



TIMELESS SOFTWARE LIMITED

天時軟件有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 8028)

Quarterly Report

FOR THE NINE MONTHS ENDED 31 DECEMBER 2020



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

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

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

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

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



Condensed Consolidated Statement of Comprehensive Income

For the three months and nine months ended 31 December 2020

		(Unaudited)			
		Three months ended 31 December		Nine months ended 31 December	
		2020	2019	2020	2019
Notes		HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Revenue	51,609	44,759	118,545	113,385
	Other income and gains	1,502	366	3,467	1,425
4	Production costs	(31,810)	(34,703)	(63,107)	(85,486)
	Staff costs	(2,862)	(3,118)	(7,705)	(8,294)
	Depreciation and amortisation	(302)	(290)	(867)	(927)
	Other operating expenses	(5,245)	(4,284)	(12,701)	(11,125)
	(Loss)/gain on disposal of property, plant and equipment	(59)	20	(175)	20
	Fair value changes on financial assets at fair value through profit or loss	120	34	263	(84)
	Gain on disposal of intangible assets	–	–	–	1,716
	Gain on partial disposal of interest in an associate	–	–	407	–
	Finance costs	(171)	(170)	(513)	(512)
	Share of profit/(loss) of associates	1,309	(2,773)	1,272	(5,563)
	Reversal of impairment/(impairment loss) on amount due from an associate	18	(6)	15	(9)
	Profit/(loss) before tax	14,109	(165)	38,901	4,546
5	Income tax expense	(3,835)	(2,493)	(10,436)	(6,377)
	Profit/(loss) for the period	10,274	(2,658)	28,465	(1,831)
	Other comprehensive income/ (expense), net of income tax				
	<i>Items that may be reclassified subsequently to profit or loss:</i>				
	Exchange differences on translating foreign operations	3,551	2,373	6,558	(7,389)
	Other comprehensive income/(expense) for the period, net of income tax	3,551	2,373	6,558	(7,389)
	Total comprehensive income/ (expense) for the period	13,825	(285)	35,023	(9,220)
	Profit/(loss) attributable to:				
	Owners of the Company	2,489	(4,423)	5,632	(8,865)
	Non-controlling interests	7,785	1,765	22,833	7,034
		10,274	(2,658)	28,465	(1,831)
	Total comprehensive income/(expense) attributable to:				
	Owners of the Company	3,412	(3,806)	7,338	(10,787)
	Non-controlling interests	10,413	3,521	27,685	1,567
		13,825	(285)	35,023	(9,220)
	Earnings/(loss) per share	HK cents	HK cents	HK cents	HK cents
	– Basic and diluted	0.09	(0.16)	0.20	(0.32)
7					

Condensed Consolidated Statement of Changes in Equity

For the nine months ended 31 December 2020

	Share capital HK\$'000	Share options reserve HK\$'000	General reserve HK\$'000	Property revaluation reserve HK\$'000	Translation reserve HK\$'000	Accumulated deficit HK\$'000	Attributable to owners of the Company HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
Balance at 1 April 2019	906,074	2,024	1,150	964	(3,683)	(799,372)	107,157	125,776	232,933
(Loss)/profit for the period	-	-	-	-	-	(8,865)	(8,865)	7,034	(1,831)
Other comprehensive expense for the period	-	-	-	-	(1,922)	-	(1,922)	(5,467)	(7,389)
Total comprehensive income/(expense) for the period	-	-	-	-	(1,922)	(8,865)	(10,787)	1,567	(9,220)
Transfer to reserve	-	-	450	-	-	(450)	-	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(9,530)	(9,530)
Balance at 31 December 2019	906,074	2,024	1,600	964	(5,605)	(808,687)	96,370	117,813	214,183
Balance at 1 April 2020	906,074	2,024	1,590	964	(6,082)	(861,833)	42,737	55,768	98,505
Profit for the period	-	-	-	-	-	5,632	5,632	22,833	28,465
Other comprehensive income for the period	-	-	-	-	1,706	-	1,706	4,852	6,558
Total comprehensive income for the period	-	-	-	-	1,706	5,632	7,338	27,685	35,023
Transfer to reserve	-	-	620	-	-	(620)	-	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(13,130)	(13,130)
Acquisition of non-controlling interests	-	-	-	-	-	(129)	(129)	129	-
Balance at 31 December 2020	906,074	2,024	2,210	964	(4,376)	(856,950)	49,946	70,452	120,398





