



# **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 SIX MONTHS ENDED 30 SEPTEMBER 2019**

**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 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](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).*

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 six months ended 30 September 2019 together with the comparative unaudited figures for the corresponding period in 2018 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2019

		(Unaudited)				
		Three months ended		Six months ended		
		30 September		30 September		
		2019	2018	2019	2018	
Notes		HK\$'000	HK\$'000	HK\$'000	HK\$'000	
	Revenue	52,871	27,689	68,626	32,442	
	Other income and gains	881	1,105	1,059	2,190	
	Purchase and production costs	(31,685)	(23,596)	(50,783)	(24,474)	
	Staff costs	(2,369)	(2,387)	(5,176)	(5,310)	
	Depreciation and amortisation	(319)	(716)	(637)	(1,448)	
	Other expenses	(5,059)	(4,160)	(6,841)	(7,771)	
	Gain/(loss) arising on change in fair value of held-for-trading investments	–	7	–	(128)	
	Fair value changes on financial assets at fair value through profit or loss	(58)	–	(118)	–	
	Gain on disposal of intangible assets	–	–	1,716	–	
5	Finance costs	(171)	(118)	(342)	(158)	
	Share of (loss)/gain of associates	(954)	1,015	(2,790)	845	
	Impairment loss on amount due from an associate	(1)	–	(3)	–	
	Profit/(loss) before tax	13,136	(1,161)	4,711	(3,812)	
6	Income tax expense	(4,288)	(531)	(3,884)	(2,489)	
	Profit/(loss) for the period	8,848	(1,692)	827	(6,301)	
	<b>Other comprehensive expense, net of income tax</b>					
	<i>Items that may be reclassified subsequently to profit or loss:</i>					
	Exchange differences on translating foreign operations	(5,419)	(9,060)	(9,762)	(20,272)	
	Other comprehensive expense for the period, net of income tax	(5,419)	(9,060)	(9,762)	(20,272)	
	<b>Total comprehensive income/(expense) for the period</b>	<b>3,429</b>	<b>(10,752)</b>	<b>(8,935)</b>	<b>(26,573)</b>	
	Profit/(loss) attributable to:					
	Owners of the Company	450	(612)	(4,442)	(3,640)	
	Non-controlling interests	8,396	(1,080)	5,269	(2,661)	
		8,846	(1,692)	827	(6,301)	
	Total comprehensive income/(expense) attributable to:					
	Owners of the Company	(958)	(2,962)	(6,981)	(8,898)	
	Non-controlling interests	4,387	(7,790)	(1,954)	(17,675)	
		3,429	(10,752)	(8,935)	(26,573)	
		<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	
	<b>Earnings/(loss) per share</b>					
	– Basic and diluted	8	0.016	(0.022)	(0.158)	(0.129)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2019

		(Unaudited) 30 September 2019 HK\$'000	(Audited) 31 March 2019 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	9	12,766	14,895
Investment properties	9	10,290	10,290
Other intangible assets	9	92,516	109,540
Interests in associates		36,565	39,357
Financial assets at fair value through profit or loss	11	17,804	17,804
Right-of-use assets		6,051	–
Prepaid lease payments		–	6,313
Deposits		22,326	23,720
Land rehabilitation costs		1,964	2,275
		<b>200,282</b>	224,194
<b>Current assets</b>			
Inventories		13,551	20,112
Prepaid lease payments		–	233
Trade and other receivables	10	37,543	1,312
Financial assets at fair value through profit or loss	11	2,839	2,957
Bank balances and cash		34,586	41,579
		<b>88,519</b>	66,193
<b>Current liabilities</b>			
Trade and other payables	12	20,715	11,655
Contract liabilities		504	77
Dividends payable to non-controlling interests		–	4,410
Provision for land rehabilitation		2,209	2,348
Obligations under a finance lease		137	271
Loan from related companies	13	15,000	15,000
Current tax liabilities		5,030	–
		<b>43,595</b>	33,761
<b>Net current assets</b>		<b>44,924</b>	32,432
<b>Total assets less current liabilities</b>		<b>245,206</b>	256,626
<b>Non-current liabilities</b>			
Amount due to a non-controlling interest		891	891
Provision for land rehabilitation		6,469	6,872
Deferred tax liabilities	14	13,848	15,930
		<b>21,208</b>	23,693
<b>Net assets</b>		<b>223,998</b>	232,933
<b>Capital and reserves</b>			
Share capital	15	906,074	906,074
Reserves		(805,898)	(798,917)
Equity attributable to owners of the Company		<b>100,176</b>	107,157
Non-controlling interests		123,822	125,776
<b>Total equity</b>		<b>223,998</b>	232,933

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the six months ended 30 September 2019*

