



TIMELESS SOFTWARE LIMITED

天時軟件有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 8028)

Interim Report

FOR THE SIX MONTHS ENDED

30 SEPTEMBER 2022

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

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

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

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

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 Listed Company Information” page of the Stock Exchange’s website at www.hkexnews.hk 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 Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2022

	Notes	(Unaudited)			
		Three months ended 30 September		Six months ended 30 September	
		2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue	4	9	16,514	57	79,253
Other income and gains	5	1,073	1,906	2,239	2,236
Production cost		–	(2,961)	(2)	(18,114)
Staff costs		(1,456)	(2,316)	(2,914)	(7,250)
Depreciation and amortisation		(62)	(920)	(169)	(1,559)
Gain on disposal of property, plant and equipment		–	–	–	143
Loss on fair value changes of financial assets at fair value through profit or loss		(12)	(748)	(71)	(936)
Gain on derecognition of financial assets		105	–	245	–
Other operating expenses		(1,030)	(2,289)	(2,639)	(8,620)
Reversal of impairment loss/ (impairment loss) on other receivables		3	–	(34)	–
Share of (loss)/profit of associates		(25)	(18)	(57)	98
Finance costs		(70)	(170)	(157)	(338)
(Loss)/profit before tax		(1,465)	8,998	(3,502)	44,913
Income tax credit/(expense)	6	83	(1,753)	(593)	(11,257)
(Loss)/profit for the period	7	(1,382)	7,245	(4,095)	33,656
Other comprehensive (expense)/ income					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translating foreign operations		(7,619)	104	(13,427)	1,775
Total comprehensive (expense)/ income for the period		(9,001)	7,349	(17,522)	35,431
(Loss)/profit for the period attributable to:					
Owners of the Company		(1,298)	508	(3,120)	6,078
Non-controlling interests		(84)	6,737	(975)	27,578
		(1,382)	7,245	(4,095)	33,656
Total comprehensive (expense)/ income for the period attributable to:					
Owners of the Company		(3,280)	535	(6,612)	6,540
Non-controlling interests		(5,721)	6,814	(10,910)	28,891
		(9,001)	7,349	(17,522)	35,431
		HK cents	HK cents	HK cents	HK cents
(Loss)/earnings per share					
– Basic and diluted	9	(0.05)	0.02	(0.11)	0.22

Condensed Consolidated Statement of Financial Position

At 30 September 2022

	Notes	(Unaudited) 30 September 2022 HK\$'000	(Audited) 31 March 2022 HK\$'000
Non-current assets			
Property, plant and equipment	10	94	157
Right-of-use assets	10	5,350	6,165
Investment property	10	7,900	7,900
Intangible assets	10	–	–
Exploration and evaluation assets	11	13,295	13,956
Interests in associates		344	401
Financial assets at fair value through profit or loss	14	7,290	7,290
Land rehabilitation costs		–	–
		34,273	35,869
Current assets			
Inventories		115	130
Trade receivables	12	2	5
Prepayments, deposits and other receivables	13	16,209	16,510
Financial assets at fair value through profit or loss	14	93	1,719
Bank balances and cash		106,318	127,065
		122,737	145,429
Current liabilities			
Trade and other payables	15	10,412	11,418
Provision for land rehabilitation		762	860
Loans from related companies	16	6,200	11,200
		17,374	23,478
Net current assets		105,363	121,951
Total assets less current liabilities		139,636	157,820
Non-current liabilities			
Provision for land rehabilitation		6,416	7,246
Deferred tax liabilities		2,386	2,218
		8,802	9,464
Net assets		130,834	148,356
Capital and reserves			
Share capital	17	906,074	906,074
Reserves		(851,630)	(845,018)
Equity attributable to owners of the Company		54,444	61,056
Non-controlling interests		76,390	87,300
Total equity		130,834	148,356

