



**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 THREE MONTHS ENDED

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

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

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the three months ended 30 June 2021

	Notes	(Unaudited)	
		Three months ended 30 June	
		2021	2020
		HK\$'000	HK\$'000
Revenue	3	62,739	36,879
Other income and gains	4	405	954
Production costs		(15,153)	(19,129)
Staff costs		(4,934)	(2,527)
Depreciation and amortisation		(639)	(358)
Gain on disposal of property, plant and equipment		143	–
Gain on disposal of interests in an associate		–	407
(Loss)/gain on fair value changes of financial assets at fair value through profit or loss		(188)	147
Other operating expenses		(6,406)	(3,993)
Impairment loss on an amount due from an associate		–	(2)
Share of profit/(loss) of associates		116	(24)
Finance costs		(168)	(170)
Profit before tax		35,915	12,184
Income tax expense	5	(9,504)	(3,248)
Profit for the period	6	26,411	8,936
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		1,671	325
<b>Total comprehensive income for the period</b>		<b>28,082</b>	<b>9,261</b>
Profit attributable to:			
Owners of the Company		5,570	1,782
Non-controlling interests		20,841	7,154
		<b>26,411</b>	<b>8,936</b>
Total comprehensive income attributable to:			
Owners of the Company		6,005	1,867
Non-controlling interests		22,077	7,394
		<b>28,082</b>	<b>9,261</b>
		<b>HK cents</b>	<b>HK cents</b>
<b>Earnings per share</b>			
– Basic and diluted	8	0.20	0.06

# Condensed Consolidated Statement of Changes in Equity

For the three months ended 30 June 2021

	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 2020 (Audited)	906,074	2,024	1,590	964	(6,082)	(861,833)	42,737	55,768	98,505
Profit for the period	-	-	-	-	-	1,782	1,782	7,154	8,936
Other comprehensive income for the period	-	-	-	-	85	-	85	240	325
Total comprehensive income for the period	-	-	-	-	85	1,782	1,867	7,394	9,261
Transfer to general reserve	-	-	570	-	-	(570)	-	-	-
Balance at 30 June 2020 (Unaudited)	906,074	2,024	2,160	964	(5,997)	(860,621)	44,604	63,162	107,766
<b>Balance at 1 April 2021 (Audited)</b>	<b>906,074</b>	<b>1,986</b>	<b>2,205</b>	<b>964</b>	<b>(3,882)</b>	<b>(854,563)</b>	<b>52,784</b>	<b>82,495</b>	<b>135,279</b>
<b>Profit for the period</b>	-	-	-	-	-	5,570	5,570	20,841	26,411
<b>Other comprehensive income for the period</b>	-	-	-	-	435	-	435	1,236	1,671
<b>Total comprehensive income for the period</b>	-	-	-	-	435	5,570	6,005	22,077	28,082
<b>Dividends distributed to non-controlling interests</b>	-	-	-	-	-	-	-	(18,866)	(18,866)
<b>Balance at 30 June 2021 (Unaudited)</b>	<b>906,074</b>	<b>1,986</b>	<b>2,205</b>	<b>964</b>	<b>(3,447)</b>	<b>(848,993)</b>	<b>58,789</b>	<b>85,706</b>	<b>144,495</b>

# Notes to the Unaudited Condensed Consolidated Financial Statements

For the three months ended 30 June 2021

## 1. General Information

Timeless Software Limited (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 (collectively referred to as the “Group”) are principally engaged in (i) the exploration, development 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 investments in various projects including e-sports tournament services, nano applications as well as smart farming solution and services.

These unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company. These unaudited 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 9 August 2021.

## 2. Basis of Preparation and Accounting Policies

These unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM. These unaudited 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 2021.

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

The accounting policies and method of computation used in these unaudited condensed consolidated financial statements for the three months ended 30 June 2021 are same as those followed in the Group’s audited consolidated financial statements for the year ended 31 March 2021, except for those related to new and revised HKFRSs effective for the first time for the periods beginning on or after 1 April 2021. The application of these new and revised HKFRSs during the three months ended 30 June 2021 has had no material impact on the Group’s financial performance and positions for the three months ended 30 June 2021 and 2020 and/or on the disclosures set out in these unaudited condensed consolidated financial statements.

In addition, the preparation of these unaudited condensed consolidated 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.

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

For the three months ended 30 June 2021

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

The financial information relating to the year ended 31 March 2021 included in these unaudited condensed consolidated financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Cap. 622, Laws of Hong Kong) is as follows:

The Company will deliver the financial statements for the year ended 31 March 2021 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 2021. The auditor's report was unqualified; did not include a reference to any matter to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance (Cap. 622, Laws of Hong Kong).