	Share capital <i>HK\$'000</i>	Share options reserve <i>HK\$'000</i>	General reserve <i>HK\$'000</i>	Property revaluation reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Accumulated deficit <i>HK\$'000</i>	Attributable to owners of the Company <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1 April 2018	906,074	2,068	647	964	107	(771,128)	138,732	200,850	339,582
Loss for the period	-	-	-	-	-	(3,640)	(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	<u>906,074</u>	<u>2,024</u>	<u>1,136</u>	<u>964</u>	<u>(5,151)</u>	<u>(775,213)</u>	<u>129,834</u>	<u>172,887</u>	<u>302,721</u>
Balance at 1 April 2019	<u>906,074</u>	<u>2,024</u>	<u>1,150</u>	<u>964</u>	<u>(3,683)</u>	<u>(799,372)</u>	<u>107,157</u>	<u>125,776</u>	<u>232,933</u>
Profit/(loss) for the period	-	-	-	-	-	(4,442)	(4,442)	5,269	827
Other comprehensive expense for the period	-	-	-	-	(2,539)	-	(2,539)	(7,223)	(9,762)
Total comprehensive expense for the period	-	-	-	-	(2,539)	(4,442)	(6,981)	(1,954)	(8,935)
Transfer to reserve	-	-	441	-	-	(441)	-	-	-
Balance at 30 September 2019	<u>906,074</u>	<u>2,024</u>	<u>1,591</u>	<u>964</u>	<u>(6,222)</u>	<u>(804,255)</u>	<u>100,176</u>	<u>123,822</u>	<u>223,998</u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2019

	(Unaudited)	
	Six months ended 30 September	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash flows from operating activities		
– Cash receipts from customers	68,626	32,442
– Purchase and production costs	(50,616)	(24,474)
– Other operating cash flows	(19,674)	(15,635)
	<u>(1,664)</u>	<u>(7,667)</u>
Net cash used in operating activities		
	<u>(1,664)</u>	<u>(7,667)</u>
Cash flows from investing activities		
– Acquisition of property, plant and equipment	–	(54)
– Investment in associates	–	(50,840)
– Dividend income	750	750
– Proceeds from disposal of an associate	–	100
– Other investing cash flows	1,569	701
	<u>1,569</u>	<u>701</u>
Net cash generated by/(used in) investing activities		
	<u>2,319</u>	<u>(49,343)</u>
Cash flows from financing activities		
– Loan from related companies	–	15,000
– Repayment of promissory note	–	(10,300)
– Dividend paid to non-controlling interests	(4,410)	(37,523)
– Other financing cash flows	(476)	(1,025)
	<u>(4,886)</u>	<u>(1,025)</u>
Net cash used in financing activities		
	<u>(4,886)</u>	<u>(33,848)</u>
Net decrease in cash and cash equivalents	(4,231)	(90,858)
Cash and cash equivalents at the beginning of period	41,579	133,585
Effect of foreign exchange rate changes	(2,762)	(7,965)
	<u>(2,762)</u>	<u>(7,965)</u>
Cash and cash equivalents at the end of period	<u>34,586</u>	<u>34,762</u>
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	<u>34,586</u>	<u>34,762</u>

## **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

*For the three months and six months ended 30 September 2019*

### **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) research and development of bio and nano new materials as well as various investments in IT and innovation projects, including e-Sport tournament services, nano applications, IT startup fund, intelligent agricultural applications, provision of consultancy and software maintenance and development, and e-commerce services (“Other 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 11 November 2019.

### **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” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of the GEM Listing Rules.

The accounting policies and method of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in annual financial statements for the year ended 31 March 2019, 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 2019.

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 2019.

The financial information relating to the year ended 31 March 2019 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 2019 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 2019. 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. CHANGES IN ACCOUNTING POLICIES**

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 2019. Save for the impact of the adoption of HKFRS 16 Leases as described below, 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.

#### **Adoption of HKFRS 16**

HKFRS 16 replaces HKAS 17 Leases, HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases-Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. From a lessee's perspective, almost all leases are recognised in the statement of financial position as a right-of-use assets representing its right to use the underlying lease asset and a lease liabilities representing its obligation to make lease payments, with the narrow exception to this principle for leases which the underlying assets are of low-value or are determined as short-term leases. A lessee recognises depreciation (and, if applicable, impairment loss) of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and interest portion. From a lessor's perspective, the accounting treatment is substantially unchanged from HKAS 17.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 April 2019, and the comparative information at 31 March 2019 was not restated and continues to be reported under HKAS 17.

#### **New definition of a lease**

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified assets for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified assets and (b) the right to direct the use of the identified asset.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee apply the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group has elected not to separate non-lease components and account for all each lease component and any associated non-lease components as a single lease component for all leases in which the Group is a lessee.

The Group has reviewed the impact of HKFRS 16 on all its contracts that are, or that contain, leases with effect from 1 April 2019. Based on the practical expedients under HKFRS 16, the Group has elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liability and right-of-use asset to lease for which the lease term ends within twelve months at the date of initial application. The Group has recognised the lease payments as an expense on a straight-line basis over the lease term.