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2022

	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 2021 (Audited)	906,074	1,986	2,205	964	(3,882)	(854,563)	52,784	82,495	135,279
Profit for the period	-	-	-	-	-	6,078	6,078	27,578	33,656
Other comprehensive income for the period	-	-	-	-	462	-	462	1,313	1,775
Total comprehensive income for the period	-	-	-	-	462	6,078	6,540	28,891	35,431
Lapse of share options	-	(239)	-	-	-	239	-	-	-
Dividends distributed to non-controlling interests	-	-	-	-	-	-	-	(18,883)	(18,883)
Balance at 30 September 2021 (Unaudited)	906,074	1,747	2,205	964	(3,420)	(848,246)	59,324	92,503	151,827
Balance at 1 April 2022 (Audited)	906,074	1,747	2,205	964	(2,558)	(847,376)	61,056	87,300	148,356
Loss for the period	-	-	-	-	-	(3,120)	(3,120)	(975)	(4,095)
Other comprehensive expense for the period	-	-	-	-	(3,492)	-	(3,492)	(9,935)	(13,427)
Total comprehensive expense for the period	-	-	-	-	(3,492)	(3,120)	(6,612)	(10,910)	(17,522)
Balance at 30 September 2022 (Unaudited)	906,074	1,747	2,205	964	(6,050)	(850,496)	54,444	76,390	130,834

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2022

	(Unaudited)	
	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
Cash flows from operating activities		
– Cash receipts from customers	56	82,874
– Purchase and production costs	(2)	(19,412)
– Income tax paid	(333)	(16,485)
– Other operating cash flows	(5,804)	16,440
	<u>(6,083)</u>	<u>63,417</u>
Net cash (used in)/generated from operating activities		
Cash flows from investing activities		
– Interest received	2,062	1,253
– Proceeds from partial disposal of financial assets at fair value through profit or loss	1,555	–
– Other investing cash flows	–	124
	<u>3,617</u>	<u>1,377</u>
Net cash generated from investing activities		
Cash flows from financing activities		
– Dividend paid to non-controlling interests	–	(27,703)
– Repayment of loan from a related company	(5,000)	–
– Other financing cash flows	(157)	(338)
	<u>(5,157)</u>	<u>(28,041)</u>
Net cash used in financing activities		
Net (decrease)/increase in cash and cash equivalents	(7,623)	36,753
Cash and cash equivalents at the beginning of period	127,065	116,072
Effect of foreign exchange rate changes	(13,124)	2,054
	<u>106,318</u>	<u>154,879</u>
Cash and cash equivalents at the end of period	106,318	154,879
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	<u>106,318</u>	<u>154,879</u>

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

1. General Information

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. The address of the registered office and principal place of business of the Company 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 and exploitation of mines and trading of metal (“Mining and Metal Business”); and (ii) research, development and sale agency of bio and nano materials products as well as software maintenance and development services (“Software and Innovation 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 November 2022.

2. Basis of Preparation

These unaudited condensed consolidated financial statements for the six months ended 30 September 2022 have been prepared in accordance with Hong Kong Accounting Standard (HKAS) 34, *Interim Financial Reporting*, issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) and the applicable disclosure requirements of the GEM Listing Rules.

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 2022.

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.

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 financial information relating to the year ended 31 March 2022 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 2022 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 2022. 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 Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2022

3. Significant Accounting Policies

The accounting policies and method of computation used in these unaudited condensed consolidated financial statements for the six months ended 30 September 2022 are same as those followed in the Group's audited consolidated financial statements for the year ended 31 March 2022, except for those related to new and revised HKFRSs effective for the first time for the periods beginning on or after 1 April 2022. The adoption of these new and revised HKFRSs during the six months ended 30 September 2022 has had no material impact on the Group's financial performance and positions for the six months ended 30 September 2022 and 2021 and/or on the disclosures set out in these unaudited condensed consolidated financial statements.

The Group has not early adopted any new and revised HKFRSs that has been issued but not yet effective in the current accounting period.

4. 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. These operating divisions are the basis upon which the information that is regularly reviewed by the CODM is prepared and are analysed under HKFRS 8 *Operating Segments*.

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

Segment revenues and results

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

For the six months ended 30 September 2022 (Unaudited)

	Mining and Metal Business HK\$'000	Software and Innovation Business HK\$'000	Total HK\$'000
Segment revenue			
External sales	–	57	57
Segment (loss)/profit	(1,806)	44	(1,762)
Interest income			2,062
Unallocated other income and gains			168
Unallocated corporate expenses			(3,651)
Loss on fair value changes of financial assets at fair value through profit or loss			(71)
Impairment loss on other receivables			(34)
Share of loss of associates			(57)
Finance costs			(157)
Loss before tax			(3,502)

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2022

4. Revenue and Segment Information (Continued) Segment revenues and results (Continued)

For the six months ended 30 September 2021 (Unaudited)