Notes to the Condensed Consolidated Financial Statements

For the three months and nine months ended 31 December 2020

1. General Information

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

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

These condensed consolidated financial statements have not been audited but have been reviewed by the audit committee of the Company and were approved for issue by the board of Directors (the “Board”) on 3 February 2021.

2. Basis of Preparation and Accounting Policies

These condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of the GEM Listing Rules.

These condensed consolidated financial statements do not include all information and disclosures required in a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2020. The accounting policies and method of computation used in the preparation of these financial statements are consistent with those used in annual financial statements for the year ended 31 March 2020, which have been prepared in accordance with HKFRSs, except for those related to new or revised HKFRSs effective for the first time for the periods beginning on or after 1 April 2020. 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.

The preparation of these condensed 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.

The financial information relating to the year ended 31 March 2020 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 2020 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 2020. The auditor’s report was unqualified; did not include a reference to any matter to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance (Cap. 622, Laws of Hong Kong).



Notes to the Condensed Consolidated Financial Statements (Continued)

For the three months and nine months ended 31 December 2020

3. Changes in Accounting Policies

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the current accounting period:

- Amendments to HKFRS 3, *Definition of a Business*
- Amendment to HKFRS 16, *Covid-19-Related Rent Concessions*

The adoption of such amendments does not have material impact on the condensed consolidated financial statements and does not result in substantial changes to the Group's accounting policies.

In addition, the Group has applied the following accounting policies which became relevant to the Group in the interim period.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants relate to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

4. Other Income and Gains

	(Unaudited)			
	Three months ended		Nine months ended	
	31 December		31 December	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Government grants	316	–	949	–
Dividend income	–	–	750	750
Interest income	616	156	843	437
Rental income	48	210	158	238
Exchange gain	97	–	111	–
Other income	425	–	656	–
	<u>1,502</u>	<u>366</u>	<u>3,467</u>	<u>1,425</u>
Total other income and gains	<u>1,502</u>	<u>366</u>	<u>3,467</u>	<u>1,425</u>



Notes to the Condensed Consolidated Financial Statements (Continued)

For the three months and nine months ended 31 December 2020

5. Income Tax Expense

	(Unaudited)			
	Three months ended		Nine months ended	
	31 December		31 December	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax				
PRC Enterprise Income Tax				
– charge for the period	6,019	4,263	12,740	9,293
– under provision in respect of prior years	–	(108)	8	(108)
PRC withholding tax	–	–	750	–
Deferred tax	(2,184)	(1,662)	(3,062)	(2,808)
Total income tax expense recognised in profit or loss	3,835	2,493	10,436	6,377

Hong Kong profits tax is calculated at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits for the period, except for the first HK\$2,000,000 of a qualified entity's assessable profit which is calculated at 8.25%, in accordance with the new two-tiered tax rate regime. 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% (2019: 25%).

6. Interim dividend

The Directors do not recommend the payment of an interim dividend for the nine months ended 31 December 2020 (2019: nil).

7. Earnings/(Loss) per Share

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

	(Unaudited)			
	Three months ended		Nine months ended	
	31 December		31 December	
	2020	2019	2020	2019
Profit/(loss):				
Profit/(loss) for the period attributable to owners of the Company for the purpose of basic and diluted earnings/(loss) per share	HK\$2,489,000	(HK\$4,423,000)	HK\$5,632,000	(HK\$8,865,000)
Number of ordinary shares:				
Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share	2,812,881,803	2,812,881,803	2,812,881,803	2,812,881,803



Notes to the Condensed Consolidated Financial Statements (Continued)

For the three months and nine months ended 31 December 2020

7. Earnings/(Loss) per Share (Continued)

The computation of diluted earnings per share did not assume the exercise of the Company's outstanding share options during the three months and the nine months ended 31 December 2020 since their exercise price is higher than the average market price of the shares for the period.