## Impacts of adoption of HKFRS 16

The impacts arising from the adoption of HKFRS 16 as at 1 April 2019 were as follows:

	<b>(Unaudited)</b> <b>increase/ (decrease)</b> <i>HK\$'000</i>
Right-of-use assets	6,546
Prepaid lease payments	<u>(6,546)</u>
Total assets	<u><u>–</u></u>

The lease liabilities as at 1 April 2019 reconciled to the operating lease commitments as at 31 March 2019 were as follows:

	<b>(Unaudited)</b> <b>31 March 2019</b> <i>HK\$'000</i>
Operating lease commitments as at 31 March 2019	3,058
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 March 2019	<u>3,058</u>
Lease liabilities as at 1 April 2019	<u><u>–</u></u>

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability; (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-of-use asset at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

### Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 March 2019 was replaced with the following new accounting policies upon adoption of HKFRS 16 from 1 April 2019:

#### ***Right-of-use assets***

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term.



#### 4. 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 Business; and (ii) the Other 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	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue		
Mining Business	68,626	32,442
Other Business	—	—
	<u>68,626</u>	<u>32,442</u>
Segment results		
Mining Business	11,062	(1,168)
Other Business	(56)	(376)
	<u>11,006</u>	<u>(1,544)</u>
Interest income	281	689
Dividend income from unlisted equity investment	750	750
Other income and gains	28	751
Unallocated corporate expenses	(4,101)	(5,017)
Loss arising on change in fair value of held-for-trading investments	—	(128)
Fair value changes on financial assets at fair value through profit or loss	(118)	—
Finance costs	(342)	(158)
Share of (loss)/gain of associates	(2,790)	845
Impairment loss on amount due from an associate	(3)	—
Profit/(loss) before tax	<u>4,711</u>	<u>(3,812)</u>

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current period (2018: nil).

Segment results represent the profit/(loss) from each segment without allocation of interest income, dividend income from unlisted equity investment, other income and gains, unallocated corporate expenses, loss arising on change in fair value of held-for-trading investments, fair value changes on financial assets at fair value through profit or loss, finance costs, and share of result of and impairment loss on amount due from associates. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

## Segment assets and liabilities

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

	<b>(Unaudited)</b> <b>30 September</b> <b>2019</b> <i>HK\$'000</i>	(Audited) 31 March 2019 <i>HK\$'000</i>
<b>Segment assets</b>		
Mining Business	<b>186,047</b>	177,648
Other Business	<b>37</b>	5
	<hr/>	<hr/>
Total segment assets	<b>186,084</b>	177,653
Interests in associates	<b>36,565</b>	39,357
Unallocated	<b>66,152</b>	73,377
	<hr/>	<hr/>
<b>Consolidated assets</b>	<b>288,801</b>	290,387
	<hr/> <hr/>	<hr/> <hr/>
<b>Segment liabilities</b>		
Mining Business	<b>47,735</b>	36,024
Other Business	<b>–</b>	16
	<hr/>	<hr/>
Total segment liabilities	<b>47,735</b>	36,040
Unallocated	<b>17,068</b>	21,414
	<hr/>	<hr/>
<b>Consolidated liabilities</b>	<b>64,803</b>	57,454
	<hr/> <hr/>	<hr/> <hr/>

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

- all assets are allocated to reportable segments other than investment properties, financial assets at fair value through profit or loss, other financial assets, interests in associates, bank balances and cash and corporate assets; and
- all liabilities are allocated to reportable segments other than obligations under a finance lease, loan from related companies, amount due to a non-controlling interest, corporate and unallocated liabilities.

## Disaggregation of revenue

### Disaggregation by major products:

For the six months ended 30 September 2019

HK\$'000

#### Types of major products:

Sales of nickel-copper ores	23,135
Sales of nickel concentrates	34,248
Sales of copper concentrates	11,243
	<u>68,626</u>

### Disaggregation by timing of revenue recognition

HK\$'000

At a point of time	<u>68,626</u>
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## 5. FINANCE COSTS

(Unaudited)

	Three months ended 30 September		Six months ended 30 September	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest on loan from related companies	169	113	338	113
Interest on obligation under finance lease	2	5	4	11
Effective interest on promissory note	–	–	–	34
Total	<u>171</u>	<u>118</u>	<u>342</u>	<u>158</u>

## 6. INCOME TAX EXPENSE

(Unaudited)

	Three months ended 30 September		Six months ended 30 September	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax				
PRC Enterprise Income Tax				
– charge for the period	5,030	1,369	5,030	3,218
– (over)/under provision in respect of prior years	–	(2)	–	59
Deferred tax (note 14)	<u>(742)</u>	<u>(836)</u>	<u>(1,146)</u>	<u>(788)</u>
Total income tax charged in profit or loss	<u>4,288</u>	<u>531</u>	<u>3,884</u>	<u>2,489</u>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profit tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of the group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. 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 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% (2018: 25%).

## 7. INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2019 (2018: nil).

## 8. EARNINGS/(LOSS) PER SHARE

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

	(Unaudited)			
	Three months ended 30 September 2019		Six months ended 30 September 2019	
	2018	2018	2018	2018
<b>Earnings/(loss):</b>				
Earnings/(loss) for the period attributable to owners of the Company for the purpose of basic and diluted earnings/(loss) per share	<u><u>HK\$450,000</u></u>	<u><u>(HK\$612,000)</u></u>	<u><u>(HK\$4,442,000)</u></u>	<u><u>(HK\$3,640,000)</u></u>
<b>Number of ordinary shares:</b>				
Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share	<u><u>2,812,881,803</u></u>	<u><u>2,812,881,803</u></u>	<u><u>2,812,881,803</u></u>	<u><u>2,812,881,803</u></u>

The computation of diluted earnings per share for the three months ended 30 September 2019 did not assume the exercise of the Company’s outstanding share options since their assumed exercise would have an anti-dilutive effect. The computation of diluted loss per share for the six months ended 30 September 2019, for the three months and six months ended 30 September 2018 did not assume the exercise of the Company’s outstanding share options since their exercise would result in decrease in loss per share.