	Mining and Metal Business HK\$'000	Software and Innovation Business HK\$'000	Total HK\$'000
Segment revenue			
External sales	78,906	347	79,253
Segment profit	46,748	193	46,941
Interest income			1,379
Unallocated other income and gains			848
Unallocated corporate expenses			(3,222)
Gain on disposal of property, plant and equipment			143
Loss on fair value changes of financial assets at fair value through profit or loss			(936)
Share of profit of associates			98
Finance costs			(338)
Profit before tax			44,913

Segment assets and liabilities

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

	(Unaudited) 30 September 2022 HK\$'000	(Audited) 31 March 2022 HK\$'000
Segment assets		
Mining and Metal Business	20,329	22,278
Software and Innovation Business	57	60
Total reportable segment assets	20,386	22,338
Interests in associates	344	401
Unallocated	136,280	158,559
Consolidated assets	157,010	181,298
Segment liabilities		
Mining and Metal Business	18,915	20,911
Unallocated	7,261	12,031
Consolidated liabilities	26,176	32,942

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2022

4. Revenue and Segment Information (Continued)

Geographical information

The following is an analysis of the Group's revenue by geographical segments:

	(Unaudited)	
	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
Hong Kong	57	347
Mainland China	–	78,906
	<u>57</u>	<u>79,253</u>

Disaggregation of revenue from contracts with customers

	(Unaudited)	
	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
Sales of high-grade nickel-copper ores	–	78,906
Service fee income	53	322
Sales of water soluble bags	4	25
	<u>57</u>	<u>79,253</u>
Time of revenue recognition		
At a point of time	57	79,128
Over time	–	125
	<u>57</u>	<u>79,253</u>

The Group has contracts with customers for the sale of high-grade nickel-copper ores 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 six months ended 30 September 2022

5. Other Income and Gains

	(Unaudited)			
	Three months ended		Six months ended	
	30 September		30 September	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest income	979	1,107	2,062	1,379
Rental income	64	48	112	96
Dividend income	–	750	–	750
Employment Support Scheme	28	–	56	–
Other income	2	1	9	11
	<u>1,073</u>	<u>1,906</u>	<u>2,239</u>	<u>2,236</u>
Total other income and gains	<u>1,073</u>	<u>1,906</u>	<u>2,239</u>	<u>2,236</u>

6. Income Tax (Credit)/Expense

	(Unaudited)			
	Three months ended		Six months ended	
	30 September		30 September	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax				
PRC Enterprise Income Tax				
– charge for the period	–	1,753	–	10,682
– (over)/under provision in respect of prior years	(24)	–	333	27
– PRC withholding tax	–	–	–	1,062
Deferred tax	(59)	–	260	(514)
	<u>(83)</u>	<u>1,753</u>	<u>593</u>	<u>11,257</u>
Total income tax (credit)/expense recognised in profit or loss	<u>(83)</u>	<u>1,753</u>	<u>593</u>	<u>11,257</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 People's Republic of China ("PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation, the tax rate of the PRC subsidiaries is 25% for both periods.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2022

7. (Loss)/Profit for the Period

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

	(Unaudited)			
	Three months ended		Six months ended	
	30 September		30 September	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Employee benefits expense (including Directors' and chief executive's emoluments)	1,456	2,383	2,914	7,521
Amount included in the production costs line item	-	(67)	-	(271)
Amount included in the staff costs line item	1,456	2,316	2,914	7,250
Depreciation of property, plant and equipment	-	91	-	315
Amortisation of intangible assets	-	-	-	3,013
Depreciation and amortisation (included in the production costs line item)	-	91	-	3,328
Depreciation of property, plant and equipment	12	578	60	990
Depreciation of right-of-use assets	50	219	109	323
Amortisation of land rehabilitation costs	-	123	-	246
Depreciation and amortisation (included in the depreciation and amortisation line item)	62	920	169	1,559
Gross rental income arising from an investment property	(64)	(48)	(112)	(96)
Less: direct operating expenses incurred for an investment property that generate rental income during the period	20	20	40	40
Net rental income	(44)	(28)	(72)	(56)
Cost of inventories recognised as an expense	-	2,961	2	16,188
Provision for inventories (included in the production costs line item)	-	-	-	1,786
Expense relating to short-term leases not included in the measurement of lease liabilities	129	126	302	252
Net foreign exchange loss	247	96	761	21

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2022

8. Interim Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2022 (six months ended 30 September 2021: nil).

9. (Loss)/Earnings per Share

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

	(Unaudited)			
	Three months ended 30 September 2022		Six months ended 30 September 2022	
	2021	2021	2021	2021
(Loss)/profit: (Loss)/profit for the period attributable to owners of the Company for the purpose of basic and diluted (loss)/earnings per share	<u>(HK\$1,298,000)</u>	<u>HK\$508,000</u>	<u>(HK\$3,120,000)</u>	<u>HK\$6,078,000</u>
Number of ordinary shares: Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share	<u>2,812,881,803</u>	<u>2,812,881,803</u>	<u>2,812,881,803</u>	<u>2,812,881,803</u>

The computation of the diluted (loss)/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 six months ended 30 September 2022 and 2021.

