



TIMELESS SOFTWARE LIMITED

天時軟件有限公司

(incorporated in Hong Kong with limited liability)

(Stock code: 8028)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2021

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

RESULTS

The board of Directors (“Board”) of the Company is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 March 2021, together with the comparative audited figures for the corresponding period in 2020, reviewed by the audit committee of the Company and approved by the Board on 18 June 2021 as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the year ended 31 March 2021

| | Notes | 2021 HK\$'000 | 2020 HK\$'000 |
|--|-------|------------------|------------------|
| Revenue | 4 | 189,935 | 113,679 |
| Other income and gains | 5 | 3,583 | 1,770 |
| Production costs | | (90,751) | (88,165) |
| Staff costs | | (12,031) | (10,670) |
| Depreciation and amortisation | | (1,870) | (1,459) |
| (Loss)/gain on disposal/written-off of property, plant and equipment | | (661) | 20 |
| Gain on disposal of intangible assets | | – | 1,716 |
| Gain on disposal of interests in an associate | | 407 | – |
| (Loss)/gain on fair value changes of an investment property | | (2,240) | 550 |
| Gain on fair value changes of financial assets at fair value through profit or loss | | 1,126 | 1,804 |
| Other operating expenses | | (16,478) | (11,653) |
| Impairment loss on mining assets | | – | (80,346) |
| Impairment loss on interests in associates | | – | (27,808) |
| Impairment loss on an amount due from an associate | | – | (12) |
| Share of loss of associates | | (101) | (11,028) |
| Finance costs | 6 | (679) | (692) |
| Profit/(loss) before tax | | 70,240 | (112,294) |
| Income tax (expense)/credit | 7 | (20,067) | 981 |
| Profit/(loss) for the year | 8 | 50,173 | (111,313) |
| Other comprehensive income/(expense) | | | |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | |
| Exchange differences arising on translation of foreign operations | | 8,458 | (9,226) |
| Total comprehensive income/(expense) for the year | | 58,631 | (120,539) |
| Profit/(loss) attributable to: | | | |
| Owners of the Company | | 7,976 | (61,734) |
| Non-controlling interests | | 42,197 | (49,579) |
| | | 50,173 | (111,313) |
| Total comprehensive income/(expense) attributable to: | | | |
| Owners of the Company | | 10,176 | (64,133) |
| Non-controlling interests | | 48,455 | (56,406) |
| | | 58,631 | (120,539) |
| | | <i>HK cents</i> | <i>HK cents</i> |
| Earnings/(loss) per share | | | |
| – Basic and diluted | 9 | 0.28 | (2.19) |

Consolidated Statement of Financial Position

At 31 March 2021

| | <i>Notes</i> | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|---|--------------|--------------------------------|-------------------------|
| Non-current assets | | | |
| Property, plant and equipment | | 1,494 | 4,411 |
| Right-of-use assets | | 6,263 | 6,149 |
| Investment property | | 8,600 | 10,840 |
| Intangible assets | | – | 12,730 |
| Interests in associates | | 97 | 197 |
| Financial assets at fair value through profit or loss | | 9,992 | 19,173 |
| Deposits | | – | 22,157 |
| Land rehabilitation costs | | 242 | 279 |
| | | <u>26,688</u> | <u>75,936</u> |
| Current assets | | | |
| Inventories | | 9,947 | 8,649 |
| Trade receivables | 10 | 3,621 | – |
| Prepayments, deposits and other receivables | | 25,179 | 2,398 |
| Financial assets at fair value through profit or loss | | 12,933 | 2,626 |
| Bank balances and cash | | 116,072 | 47,912 |
| | | <u>167,752</u> | <u>61,585</u> |
| Current liabilities | | | |
| Trade and other payables | 11 | 16,068 | 10,782 |
| Contract liabilities | | – | 72 |
| Dividends payable to a non-controlling shareholder | | 8,820 | – |
| Provision for land rehabilitation | | 827 | 2,193 |
| Lease liabilities | | – | 159 |
| Loans from related companies | | 15,000 | 15,000 |
| Current tax liabilities | | 9,611 | – |
| | | <u>50,326</u> | <u>28,206</u> |
| Net current assets | | <u>117,426</u> | <u>33,379</u> |
| Total assets less current liabilities | | <u>144,114</u> | <u>109,315</u> |
| Non-current liabilities | | | |
| Provision for land rehabilitation | | 6,965 | 6,420 |
| Lease liabilities | | – | 3 |
| Deferred tax liabilities | | 1,870 | 4,387 |
| | | <u>8,835</u> | <u>10,810</u> |
| Net assets | | <u>135,279</u> | <u>98,505</u> |
| Capital and reserves | | | |
| Share capital | | 906,074 | 906,074 |
| Reserves | | (853,290) | (863,337) |
| Equity attributable to owners of the Company | | 52,784 | 42,737 |
| Non-controlling interests | | 82,495 | 55,768 |
| Total equity | | <u>135,279</u> | <u>98,505</u> |

NOTES:

1. GENERAL

Timeless Software Limited (the “Company”) is a public limited company incorporated in Hong Kong and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The principal activity of the Company is investment holding. The Group is principally engaged in (i) the exploration and exploitation of mines (“Mining Business”); and (ii) research, development and sale agency of bio and nano materials products as well as investments in startup fund, software maintenance and development services (“Other Business”). In addition to these operating segments, the Group has investment in various projects including e-sports tournament services, nano applications as well as smart farming solution and services.