### 3. Revenue and Segment Information

Information reported to the Board, 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.

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

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

#### For the three months ended 30 June 2021 (Unaudited)

	Mining Business HK\$'000	Other Business HK\$'000	Total HK\$'000
<b>Segment revenue</b>			
External sales	<u>62,459</u>	<u>280</u>	<u>62,739</u>
Segment profit	<u>37,009</u>	<u>59</u>	<u>37,068</u>
Interest income			272
Unallocated other income and gains			428
Unallocated corporate expenses			(1,613)
Loss on fair value changes of financial assets at fair value through profit or loss			(188)
Share of profit of associates			116
Finance costs			<u>(168)</u>
Profit before tax			<u>35,915</u>

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

For the three months ended 30 June 2021

### 3. Revenue and Segment Information (continued)

For the three months ended 30 June 2020 (Unaudited)

	Mining Business HK\$'000	Other Business HK\$'000	Total HK\$'000
<b>Segment revenue</b>			
External sales	36,879	–	36,879
Segment profit	12,789	302	13,091
Interest income			159
Unallocated other income and gains			417
Unallocated corporate expenses			(1,841)
Gain on disposal of interests in an associate			407
Gain on fair value changes of financial assets at fair value through profit or loss			147
Impairment loss on an amount due from an associate			(2)
Share of loss of associates			(24)
Finance costs			(170)
Profit before tax			12,184

#### Disaggregation of revenue from contracts with customers

	(Unaudited) Three months ended 30 June	
	2021 HK\$'000	2020 HK\$'000
Sales of high-grade nickel-copper ores	62,459	20,929
Sales of nickel concentrates	–	12,947
Sales of copper concentrates	–	3,003
Service fee income	255	–
Sales of water soluble bags	25	–
	<u>62,739</u>	<u>36,879</u>

The Group has contracts with customers for the sale of high-grade nickel-copper ores, nickel and copper concentrates and water soluble bags. The Group has concluded that revenue from sale of goods are recognised at the point of time when a customer obtained control of goods.

The revenue from the provision of sales agency services is recognised at a point in time when services are performed.

The revenue from the provision of management services is recognised over time when services are rendered.

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

For the three months ended 30 June 2021

### 4. Other Income and Gains

	(Unaudited)	
	Three months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Government grants	–	320
Employment Support Scheme	–	240
Interest income	272	159
Rental income	48	54
Exchange gain	75	–
Other income	10	181
	<u>405</u>	<u>181</u>
Total other income and gains	<u>405</u>	<u>954</u>

### 5. Income Tax Expense

	(Unaudited)	
	Three months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Current tax		
PRC Enterprise Income Tax		
– charge for the period	8,929	3,453
– underprovision in respect of prior years	27	7
– PRC withholding tax	1,062	–
Deferred tax	(514)	(212)
	<u>9,504</u>	<u>3,248</u>

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 the both periods.

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 periods.



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

For the three months ended 30 June 2021

### 6. Profit for the Period

Profit for the period has been arrived at after charging/(crediting):

	(Unaudited) Three months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Employee benefits expense (including Directors' and chief executive's emoluments)	5,138	4,167
Amount included in the production costs line item	<u>(204)</u>	<u>(1,640)</u>
Amount included in the staff costs line item	<u>4,934</u>	<u>2,527</u>
Depreciation of property, plant and equipment	224	273
Amortisation of intangible assets	<u>3,013</u>	<u>3,943</u>
Depreciation and amortisation (included in the production costs line item)	<u>3,237</u>	<u>4,216</u>
Depreciation of property, plant and equipment	412	175
Depreciation of right-of-use assets	104	95
Amortisation of land rehabilitation costs	<u>123</u>	<u>88</u>
Depreciation and amortisation (included in the depreciation and amortisation line item)	<u>639</u>	<u>358</u>
Gross rental income arising from an investment property	(48)	(54)
Less: direct operating expenses incurred for an investment property that generate rental income during the period	<u>20</u>	<u>20</u>
	<u>(28)</u>	<u>(34)</u>
Cost of inventories recognised as an expense	13,175	19,129
Provision for inventories (included in the production costs line item)	<u>1,784</u>	<u>–</u>
Expense relating to short-term leases not included in the measurement of lease liabilities	126	841
Net foreign exchange (gain)/loss	<u>(75)</u>	<u>2</u>

### 7. Interim Dividend

The Directors do not recommend the payment of an interim dividend for the three months ended 30 June 2021 (three months ended 30 June 2020: nil).

