of associates		1,015	(285)	845	(1,802)
(Loss)/profit before tax		(1,161)	5,133	(3,812)	3,101
Income tax expense	5	(531)	(2,134)	(2,489)	(1,603)
(Loss)/profit for the period		(1,692)	2,999	(6,301)	1,498
<b>Other comprehensive income/(expense), net of income tax</b>					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translating foreign operations		(9,060)	6,952	(20,272)	11,986
Reclassification adjustment on reserves released upon disposal of an associate		–	(1,535)	–	(1,535)
Share of other comprehensive expense of associates		–	(715)	–	(1,581)
Other comprehensive income/(expense) for the period, net of income tax		(9,060)	4,702	(20,272)	8,870
<b>Total comprehensive income/(expense) for the period</b>		<b>(10,752)</b>	<b>7,701</b>	<b>(26,573)</b>	<b>10,368</b>
(Loss)/profit attributable to:					
Owners of the Company		(612)	1,525	(3,640)	(1,046)
Non-controlling interests		(1,080)	1,474	(2,661)	2,544
		(1,692)	2,999	(6,301)	1,498
Total comprehensive income/(expense) attributable to:					
Owners of the Company		(2,962)	1,276	(8,898)	(860)
Non-controlling interests		(7,790)	6,425	(17,675)	11,228
		(10,752)	7,701	(26,573)	10,368
		HK cents	HK cents	HK cents	HK cents
<b>Earnings/(loss) per share</b>					
– Basic and diluted	7	(0.022)	0.054	(0.129)	(0.037)

# Condensed Consolidated Statement of Financial Position

At 30 September 2018

	Notes	(Unaudited) 30 September 2018 HK\$'000	(Audited) 31 March 2018 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	8	29,762	34,552
Investment properties	8	10,200	10,200
Other intangible assets	8	160,721	186,208
Interests in associates	9	51,876	292
Prepaid lease payments		6,271	6,925
Deposits		26,889	29,234
Other financial assets	10	11,402	10,625
Land rehabilitation costs		2,403	2,813
		<b>299,524</b>	<b>280,849</b>
<b>Current assets</b>			
Inventories		18,494	6,459
Prepaid lease payments		227	245
Trade and other receivables	11	20,666	9,299
Held-for-trading investments		2,916	3,044
Bank balances and cash		34,762	133,585
		<b>77,065</b>	<b>152,632</b>
<b>Current liabilities</b>			
Trade and other payables	12	20,957	13,365
Dividends payable to non-controlling interests		–	29,619
Promissory note		–	10,266
Loan from related companies	13	15,000	–
Obligations under a finance lease		264	256
Provision for land rehabilitation		2,290	2,490
Current tax liabilities		1,909	622
		<b>40,420</b>	<b>56,618</b>
<b>Net current assets</b>		<b>36,645</b>	<b>96,014</b>
<b>Total assets less current liabilities</b>		<b>336,169</b>	<b>376,863</b>
<b>Non-current liabilities</b>			
Amount due to a non-controlling interest		891	891
Obligations under a finance lease		137	271
Provision for land rehabilitation		6,703	7,291
Deferred tax liabilities	14	25,717	28,828
		<b>33,448</b>	<b>37,281</b>
<b>Net assets</b>		<b>302,721</b>	<b>339,582</b>
<b>Capital and reserves</b>			
Share capital	15	906,074	906,074
Reserves		(776,240)	(767,342)
Equity attributable to owners of the Company		<b>129,834</b>	<b>138,732</b>
Non-controlling interests		<b>172,887</b>	<b>200,850</b>
<b>Total equity</b>		<b>302,721</b>	<b>339,582</b>

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2018

	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 2017	906,074	2,778	647	1,631	964	(6,119)	(773,840)	132,135	217,250	349,385
Profit/(loss) for the period	-	-	-	-	-	-	(1,046)	(1,046)	2,544	1,498
Other comprehensive income/(expense) for the period	-	-	-	(1,631)	-	1,817	-	186	8,684	8,870
Total comprehensive income/(expense) for the period	-	-	-	(1,631)	-	1,817	(1,046)	(860)	11,228	10,368
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(15,096)	(15,096)
Balance at 30 September 2017	906,074	2,778	647	-	964	(4,302)	(774,886)	131,275	213,382	344,657
<b>Balance at 1 April 2018</b>	<b>906,074</b>	<b>2,068</b>	<b>647</b>	<b>-</b>	<b>964</b>	<b>107</b>	<b>(771,128)</b>	<b>138,732</b>	<b>200,850</b>	<b>339,582</b>
Loss for the period	-	-	-	-	-	-	(3,640)	(3,640)	(2,661)	(6,301)
Other comprehensive expense for the period	-	-	-	-	-	(5,258)	-	(5,258)	(15,014)	(20,272)
Total comprehensive expense for the period	-	-	-	-	-	(5,258)	(3,640)	(8,898)	(17,675)	(26,573)
Release of reserve upon share option cancelled	-	(44)	-	-	-	-	44	-	-	-
Transfer to reserve	-	-	489	-	-	-	(489)	-	-	-
Capital injection from non-controlling interests	-	-	-	-	-	-	-	-	2	2
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(10,290)	(10,290)
Balance at 30 September 2018	906,074	2,024	1,136	-	964	(5,151)	(775,213)	129,834	172,887	302,721