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

The financial information relating to the years ended 31 March 2021 and 2020 included in this announcement does not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 March 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 March 2021 to the Registrar of Companies in due course.

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

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

| | |
|---|--------------------------------|
| Amendments to HKAS 1 and HKAS 8 | Definition of Material |
| Amendments to HKFRS 3 | Definition of a Business |
| Amendments to HKFRS 9, HKAS 39 and HKFRS 7 | Interest Rate Benchmark Reform |

Except as described below, the application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.1 Impacts on application of Amendments to HKAS 1 and HKAS 8 Definition of Material

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current year had no impact on the consolidated financial statements.

2.2 Impacts on application of Amendments to HKFRS 3 Definition of a Business

The Group has applied the amendments for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis.

The amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group make any acquisition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

The consolidated financial statements have been prepared on the historical cost basis except for investment property and certain financial instruments that are measured at fair values at the end of each reporting period.

4. REVENUE AND SEGMENT INFORMATION

Information reported to the board of directors, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

During the year, the Group commenced the business engaging in the provision of sales and marketing agency services for the sales of nanofibers related products and continuing development of bio and nano new materials. However, this operation is still in the early stage and not yet met the quantitative thresholds for the reportable segment. Software business, after reengineering, are in the process of exploring new development opportunities and this segment was unable to meet the quantitative thresholds for the reportable segments in both current and prior year. Accordingly, these businesses were grouped in “Other Business” segment.

Specifically, the Group's reportable segments under HKFRS 8 are (i) Mining Business; and (ii) Other Business.

Segment revenues and results

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

For the year ended 31 March 2021

| | Mining Business HK\$'000 | Other Business HK\$'000 | Total HK\$'000 |
|---|---|--|---------------------------|
| Segment revenue | | | |
| External sales | <u>189,018</u> | <u>917</u> | <u>189,935</u> |
| Segment profit | <u>76,015</u> | <u>1,169</u> | 77,184 |
| Interest income | | | 989 |
| Unallocated other income and gains | | | 1,510 |
| Unallocated corporate expenses | | | (7,956) |
| Gain on disposal of interests in an associate | | | 407 |
| Loss on fair value changes of an investment property | | | (2,240) |
| Gain on fair value changes of financial assets at fair value through profit or loss ("FVTPL") | | | 1,126 |
| Share of loss of associates | | | (101) |
| Finance costs | | | (679) |
| Group's profit before tax | | | <u>70,240</u> |

For the year ended 31 March 2020

| | Mining Business HK\$'000 | Other Business HK\$'000 | Total HK\$'000 |
|---|---|--|---------------------------|
| Segment revenue | | | |
| External sales | <u>113,679</u> | <u>–</u> | <u>113,679</u> |
| Segment loss | <u>(67,946)</u> | <u>(109)</u> | (68,055) |
| Interest income | | | 608 |
| Unallocated other income and gains | | | 901 |
| Unallocated corporate expenses | | | (8,562) |
| Gain on fair value changes of an investment property | | | 550 |
| Gain on fair value changes of financial assets at FVTPL | | | 1,804 |
| Impairment loss on interests in associates | | | (27,808) |
| Impairment loss on an amount due from an associate | | | (12) |
| Share of loss of associates | | | (11,028) |
| Finance costs | | | (692) |
| Group's loss before tax | | | <u>(112,294)</u> |

There were no inter-segment sales in the current year (2020: nil).

The accounting policies of the operating segments are the same as the Group's accounting policies described in the consolidated financial statements. Segment profit/(loss) represents the profit/(loss) from each segment without allocation of interest income, unallocated other income and gains, unallocated corporate expenses, gain on disposal of interests in an associate, gain/(loss) on fair value changes on the Group's financial instruments and an investment property, impairment loss on interests in associates and an amount due from an associate, share of loss of associates and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|--------------------------------------|-------------------------|-------------------------|
| Segment assets | | |
| Mining Business | 46,106 | 55,277 |
| Other Business | 40 | – |
| | <hr/> | <hr/> |
| Total reportable segment assets | 46,146 | 55,277 |
| Interests in associates | 97 | 197 |
| Unallocated | 148,197 | 82,047 |
| | <hr/> | <hr/> |
| Consolidated assets | 194,440 | 137,521 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Segment liabilities | | |
| Mining Business | 34,534 | 22,972 |
| Other Business | 5 | 4 |
| | <hr/> | <hr/> |
| Total reportable segment liabilities | 34,539 | 22,976 |
| Unallocated | 24,622 | 16,040 |
| | <hr/> | <hr/> |
| Consolidated liabilities | 59,161 | 39,016 |
| | <hr/> <hr/> | <hr/> <hr/> |