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

For the three months ended 30 June 2021

### 8. Earnings per Share

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

	(Unaudited) Three months ended 30 June	
	2021	2020
<b>Profit:</b>		
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	<u>HK\$5,570,000</u>	<u>HK\$1,782,000</u>
<b>Number of ordinary shares:</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>2,812,881,803</u>	<u>2,812,881,803</u>

The computation of the diluted earnings 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 of the shares for the three months ended 30 June 2021 and 2020.

### 9. Related Party Transactions

Other than as disclosed elsewhere in these unaudited condensed consolidated financial statements, the Group had the following significant transactions with related parties:

	(Unaudited) Three months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Rental and share of office expenses paid to related companies (Note i)	150	152
Purchase of goods from a related company (Note ii)	22	–
Loans interest paid to related companies (Note iii)	168	168
Management fee income from an associate (Note iv)	75	75
Recharge of consultancy fee received from an associate (Note iv)	–	12

Notes:

- 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. Tan"), an executive Director of the Company, at terms mutually agreed by both parties.
- Goods were purchased from a related company, in which Mr. Tan has equity interests, at terms mutually agreed by both parties.
- 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. Tan.
- Management fee income and recharge of consultancy fee were received from an associate, in which the Company owned a 22.53% equity interests, at terms mutually agreed by both parties.

# Management Discussion and Analysis

## About the Group

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

## Business Review

### Mining Business

The Mining Business primarily comprises of exploration, development and exploitation of a nickel-copper mine in the PRC. For the three months ended 30 June 2021, the Group sold high grade nickel-copper ores as its major products under the Mining Business.

Stimulated by the increase in sales of high grade nickel-copper ores and the upward trend of nickel market price, the Group recorded an increase in gross profit for the three months ended 30 June 2021. During the period, the Group had started the preparation work for the renewal of the mining license which will be expired in September 2022. For the other mining zone (phase two) of the Baishiquan Nickel-copper Mine, we are working on engagement of qualified professionals to prepare the supplementary detailed report, of which the approval by the regulatory authority is a precedent for the commencement of the feasibility study.

For the three months ended 30 June 2021, turnover from the sales of nickel-copper products amounted to approximately HK\$62.5 million (three months ended 30 June 2020: HK\$36.9 million), representing the sales of 14,629 tonnes (three months ended 30 June 2020: 8,324 tonnes) of high-grade nickel-copper ores. For the three months ended 30 June 2020, the Group also sold 3,664 tonnes and 294 tonnes of nickel concentrates and copper concentrates, generating revenue of approximately HK\$12.9 million and HK\$3.0 million, respectively.

The sales during the period under review represented sales of the remaining ores extracted from phase one of the Baishiquan Nickel-copper Mine, the mining operation of which was completed in March 2021. The sales of ores will continue until all remaining inventory is sold. Since the current period is not under normal mining operation as in prior period, the profit margin of the current quarter is not directly comparable.

In addition, obsolete items of inventories with an aggregate carrying amount of HK\$1.8 million are identified as at 30 June 2021. In consideration of the nature and future use of these items, a provision has been made to write down its carrying value to realisable value in the current period.

### Other Business

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 three months ended 30 June 2021, there was segment revenue of approximately HK\$0.3 million (three months ended 30 June 2020: nil) from Other Business and the segment profit was approximately HK\$59,000 (three months ended 30 June 2020: HK\$0.3 million). The segment profit was mainly contributed by the service fee income of HK\$0.3 million from the sales agency of bio and nano materials products.

The Group also engaged in the development and sales of water soluble and biodegradable products, which recorded turnover of approximately HK\$25,000 (three months ended 30 June 2020: nil) for the three months ended 30 June 2021.