## 9. PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND OTHER INTANGIBLE ASSETS

During the six months ended 30 September 2019, there was no addition of property, plant and equipment (2018: HK\$54,000), investment properties (2018: nil) and other intangible assets (2018: nil).

During the six months ended 30 September 2019, depreciation for property, plant and equipment was approximately HK\$1,283,000 (2018: HK\$2,081,000). There was no change in the fair value of the investment properties (2018: nil). Amortisation for other intangible assets was approximately HK\$10,587,000 (2018: HK\$10,482,000). Amongst the total depreciation and amortization, approximately HK\$6,160,000 was absorbed in the cost of inventories (2018: HK\$11,413,000). The remaining expenses were charged to the condensed consolidated statement of comprehensive income.

## 10. TRADE AND OTHER RECEIVABLES

At 30 September 2019, approximately HK\$35,401,000 trade receivables were included in the Group's trade and other receivables (31 March 2019: nil).

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.

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

	(Unaudited) 30 September 2019 HK\$'000	(Audited) 31 March 2019 HK\$'000
0 to 90 days	<u>35,401</u>	<u>–</u>

## 11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	(Unaudited) 30 September 2019 HK\$'000	(Audited) 31 March 2019 HK\$'000
Financial assets at fair value through profit or loss:		
– Listed debt securities	2,839	2,957
– Unlisted equity investments	10,696	10,696
– Convertible loan ( <i>note i</i> )	726	726
– CGA Profit Guarantee ( <i>note ii</i> )	6,382	6,382
	<u>20,643</u>	<u>20,761</u>
Analysed for reporting purposes:		
– Current assets	2,839	2,957
– Non-current assets	17,804	17,804
	<u>20,643</u>	<u>20,761</u>

### Notes:

- (i) The convertible loan in the principal sum of HK\$777,000 bears interest at the rate of 6% per annum with maturity on 15 March 2022. The Group has the right to convert all or part of the loan amount into the shares of the borrower according to the terms and conditions of the convertible loan agreement entered into between the Group and the borrower.
- (ii) Pursuant to the subscription agreement dated 16 May 2018, the then major shareholders of Cyber Games Arena Limited undertook the profit guarantee compensation and jointly and severally guaranteed to the Group that the net profit after tax of CGA Holdings Limited and its subsidiaries after restructuring as shown in the audited consolidated financial statements of CGA Holdings Limited for the years ending 31 March 2020 and 31 March 2021 (excluding the one-off, non-operational in nature and items not incurred in the ordinary and usual course of business) shall not be in aggregate less than HK\$32,000,000.

## 12. TRADE AND OTHER PAYABLES

At 30 September 2019, included in the Group's trade and other payables were trade payables of approximately HK\$7,338,000 (31 March 2019: HK\$2,481,000).

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

	<b>(Unaudited)</b> <b>30 September</b> <b>2019</b> <i>HK\$'000</i>	<b>(Audited)</b> <b>31 March</b> <b>2019</b> <i>HK\$'000</i>
0 to 30 days	5,479	126
31 to 60 days	571	1
61 to 90 days	123	940
More than 90 days	1,165	1,414
	<u>7,338</u>	<u>2,481</u>

## 13. LOAN FROM RELATED COMPANIES

On 20 July 2018, the Group entered into loan agreements with related companies to borrow HK\$15,000,000. The loan is unsecured, repayable on demand and bears interest at the rate of 4.5% per annum.

## 14. DEFERRED TAX LIABILITIES

Deferred tax credit of approximately HK\$742,000 for the three months ended 30 September 2019 (2018: HK\$836,000) and HK\$1,146,000 for the six months ended 30 September 2019 (2018: HK\$788,000) have been respectively recognised in income tax expense of the condensed consolidated statement of comprehensive income (note 6).

## 15. SHARE CAPITAL

	<b>Number of</b> <b>Shares</b>	<b>Share</b> <b>Capital</b> <i>HK\$'000</i>
<b>Issued and fully paid:</b>		
At 31 March 2019 and 30 September 2019	<u>2,812,881,803</u>	<u>906,074</u>

## 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 2019</b>				
<b>Financial assets</b>				
Financial assets designated as at fair value through profit or loss	<u>2,839</u>	<u>–</u>	<u>17,804</u>	<u>20,643</u>
Total	<u><u>2,839</u></u>	<u><u>–</u></u>	<u><u>17,804</u></u>	<u><u>20,643</u></u>
<b>As at 31 March 2019</b>				
<b>Financial assets</b>				
Financial assets designated as at fair value through profit or loss	<u>2,957</u>	<u>–</u>	<u>17,804</u>	<u>20,761</u>
Total	<u><u>2,957</u></u>	<u><u>–</u></u>	<u><u>17,804</u></u>	<u><u>20,761</u></u>

During the six months ended 30 September 2019, there were no transfer between Level 1 and Level 2, or transfer into or out of Level 3.