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2018

	(Unaudited)	
	Six months ended 30 September	
	2018	2017
	HK\$'000	HK\$'000
Cash flows from operating activities		
– Cash receipts from customers	32,442	70,167
– Purchase and production costs	(24,474)	(53,542)
– Other operating cash flows	(15,635)	(15,650)
	<u>(7,667)</u>	<u>975</u>
Net cash (used in)/generated by operating activities		
Cash flows from investing activities		
– Acquisition of property, plant and equipment	(54)	(340)
– Investment in associates	(50,840)	–
– Dividend income from unlisted investments	750	–
– Proceeds from disposal of an associate	100	6,718
– Other investing cash flows	701	401
	<u>(49,343)</u>	<u>6,779</u>
Net cash (used in)/generated by investing activities		
Cash flows from financing activities		
– Loan from related companies	15,000	–
– Repayment of promissory note	(10,300)	(10,600)
– Dividend paid to non-controlling interests	(37,523)	(11,640)
– Other financing cash flows	(1,025)	(137)
	<u>(33,848)</u>	<u>(22,377)</u>
Net cash used in financing activities		
<b>Net decrease in cash and cash equivalents</b>	<b>(90,858)</b>	<b>(14,623)</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>133,585</b>	<b>102,086</b>
Effect of foreign exchange rate changes	(7,965)	844
<b>Cash and cash equivalents at the end of period</b>	<b>34,762</b>	<b>88,307</b>
<b>Analysis of the balances of cash and cash equivalents</b>		
Bank balances and cash	<b>34,762</b>	<b>88,307</b>

# Notes to the Condensed Consolidated Financial Statements

For the three months and six months ended 30 September 2018

## 1. General Information

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.

The Company acts as an investment holding company. The Company and its subsidiaries (the “Group”) are principally engaged in (i) the exploration and exploitation of mines, and investment in a metal processing and trading company (“Mining and Metal Business”); and (ii) the provision of consultancy, software maintenance and development, e-commerce services as well as various investments in IT and innovation projects, including e-Sport tournament organizer, bio and nano new materials, IT startup fund and intelligent agricultural applications (“Software and IT Business”).

These condensed consolidated financial statements have not been audited but have been reviewed by the audit committee of the Company and were approved for issue by the board of Directors (the “Board”) on 8 November 2018.

## 2. Basis of Preparation and Accounting Policies

These condensed consolidated financial statements have been prepared in accordance with the Hong Kong Accounting Standard (“HKAS”) 34 “*Interim Financial Reporting*” and with the applicable disclosure requirements of the GEM Listing Rules.

The accounting policies and method of computation used in the preparation of these statements are consistent with those used in annual financial statements for the year ended 31 March 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”). The condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2018.

### Adoption of new and amended HKFRS standards

The Group has adopted new or revised standards, amendments to standards and interpretations of HKFRSs which are effective for accounting periods commencing on or after 1 January 2018. Save for the impact of the adoption of HKFRS 9 *Financial Instruments* and HKFRS 15 *Revenue from Contracts with Customers*, the adoption of such new or revised standards, amendments to standards and interpretations does not have material impact on the condensed consolidated financial statements and does not result in substantial changes to the Group’s accounting policies.

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the three months and six months ended 30 September 2018

## 2. Basis of Preparation and Accounting Policies (Continued)

### Adoption of new and amended HKFRS standards (Continued)

#### HKFRS 9 – Financial Instruments

HKFRS 9 set out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces HKAS 39 *Financial Instruments: Recognition and Measurement*.

HKFRS 9 largely retained the existing requirements in HKAS 39 for the classification and measurement of financial liabilities and the adoption of HKFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale. Under HKFRS 9, on initial recognition, a financial asset is classified as measured at: fair value through profit and loss ("FVTPL"), fair value through other comprehensive income ("FVOCI") or at amortized cost. In addition, the standard amended some of the requirements of HKFRS 7 *Financial Instruments: Disclosures*, including the requirement for added disclosures about investments in equity instruments measured at FVOCI and guidance on financial liabilities and derecognition of financial instruments. The Company adopted the standard on 1 April 2018. Retrospective application was required, but there was no requirement to restate comparative periods disclosed.

#### (a) Classification

The Company has assessed the classification and measurement of its financial assets and financial liabilities under HKFRS 9 and have summarized the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 in the following table:

Financial instruments:	Measurement Categories	
	HKAS 39	HKFRS 9
Deposits	Loans and receivables	Amortized cost
Other financial assets	FVTPL	FVTPL
Trade and other receivables	Loans and receivables	Amortized cost
Held-for-trading investments	FVTPL	FVTPL
Bank balances and cash	Loans and receivables	Amortized cost

The Company determined the modifications made did not result in a material difference under the new classification of HKFRS 9.



# Notes to the Condensed Consolidated Financial Statements (Continued)

For the three months and six months ended 30 September 2018

## 2. Basis of Preparation and Accounting Policies (Continued)

### Adoption of new and amended HKFRS standards (Continued)

#### HKFRS 9 – Financial Instruments (Continued)

##### *(b) Measurement*

###### Financial assets at FVOCI

Elected investments in equity instruments at FVOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income.

###### Financial assets at amortized cost

Financial assets at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost less any impairment.

###### Financial assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of comprehensive income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are included in the consolidated statements of comprehensive income in the period in which they arise.

##### *(c) Impairment of financial assets at amortized cost*

Under HKFRS 9, the Company recognizes a loss allowance using the expected credit loss model on financial assets that are measured at amortized cost.