The computation of diluted loss per share did not assume the exercise of the Company's outstanding share options during the three months and the nine months ended 31 December 2019 since they have anti-dilutive effect on the loss per share calculation.

8. Related Party Transactions

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

	(Unaudited) Three months ended 31 December		(Unaudited) Nine months ended 31 December	
	2020	2019 (restated)	2020	2019 (restated)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Rental and share of office expenses paid to related companies (Note i)	306	229	635	347
Loan interest paid to related companies (Note ii)	171	170	509	509
Purchase of goods from a related company (Note iii)	14	–	14	–
Management fee income from an associate (Note iv)	75	–	225	–
Recharge of consultancy fee to an associate (Note iv)	–	–	20	–

Notes:

- (i) Rental and share of office expenses in respect of the leasing of office premises were paid to related companies which are beneficially owned by Mr. Felipe Tan ("Mr. F Tan"), a substantial shareholder holding more than 20% equity interest in the Company and director of subsidiaries of the Company, at terms mutually agreed by both parties.
- (ii) Interest expenses in respect of loans with interest rate at 4.5% per annum were paid to related companies which are beneficially owned by Mr. F Tan.
- (iii) Goods were purchased from a related company, in which Mr. F Tan has equity interest, at terms mutually agreed by both parties.
- (iv) Management fee income and recharge of consultancy fee were received from an associate, in which the Company owned a 22.53% equity interest, at terms mutually agreed by both parties.



Notes to the Condensed Consolidated Financial Statements (Continued)

For the three months and nine months ended 31 December 2020

8. Related Party Transactions (Continued)

Compensation of key management personnel

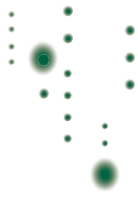
The key management personnel are the Directors of the Company. Details of their remuneration during the current period are set out as follows:

	(Unaudited) Three months ended 31 December		(Unaudited) Nine months ended 31 December	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Short-term employee benefits	656	412	1,835	1,686
Post-employment benefits	17	20	53	39
	<u>673</u>	<u>432</u>	<u>1,888</u>	<u>1,725</u>

9. Impacts of COVID-19 Pandemic

The COVID-19 pandemic since early 2020 has brought about additional uncertainties in the Group's operating environment and has impacted the Group's operations and financial position. The impact will largely depend on duration of the outbreak and implementation of regulatory policies.

The Group has been closely monitoring the impact on the Group's business and will further enhance contingency measures, keep tracking on the nickel and copper price, strive to ensure steady production and operation, and minimise the negative impact of COVID-19.



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

Mining Business

The Mining Business primarily comprises of exploration and exploitation of a nickel-copper mine in the PRC. For the nine months ended 31 December 2020, high grade nickel-copper ores, nickel concentrate and copper concentrate were the products sold under the Mining Business.

Apart from the closed-off management of the mine site due to the emergence of asymptomatic infections of COVID-19 in Xinjiang, wearing out of the ball mill also delayed our production process, resulting in a loss of 13 working days at the processing plant during this quarter. For the nine months ended 31 December 2020, our processing plant recorded a loss of 20 working days in total attributable to anti-pandemic social distancing requirements, shortage of skilled workers and facility malfunction. All such challenges, especially the coronavirus pandemic which incurred more expenses, laid pressures on normal operation of the Mining Business. Despite that, we have completed the production target of such quarter before the usual winter suspension of mining activities in December 2020.