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

- all assets are allocated to reportable segments other than certain of the Group's property, plant and equipment, an investment property, financial assets at FVTPL, interests in and amounts due from associates, certain of the Group's prepayments, deposits and other receivables and bank balances and cash; and
- all liabilities are allocated to reportable segments other than loans from related companies, certain of the Group's other payables and dividend payable to a non-controlling shareholder.

Other segment information

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Additions to non-current assets* | | |
| Mining Business | 11,662 | 1,400 |
| Unallocated | – | 185 |
| | <u>11,662</u> | <u>1,585</u> |
| Impairment on mining assets | | |
| Mining Business | – | 80,346 |
| | <u>–</u> | <u>80,346</u> |
| (Loss)/gain on disposal/written off property, plant and equipment | | |
| Mining Business | (661) | 20 |
| | <u>(661)</u> | <u>20</u> |
| Depreciation and amortisation | | |
| Mining Business | 1,681 | 1,290 |
| Unallocated | 189 | 169 |
| | <u>1,870</u> | <u>1,459</u> |
| Depreciation and amortisation included in production costs | | |
| Mining Business | 25,628 | 25,834 |
| | <u>25,628</u> | <u>25,834</u> |
| Total depreciation and amortisation recognised in profit and loss | <u>27,498</u> | <u>27,293</u> |

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

Geographical Information

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

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

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|---------------------------------|-------------------------|-------------------------|
| Revenue from external customers | | |
| Hong Kong | 917 | – |
| PRC | 189,018 | 113,679 |
| | <u>189,935</u> | <u>113,679</u> |
| Non-current assets | | |
| Hong Kong | 8,921 | 11,350 |
| PRC | 7,678 | 23,059 |
| | <u>16,599</u> | <u>34,409</u> |

Note: Non-current assets excluded financial instruments and interests in associates.

Information about major customers

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

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|-------------------------|-------------------------|-------------------------|
| Customer A ¹ | 67,145 | 56,128 |
| Customer B ¹ | N/A ² | 20,111 |
| Customer C ¹ | <u>80,710</u> | <u>30,189</u> |

¹ Revenue from Mining Business.

² The corresponding revenue did not contribute over 10% of the Group's revenue.

Disaggregation of revenue from contracts with customers

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Types of goods or services | | |
| Sales of high-grade nickel-copper ores | 80,710 | 30,189 |
| Sales of nickel concentrates | 83,783 | 63,379 |
| Sales of copper concentrates | 24,525 | 20,111 |
| Services fee income | 901 | – |
| Sales of water soluble bags | <u>16</u> | <u>–</u> |
| | <u>189,935</u> | <u>113,679</u> |

5. OTHER INCOME AND GAINS

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Dividend income from a financial asset at FVTPL | 750 | 750 |
| Interest income | | |
| – bank deposits | 801 | 448 |
| – financial assets at FVTPL | 188 | 160 |
| Government grants | 944 | – |
| Others | 900 | 412 |
| | <u>3,583</u> | <u>1,770</u> |

During the current year, the Group recognised government grants of HK\$944,000, of which HK\$506,000 mainly relates to Employment Support Scheme provided by the Hong Kong government. There is no unfulfilled condition in respect of the grants.

6. FINANCE COSTS

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Interest on loans from related companies | 675 | 676 |
| Interest on lease liabilities | 4 | 16 |
| | <u>679</u> | <u>692</u> |

7. INCOME TAX EXPENSE/(CREDIT)

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Current tax | | |
| – PRC Enterprise Income Tax | 22,262 | 9,086 |
| – Under/(over) provision in prior years | 7 | (105) |
| – PRC withholding tax | 750 | 569 |
| Deferred tax | (2,952) | (10,531) |
| | <u>20,067</u> | <u>(981)</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 gazette on the following day. Under the two-tiered profits 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%. No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group had no assessable profit arising in or derived from Hong Kong for the prior year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