## 17. SHARE-BASED PAYMENT ARRANGEMENT

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 (“2013 Share Option Scheme”). 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.

During the six months ended 30 September 2019, no share option was granted to eligible persons (2018: nil).

## 18. OPERATING LEASE COMMITMENTS

### The Group as lessee

At 31 March 2019, the Group had commitments for future minimum lease payment under non-cancellable operating lease which fall due as follows:

	(Audited)
	31 March
	2019
	HK\$'000
Within one year	<u><u>3,058</u></u>

Operating lease payments represent rentals payable by the Group for certain of its land use right and office premises. Leases are negotiated for terms up to two 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. For the six months ended 30 September 2019, lease payment of HK\$1,469,000 relating to short-term lease was recognised as an expense (2018: HK\$1,519,000).

At 30 September 2019, the expected future cash outflows of the Group for the lease arrangements which are committed but not yet commenced were as follows:

	<b>(Unaudited)</b> <b>30 September</b> <b>2019</b> <b>HK\$'000</b>
Within one year	<b>1,422</b>

#### **The Group as lessor**

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

	<b>(Unaudited)</b> <b>30 September</b> <b>2019</b> <b>HK\$'000</b>	(Audited) 31 March 2019 <b>HK\$'000</b>
Within one year	<b>72</b>	–
Later than 1 year and no later than 5 years	<b>48</b>	–
	<b>120</b>	–

Property rental income earned during the period was HK\$12,000 (2018: nil).

## **19. 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>2019</b> <b>HK\$'000</b>	2018 <b>HK\$'000</b>
Interest expenses paid to a related company ( <i>note i</i> )	–	34
Loan interest paid to related companies ( <i>note ii</i> )	<b>338</b>	113
Rental and share of office expenses paid to a related company ( <i>note iii</i> )	<b>118</b>	113
Rental income received from an associate ( <i>note iv</i> )	–	180



*Notes:*

- (i) Effective interest expenses on the promissory note (the “Promissory Note”) issued by the Group on 11 May 2012 was charged at 2.99% per annum and paid to a related company which is beneficially owned by Mr. Felipe Tan (“Mr. Tan”), a then director and the substantial shareholder of the Company, at terms mutually agreed by both parties. Mr. Tan resigned as chairman and executive director of the Company with effect from 12 September 2019. The Promissory Note was fully repaid in 2018.
- (ii) Interest expenses in respect of loan with interest rate of 4.5% per annum were paid to related companies which are beneficially owned by Mr. Tan, at terms mutually agreed by both parties.
- (iii) Office rental and other related expenses in respect of the leasing of an office premise were paid to a related company in which Mr. Tan is a shareholder and director at terms mutually agreed by both parties.
- (iv) Rental income in respect of the leasing of an office premise was 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 interim period are set out as follows:

	<b>(Unaudited)</b>	
	<b>Six months ended 30 September</b>	
	<b>2019</b>	2018
	<b>HK\$'000</b>	HK\$'000
Short-term employee benefits	<b>1,274</b>	1,301
Post-employment benefits	<b>19</b>	21
	<b>1,293</b>	1,322

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **ABOUT THE GROUP**

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

### **BUSINESS REVIEW AND OUTLOOK**

#### **Mining Business**

The Mining Business primarily comprises of exploration and exploitation of a nickel-copper mine in the PRC. For the six months ended 30 September 2019, nickel-copper ores, nickel concentrate and copper concentrate were the products sold under the Mining Business.

During the period under review, an export ban in Indonesia which will remove as much as 350,000 tonnes of nickel from global supply, pushes the current nickel price over 40% higher as compared to the metal price as at 30 June 2019. A continuation of demand from electric cars is also supportive of the price of the non-ferrous metal. Benefited from the strong performance of the nickel, the Mining Business bounced back and recorded a profit before taxation of HK\$11,062,000 for the six months ended 30 September 2019. The Group resumed the extraction and processing of nickel-copper ores in April 2019 (2018: May 2018) and May 2019 (2018: July 2018) respectively and ores processed has been increased by 84%. However, our mining production has still faced a straitened circumstance caused by high staff turnover of our subcontractor and inconformity in grading of head ores. The high staff turnover of our subcontractor impacted the progress of the development of the Baishiquan Nickel-copper Mine and imposed burden on our mine site management. We have strengthened communication with the subcontractor and conducted supervision strategies to urge it to complete the on-site construction on a timely basis and guarantee the smooth running of the development activities. Furthermore, the Group exerted effort to optimize production technology and modify processing technique to minimize the negative influence of the uneven grading of head ores on the normal operation of the processing plant. Principles of rational ore blending have also been implemented to ensure stable output of ores processed.