The adoption of the expected credit loss impairment model under HKFRS 9 had no material impact on the carrying amounts of our financial assets on the transition date given the financial assets measured at amortized cost mainly composed of deposits, trade receivables from customers with good repayment history, and bank balances and cash, no impairment has been recognized at the reporting date.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the three months and six months ended 30 September 2018

## 2. Basis of Preparation and Accounting Policies (Continued)

### Adoption of new and amended HKFRS standards (Continued)

#### HKFRS 15 – Revenue from Contracts with Customers

HKFRS 15 introduces a single, principles-based, five-step model for the recognition of revenue when control of goods is transferred to the customer. The five steps are: identify the contract(s) with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to each performance obligation and recognize revenue as each performance obligation is satisfied. HKFRS 15 also requires enhanced disclosures about revenue to help users better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers. The Company evaluated the effect the standard had on its sales recorded in its consolidated financial statements and determined there is no impact to the timing or amounts of revenue recognized in its statement of operations.

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

In the preparation of these condensed consolidated financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 March 2018.

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

The Company has delivered the financial statements for the year ended 31 March 2018 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance (Cap. 622, Laws of Hong Kong).

The Company's auditor has reported on the financial statements for the year ended 31 March 2018. The auditor's report was unqualified; did not include a reference to any matter to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance (Cap. 622, Laws of Hong Kong).

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the three months and six months ended 30 September 2018

## 3. Segment Information

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

### Segment revenues and results

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

	(Unaudited)	
	Six months ended 30 September	
	2018	2017
	HK\$'000	HK\$'000
Segment revenue		
Mining and Metal Business	32,442	70,167
Software and IT Business	–	–
	32,442	70,167
Segment results		
Mining and Metal Business	(1,168)	4,461
Software and IT Business	(376)	(543)
	(1,544)	3,918
Interest income	689	610
Dividend income from unlisted investments	750	–
Other income and gains	751	265
Unallocated corporate expenses	(5,017)	(2,744)
Loss arising on change in fair value of held-for-trading investments	(128)	–
Gain on disposal of an associate	–	3,057
Finance costs	(158)	(203)
Share of gain/(loss) of associates	845	(1,802)
	(3,812)	3,101
(Loss)/profit before tax		

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

Segment results represent the profit/(loss) from each segment without allocation of interest income, dividend income from unlisted investments, other income and gains, unallocated corporate expenses, loss arising on change in fair value of held-for-trading investments, gain on disposal of an associate, finance costs and share of result of associates. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the three months and six months ended 30 September 2018

## 3. Segment Information (Continued)

### Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products is as follows:

	(Unaudited) Six months ended 30 September	
	2018 HK\$'000	2017 HK\$'000
Sales of gold	–	10,832
Sales of nickel ores	15,775	29,945
Sales of nickel concentrate	16,667	20,537
Sales of copper concentrate	–	8,853
	<u>32,442</u>	<u>70,167</u>

### Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

	(Unaudited) 30 September 2018 HK\$'000	(Audited) 31 March 2018 HK\$'000
<b>Segment assets</b>		
Mining and Metal Business	274,495	274,862
Software and IT Business	56,473	–
Total segment assets	330,968	274,862
Unallocated	45,621	158,619
<b>Consolidated assets</b>	<u>376,589</u>	<u>433,481</u>
<b>Segment liabilities</b>		
Mining and Metal Business	56,614	81,334
Software and IT Business	–	–
Total segment liabilities	56,614	81,334
Unallocated	17,254	12,565
<b>Consolidated liabilities</b>	<u>73,868</u>	<u>93,899</u>

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

- all assets are allocated to reportable segments other than investment properties, held-for-trading investments, bank balances and cash and corporate and unallocated assets; and
- all liabilities are allocated to reportable segments other than obligations under a finance lease, amount due to related companies, amount due to a non-controlling interest and corporate and unallocated liabilities.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the three months and six months ended 30 September 2018

### 4. Finance Costs

	(Unaudited)			
	Three months ended		Six months ended	
	30 September		30 September	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest on loan from related companies	113	–	113	–
Interest on obligation under finance lease	5	6	11	19
Effective interest on promissory note	–	75	34	184
Total	<u>118</u>	<u>81</u>	<u>158</u>	<u>203</u>

### 5. Income Tax Expense

	(Unaudited)			
	Three months ended		Six months ended	
	30 September		30 September	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax				
PRC Enterprise Income Tax				
– charge for the period	1,369	2,206	3,218	2,206
– (over)/under provision in respect of prior years	(2)	–	59	–
Deferred tax (note 14)	<u>(836)</u>	<u>(72)</u>	<u>(788)</u>	<u>(603)</u>
Total income tax charged in profit or loss	<u>531</u>	<u>2,134</u>	<u>2,489</u>	<u>1,603</u>

Hong Kong profits tax is calculated at the rate of 16.5% (2017: 16.5%) of the estimated assessable profit. No provision for Hong Kong profits tax has been made as the Group had no assessable profit arising in or derived from Hong Kong for both periods.

PRC subsidiaries are subject to PRC Enterprise Income Tax at the rate of 25% (2017: 25%).