8. PROFIT/(LOSS) FOR THE YEAR

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Profit/(loss) for the year has been arrived at after charging/(crediting): | | |
| Directors' and chief executive's emoluments | 2,830 | 2,819 |
| Other staff's retirement benefits scheme contributions | 619 | 1,316 |
| Other staff costs* | <u>8,582</u> | <u>6,535</u> |
| Employee benefits expenses | <u>12,031</u> | <u>10,670</u> |
| Depreciation of property, plant and equipment | 1,286 | 1,883 |
| Amortisation of intangible assets | <u>24,342</u> | <u>23,951</u> |
| Depreciation and amortisation (including in the production costs line item) | <u>25,628</u> | <u>25,834</u> |
| Depreciation of property, plant and equipment | 1,415 | 560 |
| Depreciation of right-of-use assets | 396 | 538 |
| Amortisation of land rehabilitation costs | <u>59</u> | <u>361</u> |
| Depreciation and amortisation (included in the depreciation and amortisation line item) | <u>1,870</u> | <u>1,459</u> |
| Gross rental income arising from an investment property | (206) | (108) |
| Less: direct operating expenses incurred for an investment property that generate rental income during the year | <u>76</u> | <u>92</u> |
| | <u>(130)</u> | <u>(16)</u> |
| Auditor's remuneration | 650 | 750 |
| Cost of inventories recognised as an expense | 76,415 | 80,011 |
| Expense relating to short-term leases not included in the measurement of lease liabilities | 3,500 | 3,030 |
| Net foreign exchange (gain)/loss | <u>(38)</u> | <u>100</u> |

* The costs exclude production staff costs of approximately HK\$8,301,000 (2020: HK\$8,928,000) which were included in the production costs line item.

9. EARNINGS/(LOSS) PER SHARE

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

Earnings/(loss) for the purpose of basic and diluted earnings/(loss) per share:

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Earnings/(loss) for the year attributable to owners of the Company for the purpose of basic and diluted earnings/(loss) per share | <u>7,976</u> | <u>(61,734)</u> |

Number of ordinary shares:

| | 2021 <i>'000</i> | 2020 <i>'000</i> |
|---|---------------------|---------------------|
| Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share | <u>2,812,882</u> | <u>2,812,882</u> |

The computation of the diluted earnings/(loss) per share does not assume the exercise of the Company's outstanding share options since the exercise prices of those options were higher than the average market price for shares for both 2021 and 2020.

10. TRADE RECEIVABLES

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Trade receivables from contracts with customers | <u>3,621</u> | <u>–</u> |

The following is an aged analysis of trade receivables presented based on the invoice dates:

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|--------------|-------------------------|-------------------------|
| 0 to 30 days | <u>3,621</u> | <u>–</u> |

As at 31 March 2021, none of trade receivables balance are past due (2020: nil).

The Group does not hold any collateral over its trade receivables.

11. TRADE AND OTHER PAYABLES

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|----------------|-------------------------|-------------------------|
| Trade payables | 2,970 | 2,580 |
| Other payables | <u>13,098</u> | <u>8,202</u> |
| | <u>16,068</u> | <u>10,782</u> |

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

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|-------------------|--------------------------------|-------------------------|
| 0 to 30 days | 305 | 183 |
| 31 to 60 days | – | – |
| 61 to 90 days | 2,552 | 1,377 |
| More than 90 days | 113 | 1,020 |
| | <hr/> 2,970 <hr/> | <hr/> 2,580 <hr/> |

12. DIVIDEND

No dividend had been paid or declared by the Company during the year (2020: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Mining Business

Overview

The Mining Business primarily comprises of exploration and exploitation of a nickel-copper mine. For the year ended 31 March 2021, high-grade nickel-copper ores, nickel concentrate and copper concentrate were the products sold under the Mining Business.

During the year ended 31 March 2021, our mining production got through the tough time. The pandemic hit in early February 2020 and the whole society came to a standstill. When the anti-pandemic quarantine rules have been loosened gradually in Xinjiang, our mining operation resumed in late March 2020, later than February 2020 as planned. The COVID-19 pandemic had profound impact on the Mining Business during the reporting year, including but not limited to shortage of technical staff, delay in product transportation and oxidation of head ores attributable to long-term storage. In addition, closed-off management policies implemented in the mine site from July to September 2020 due to multiple re-emergence of infection cases in Xinjiang delayed our production process. For the year ended 31 March 2021, our processing plant recorded a loss of 20 working days in total attributable to infection control measures and facility malfunction. Pivoting with great agility, the Group has taken a series of actions to ensure the business operation and successfully completed the production objective of the reporting year.

After development for many years, the extraction work in the current mining zone (phase one) of the Baishiquan Nickel-copper Mine had been completed and the tenancy of its processing plant was also expired in March 2021. As at the date of this announcement, a majority of inventory of nickel-copper products were sold. The remaining inventory is expected to be sold on or before September 2021. The Group has conducted staff layoff for the mine site and the processing plant in February 2021 and so there was an increase in staff cost during the year under review. The other mining zone (phase two) of the Baishiquan Nickel-copper Mine has mineral resources and the information gathering is being carried out to facilitate the qualified professional to prepare the detailed exploration report for the mining zone (phase two). After the detailed exploration report is approved by the regulatory authority, the Group will prepare the feasibility study.