10. Property, Plant and Equipment, Right-of-use Assets, Investment Property and Intangible Assets

During the six months ended 30 September 2022, there was no addition of property, plant and equipment (six months ended 30 September 2021: HK\$19,000), right-of-use assets (six months ended 30 September 2021: nil), investment property (six months ended 30 September 2021: nil) or intangible assets (six months ended 30 September 2021: nil).

During the six months ended 30 September 2022, depreciation for property, plant and equipment was approximately HK\$60,000 (six months ended 30 September 2021: HK\$1,305,000) and depreciation of right-of-use assets was approximately HK\$109,000 (six months ended 30 September 2021: HK\$323,000). There was no change in the fair value of the investment property (six months ended 30 September 2021: nil). During the six months ended 30 September 2021, amortisation for intangible assets was approximately HK\$3,013,000.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2022

11. Exploration and Evaluation Assets

	(Unaudited) 30 September 2022 HK\$'000	(Audited) 31 March 2022 HK\$'000
At 1 April 2022 and 2021	13,956	–
Exchange adjustments	(1,598)	177
Additions for the period/year	937	13,779
At 30 September 2022 and 31 March 2022	13,295	13,956

12. Trade Receivables

	(Unaudited) 30 September 2022 HK\$'000	(Audited) 31 March 2022 HK\$'000
Trade receivables from contracts with customers	2	5

The credit terms granted to customers are varied and are generally the result of negotiations between customers and the Group. No interest is charged on overdue trade receivables. The management closely monitored the credit quality of trade receivables and considered the trade receivables that are neither past due nor impaired to be of good credit quality.

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

	(Unaudited) 30 September 2022 HK\$'000	(Audited) 31 March 2022 HK\$'000
0 to 30 days	2	5

As at 30 September 2022, none of trade receivables balance are past due (31 March 2022: nil).

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

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2022

13. Prepayments, Deposits and Other Receivables

	(Unaudited) 30 September 2022 HK\$'000	(Audited) 31 March 2022 HK\$'000
Prepayments	6,300	6,501
Deposits	1,585	1,818
Other receivables	8,879	8,748
Less: allowance of credit losses	(555)	(557)
	<u>16,209</u>	<u>16,510</u>

As at 30 September 2022, the Group's other receivables mainly represented compensation receivable from the guarantors in respect of the profit guarantee of CGA Holdings Limited ("CGA Holdings") and its subsidiaries of HK\$8,652,000 (31 March 2022: HK\$8,448,000), further details of which are set out in the Company's announcement dated 30 June 2021.

As at 30 September 2022, the Group's deposits amounting to approximately HK\$1,518,000 (31 March 2022: HK\$1,714,000) represented the land restoration and environmental recoverability guarantee deposits for the Group's mines.

14. Financial Assets at Fair Value through Profit or Loss

	(Unaudited) 30 September 2022 HK\$'000	(Audited) 31 March 2022 HK\$'000
Financial assets measured at fair value through profit or loss:		
– Listed debt securities (Note i)	93	1,719
– Unlisted equity investments	7,290	7,290
	<u>7,383</u>	<u>9,009</u>
Analysed for reporting purposes:		
– Current assets	93	1,719
– Non-current assets	7,290	7,290
	<u>7,383</u>	<u>9,009</u>

Note:

- i. Listed debt securities carried fixed interest rates of 4.6% to 7.5% and maturity dates in September 2022 and June 2023 respectively.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2022

15. Trade and Other Payables

At 30 September 2022, included in the Group's trade and other payables were trade payables of approximately HK\$1,214,000 (31 March 2022: HK\$907,000).