For the nine months ended 31 December 2020, approximately 158,456 tonnes of nickel-copper ores were extracted (2019: 120,045 tonnes) and 113,340 tonnes were processed (2019: 125,785 tonnes). The increase in nickel-copper ores extracted was mainly due to the earlier commencement of mining activities in March 2020 compared to last year which began in late April 2019. The decrease in nickel-copper ores processed was mainly caused by the decrease in demand for nickel concentrate of customers located outside Xinjiang due to inter-provincial transportation restriction from July to September 2020. Sales of nickel concentrates and high-grade ores to one of our largest customers had been returned to normal since October 2020. Turnover comprised of sales of 18,736 tonnes of high grade ores of approximately HK\$59.1 million (2019: 10,544 tonnes of HK\$30.1 million), 10,661 tonnes of nickel concentrate of approximately HK\$49.4 million (2019: 13,652 tonnes of HK\$63.2 million) and 806 tonnes of copper concentrate of approximately HK\$9.7 million (2019: 1,815 tonnes of HK\$20.1 million).

Owing to the increase in sales volume of high grade ores by 78%, the Mining Business provided a better segment profit of HK\$40.6 million (2019: HK\$15.7 million).

Other Business

Other Business comprised of research, development and sale agency of bio and nano materials products as well as various investments in startup fund, software maintenance and development services. There was approximately HK\$0.3 million (2019: nil) turnover from Other Business for the nine months ended 31 December 2020 and the segment profit was approximately HK\$0.6 million (2019: loss of HK\$61,000). The segment revenue was composed of agency fee income from the sales of nanofibers related products and sale of water-soluble products. The segment profit was also contributed by the government rebate of research and development expenses of HK\$0.3 million from the Innovation and Technology Fund.

As at 31 December 2020, the equity interest of SRJJ Limited owned by the Group increased from 80% to 100% by acquiring the interest of a minority shareholder in September 2020 at a minimal consideration as SRJJ Limited is at the development stage and has negative net worth. SRJJ Limited is mainly engaged in the development and sales of water-soluble products, characterised by bio degradable materials.



Management Discussion and Analysis (Continued)

Business Review (Continued)

Interest in Associates

As at 31 December 2020, the Group owned 29.97% indirect equity interest in CGA Holdings Limited (“CGA Holdings”, together with its subsidiaries “CGA Group”), which operates an e-sports gaming platform that provides various gaming and marketing services to e-sports enthusiasts and enterprise promoters. During the period under review, CGA Group disposed of two subsidiaries (“Disposed Subsidiaries”) related to the e-sports stadium to a company owned by one of its founders so as to stop loss on such deficit business in light of its high operating and maintenance costs. CGA Group recognised a disposal gain of approximately HK\$71.3 million for the period ended 31 December 2020 as the Disposed Subsidiaries had a negative net worth as at 31 March 2020. During the nine months ended 31 December 2020, the gaming activity business of CGA Group was also running on a deficit as a lot of offline e-sports activities were forced to be cancelled in consideration of the social distancing and gathering restriction measures.

The Company owned 22.53% indirect 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. Its nano bubble water machine “Centralized Nano Bubble System for Surface Cleaning and Sanitisation” participated in the Public Sector Trial Scheme for projects to combat the COVID-19 epidemic organised by the Innovation and Technology Commission of Hong Kong in October 2020. The Group is optimistic that participation in such project will benefit for the commercialisation of the research and development outcome of Nano Bubble Limited.

The Company also owned 27.03% indirect 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.

For the nine months ended 31 December 2020, the Group recorded share of profit of associates of approximately HK\$1.3 million (2019: loss of HK\$5.6 million) and reversal of impairment on amount due from an associate of approximately HK\$15,000 (2019: loss of HK\$9,000).

Outlook

By the end of December 2020, substantially all of the mineral resources in the current mining zone (phase one) of the Baishiquan Nickel-copper Mine have been extracted. The current mining activities will be suspended after the final clearing works. The tenancy of the processing plant will also be expired in March 2021. Sales of all inventory of nickel-copper products is targeted to be completed before the end of June 2021. The Group will focus on exploring a feasible way for phase two development of the mining zone of the Baishiquan Nickel-copper Mine under the current market conditions.

To cope with the structural adjustments, the Group proposed to conduct manpower adjustment in the PRC in early 2021, with estimated expenses of approximately HK\$2.4 million. The management will deal with the relevant employment procedures and adjustment work in accordance with the requirements as stipulated in the applicable laws and regulations.