For the year ended 31 March 2021, the extraction of nickel-copper ores and sales of nickel-copper products both increased as compared to last year. Turnover from nickel-copper products amounted to approximately HK\$189.0 million (2020: HK\$113.7 million), comprising of sales of 24,730 tonnes of high-grade nickel-copper ores of approximately HK\$80.7 million (2020: 10,544 tonnes of HK\$30.2 million), 17,471 tonnes of nickel concentrate of approximately HK\$83.8 million (2020: 13,652 tonnes of HK\$63.4 million) and 1,846 tonnes of copper concentrate of approximately HK\$24.5 million (2020: 1,815 tonnes of HK\$20.1 million).

Changes in accounting estimates

At the beginning of the year, the Group re-assessed the estimated remaining useful lives for the property, plant and equipment assigned for its mining operation in view of the expected completion of extraction of the current mining zone (phase one) of the Baishiquan Nickel-copper Mine and sale of all nickel-copper ores extracted by September 2021. As a result, there is an increase in depreciation of HK\$1.6 million for the year ended 31 March 2021.

Impairment on mining assets

For the year ended 31 March 2020, the Group recognised an impairment loss on its mining assets of approximately HK\$80.3 million. No impairment of mining assets was recognised for the year under review.

Resource estimates update

As at 31 March 2021, all the measured resources in the current mining zone (phase one) has been extracted. The details of the resource estimates of the other mining zone (phase two) as at 31 March 2021 are set out below:

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

Notes:

- (1) The resource estimates are prepared by internal experts based on the production and exploration adjusted from the JORC resource and reserve estimates previously disclosed.
- (2) Cut-off grade is 0.3%.

Exploration, Development and Mining Production Activities

| Mine | Activity | | |
|-------------------------------|-------------------------|--|--------------------------------|
| | Exploration | Development | Mining |
| Baishiquan Nickel-copper Mine | No material exploration | Completed drift construction of approximately 1,629 meters | Ores extracted: 158,456 tonnes |

For the year ended 31 March 2021, both the extraction of nickel-copper ores and sales of nickel-copper products increased. The extraction activities were resumed in March 2020 and completed in December 2020. Approximately 158,456 tonnes of nickel-copper ores were extracted during the year (2020: 122,883 tonnes).

Expenditure Incurred

During the year ended 31 March 2021, the Group had incurred expenditure on exploration, development, mining and processing activities as follows:

| | Total <i>HK\$'000</i> |
|--|---------------------------------|
| 1. Capital Expenditure | |
| 1.1 Exploration activities | |
| Drilling and analysis | – |
| 1.2 Development activities (including mine construction) | |
| Construction of drift | 5,440 |
| | <hr/> |
| Total Capital Expenditure | 5,440 |
| | <hr/> <hr/> |
| 2. Operating Expenditure for Mining Activities | |
| Staff cost | 2,306 |
| Consumables | 1,264 |
| Fuel, electricity, water and other services | 2,109 |
| Non-income taxes, royalties and other government charges | 1,059 |
| Sub-contracting charges | 10,601 |
| Transportation | 11,025 |
| Depreciation and amortisation | 25,911 |
| Others | 908 |
| | <hr/> |
| Total Operating Expenditure | 55,183 |
| | <hr/> <hr/> |
| Total Capital and Operating Expenditure | 60,623 |
| | <hr/> <hr/> |
| 3. Processing Expenditure | |
| Staff cost | 5,995 |
| Consumables | 5,523 |
| Fuel, electricity, water and other services | 3,429 |
| Non-income taxes, royalties and other government charges | 105 |
| Depreciation and amortisation | 217 |
| Transportation | 2 |
| Rental | 2,479 |
| Others | 227 |
| | <hr/> |
| Total Processing Expenditure | 17,977 |
| | <hr/> |
| Total Expenditure | 78,600 |
| | <hr/> <hr/> |

Processing Activities

The processing activities were resumed in May 2020 and completed in February 2021. The tenancy of the processing plant was also expired in March 2021.

For the year ended 31 March 2021, the processing proficiency was impacted by oxidation of head ores. As a solution, the processing plant adjusted the processing technique and reformulated chemical mix of processing. The average cost of production remained stable at HK\$140 per tonne (2020: HK\$141 per tonne) and the nickel-copper ores processed by the processing plant was approximately 126,775 tonnes (2020: 125,785 tonnes).

Infrastructure projects and subcontracting arrangements

There were new contracts entered into during the year ended 31 March 2021 in respect of drift construction, ore extraction and transportation of nickel-copper ores. As at 31 March 2021, there was no outstanding commitments (2020: HK\$3.9 million) in relation to these contracts.