For the six months ended 30 September 2019, approximately 89,155 tonnes of nickel-copper ores were extracted (2018: 59,841 tonnes) and 81,487 tonnes were processed (2018: 44,398 tonnes). For the six months ended 30 September 2019, the Group recorded an increase in sales volume of nickel-copper ores, nickel concentrate and copper concentrate by 64%, 89% and 100% respectively due to the growth in production. The Group sold approximately 8,524 tonnes of nickel-copper ores, 7,966 tonnes of nickel concentrate and 1,042 tonnes of copper concentrate which contributed respectively of approximately HK\$23,135,000, HK\$34,248,000 and HK\$11,243,000 of turnover to the Group (2018: 5,206 tonnes of nickel-copper ores and 4,206 tonnes of nickel concentrate with turnover of HK\$15,775,000 and HK\$16,667,000 respectively). The turnover has been increased by 112% as compared to the last corresponding period which contributed by both increase in sales volume as well as increase in nickel price.

### ***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 2019 are summarised below:

<b>Mine</b>	<b>Activity</b>		
	<b>Exploration</b>	<b>Development</b>	<b>Mining</b>
Baishiquan Nickel-copper Mine	No material exploration	Completed drift construction of approximately 1,118 meters	Ores extracted: 89,155 tonnes

### ***Processing Activity***

For the six months ended 30 September 2019, the nickel-copper ores extracted from the mines and processed by the processing plant were approximately 89,155 tonnes (2018: 59,841 tonnes) and 81,487 tonnes (2018: 44,398 tonnes) respectively. The Group resumed the extraction and processing of nickel-copper ores in April 2019 (2018: May 2018) and May 2019 (2018: July 2018) respectively and ores processed has been increased by 84%.

## *Expenditure Incurred*

During the six months ended 30 September 2019, the Group has incurred expenditure of approximately HK\$40.8 million on exploration, development, mining and processing activities in respect of the Baishiquan Nickel-copper Mine, details of which are set out below:

	<b>Total</b> <i>HK\$'000</i>
<b>1. Capital Expenditure</b>	
<b>1.1 Exploration activities</b>	
Drilling and analysis	—
<i>Subtotal</i>	—
<b>1.2 Development activities (including mine construction)</b>	
Construction of tunnels and sub-contracting charges	4,876
<i>Subtotal</i>	4,876
<b>Total Capital Expenditure</b>	<b>4,876</b>
<b>2. Operating Expenditures for Mining Activities</b>	
Staff cost	1,151
Consumables	1,117
Fuel, electricity, water and other services	1,276
Non-income taxes, royalties and other government charges	935
Sub-contracting charges	5,834
Transportation	4,206
Depreciation and amortization	11,475
Others	296
<b>Total Operating Expenditure</b>	<b>26,290</b>
<b>Total Capital and Operating Expenditure</b>	<b>31,166</b>
<b>3. Processing Expenditure</b>	
Staff cost	2,727
Consumables	3,698
Fuel, electricity, water and other services	1,596
Rental	1,373
Non-income taxes, royalties and other government charges	57
Transportation	30
Depreciation and amortization	40
Others	79
<b>Total Processing Expenditures</b>	<b>9,600</b>
<b>Total Expenditures</b>	<b>40,766</b>

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

There were new contracts entered into during the six months ended 30 September 2019 which related to exploration work and transportation of nickel-copper ores, nickel concentrate and copper concentrate. As at 30 September 2019, there was no outstanding commitments in relation to these contracts for the Group.

### ***Investment***

As at 30 September 2019, the Group owned 600,000 ordinary shares in Dragon Silver Holdings Limited (“Dragon Silver”), representing approximately its 8.86% equity interest, at an investment cost of HK\$7,800,000. Dragon Silver is principally engaged in trading, production, processing and investment in precious metals and non-ferrous metals and related products.

As at 31 March 2019, the fair value of such investment was HK\$10,696,000, representing 4% of the total assets of the Group. Due to the selling pressure suffered by the whole base metal market affected by lack of progress on US-China trade dispute during the period under review, the business of Dragon Silver has been influenced by the relatively low market level and the decline of the tin price. For the six months ended 30 September 2019, the Group recorded a dividend income of HK\$750,000 from Dragon Silver.

### ***Other Business***

Other Business comprised of research and development of bio and nano new materials as well as various investments in IT and innovation projects, including e-Sport tournament services, nano applications, IT startup fund, intelligent agricultural applications, provision of consultancy and software maintenance and development, and e-commerce services,. There is no turnover from Other Business for the six months ended 30 September 2019 (2018: nil).

As at 30 September 2019, the Group owned 4,000 ordinary shares, representing 32.52% equity interest in CGA Holdings Limited at an investment cost of HK\$50,000,000. CGA Holdings Limited and its subsidiaries (“CGA Group”) operate an e-sports gaming platform providing various gaming and event services to e-sports enthusiasts and promoters with over 100 sizable online and offline e-sports competitions and event activities. The business of CGA Group, especially its eSports Stadium in Mong Kok, has been influenced by the modest Hong Kong economy. The recent social and economic problems in Hong Kong have aggravated the situation, posing more challenge to the eSports business inevitably. The offline events organized by CGA Group was reduced as compared to the corresponding period in 2018. The activities held during the period under review could not reach the appropriate scale either. For the six months ended 30 September 2019, the Group recorded share of loss of CGA Group of approximately HK\$2,779,000 (2018: nil).