The prolonged effect of the novel coronavirus epidemic and the imposition of restrictions on public gathering since the beginning of 2020 has adversely affected CGA Group. It is believed that e-sports business will recover quickly after the economy resurgence upon the completion of the territory-wide COVID-19 Vaccination Programme in Hong Kong.



Management Discussion and Analysis (Continued)

Outlook (Continued)

Pursuant to the subscription agreement dated 16 May 2018, the founders of CGA Holdings (the “CGA Guarantors”) jointly and severally guaranteed (“CGA Profit Guarantee”) to the Group that the net profit after tax of CGA Group (the “CGA Actual Profit”) as shown in the audited consolidated financial statements (the “CGA Audited Financial Statements”) of CGA Holdings for the years ended 31 March 2020 and 31 March 2021 (the “CGA Relevant Guaranteed Year(s)”) (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 Guaranteed Profit”). If the CGA Actual Profit of the CGA Group as shown in the CGA Audited Financial Statements for the two CGA Relevant Guaranteed Years in aggregate is less than the CGA Guaranteed Profit, the CGA Guarantors shall compensate the Group for the shortfall. For the year ended 31 March 2020 and the period from 1 April 2020 to 31 December 2020, CGA Group recorded a loss of HK\$31.2 million in total. In view of the e-sports market depression and operating pressures suffered by CGA Group from the COVID-19 pandemic, it is unlikely that the CGA Actual Profit would fulfill the CGA Guaranteed Profit. The Group is in the process of negotiating with the CGA Guarantors on the settlement of the CGA Profit Guarantee.

As the COVID-19 pandemic prevails, the Hong Kong Government has introduced several schemes aiming to support product development and application of technologies for the prevention and control of the epidemic. With such support, Nano Bubble Limited would focus on improving its nano bubble water machine and launching such product to the market to bring about anti-epidemic benefits for the community.

Other Investment

As at 31 December 2020, 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 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”) has irrevocably warranted and 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 dividend per share declared and 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 at 30 September 2020, i.e. the dividend payment deadline for the financial year ended 30 June 2020 (“FY2020”), Dragon Silver has not declared and paid any dividend to the Group. On 9 October 2020, the DS Guarantor paid to the Group the DS Dividend Compensation Amount for FY2020 of HK\$750,000. 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.

Global tin supply concerns had been sparked last year and became more serious after Indonesia tightened export regulations. COVID-19 lockdowns and ongoing US-China trade tensions further added to supply pressures. Dragon Silver would be confronted with more uncertainties triggered by such dilemma in the next financial year. To overcome with such difficult time, Dragon Silver would explore for trading of other metals in addition to the current tin processing and trading business.



Management Discussion and Analysis (Continued)

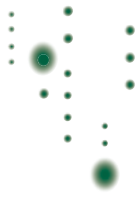
Financial Performance Review

For the nine months ended 31 December 2020, the Group recorded turnover of approximately HK\$118.5 million (2019: HK\$113.4 million), representing an increase of 4% compared with the same period in 2019. Other income and gains of approximately HK\$3.5 million for the period under review (2019: HK\$1.4 million) mainly represented dividend income, interest income, rental income, subsidy from Employment Support Scheme and government rebate of research and development expenses. Profit for the period was approximately HK\$28.5 million (2019: loss of HK\$1.8 million), representing an increase of 17 times as compared to the corresponding period in 2019. The increase in profit was mainly due to the increase in ores grading as well as the quantity of nickel-copper ores sold during the period and the share of profit of associates of HK\$1.3 million (2019: share of loss of HK\$5.6 million) recognised during the period.

For the period under review, the Mining Business recorded turnover of approximately HK\$118.2 million (2019: HK\$113.4 million). The segmental profit before taxation was approximately HK\$40.6 million, representing an increase of 1.6 times as compared with the corresponding period in 2019 (2019: HK\$15.7 million).