### 6. Interim dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2018 (2017: nil).

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the three months and six months ended 30 September 2018

### 7. Earnings/(loss) per share

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

	(Unaudited)			
	Three months ended 30 September 2018		Six months ended 30 September 2018	
	2018	2017	2018	2017
<b>Earnings/(loss):</b>				
Earnings/(loss) for the period attributable to owners of the Company for the purpose of basic and diluted earning/(loss) per share	<u>(HK\$612,000)</u>	<u>HK\$1,525,000</u>	<u>(HK\$3,640,000)</u>	<u>(HK\$1,046,000)</u>
<b>Number of ordinary shares:</b>				
Weighted average number of ordinary shares for the purpose of basic and diluted earning/(loss) per share	<u>2,812,881,803</u>	<u>2,812,881,803</u>	<u>2,812,881,803</u>	<u>2,812,881,803</u>

The computation of diluted earnings/(loss) per share did not assume the exercise of the Company's outstanding share options existed during the three months and six months ended 30 September 2018 and 2017 since their exercise would result in increase/decrease in earnings/(loss) per share.

### 8. Property, Plant and Equipment, Investment Properties and Other Intangible Assets

During the six months ended 30 September 2018, the Group purchased property, plant and equipment with a cost of approximately HK\$54,000 (2017: HK\$1,106,000) and there is no addition of investment properties and other intangible assets (2017: nil).

During the six months ended 30 September 2018, depreciation for property, plant and equipment was approximately HK\$2,081,000 (2017: HK\$3,103,000). There is no change in the fair value of the investment properties (2017: nil). Amortisation for other intangible assets was approximately HK\$10,482,000 (2017: HK\$17,407,000). Amongst the above, approximately HK\$11,413,000 was included in the cost of inventories and production cost (2017: HK\$19,089,000). The remaining expenses were charged to the condensed consolidated statement of comprehensive income.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the three months and six months ended 30 September 2018

### 9. Interest in Associates

	(Unaudited) 30 September 2018 HK\$'000	(Audited) 31 March 2018 HK\$'000
Unlisted investments, at cost	124,543	75,143
Share of post-acquisition results and other comprehensive income	(72,667)	(74,851)
	<u>51,876</u>	<u>292</u>

As at 30 September 2018, the principal associates of the Group were CGA Holdings Limited (formerly known as "Summit Soar Limited") ("CGA Holdings") and Nano Bubble Limited ("Nano Bubble").

On 16 May 2018, the Group subscribed for 4,000 ordinary shares of CGA Holdings, representing its 28.57% equity interest at a consideration of HK\$50,000,000. The principle activities of CGA Holdings and its subsidiaries are provision of advertising and promotion service of e-sport activities and organisation of regular e-sport tournament. The carrying value of the interest in CGA Holdings at 30 September 2018 was HK\$51,302,000.

On 19 September 2018, the Group subscribed for 50,000 ordinary shares of Nano Bubble at a consideration of HK\$570,000, representing its 33.33% equity interest. Its principle activities are the development of domestic pesticide removal, surface cleaning and sanitization products with the application of nano technology. The carrying value of the interest in Nano Bubble at 30 September 2018 was HK\$548,000.

On 30 September 2018, the Group disposed of the 48% equity interest of Easy Park Holdings Limited ("Easy Park") at a total consideration of HK\$100,000.

On 29 September 2017, the Group disposed of the 25.04% equity interest of Ningxia Educational Information & Technology Co., Ltd. (寧夏教育信息技術股份有限公司) at a total consideration of RMB5,752,500 (equivalent to approximately HK\$6,718,000).

#### Gain on disposal

	(Unaudited) Six months ended 30 September 2018 HK\$'000	2017 HK\$'000
Consideration	100	6,718
Net assets disposed of	(100)	(5,196)
Release of reserves upon disposal	-	1,535
	<u>-</u>	<u>3,057</u>

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the three months and six months ended 30 September 2018

### 10. Other Financial Assets

	(Unaudited) 30 September 2018 HK\$'000	(Audited) 31 March 2018 HK\$'000
Financial assets at fair value through profit or loss		
– Unlisted equity investments	10,625	10,625
– Convertible loan	777	–
	<u>11,402</u>	<u>10,625</u>

The convertible loan bears interest rate of 6% per annum with maturity on 15 March 2020. The Group has the right to convert all or part of the loan amount into equity shares of the borrower according to the terms and conditions of the convertible loan agreement entered into between the Group and the borrower.

### 11. Trade and Other Receivables

At 30 September 2018, trade receivables of HK\$17,880,000 (31 March 2018: HK\$7,360,000) are included in the Group's trade and other receivables.

The credit terms granted to customers are varied and are generally the result of negotiations between respective customer and the Group. No interest is charged on overdue trade receivables. The management closely monitors the credit quality of trade and other receivables and considers the trade and other receivables that are neither past due nor impaired to be of a good credit quality.

The following is an analysis of trade receivables by age, based on the invoice date:

	(Unaudited) 30 September 2018 HK\$'000	(Audited) 31 March 2018 HK\$'000
0 to 90 days	17,880	4,300
91 to 180 days	–	3,060
	<u>17,880</u>	<u>7,360</u>



## Notes to the Condensed Consolidated Financial Statements (Continued)

For the three months and six months ended 30 September 2018

### 12. Trade and Other Payables

At 30 September 2018, trade payables of HK\$5,758,000 (31 March 2018: HK\$3,098,000) are included in the Group's trade and other payables.