# Management Discussion and Analysis (Continued)

## Business Review (Continued)

### Interests in Associates

As at 30 June 2021, the Group owned 3,890 ordinary shares, representing 29.97% equity interests in CGA Holdings Limited (“CGA Holdings”). CGA Holdings and its subsidiaries (collectively referred to as the “CGA Group”) are engaged in the e-sport business. Pursuant to the subscription agreement dated 16 May 2018, the three founders of CGA Holdings (the “CGA Guarantors”) 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 ended 31 March 2020 and 31 March 2021 shall not be in aggregate less than HK\$32,000,000 (the “Guaranteed Profit”). As the Guaranteed Profit are not fulfilled, the CGA Guarantors are required to pay to the Group a compensation of HK\$9,142,400 (“Profit Guarantee Compensation”). On 30 June 2021, the Group and the CGA Guarantors entered into a deed of settlement (“Deed of Settlement”) in relation to the Profit Guarantee Compensation. The CGA Guarantors jointly and severally undertake to pay to the Group (a) HK\$1,000,000 upon the execution of the Deed of Settlement; (b) HK\$8,142,400 on or before 30 June 2023 or such earlier date as may be requested by the Group; and (c) a further sum accruing at the rate of 5% per annum on the outstanding amount payable by the CGA Guarantors under (b) above, calculated on the actual number of days elapsed from the date of the Deed of Settlement and up to the date of payment of such outstanding amount on the basis of a 365 day year, on the date of payment of such outstanding amount. As security for the due and punctual performance of the obligations of the CGA Guarantors under the Deed of Settlement, a BVI company (the “Chargor”) which is wholly owned by the CGA Guarantors executed in favour of the Group a share charge in respect of 9,090 shares of CGA Holdings owned by the Chargor, representing approximately 70.03% of the issued share capital of CGA Holdings.

The Group owned 22.53% equity interests in Nano Bubble Limited which mainly engaged in research and development for hygienic and sanitisation products, and the related solutions using the nano-ozone technology. The hydroponic machine is used for replacing chemical detergent to sterilisation and disinfection. It can also be applied to aquaculture and agriculture to enrich oxygen level in fish and vegetable cultivation media. During the period, the industrial hydroponic machine was still under market trial and is expected to be launched to market in the third quarter of 2021. Regarding the nano bubble generator for domestic use, the re-designing of the prototype is still on-going.

The Company also owned 27.03% equity interests in Nano Energy Limited which is engaged in the research and development of nano-power generation products using different nanomaterials and related technologies.

For the three months ended 30 June 2021, the Group recorded share of profit of associates of approximately HK\$116,000 (three months ended 30 June 2020: loss of HK\$24,000).

### Outlook

Despite the tremendous challenges in the past two years, the Group remain cautiously optimistic about its business prospect as we are moving on to the right track towards the global trend.

For the Mining Business, the nickel price is likely to remain on a steady uptrend in the long term as there is a strong demand from battery manufacturers and stainless steel producers in China. A global shift in the automotive industry towards electrification also drives up the demand for nickel. The Group will continue to focus on selling its remaining inventory of high grade nickel-copper ores until it is totally sold by September 2021. In the long run, we will put more effort to accelerate the development of phase two mining zone of the Baishiquan Nickel-copper Mine to take advantage of the long-term opportunities of the growth in nickel demand. As it would take about 2 to 3 years to bring the phase two mining zone to production stage, no revenue would be generated from the Mining Business in between. The Group would consider the possibility of acquiring potential mining and exploration projects to replenish our reserves and revenue.

Global warming, increasing public awareness of environmental protection issues and stringent government regulation for plastic wastes reduction create business opportunities for biodegradable packaging materials. It is hopefully that the development for the Other Business of the Group especially for the biodegradable material project and development of water soluble foam materials can be accelerated.

## Management Discussion and Analysis (Continued)

### Other Investments

As at 30 June 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 for 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”).

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.

### Financial Performance Review

For the three months ended 30 June 2021, the Group recorded turnover of approximately HK\$62.7 million (three months ended 30 June 2020: HK\$36.9 million), representing an increase of 70% as compared with the prior period. Turnover from the Mining Business and the Other Business amounted to HK\$62.5 million (three months ended 30 June 2020: HK\$36.9 million) and HK\$0.3 million (three months ended 30 June 2020: nil), respectively. The increase in turnover from the Mining Business was due to increase in both sales volume and average selling prices of high grade nickel-copper ores while the increase in turnover from the Other Business was attributable to sales agency services rendered during the period.

For the period under review, the Group’s Mining Business and Other Business recorded segment profit of HK\$37.0 million (three months ended 30 June 2020: HK\$12.8 million) and HK\$59,000 (three months ended 30 June 2020: HK\$0.3 million), respectively. The increase in segment profit for the Mining business by 189% was due to the increase in revenue from the Mining Business while the decrease in segment profit for the Other Business by 81% was due to a one-off cash rebate for research and development of HK\$0.3 million received in the prior period.

Other income and gains of approximately HK\$0.4 million for the period under review (three months ended 30 June 2020: HK\$1.0 million) mainly represented interest income, rental income and exchange gain. The decrease by 58% was due to government grants received in the prior period.