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

	(Unaudited) 30 September 2022 HK\$'000	(Audited) 31 March 2022 HK\$'000
0 to 30 days	–	352
61 to 90 days	–	–
More than 90 days	1,214	555
	<u>1,214</u>	<u>907</u>

16. Loans from Related Companies

The Group borrowed HK\$6,200,000 (31 March 2022: HK\$11,200,000) from related companies which are beneficially owned by Mr. Felipe Tan, an executive Director of the Company. The loans are unsecured, repayable on demand and bear interest at 4.5% per annum.

17. Share Capital

	Number of shares	Share capital HK\$'000
Issued and fully paid:		
At 31 March 2022 and 30 September 2022	<u>2,812,881,803</u>	<u>906,074</u>

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2022

18. Fair Value Measurements of Financial Instruments

Management has assessed that the fair values of trade receivables, deposits and other receivables, bank balances and cash, trade and other payables and loans from related companies approximated to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of financial instruments traded in active markets are determined with reference to quoted market bid prices.

Fair value hierarchy

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
As at 30 September 2022				
Financial assets				
Financial assets designated as at fair value through profit or loss	<u>93</u>	<u>–</u>	<u>7,290</u>	<u>7,383</u>
As at 31 March 2022				
Financial assets				
Financial assets designated as at fair value through profit or loss	<u>1,719</u>	<u>–</u>	<u>7,290</u>	<u>9,009</u>

During the period, there were no transfer between Level 1 and Level 2, or transfer into or out of Level 3 (six months ended 30 September 2021: nil).

19. Share-Based Payment Arrangement

On 25 September 2013, an ordinary resolution approving the adoption of a new share option scheme was passed by shareholders of the annual general meeting of the Company (“2013 Share Option Scheme”). Under the 2013 Share Option Scheme, Directors of the Company may grant options to eligible persons to subscribe for the Company’s shares subject to the terms and conditions as stipulated therein. Unless otherwise cancelled or amended, the 2013 Share Option Scheme will remain valid for a period of 10 years from the adoption date.

During the period, no share option was granted to employees (six months ended 30 September 2021: nil).

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2022

20. 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)	
	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
Rental and share of office expenses paid to related companies (Note i)	396	301
Purchase of goods from a related company (Note ii)	–	22
Loans interest paid to related companies (Note iii)	157	338
Management fee income from an associate (Note iv)	–	125
Exploration expenses charged by a related company (Note v)	937	–

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. Tan”), an executive Director of the Company, at terms mutually agreed by both parties.
- ii. Goods were purchased from a related company, in which Mr. Tan had significant influence in the prior period, at terms mutually agreed by both parties.
- iii. 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.
- iv. Management fee income was received from an associate, in which the Company owned a 22.53% equity interests, at terms mutually agreed by both parties.
- v. Exploration expenses were charged by a related company, which is the non-controlling shareholder of a subsidiary of the Company, at terms mutually agreed by both parties.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2022

20. 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 interim period are set out as follows:

	(Unaudited)	
	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
Short-term employee benefits	459	1,160
Post-employment benefits	2	18
	461	1,178

Management Discussion and Analysis

About the Group

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

Business Review

Mining and Metal Business

The Mining and Metal Business primarily comprises of exploration, development and exploitation of a nickel-copper mine in the PRC and metal trading in Hong Kong.

After the Group submitted its renewal application of mining license which has been expired in September 2022, the renewal approval procedures of the PRC government were delayed due to the spread of the COVID-19 pandemic and lockdown in Urumqi, Xinjiang since 10 August 2022 and up to the date of this report. The Group's business office located in Hami, Xinjiang was also impacted by the local lockdown for 23 days in the current period. We expect the renewed license can be obtained in the same month once the quarantine controls being uplifted. For the phase two mining zone of the Baishiquan Nickel-copper Mine, the supplementary information of the verification report of resources and reserves was submitted to the government authority in early September 2022. The approval of the verification report of resources and reserves was also affected by the COVID-19 pandemic. It is expected that the approval may be probably obtained in the first quarter of year 2023 and we will commence the feasibility study upon such approval. The Group did not generate any revenue from the sales of nickel-copper products in the current period (six months ended 30 September 2021: HK\$78,906,000).

For metal trading in Hong Kong, the Group completed trading of 98 kg gold with profit of HK\$245,000 recorded as gain on derecognition of financial assets in the current period (six months ended 30 September 2021: nil).