Outlook

Throughout this financial year, we have worked hard to ensure the normal production under the mining business segment and has completed all of the extraction and final clearing works in the current mining zone of the Baishiquan Nickel-copper Mine. Looking ahead, we will focus on exploring the development of the other mining zone (phase two). The expected length of time from feasibility study to commercial production of the phase two mining zone is about 2.5 to 3 years, including preparation and submission of the detailed exploration report, feasibility study report, safety evaluation report, evaluation report on environmental impact, mining design report etc. to the local government authority for approval and mine construction. In 2020, we have successfully obtained a renewed mining licence with an effective period till September 2022. We shall apply for extension before the expiry.

Although development and exploitation of phase two of the Baishiquan Nickel-copper Mine will face a lot of uncertainties caused by the increasing stringent regulations on environmental protection and safety management, nickel-copper mining business is expected to have a rapid growing market. Most of nickel consumption is from the nickel-based stainless steel market. Increasing demand for nickel in automobile batteries and energy storage systems is the major driving factor for the market growth. In consideration of the bright prospect, we will try our best to formulate an efficient and economic way to extract the remaining mineral resources. Meanwhile, we will timely adjust our development plan in response to the multiple impacts of the COVID-19 pandemic, economic fluctuations and possible changes in the market. Moreover, the Group would also consider the possibility of acquiring potential mining and exploration projects to replenish our mineral resources and reserves.

Other Business

Overview

Other Business comprised of research, development and sale agency of bio and nano materials products as well as investments in startup fund, software maintenance and development services. For the year ended 31 March 2021, there was turnover of approximately HK\$0.9 million (2020: nil) from Other Business and the segment profit was approximately HK\$1.2 million (2020: segment loss of HK\$0.1 million). The segment profit was mainly contributed by the service fee income of HK\$0.6 million from the sales and marketing of bio and nano materials products and cash rebate of HK\$0.3 million for research and development of nano products from the Innovation and Technology Commission.

During the reporting year, the Group acquired the non-controlling interests of a subsidiary engaging in the development and sales of water soluble products, characterised by biodegradable materials at a minimal consideration. Due to the improvement of environmental and hygiene awareness of the public, more clients tend to choose biodegradable packing materials. For the year end 31 March 2021, the Group started to have turnover from client in the textile industry of HK\$16,000 (2020: nil).

Outlook

The Other Business has been a tumultuous year when the development of our investment projects has been delayed due to the COVID-19 pandemic. However, we viewed the challenges as opportunities, especially for the biodegradable material and nano projects, as the pandemic has also brought new attention to personal and environmental hygiene and sanitisation.

As we move forward, we see significant opportunities to develop the biodegradable material project as well as research and development of water soluble foam materials. Such material has desirable virtues of strength, light weight, and its principal component is degradable, making it very easy to dispose of in an eco-friendly way. In addition, we have expectation on the trading of water soluble plastic bags as many potential customers have shown interest after the roll-out of such product.

Interests in Associates

For the year ended 31 March 2021, the Group recorded share of loss of its associates of approximately HK\$0.1 million (2020: loss of HK\$11.0 million).

As at 31 March 2021, the Group owned 3,890 ordinary shares, representing 29.97% equity interests in CGA Holdings Limited (“CGA Holdings”), whose subsidiaries are engaged in the e-sport business. The equity interest of CGA Holdings owned by the Group decreased from 30.82% to 29.97% after the Group disposed of 0.85% equity interest in CGA Holdings to one of its existing shareholders at a consideration of HK\$407,000. CGA Holdings and its subsidiaries (together the “CGA Group”) operate an e-sports gaming platform which provides various gaming and marketing services to e-sports enthusiasts and enterprise promoters. During the year ended 31 March 2021, the business of CGA Group, especially the e-sports stadium in Mong Kok, has been severely impacted by the COVID-19 pandemic. To comply with the social distancing and gathering restriction policies, CGA Group had to cancel most of its offline e-sports activities and scaled down the remaining ones, which deteriorated the profitability of the major business of CGA Group. Moreover, its e-sports stadium was ordered to shut down for several months in accordance with the ban imposed by the government, which further worsened its financial position and performance. In consideration of the uncertain duration of the difficult operating environment caused by the epidemic, CGA Group disposed of two subsidiaries (“Disposed Subsidiaries”) to a company owned by one of its founders. CGA Group ceased operating an e-sports stadium and store since the disposal so as to stop loss on such deficit business. Since the Disposed Subsidiaries had a negative net worth upon the disposal, CGA Group recorded a gain on disposal of HK\$71.0 million. In expecting that precautionary and control measures will be loosened after the COVID-19 Vaccination Programme implemented in Hong Kong, CGA Group is planning to launch a series of marketing and promotion events to increase revenue, including but not limited to engaging KOLs to be commentators and inviting strong sponsors. Furthermore, more online events will be launched, focusing on passionate young gamers and inspiring people to join the e-sports community.

