



TIMELESS SOFTWARE LIMITED

天時軟件有限公司

(incorporated in Hong Kong with limited liability)

(Stock code: 8028)

RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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

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

The board of Directors (“Board”) of the Company is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months ended 30 June 2018 together with the comparative unaudited figures for the corresponding period in 2017 as follows:

Condensed Consolidated Statement of Comprehensive Income

For the three months ended 30 June 2018

		(Unaudited)	
		Three months ended 30 June	
		2018	2017
	Notes	HK\$'000	HK\$'000
Revenue		4,753	19,634
Other income and gains		1,085	599
Purchase and production costs		(878)	(14,283)
Staff costs		(2,923)	(2,631)
Depreciation and amortisation		(732)	(705)
Other expenses		(3,611)	(3,007)
Loss arising on change in fair value of held-for-trading investments		(135)	–
Finance costs		(40)	(122)
Share of losses of associates		(170)	(1,517)
Loss before tax		(2,651)	(2,032)
Income tax credit/(expense)	3	(1,958)	531
Loss for the period		(4,609)	(1,501)
Other comprehensive income/(expense), net of income tax			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		(11,212)	5,034
Share of other comprehensive expense of associates		–	(866)
Other comprehensive income/(expense) for the period, net of income tax		(11,212)	4,168
Total comprehensive income/(expense) for the period		(15,821)	2,667
Profit/(loss) attributable to:			
Owners of the Company		(3,028)	(2,571)
Non-controlling interests		(1,581)	1,070
		(4,609)	(1,501)
Total comprehensive income/(expense) attributable to:			
Owners of the Company		(5,936)	(2,136)
Non-controlling interests		(9,885)	4,803
		(15,821)	2,667
		HK cents	HK cents
Loss per share			
– Basic and diluted	5	(0.108)	(0.091)

Condensed Consolidated Statement of Changes in Equity
For the three months ended 30 June 2018

(Unaudited)

	Share capital	Share options reserve	General reserve	Investment revaluation reserve	Property revaluation reserve	Translation reserve	Accumulated deficit	Attributable to owners of the Company	Non- controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 April 2017	906,074	2,778	647	1,631	964	(6,119)	(773,840)	132,135	217,250	349,385
Profit/(loss) for the period	-	-	-	-	-	-	(2,571)	(2,571)	1,070	(1,501)
Other comprehensive income/ (expense) for the period	-	-	-	(866)	-	1,301	-	435	3,733	4,168
Total comprehensive income/ (expense) for the period	-	-	-	(866)	-	1,301	(2,571)	(2,136)	4,803	2,667
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(5,880)	(5,880)
Balance at 30 June 2017	906,074	2,778	647	765	964	(4,818)	(776,411)	129,999	216,173	346,172
Balance at 1 April 2018	906,074	2,068	647	-	964	107	(771,128)	138,732	200,850	339,582
Loss for the period	-	-	-	-	-	-	(3,028)	(3,028)	(1,581)	(4,609)
Other comprehensive expense for the period	-	-	-	-	-	(2,908)	-	(2,908)	(8,304)	(11,212)
Total comprehensive expense for the period	-	-	-	-	-	(2,908)	(3,028)	(5,936)	(9,885)	(15,821)
Transfer to reserve	-	-	508	-	-	-	(508)	-	-	-
Balance at 30 June 2018	906,074	2,068	1,155	-	964	(2,801)	(774,664)	132,796	190,965	323,761

Notes to the Condensed Consolidated Financial Statements

For the three months ended 30 June 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 Group is principally engaged in (i) the exploration and exploitation of mines (“Mining Business”); and (ii) the provision of consultancy and software services, software development, sales of computer hardware and software, e-Commerce services and investment in IT-related projects (“Software 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 on 9 August 2018.

2. Basis of Preparation and Accounting Policies

This condensed consolidated financial information has been prepared to comply with the applicable disclosure requirements of the GEM Listing Rules.