For the three months ended 30 June 2021, the Group reported share of profit of associates of approximately HK\$116,000 (three months ended 30 June 2020: share of loss of HK\$24,000).

For the three months ended 30 June 2021, profit for the period was approximately HK\$26.4 million (three months ended 30 June 2020: HK\$8.9 million), representing an increase by 196% as compared to the corresponding period in 2020. The increase in profit was mainly contributed by the increase in revenue from the Mining Business.

## Other Information

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

At 30 June 2021, the interests and short positions of the Directors and the chief executive of the Company and their associates in the shares, underlying shares or debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules, were as follows:

#### Long positions

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

Name of Directors	Number of ordinary shares held in the capacity of		Total number of shares	Percentage of shareholding
	Beneficial owner	Controlled corporation		
<b>Executive Directors</b>				
Felipe TAN	159,128,000	678,074,400*	837,202,400	29.76%
<b>Independent Non-Executive Directors</b>				
CHAN Choi Ling	1,200,000	–	1,200,000	0.04%
LAM Kwai Yan	1,200,000	–	1,200,000	0.04%

\* The shares were held by Starmax Holdings Limited ("Starmax") which is beneficially owned by Mr. Felipe Tan. By virtue of the SFO, Mr. Felipe Tan is deemed to have interests in the shares held by Starmax.

##### (b) Interests in shares of associated corporation of the Company

Name of Director	Name of associated corporation	Capacity	Number of shares/ registered capital	Percentage of interest in the registered capital of the associated corporation
Felipe Tan	Goffers Management Limited	Interest of controlled corporation	200	49%
	Goffers Resources Limited	Interest of controlled corporation	1,000	100%
	Kangshun HK Limited	Interest of controlled corporation	1,000	100%
	Kangshun Investments Limited	Interest of controlled corporation	1,000	100%
	新疆天目礦業資源開發有限公司 Xinjiang Tianmu Mineral Resources Development Co. Ltd.	Interest of controlled corporation	RMB36,000,000	51%

## Other Information (Continued)

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

#### Long positions (Continued)

#### (c) Options to subscribe for ordinary shares of the Company

Particulars of the Directors' interests in share options to subscribe for shares in the Company pursuant to the Company's 2013 share option schemes were as follows:

Name of Directors	Date of grant	Vesting and exercisable period	Exercise price per share HK\$	Number of share options and underlying shares					Outstanding at 30.06.2021
				Outstanding at 01.04.2021	During the period				
					Granted	Exercised	Cancelled	Lapsed	
<b>Executive Directors</b>									
Felipe TAN	02.03.2017	02.03.2017-01.03.2027	0.1080	2,000,000	-	-	-	-	2,000,000
LAU Yun Fong 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
<b>Independent Non-Executive Directors</b>									
CHAN Choi Ling	02.03.2017	02.03.2017-01.03.2027	0.1080	1,000,000	-	-	-	-	1,000,000
LAM Kwai Yan	02.03.2017	02.03.2017-01.03.2027	0.1080	1,000,000	-	-	-	-	1,000,000
TSANG Wai Chun Marianna	02.03.2017	02.03.2017-01.03.2027	0.1080	1,000,000	-	-	-	-	1,000,000
				<u>10,490,811</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,490,811</u>

Save as disclosed above, at 30 June 2021, 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 30 June 2021, 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 30 June 2021
		Ordinary shares	Share options	Total	
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 is beneficially owned by Mr. Felipe Tan.

\*\* 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.

Saved as disclosed above, as at 30 June 2021, 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.

### Competing Interest

Mr. Felipe Tan holds shareholding and directorship in GobiMin Inc., the shares of which are listed on the TSX Venture Exchange (symbol: GMN). Its subsidiaries are principally engaged in investment in equity, debt or other securities as well as direct ownership stakes in projects, including a gold mine in Xinjiang, PRC whereas the Mining Business of the Group involved a nickel-copper mine. In this regard, Mr. Felipe Tan is considered to have interests in business which might compete, either directly or indirectly with the businesses of the Group.

The abovementioned competing business is operated and managed by a company with independent management. In addition, the Board is independent from the board of the abovementioned company. Accordingly, the Group is therefore capable of carrying on business independently and at arm's length from the said competing business.



## Other Information (Continued)

### 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 three months ended 30 June 2021.

On behalf of the Board

**Timeless Software Limited**

**Felipe Tan**

*Chairman*

Hong Kong, 9 August 2021