For the period under review, there was turnover of approximately HK\$0.3 million from the Other Business (2019: nil). The segmental profit was approximately HK\$0.6 million, representing an increase of 10.8 times as compared with the corresponding period in 2019 (2019: loss of HK\$61,000). The improvement in the operating result of Other Business was mainly contributed by the agency fee income from sales of nanofibers related products and sale of water-soluble products together with the government rebate of research and development expenses recognised in prior years.

For the nine months ended 31 December 2020, the Group recorded share of profit of associates and reversal of impairment on amount due from an associate of approximately HK\$1.3 million (2019: loss of HK\$5.6 million). Profit attributable to owners of the Company was approximately HK\$5.6 million, as compared to loss of approximately HK\$8.9 million for the same period in 2019.



Other Information

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

At 31 December 2020, 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 beneficial owner	Total number of shares	Percentage of shareholding
Executive Director			
CHAN Mei Ying Spencer	1,800,000	1,800,000	0.06%
Independent Non-Executive Directors			
CHAN Choi Ling	1,200,000	1,200,000	0.04%
LAM Kwai Yan	1,200,000	1,200,000	0.04%

Other Information (Continued)

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

Long positions (Continued)

(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 01.04.2020	During the period				Outstanding at 31.12.2020
					Granted	Exercised	Cancelled	Lapsed	
Executive Directors									
CHAN Mei Ying Spencer*	02.03.2017	02.03.2017–01.03.2027	0.1080	1,000,000	-	-	-	-	1,000,000
LAU Yun Fong Carman	03.10.2013	03.10.2013–02.10.2023	0.1435	2,075,676	-	-	-	-	2,075,676
	17.02.2014	17.02.2014–16.02.2024	0.1329	415,135	-	-	-	-	415,135
	02.03.2017	02.03.2017–01.03.2027	0.1080	1,000,000	-	-	-	-	1,000,000
Ronald TAN	02.03.2017	02.03.2017–01.03.2027	0.1080	2,000,000	-	-	-	-	2,000,000
Independent Non-Executive Directors									
CHAN Choi Ling	02.03.2017	02.03.2017–01.03.2027	0.1080	1,000,000	-	-	-	-	1,000,000
LAM Kwai Yan	02.03.2017	02.03.2017–01.03.2027	0.1080	1,000,000	-	-	-	-	1,000,000
TSANG Wai Chun Marianna	02.03.2017	02.03.2017–01.03.2027	0.1080	1,000,000	-	-	-	-	1,000,000
				9,490,811	-	-	-	-	9,490,811

* Mr. Chan Mei Ying Spencer resigned as Executive Director and Chief Executive Officer with effect from 1 February 2021.

Save as disclosed above, at 31 December 2020, none of the Directors or chief executive or any of their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations which fall to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO, or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.



Other Information (Continued)

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

As at 31 December 2020, the register maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain Directors and the chief executive, the following shareholders had notified the Company of relevant interest in the issued share capital of the Company.

Name of substantial shareholders	Nature of interests	Number of shares or underlying shares held			Percentage of the issued share capital as at 31.12.2020
		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 interest in share options to subscribe for shares in the Company pursuant to the 2013 Share Options Scheme of the Company 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 01.04.2020	During the period				Outstanding at 31.12.2020
					Granted	Exercised	Cancelled	Lapsed	
Felipe Tan	02.03.2017	02.03.2017–01.03.2027	0.1080	2,000,000	–	–	–	–	2,000,000

Saved as disclosed above, as at 31 December 2020, the Company has not been notified by any persons (other than the Directors) who has interests or short positions in the shares or underlying shares of the Company which would 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 336 of the SFO, to be recorded in the register referred to therein.



Other Information (Continued)

Competing Interest

For the nine months ended 31 December 2020, none of the Directors of the Company and their respective close associates (as defined under the GEM Listing Rules) were engaged in any business that competes or may compete with the business of the Group, or have or may have any other conflicts of interest with the Group.

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.

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 the Report, 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 this quarterly report, including the unaudited condensed consolidated financial statements for the nine months ended 31 December 2020.

On behalf of the Board
Lau Yun Fong Carman
Executive Director

Hong Kong, 3 February 2021