The following is an analysis of trade payables by age, based on the invoice date:

	(Unaudited) 30 September 2018 HK\$'000	(Audited) 31 March 2018 HK\$'000
0 to 30 days	3,102	5
31 to 60 days	1,401	101
61 to 90 days	1,209	897
More than 90 days	46	2,095
	<u>5,758</u>	<u>3,098</u>

### 13. Loan from related companies

On 20 July 2018, the Group entered into loan agreements to borrow HK\$15,000,000 from related companies which are beneficially owned by Mr. Felipe Tan ("Mr. Tan"), a director and substantial shareholder of the Company. The loan is unsecured, repayable upon demand and bear interest at the rate of 4.5% per annum.

### 14. Deferred Tax Liabilities

Deferred tax credit of approximately HK\$836,000 for the three months ended 30 September 2018 (2017: HK\$72,000) and HK\$788,000 for the six months ended 30 September 2018 (2017: HK\$603,000) have been respectively recognised in income tax expense of the condensed consolidated statement of comprehensive income (note 5).

### 15. Share Capital

	Number of Shares	Share Capital HK\$'000
<b>Issued and fully paid:</b>		
At 31 March 2018 and 30 September 2018	<u>2,812,881,803</u>	<u>906,074</u>

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the three months and six months ended 30 September 2018

### 16. Fair Value Measurements of Financial Instruments

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

#### Fair value hierarchy

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>As at 30 September 2018</b>				
<b>Financial assets</b>				
Held-for trading investments	2,916	–	–	2,916
Financial assets designated as at fair value through profit or loss	–	10,625	777	11,402
Total	2,916	10,625	777	14,318
<b>As at 31 March 2018</b>				
<b>Financial assets</b>				
Held-for trading investments	3,044	–	–	3,044
Financial assets designated as at fair value through profit or loss	–	10,625	–	10,625
Total	3,044	10,625	–	13,669

During the six months ended 30 September 2018, there were no transfer between Level 1 and Level 2, or transfer into or out of Level 3 (2017: nil).

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the three months and six months ended 30 September 2018

## 17. Commitments

### (a) Capital commitments

Capital expenditure contracted for but not yet provided at the end of the reporting period is as follows:

	(Unaudited) 30 September 2018 HK\$'000	(Audited) 31 March 2018 HK\$'000
Research and development of bioleaching technique	569	–

### (b) Operating lease commitments

#### The Group as lessee

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

	(Unaudited) 30 September 2018 HK\$'000	(Audited) 31 March 2018 HK\$'000
Within one year	2,642	176
Later than 1 year and no later than 5 years	1,423	–
	<u>4,065</u>	<u>176</u>

Operating lease payments represent rentals payable by the Group for processing plant in the PRC and office premises in Hong Kong. Leases are negotiated for terms ranged from one to two years and rentals are fixed over the lease terms. The Group does not have an option to purchase the leased asset at the expiry of the lease terms.

#### The Group as lessor

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

	(Unaudited) 30 September 2018 HK\$'000	(Audited) 31 March 2018 HK\$'000
Within one year	40	330

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the three months and six months ended 30 September 2018

## 18. Related Party Transactions

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

Save as disclosed elsewhere in these condensed consolidated interim financial statements, the Group had the following significant related party transactions during the interim period:

	<b>(Unaudited)</b>	
	<b>Six months ended 30 September</b>	
	<b>2018</b>	<b>2017</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interest expenses paid to a related company (note i)	<b>34</b>	184
Loan interest paid to related companies (note ii)	<b>113</b>	–
Rental and share of office expenses paid to a related company (note iii)	<b>113</b>	114
Donation by the Group (note iv)	<b>–</b>	100
Rental income received from an associate (note v)	<b>180</b>	180

Notes:

- (i) Effective interest expenses on Promissory Note was charged at 2.99% (2017: 2.99%) per annum and paid to a related company which is beneficially owned by Mr. Tan at terms mutually agreed by both parties.
- (ii) Interest expenses in respect of loan with interest at the rate of 4.5% per annum, were paid to related companies which are beneficially owned by Mr. Tan, at terms mutually agreed by the parties.
- (iii) Office rental and other related expenses in respect of the leasing of an office premise were paid to a related company which is beneficially owned by Mr. Tan, at terms mutually agreed by both parties.
- (iv) Donation was made to a charitable company, which is exempt from tax under section 88 of the Inland Revenue Ordinance, and in which Mr. Tan acts as one of the founder members and directors.
- (v) Rental income in respect of the leasing of office premises were received from an associate in which the Company owned a 48% equity interest at terms mutually agreed by both parties. The associate was disposed on 30 September 2018.

## Compensation of key management personnel

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

	<b>(Unaudited)</b>	
	<b>Six months ended 30 September</b>	
	<b>2018</b>	<b>2017</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Short-term employee benefits	<b>1,301</b>	1,212
Post-employment benefits	<b>21</b>	21
	<b>1,322</b>	1,233

# Management Discussion and Analysis

## About the Group

The Group is principally engaged in two business segments, namely (i) the Mining and Metal Business; and (ii) the Software and IT Business.

## Business Review and Outlook

### Mining and Metal Business

The Mining and Metal Business primarily comprises of (i) exploration and exploitation of a nickel-copper mine, and (ii) investment in a metal processing and trading company. For the six months ended 30 September 2018, nickel-copper ores and nickel concentrate were the products sold under the Mining and Metal Business.