The Group also owned a 22.53% equity interest in Nano Bubble Limited which mainly engaged in the development of domestic pesticide removal, surface cleaning and sanitisation products with the application of nano technology, and 27.03% equity interest in Nano Energy Limited which engaged in the development of different power generation mechanisms.

For the six months ended 30 September 2019, the segment loss was approximately HK\$56,000 (2018: HK\$376,000), which mainly represented expenses incurred for the period.

## **Outlook**

During the period under review, the nickel price climbed to a five-year high of US\$18,785 per tonne on the London Metal Exchange after Indonesian ore ban was announced. However, the ongoing US-China trade conflict and increased concerns over the global economic outlook may give a downward pressure on the nickel market in the near future. As a nickel product producer and supplier, the Group achieved obvious growth in the turnover of the Mining Business as compared with the last reporting period. The Group will ensure the completion of the planned production target and seek for more profit on the strength of the current growth of the nickel price. To guarantee safety production, strict on-site supervision and management will be carried out continually. Moreover, we will keep on conducting “Safe Production” campaigns among our employees on a regular basis to improve their safety awareness.

During this quarter, our investment in the eSports business has faced increasing pressure caused by economic downturn. Apart from implementing cost reduction measures, CGA Group will keep an eye on the situation and introduce other measures, such as sales and promotion activities beyond Hong Kong market, to tide over difficult times. The bio and nano material projects are still in research and development stage. We will further modify the current research product to cater for customer needs. We are of the view that such new-emerging industry, together with IT investment and e-sport business would bring return for the shareholders in the long term.

## **FINANCIAL PERFORMANCE REVIEW**

For the six months ended 30 September 2019, the Group recorded turnover of approximately HK\$68,626,000 (2018: HK\$32,442,000), representing an increase of 112% compared to the corresponding period in 2018. Profit for the period under review was approximately HK\$827,000 (2018: loss of HK\$6,301,000), representing an increase of 113% as compared to the corresponding period in 2018.

For the period under review, the Mining Business recorded turnover of approximately HK\$68,626,000 (2018: HK\$32,442,000), representing an increase of 112% compared to the corresponding period in 2018. The segmental profit before taxation was approximately HK\$11,062,000 (2018: loss of HK\$1,168,000), representing an increase of 10.5 times as compared with the corresponding period in 2018.

For the period under review, there was no turnover from Other Business (2018: nil). The segmental loss was approximately HK\$56,000 (2018: HK\$376,000), representing a decrease of 85% as compared with corresponding period last year.

Loss attributable to owners of the Company was approximately HK\$4,442,000 (2018: HK\$3,640,000), representing an increase of 22% as compared to the same period in 2018.

## **CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 September 2019, the Group had bank balances and cash of approximately HK\$34.6 million (31 March 2019: HK\$41.6 million) and net current assets of HK\$44.9 million (31 March 2019: HK\$32.4 million). Out of the Group's bank balances and cash, about 22% was denominated in Hong Kong dollars (31 March 2019: 20%), 77% was denominated in Chinese Renminbi (31 March 2019: 78%) and 1% was denominated in United State dollars (31 March 2019: 2%). As at 30 September 2019, the Group's current ratio was 2.03 (31 March 2019: 1.96).

The Group generally financed its operations and investing activities primarily with internally generated cash flow as well as loan and borrowings.

As at 30 September 2019, the Group had outstanding borrowings of approximately HK\$16.0 million (31 March 2019: HK\$16.2 million), which primarily represents loan from related companies.

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 2019, the Group's gearing ratio was approximately 16% (31 March 2019: 15%), based on total borrowings of approximately HK\$16.0 million (31 March 2019: HK\$16.2 million) and equity attributable to owners of the Company of approximately HK\$100.2 million (31 March 2019: HK\$107.2 million).

## **CHARGE ON THE GROUP'S ASSETS**

One motor vehicle with carrying value of HK\$417,000 of the Group was pledged as security for a finance lease as at the date of the report.

## **ORDER BOOK AND PROSPECTS FOR NEW BUSINESS**

There was no order book on hand as at 30 September 2019.

## **SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES**

There was no significant investment, 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 Business; and (ii) the Other Business. During the period under review, the Mining Business accounted for 100% (2018: 99.8%) of the revenue and there is no revenue generated from the Other Business (2018: nil).

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

The Group does not have any plan for material investments or capital assets 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 2019, there were no material contingent liabilities incurred by the Group.