Pursuant to the subscription agreement dated 16 May 2018, the three founders of CGA Holdings (the “CGA Guarantors”) jointly and severally guaranteed to the Group that the net profit after tax of CGA Group as shown in the audited consolidated financial statements of CGA Holdings 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 (“CGA Profit Guarantee”). For the two years ended 31 March 2020 and 2021, CGA Group recorded a loss of HK\$37.7 million in total. The Group is in the process of negotiating with the CGA Guarantors on the settlement of the CGA Profit Guarantee.

The Group owned 22.53% equity interest in Nano Bubble Limited which is mainly engaged in hygienic, sanitisation products and related solutions research and development based on nano-ozone technology. The nano bubble generator prototype was released in 2020. Such machine would not only be used to replace chemical detergent to kill bacteria and micro-organism, but also be applied to aquaculture and agriculture to enrich dissolved oxygen in fish and vegetable cultivation media. In April 2021, Nano Bubble Limited participated in the 4th STARS Programme – Food Technology organised by Hong Kong Startup Council, at which it was selected to receive mentorship from industrialists across food, environmental and advanced manufacturing verticals. Nano Bubble Limited will focus on market trial on its nano bubble generator prototype so as to have continuous enhancement through customer feedbacks and consulting with experienced industrialists. It will keep developing its nanobubble-related food tech innovations and providing water solutions to improve the living environment and reduce water crises. The hydroponic machine is targeted to be available for sale in the third quarter of 2021 while the machine for domestic use is expected to be launched to the market in the fourth quarter. The Group is optimistic on the commercialisation of the research and development outcome of Nano Bubble Limited.

The Company also owned 27.03% equity interest in Nano Energy Limited which is engaged in the research and development of nano-power generation products using different nanomaterials and related technologies. As affected by the COVID-19 pandemic, the development schedule and the progress of such project were postponed.

Other Investments

As at 31 March 2021, the Group owned 600,000 ordinary shares of Dragon Silver Holdings Limited (“Dragon Silver”), representing approximately 8.86% of its issued share capital, at an investment cost of HK\$7,800,000. Dragon Silver is a company incorporated in Hong Kong principally engaged in trading, production, processing and investment in precious metals and non-ferrous metals and related products.

Pursuant to the subscription agreement dated 29 December 2017 (as amended and supplemented by the supplemental agreement dated 24 April 2020), the founder of Dragon Silver (the “DS Guarantor”) irrevocably guaranteed to the Group that the amount of dividends declared and paid by Dragon Silver during each of the financial years ending from 30 June 2018 to 2022 (the “DS Relevant Years”) shall not be less than HK\$1.25 per share (“DS Guaranteed Dividends”). If the actual dividend paid by Dragon Silver for the DS Relevant Year is less than the DS Guaranteed Dividends, the DS Guarantor shall compensate the Group for the shortfall (“DS Dividend Compensation Amount”).

As Dragon Silver has not declared and paid any dividend to the Group for the financial year ended 30 June 2020 (“FY2020”), the DS Guarantor paid to the Group the DS Dividend Compensation Amount for FY2020 of HK\$750,000 on 9 October 2020. As such, the Board (including the independent non-executive Directors) considered that the obligation of the DS Guarantor in respect of the DS Guaranteed Dividends for FY2020 has been fulfilled.

The DS Guarantor also irrevocably guaranteed to the Group that the profit for each of the DS Relevant Years shall not be less than HK\$15,000,000 (“DS Profit Guarantee”). Due to the collective impact of the outbreak of COVID-19, US-China trade tensions, decrease in sales and trading as a result of the frustration in the global production lines and supply chains, the Group and the DS Guarantor entered into a supplemental agreement on 24 April 2020 to waive the DS Profit Guarantee for the two financial years ending 30 June 2020 and 2021 and the DS Guarantor agreed to extend the DS Profit Guarantee for three additional financial years ending 30 June 2023, 2024 and 2025.

In addition, pursuant to the put option deed dated 29 December 2017, the Group has the right to sell all the 600,000 shares to the DS Guarantor at the consideration of HK\$7,800,000 within the period from 29 December 2021 to 28 December 2022.

For the year ended 31 March 2021, the Group recorded a loss on fair value change on the investment of approximately HK\$1,303,000 (2020: gain of HK\$1,365,000) which was the combined effect of fair value change on the equity, DS Profit Guarantee, DS Guaranteed Dividends and put option deed.

FINANCIAL PERFORMANCE REVIEW

For the year ended 31 March 2021, the Group recorded a total turnover of approximately HK\$189.9 million (2020: HK\$113.7 million), representing an increase of 67% as compared with the last financial year. Other income and gains of approximately HK\$3.6 million for the year under review (2020: HK\$1.8 million) mainly represented dividend income, interest income, rental income, subsidy from government, rebate of research and development expenses. Profit for the year was approximately HK\$50.2 million (2020: loss of HK\$111.3 million). The profit for the year was mainly contributed by the increase in revenue from the Mining Business due to increase in sales volume and average selling prices of nickel-copper products.