During the six months ended 30 September 2018, the resumption of nickel-copper ore production has been delayed in response to the heavy pressure from the dumping of nickel-copper ores from Russia to the PRC market. Moreover, due to the flooding in Xinjiang and security check and practice requested by government authorities, the mining activity has been suspended for about 40 days for the period under review. In this connection, the processing plant also suspended production in late September in order to stock up more nickel-copper ores for processing. Therefore, only 59,841 tonnes of nickel-copper ores were extracted for the six months ended 30 September 2018 (2017: 94,636 tonnes). Attributable to the insufficient stock level of raw ores, the processed outputs and sales both dramatically declined.

For the six months ended 30 September 2018, no sales of gold was recorded as the gold mine was already exhausted and all gold inventory was sold in last year, the Group sold 5,200 tonnes of nickel-copper ores and 4,200 tonnes of nickel concentrate (2017: 33 kg of gold, 15,000 tonnes of nickel-copper ores, 7,300 tonnes of nickel concentrate and 800 tonnes of copper concentrate) which contributed to the turnover of HK\$32,442,000 (2017: HK\$70,167,000), representing a decrease of 54% as compared to the last corresponding period.

Stringent environmental protection regulations and security policies imposed by government exerted further pressure on operating cost. Considering the difficult situation, the Group has made great effort in optimizing its process and used technical means to minimize the tailings and reduce costs.

For the six months ended 30 September 2018, the Group received dividend income of HK\$750,000 from Dragon Silver Holdings Limited (“Dragon Silver”), in which the Group owns an 8.86% equity interest. Dragon Silver recorded a total profit of HK\$16.9 million for the year ended 30 June 2018 and declared an annual dividend of HK\$1.25 per share on 28 September 2018 pursuant to the dividend guarantee as stated in the subscription agreement dated 29 December 2017 entered into between the Group and the guarantor (the director and shareholder of Dragon Silver).

# Management Discussion and Analysis (Continued)

## Business Review and Outlook (Continued)

### Mining and Metal Business (Continued)

#### Exploration, Development and Mining Production Activities

The exploration, development and mining production activities of the project of the Group for the six months ended 30 September 2018 are summarised below:

Mine	Activity		
	Exploration	Development	Mining
Hongshannan Gold Mine	No activity during the period under review		
Tuchushan Iron Mine	No activity during the period under review		
Baishiquan Nickel-copper Mine	No material exploration	Completed drift construction of approximately 1,117 meters	Ores extracted: 59,841 tonnes
South Hami Gold Project	No activity during the period under review		

#### Processing Activity

For the six months ended 30 September 2018, the nickel-copper ores extracted from the mines and processed by the processing plant were approximately 59,841 tonnes and 44,398 tonnes respectively (2017: 94,636 tonnes and 79,997 tonnes respectively), representing decrease of 37% and 45% respectively as compared to last corresponding period. The decrease in quantity was mainly due to the temporary suspension of mine site and processing plant as discussed in the business review of Mining and Metal Business.

# Management Discussion and Analysis (Continued)

## Business Review and Outlook (Continued)

### Mining and Metal Business (Continued)

#### Expenditure Incurred

During the six months ended 30 September 2018, the Group has incurred expenditure of approximately HK\$33.3 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
<b>1. Capital Expenditure</b>				
1.1 Exploration activities				
Drilling and analysis	—	—	—	—
<i>Subtotal</i>	—	—	—	—
1.2 Development activities (including mine construction)				
Addition of intangible assets, property, plant and equipment	—	54	—	54
Construction of tunnels and sub-contracting charges	—	5,043	—	5,043
<i>Subtotal</i>	—	5,097	—	5,097
<b>Total Capital Expenditure</b>	<b>—</b>	<b>5,097</b>	<b>—</b>	<b>5,097</b>
<b>2. Operating Expenditures for Mining Activities</b>				
Staff cost	—	1,096	—	1,096
Consumables	—	1,280	—	1,280
Fuel, electricity, water and other services	—	1,266	—	1,266
Non-income taxes, royalties and other government charges	—	613	—	613
Sub-contracting charges	—	4,051	—	4,051
Transportation	—	3,057	—	3,057
Depreciation and amortization	—	11,381	—	11,381
Others	—	575	—	575
<b>Total Operating Expenditure</b>	<b>—</b>	<b>23,319</b>	<b>—</b>	<b>23,319</b>
<b>Total Capital and Operating Expenditure</b>	<b>—</b>	<b>28,416</b>	<b>—</b>	<b>28,416</b>
<b>3. Processing Expenditure</b>				
Staff cost				1,476
Consumables				2,270
Fuel, electricity, water and other services				1,055
Non-income taxes, royalties and other government changes				18
Depreciation and amortization				27
Others				57
<b>Total Processing Expenditures</b>				<b>4,903</b>
<b>Total Expenditures</b>				<b>33,319</b>

# Management Discussion and Analysis (Continued)

## Business Review and Outlook (Continued)

### Mining and Metal Business (Continued)

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

There were new contracts entered into during the six months ended 30 September 2018 in respect of exploration and blasting work, transportation of nickel-copper ores and research and development of bioleaching technique. As at 30 September 2018, there was HK\$5.4 million (31 March 2018: nil) outstanding commitments in relation to these contracts for the Group.

### Software and IT Business

The Software and IT Business comprised of the provision of consultancy, software maintenance and development, e-commerce services as well as various investments in IT and innovation projects, including e-Sport tournament organizer, bio and nano new materials, IT startup fund and intelligent agricultural applications.