The accounting policies and method of computation used in the preparation of these results are consistent with those used in annual financial statements for the year ended 31 March 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. 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. The adoption of such new or revised standards, amendments to standards and interpretations does not have material impact on the condensed consolidated financial statements and does not result in substantial changes to the Group’s accounting policies.

In addition, the preparation of 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 will deliver 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).

3. Income Tax (Credit)/Expense

	(Unaudited)	
	Three months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
Current tax		
PRC Enterprise Income Tax		
– Charge for the period	1,849	–
– Under provision in prior years	61	–
Deferred tax	48	(531)
	<u>1,958</u>	<u>(531)</u>
Total income tax recognised in profit or loss	<u>1,958</u>	<u>(531)</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 25% (2017: 25%).

4. Interim Dividend

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

5. Loss per Share

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

	(Unaudited)	
	Three months ended 30 June	
	2018	2017
Loss:		
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	<u>HK\$3,028,000</u>	<u>HK\$2,571,000</u>
Number of ordinary shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>2,812,881,803</u>	<u>2,812,881,803</u>

The computation of diluted loss per share did not assume the exercise of the Company's outstanding share options during the three months ended 30 June 2018 and 2017 since their exercise would result in decrease in loss per share.

6. Related Party Transactions

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

	(Unaudited)	
	Three months ended 30 June	
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Rental and share of office expenses paid to a related company (<i>Note i</i>)	55	54
Interest expenses paid to a related company (<i>Note ii</i>)	34	109
Rental income received from an associate (<i>Note iii</i>)	90	90
	<hr/>	<hr/>

Notes:

- i. Rental and share of office expenses in respect of the leasing of office premises were paid to a related company which is beneficially owned as to 69.37% as at 30 June 2018 by Mr. Felipe Tan (“Mr. Tan”), a director and shareholder of the Company, at terms mutually agreed by both parties.
- ii. Effective interest expenses on promissory note issued by the Group on 11 May 2012 is charged at 2.99% (2017: 2.99%) per annum and payable to a related company which is beneficially owned by Mr. Tan at terms mutually agreed by both parties.
- iii. 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.

Management Discussion and Analysis

About the Group

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

Business Review

Mining Business

The Mining Business primarily comprises of exploration and exploitation of mines and the processing and sale of outputs from the mines in the PRC. For the three months ended 30 June 2018, nickel-copper ores was the products sold under the Mining Business.

The nickel price showed a climbing trend since the beginning of 2018 due to growth in energy storage system and increasing electric vehicles penetration. In addition, the nickel price just hit its highest level in two years on 3 June 2018. However, in view of the huge amount of nickel ores flooded into the PRC market from Russia, the Company has adjusted the existing operational strategy from mainly focusing on high-grade nickel-copper ores to parallel sale of nickel-copper ore and nickel and copper concentrates.

For the three months ended 30 June 2018, the Group sold approximately 1,714 tonnes of nickel-copper ores (2017: 7,118 tonnes nickel-copper ores and 2,464 tonnes nickel concentrate) which contributed turnover of approximately HK\$4,753,000 (2017: HK\$19,634,000) to the Group. The decrease in turnover was solely due to the decrease in quantity sold where the nickel price has been increased from about US\$9,000 per tonne in June 2017 to about US\$15,000 per tonne in June 2018. The cost for the three months ended 30 June 2018 is also comparatively lower than 2017 because the cost of nickel concentrate involved additional processing cost from low-grade ores. Approximately 20,401 tonnes of nickel-copper ores were extracted for the three months ended 30 June 2018.

Software Business

Software Business included the provision of consultancy and software services, software development, sales of computer hardware and software, e-Commerce services and investment in IT-related projects.

During the quarter ended 30 June 2018, the Group acquired a 28.57% equity interest in an e-sport company pursuant to a subscription agreement dated 16 May 2018. The investee operates an e-sports gaming platform which provides systematic gaming and social services to e-sports enthusiasts and has held over 100 sizable online and offline e-sports competitions and activities since 2013. In view of the fast growth achieved by the investee and considering the high potential of the e-sport industry, the management believes that such investment would generate positive returns to the Group in future.