The Mining Business segment recorded revenue of approximately HK\$189.0 million (2020: HK\$113.7 million) and segmental profit for the year of HK\$76.0 million (2020: segmental loss of HK\$67.9 million), representing an increase of 66% and 2.1 times respectively as compared with the last financial year. The increase in revenue and profit was contributed both by the increase in sales volume as well as increase in average selling prices of nickel-copper products.

There was turnover of approximately HK\$0.9 million from the Other Business (2020: nil). Segmental profit was HK\$1.2 million (2020: segment loss of HK\$0.1 million). The improvement in the operating result of Other Business was mainly contributed by the service fee income from sales of nanofibers related products and trading gain on sale of water soluble products together with the government rebate of research and development expenses.

Profit attributable to owners of the Company was approximately HK\$8.0 million, as compared to approximately loss of HK\$61.7 million for the last financial year.

The adjusted EBITDA of the Group, a non-HKFRSs financial measure, in the current year increased by HK\$78.8 million to HK\$97.9 million as compared to HK\$19.1 million last year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2021, the Group had bank balances and cash of approximately HK\$116.1 million (2020: HK\$47.9 million) and net current assets of HK\$117.4 million (2020: HK\$33.4 million). Out of the Group's bank balances and cash, about 2% was denominated in Hong Kong dollars (2020: 20%) and 98% was denominated in Renminbi (2020: 79%). The cash denominated in United States dollars is less than 1% (2020: 1%).

As at 31 March 2021, the current ratio was 3.33 (2020: 2.18).

The Group generally financed its operations and investing activities with internally generated cash.

As at 31 March 2021, the Group had outstanding borrowings of approximately HK\$15.0 million (2020: HK\$15.2 million), which mainly represented amount due to related companies while lease liabilities were also included last year.

CAPITAL COMMITMENTS

The Group has no capital commitment as at 31 March 2021.

GEARING RATIO

As at 31 March 2021, the Group's gearing ratio was approximately 28.42% (2020: 35.48%), based on total borrowings of approximately HK\$15.0 million (2020: HK\$15.2 million) and equity attributable to owners of the Company of approximately HK\$52.8 million (2020: HK\$42.7 million). The decrease in the ratio was mainly due to profit recognised in the current year which caused the increase in equity attributable to owners of the Company.

EMPLOYEE INFORMATION

As at 31 March 2021, the Group employed a total staff of 35 (2020:129). The decrease in staff number was due to the staff layoff in the mine site and the processing plant upon completed extraction of mineral resources in the current mining zone (phase one) and also expiration of the tenancy of its processing plant. Staff remuneration is reviewed by the management of 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. The Group also concerns on work safety to the employees. During the year ended 31 March 2021, there was no serious work safety issue on our Group's employees.

CHARGE ON THE GROUP'S ASSETS

None of the Group's assets was pledged as at the date of the announcement.

ORDER BOOK AND PROSPECTS FOR NEW BUSINESS

There was no order book on hand as at 31 March 2021.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There was no material disposal or acquisition of subsidiaries, associates and joint ventures for the year.

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 and the exchange rate of Renminbi to Hong Kong dollars has been relatively stable throughout the year under review, the exposure to foreign exchange rate fluctuations is not significant.

CONTINGENT LIABILITIES

As at 31 March 2021, there was no material contingent liabilities incurred by the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

AUDIT COMMITTEE

The audit committee comprises three independent non-executive Directors, Ms. Tsang Wai Chun Marianna, Ms. Chan Choi Ling and Mr. Lam Kwai Yan. The audit committee has reviewed the audited financial results of the Group for the year ended 31 March 2021.

CORPORATE GOVERNANCE PRACTICES

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

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

The Company has adopted the code provisions ("Code Provisions") set out in the Corporate Governance Code (the "Code") as set out in Appendix 15 to the GEM Listing Rules. The Company had complied with all Code Provisions as set out in the Code, throughout the year ended 31 March 2021, except for Code Provision A.2.1.

Code Provision A.2.1 provides that the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. After the resignation of Mr. Chan Mei Ying Spencer as an executive Director and the Chief Executive Officer of the Company on 1 February 2021 and the appointment and resignation of Mr. Chu Pui Lam as acting Chief Executive Officer on 1 February 2021 and 17 March 2021, Mr. Felipe Tan was re-appointed as an executive Director and the Chairman of the Company on 17 March 2021.

Throughout the year ended 31 March 2021, the roles of the Chairman and the Chief Executive Officer, during their vacant, have been performed by the executive Directors collectively. The board of directors of the Company will use its best endeavor in finding a suitable candidate to assume duties as Chief Executive Officer of the Company as soon as possible.

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

By Order of the Board
TIMELESS SOFTWARE LIMITED
Felipe Tan
Chairman

Hong Kong, 18 June 2021

Executive Directors:

Mr. Felipe Tan (*Chairman*)

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