## **EMPLOYEE INFORMATION**

As at 30 September 2019, the Group employed a total staff of 136. Staff remuneration is reviewed by the Group from time to time and increments 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 2019, 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>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%

### (b) 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 underlying shares					Outstanding at 30.9.2019
				Outstanding at 1.4.2019	During the period				
					Granted	Exercised	Cancelled	Lapsed	
<b>Executive Directors</b>									
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
<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>7,490,811</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>7,490,811</u>

Save as disclosed above, at 30 September 2019, 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 SHAREHOLDER'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES**

As at 30 September 2019, 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	Nature of interests	Number of shares or underlying shares held			Percentage of the issued share capital as at 30 September 2019
		Ordinary shares	Share options	Total	
Felipe Tan	Beneficial owner	158,128,000	2,000,000	160,128,000	5.69%
	Interest of a controlled corporation	678,074,400	–	678,074,400	24.11%
Starmax Holdings Limited*	Beneficial owner	678,074,400	–	678,074,400	24.11%
Wong Kei Yuen	Interest of a controlled corporation	150,100,000	–	150,100,000	5.33%
CHP 1855 Limited**	Beneficial owner	150,100,000	–	150,100,000	5.33%

\* Starmax Holdings Limited (“Starmax”) is beneficially owned by Mr. Felipe Tan. By virtue of the SFO, Mr. Felipe Tan was deemed to have interest in the shares of the Company held by Starmax.

\*\* CHP 1855 Limited (“CHP”) is beneficially owned by Mr. Wong Kei Yuen. By virtue of the SFO, Mr. Wong Kei Yuen was deemed to have interest in the shares of the Company held by CHP.

Particulars of the substantial shareholder's 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 substantial shareholder	Date of grant	Vesting and exercisable period	Exercise price per share HK\$	Number of share options and underlying shares					Outstanding at 30.9.2019
				Outstanding at 1.4.2019	During the period				
					Granted	Exercised	Cancelled	Lapsed	
Felipe Tan	02.03.2017	02.03.2017 – 01.03.2027	0.1080	2,000,000	-	-	-	-	2,000,000
				<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>

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 2019.

## SHARE OPTIONS

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

Type of participants	Date of grant	Vesting and exercisable period	Exercise price per share HK\$	Number of share options					Outstanding at 30.9.2019
				Outstanding at 1.4.2019	During the period				
					Granted	Exercised	Cancelled	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>-</u>	<u>3,113,514</u>

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

Type of participants	Date of grant	Vesting and exercisable period	Exercise price per share <i>HK\$</i>	Outstanding at 1.4.2019	Number of share options				Outstanding at 30.9.2019
					Granted	Exercised	Reclassified*	Cancelled/ 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	-	-	(2,000,000)	-	5,000,000
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	11,000,000	-	-	2,000,000	-	13,000,000
Others	02.03.2017	02.03.2017 – 01.03.2027	0.1080	13,000,000	-	-	-	-	13,000,000
				37,745,947	-	-	-	-	37,745,947

\* A total of 2,000,000 options outstanding as at 1 April 2019 were transferred from “Directors” category to “Employees” category upon resignation of Mr. Felipe Tan as a director of the Company during the period.

## COMPETING INTEREST

During the period under review, Mr. Felipe 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 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 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.

Mr. Felipe Tan resigned as chairman and executive director of the Company with effect from 12 September 2019. Mr. Felipe Tan remains a substantial shareholder (as defined in the GEM Listing Rules) of the Company and director of certain subsidiaries of the Company.

## **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.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

During the six months ended 30 September 2019, 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. Following the step down of Mr. Felipe Tan from the office of Chairman and an executive Director of the Company on 12 September 2019, the Company has not appointed Chairman and the roles and functions of the Chairman have been performed by all the executive Directors collectively. The Company will arrange for the election of the new Chairman of the Board as soon as practicable and will make further announcement upon the appointment.

## **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 2019.

## **CHANGES IN INFORMATION OF DIRECTORS**

Subsequent to the date of the annual report of the Company for the year ended 31 March 2019, the changes in Directors' information as required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules for the six months ended 30 September 2019 are set out below:

Mr. Felipe Tan resigned as chairman and executive Director of the Company with effect from 12 September 2019. Mr. Felipe Tan remains a substantial shareholder (as defined in the GEM Listing Rules) of the Company and director of certain subsidiaries of the Company.

Mr. Lam Kai Ling Vincent was appointed as executive Director of the Company with effect from 12 September 2019.

Ms. Tsang Wai Chun Marianna, an independent non-executive Director (“INED”) of the Company, resigned as an INED of Loco Hong Kong Holdings Limited, the shares of which are listed on GEM (stock code: 8162), on 28 June 2019.

## **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.

As at the date of this announcement, the audit committee comprises three INEDs, Ms. Tsang Wai Chun Marianna, Ms. Chan Choi Ling and Mr. Lam Kwai Yan. The audit committee has reviewed the unaudited interim financial results for the six months ended 30 September 2019.

On behalf of the Board  
**TIMELESS SOFTWARE LIMITED**  
**Chan Mei Ying Spencer**  
*Chief Executive Officer*

Hong Kong, 11 November 2019

### *Executive Directors:*

Mr. Chan Mei Ying Spencer (Chief Executive Officer)

Mr. Lam Kai Ling Vincent

Ms. Lau Yun Fong Carman

Mr. Ronald Tan

### *Independent non-executive Directors:*

Ms. Chan Choi Ling

Mr. Lam Kwai Yan

Ms. Tsang Wai Chun Marianna