Outlook

After the exhaustion of the Hongshannan Gold Mine and also the shutdown of the Tuchushan Iron Mine due to its location within Xinjiang Lop Nur Wild Camel National Grade Natural Reserve, the Group is now focusing on nickel-copper production. To cope with the direct hit of Russian ores, we have changed our production strategy to increase the production volume of nickel concentrates. The Group has delivered the nickel-copper ores extracted during the first financial quarter to the processing plant for production of nickel and copper concentrates at the beginning of July 2018. Moreover, we are committed to expanding our sales channel to hedge the risk resulted from the flooding-in of nickel ores from Russia. Nevertheless, we have confidence for the favorable future of the global nickel market due to its widely use in a number of products for industrial, military, and architectural applications.

In the future, it is expected that new IT-related industries will have more vigorous growth. Heeding that, the Group has dedicated more resources into the e-sport industry and other startups in the IT ecosystem. In addition, we will focus on strengthening its investment to match requirement in the ever-changing IT environment. Capitalizing on its experience of cooperation with several technological partners, the Group will step up effort to explore more potential of its investment in IT-related industries and generate more returns for the shareholders.

Financial Performance Review

For the three months ended 30 June 2018, the Group recorded a total turnover of approximately HK\$4.8 million (2017: HK\$19.6 million), representing a decrease of 76% as compared with the same period in 2017. Loss for the period under review was approximately HK\$4.6 million (2017: HK\$1.5 million), representing an increase by 2.1 times as compared to the corresponding period in 2017. The decrease in turnover and the increase in loss for the period was mainly due to the delay in resumption of nickel-copper ore production in response to the heavy pressure from the dumping of nickel-copper ores from Russia to the PRC market.

For the period under review, the Mining Business recorded turnover of approximately HK\$4.8 million. The segmental loss was approximately HK\$0.3 million (2017: profit of HK\$1.5 million), representing a decrease in profit of 1.2 times as compared with the corresponding period in 2017.

For the period under review, there was no turnover from the Software Business (2017: nil). The segmental loss was approximately HK\$0.3 million (2017: HK\$0.3 million), which is about the same as compared with the corresponding period last year.

For the three months ended 30 June 2018, the Group reported share of losses of associates of approximately HK\$0.2 million (2017: HK\$1.5 million).

Loss attributable to owners of the Company was approximately HK\$3.0 million, as compared to approximately HK\$2.6 million for the same period in 2017.

Other Information

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

At 30 June 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			Percentage of shareholding
	Beneficial owner	Controlled corporation	Total number of shares	
Executive Directors				
Felipe Tan	158,128,000	678,074,400*	836,202,400	29.73%
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%

* 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%

(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	Exercisable period	Exercise price per share HK\$	Number of share options and underlying shares					
				Outstanding at 01.04.2018	During the period				Outstanding at 30.06.2018
					Granted	Exercised	Cancelled	Lapsed	
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
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
				9,490,811	-	-	-	-	9,490,811

Save as disclosed above, as at 30 June 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.

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

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

* Starmax is beneficially owned 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 June 2018.

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 code: GMN). 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. 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 within independent management and administration. In addition, the Board is independent of the boards of the abovementioned companies. Accordingly, the Group is therefore capable of carrying on business independently of, and at arm’s length from, the said competing business.

Purchase, Sale or Redemption of the Company’s Listed Securities

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

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 or 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 quarterly financial results for the three months ended 30 June 2018.

On behalf of the Board
TIMELESS SOFTWARE LIMITED
Felipe Tan
Chairman

Hong Kong, 9 August 2018

Executive Directors:

Mr. Felipe Tan (Chairman)
Ms. Lau Yun Fong Carman

Independent non-executive Directors:

Ms. Chan Choi Ling
Mr. Chan Mei Ying Spencer
Mr. Lam Kwai Yan
Ms. Tsang Wai Chun Marianna