In August 2018, our e-sport investee, Cyber Games Arena Limited (“CGA”), as one of the leading e-sport companies in Hong Kong, organized the AESF Regional Qualifiers for the 18th Asian Games in 2018, where the Hong Kong athlete won the gold medal in Hearthstone tournament. The Group recorded a share of profit of this associate company of HK\$1.3 million for the period under review. During the six months ended 30 September 2018, in addition to the existing IT investment business, e-sport business and software development business, the Group has invested into three new bio and nano material projects, such as water soluble PVA foam, nano bubble and nano generator with direct investment and investment in two new associate companies. With the support of a professional research institute, we are dedicated to developing market-oriented nano-technological materials. Through providing environmental protection nano-technological products to the society, we target to commercialize such technologies and generate returns.

## Outlook

Attributable to the stringent safety requirements by the government authorities, the Group has strived to maintain the safe production of the Baishiquan Nickel-Copper Mine. The nickel processing plant has also confronted with the pressure of suspension caused by insufficient supply of head ores. Sticking to the policy of “Safety First”, we will put forward our production work at a steady pace. Moreover, the Group will arrange the mining staff to attend training courses in order to improve their technical skills and enhance safety awareness.

During the period under review, the Group has engaged an independent research institute in China to perform test on possibility of application of bioleaching technique on extraction of metals from nickel-copper ores. Subject to a satisfactory test result, the Company would formulate the corresponding production scheme which would improve output and reduce the production costs of the Baishiquan Nickel-Copper Mine.

The tin processing and trading business of Dragon Silver has made stable profit during the past six months. The Group will further prompt Dragon Silver to be recognized as a LME-approved brand of tin ingots producer, which will secure better source of supply, sale channel and price.

In addition to the e-commerce services and gaming products offered in its e-commerce platform and CGA Store, our e-sport investee is carrying out set-up of an e-sports stadium in Hong Kong. Taking into account the promising potential of the e-sport industry and the leading status of our investee in its business field, we expect that such investment would generate more returns to our shareholders in the future.

During this quarter, the Group has commenced new bio and nano materials projects as an attempt to participate in the new material domain. We are of the view that such new-emerging industry, together with IT investment and e-sport business which we have started in the previous quarters, are new growth points for our income to hedge against the downward pressure on the traditional software business.



## Management Discussion and Analysis (Continued)

### Financial Performance Review

For the six months ended 30 September 2018, the Group recorded turnover of approximately HK\$32,442,000 (2017: HK\$70,167,000), representing a decrease of 54% compared to the corresponding period in 2017. Loss for the period under review was approximately HK\$6,301,000 (2017: profit of HK\$1,498,000), representing a decrease of 5.2 times as compared to the corresponding period in 2017.

For the period under review, the Mining and Metal Business recorded turnover of approximately HK\$32,442,000 (2017: HK\$70,167,000), representing a decrease of 54% compared to the corresponding period in 2017. The segmental loss was approximately HK\$1,168,000 (2017: profit of HK\$4,461,000), representing an decrease of 1.3 times as compared with the corresponding period in 2017.

For the period under review, there was no turnover from Software and IT Business (2017: nil). The segmental loss was approximately HK\$376,000 (2017: HK\$543,000), representing a decrease of 31% as compared with corresponding period last year.

Loss attributable to owners of the Company was approximately HK\$3,640,000 (2017: HK\$1,046,000), representing an increase of 2.5 times as compared to the same period in 2017.

### Capital Structure, Liquidity and Financial Resources

As at 30 September 2018, the Group had bank balances and cash and net current assets amounted to approximately HK\$34.8 million and HK\$36.7 million (31 March 2018: HK\$133.6 million and HK\$96.0 million) respectively. Out of the Group's bank balances and cash, about 37% was denominated in Hong Kong dollars (31 March 2018: 22%), 62% was denominated in Chinese Renminbi (31 March 2018: 77%) and 1% was denominated in United States dollars (31 March 2018: 1%). As at 30 September 2018, the Group's current ratio was 1.91 (31 March 2018: 2.70).

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 borrowings.

As at 30 September 2018, the Group had outstanding borrowings of approximately HK\$16.3 million (31 March 2018: HK\$11.7 million), which primarily represents loan from related companies of HK\$15 million (31 March 2018: Promissory Note of HK\$10.3 million).

The Board believes that the Group has an adequate capital structure and the Group's existing financial resources are sufficient to fulfill its commitments and working capital requirements.

### Gearing Ratio

As at 30 September 2018, the Group's gearing ratio was approximately 13% (31 March 2018: 8%), based on total borrowings of approximately HK\$16.3 million (31 March 2018: HK\$11.7 million) and equity attributable to owners of the Company of approximately HK\$129.8 million (31 March 2018: HK\$138.7 million). The increase in the ratio was mainly due to effect of new loan borrowed from related companies of HK\$15 million.

### Charge on the Group's Assets

One motor vehicle of the Group was pledged as security for a finance lease as at the date of the report.

## Management Discussion and Analysis (Continued)

### Order Book and Prospects for New Business

There was no order book on hand as at 30 September 2018.

### Significant Investments, Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

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

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

### Segmental information

The Group is currently organised into two operating segments – (i) the Mining and Metal Business; and (ii) the Software and IT Business. During the period under review, the Mining and Metal Business accounted for all (2017: 100%) of the revenue and there was no revenue generated by the Software and IT Business (2017: nil).

### 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 not significant.

### Contingent liabilities

As at 30 September 2018, there were no material contingent liabilities incurred by the Group.

### Employee information

As at 30 September 2018, the Group employed a total of 130 staff. Staff remuneration is reviewed by the Group from time to time and increases are granted normally annually or by special adjustment depending on length of service and performance when warranted. In addition to salaries, the Group provides staff benefits including medical insurance and provident fund. Share options and bonuses are also available to employees of the Group at the discretion of the Directors and depending upon the financial performance of the Group.

## Other Information

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

At 30 September 2018, the interests and short positions of the Directors and the chief executive of the Company and their associates in the shares, underlying shares or debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules, were as follows:

#### Long positions

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

Name of Directors	Number of ordinary shares held in the capacity of		Total number of shares	Percentage of shareholding
	Beneficial owner	Controlled corporation		
<b>Executive Director</b>				
Felipe Tan	158,128,000	678,074,400*	836,202,400	29.73%
<b>Independent Non-Executive Directors</b>				
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%

\* The shares were held by Starmax Holdings Limited ("Starmax") which is beneficially owned by Mr. Tan. By virtue of the SFO, Mr. 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	49%
	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%

## Other Information (Continued)

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

#### Long positions (Continued)

#### (c) 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 Scheme were as follows:

Name of Directors	Date of grant	Vesting and Exercisable period	Exercise price per share HK\$	Number of share options and number of underlying shares					
				Outstanding at 1.4.2018	During the period				Outstanding at 30.9.2018
					Granted	Exercised	Cancelled	Lapsed	
<b>Executive Directors</b>									
Felipe Tan	02.03.2017	02.03.2017 – 01.03.2027	0.1080	2,000,000	-	-	-	-	2,000,000
Lau Yun Fong	03.10.2013	03.10.2013 – 02.10.2023	0.1435	2,075,676	-	-	-	-	2,075,676
Carman	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
<b>Independent Non-Executive Directors</b>									
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
				<u>9,490,811</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,490,811</u>

Save as disclosed above, at 30 September 2018, 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.

## Other Information (Continued)

### Substantial Shareholder's Interests and Short Positions in Shares and Underlying Shares

As at 30 September 2018, 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 shareholder 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 30 September 2018
Starmax Holdings Limited*	678,074,400	–	678,074,400	24.11%

\* Starmax is beneficially owned as to 100% by Mr. 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 30 September 2018.

### Share Options

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

Type of participants	Date of grant	Exercisable period	Exercise price per share HK\$	Number of share options				
				Outstanding at 01.04.2018	During the period			Outstanding at 30.09.2018
				Granted	Exercised	Lapsed		
Employees	20.11.2012	20.11.2012 – 19.11.2022	0.1281	3,113,514	–	–	–	3,113,514
				<u>3,113,514</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>3,113,514</u>

## Other Information (Continued)

### Share Options (Continued)

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

Type of participants	Date of grant	Exercisable period	Exercise price per share HK\$	Outstanding at 01.04.2018	Number of share options			Outstanding at 30.09.2018
					Granted	Exercised	Lapsed	
Directors	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	7,000,000	-	-	-	7,000,000
Employees	03.10.2013	03.10.2013 – 02.10.2023	0.1435	3,632,433	-	-	-	3,632,433
	17.02.2014	17.02.2014 – 16.02.2024	0.1329	622,703	-	-	-	622,703
	02.03.2017	02.03.2017 – 01.03.2027	0.1080	12,000,000	-	-	(1,000,000)	11,000,000
Others	02.03.2017	02.03.2017 – 01.03.2027	0.1080	13,000,000	-	-	-	13,000,000
				<u>38,745,947</u>	<u>-</u>	<u>-</u>	<u>(1,000,000)</u>	<u>37,745,947</u>

### Competing Interest

Mr. Tan holds shareholdings and directorships in GobiMin Inc., the shares of which are listed on the TSX Venture Exchange in Canada (stock symbol: GMN). Its subsidiaries and associate companies are 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. 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 of the boards of the abovementioned companies. Accordingly, the Group is therefore capable of carrying on business independently of, and at arm's length from the said competing business.

### Purchase, Sale or Redemption of the Company's Listed Securities

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

## Other Information (Continued)

### Code on Corporate Governance Practices

During the six months ended 30 September 2018, the Company had complied with all code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 of the GEM Listing Rules, except for code provision A.2.1.

Code provision A.2.1 provides that the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. The post of Chief Executive Officer of the Company remains vacant and the role of the Chief Executive Officer has been performed by the executive directors collectively. The Board will continue to use its best endeavour in finding a suitable candidate to assume duties as Chief Executive Officer of the Company as soon as possible.

### Code of Conduct Regarding Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company throughout the six months ended 30 September 2018.

### Audit Committee

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 and other advisers as it determines is necessary and perform investigations.

The Group has designated staff with relevant experience and knowledge to oversee the internal control and internal audit function. The designated staff regularly (i) evaluates with the senior management on the risk assessment and risk mitigation measures; (ii) assesses the effectiveness of the internal control and risk management systems and ensure they are properly followed; and (iii) submits periodical reports to the audit committee for review and approval.

The audit committee comprises four independent non-executive Directors, Ms. Tsang Wai Chun Marianna, Ms. Chan Choi Ling, Mr. Chan Mei Ying Spencer and Mr. Lam Kwai Yan. The audit committee has reviewed the unaudited interim financial results for the six months ended 30 September 2018.

On behalf of the Board

**Felipe Tan**

*Chairman*

Hong Kong, 8 November 2018