Exploration, Development and Mining Production Activities

The exploration, development and mining production activities of the Group for the six months ended 30 September 2022 are summarised below:

Mine	Activity		
	Exploration	Development	Mining
Baishiquan Nickel-copper Mine – phase two	One hydrological drilling of approximately 120 meters	No material activity	No material activity

Management Discussion and Analysis (Continued)

Business Review (Continued)

Mining and Metal Business (Continued)

Expenditure Incurred

During the six months ended 30 September 2022, the Group had incurred the followings in relation to phase two of Baishiquan Nickel-copper Mine:

	Total HK\$'000
1. Capital Expenditure	
1.1 Exploration activities	
Drilling and analysis	937
1.2 Development activities (including mine construction)	
Construction of drift	–
Total Capital Expenditure	937
2. Operating Expenditures for Mining Activities	
Staff cost	–
Consumables	–
Fuel, electricity, water and other services	–
Non-income taxes, royalties and other government charges	–
Others	–
Total Operating Expenditure	–
Total Capital and Operating Expenditure	937
3. Processing Expenditure	–
Total Expenditures	937

Infrastructure projects and subcontracting arrangements

No new contract related to infrastructure projects and subcontracting arrangements was concluded during the six months ended 30 September 2022. As at 30 September 2022, there was no outstanding commitment (31 March 2022: HK\$1.0 million).

Software and Innovation Business

Software and Innovation Business comprised of research, development and sale agency of bio and nano materials products as well as software maintenance and development services. For the six months ended 30 September 2022, there was segment revenue of approximately HK\$57,000 (six months ended 30 September 2021: HK\$347,000) from Software and Innovation Business and the segment profit was approximately HK\$44,000 (six months ended 30 September 2021: HK\$193,000). The segment revenue was contributed by the service fee income from the sales agency of bio and nano materials products and from sales of water soluble and biodegradable products.

Management Discussion and Analysis (Continued)

Business Review (Continued)

Interests in Associates

The Group owned 22.53% equity interests in Nano Bubble Limited which mainly engaged in research and development of 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, all the parts for the industrial hydroponic machine was ready and we are actively seeking potential customers. Regarding the nano bubble generator for domestic use, the re-designing of the prototype is still on-going and we will first focus on the marketing of the industrial hydroponic machine.

For the six months ended 30 September 2022, the Group recorded share of loss of associates of approximately HK\$57,000 (six months ended 30 September 2021: share of profit of HK\$98,000).

Outlook

For the Mining and Metal Business, the long-term outlook for nickel remains strong as the world are recovering from the pandemic and nickel is essential for addressing climate change and adapting to a green economy.

However, our development plan for phase two of the Baishiquan Nickel-copper Mine has been delayed due to the strict lockdown and travel restrictions of Xinjiang to prevent the spread of COVID-19 since August 2022 onwards. As there has been a rebound in cases in Xinjiang and restriction measures are continuing, the expected date of approval of the verification report of resources and reserves remains uncertain. We will commence the feasibility study and the preparation of other reports once we obtain the related approval. It is expected that the extraction of the phase two mine zone would be delayed to the second quarter of year 2025. Given the early stage of development of phase two of Baishiquan Nickel-copper Mine, the Group does not have sufficient information to prepare a forecast of development expense at the current stage.

For the Software and Innovation Business, biodegradable packing material and nano projects remains our focus. In October 2022, Nano Bubble Limited participated in the Hong Kong Electronic Fair with positive feedback and will keep following up with the potential customers. However, as the world economy remains uncertain under the COVID-19 pandemic, the Group will continue to assess the potential of these projects and will cease those without good prospects.

Other Investments

As at 30 September 2022, the Group owned 3,890 ordinary shares, representing 15.28% equity interests in CGA Holdings Limited (“CGA Holdings”) after the subscription of 12,470 shares of CGA Holdings by an independent third party (the “Subscriber”) on 18 October 2021 with the subscription price to provide funding for the proposed listing of CGA Holdings on an overseas stock exchange (the “Subscription”). In the event of unsuccessful listing on or before 18 April 2023, the Subscriber shall transfer all of its shareholding in CGA Holdings to Bloom Explorer Limited (“Bloom Explorer”) and the Group, the original shareholders, at a consideration of HK\$1 so as CGA Holdings shall be owned as to approximately 70.03% by Bloom Explorer and as to approximately 29.97% by the Group. Further details of the Subscription are set out in the Company’s announcement dated 18 October 2021.

Management Discussion and Analysis (Continued)

Business Review (Continued)

Other Investments (Continued)

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 Holdings and its subsidiaries 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, Bloom Explorer, 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, representing approximately 35.72% of the total shares of CGA Holdings currently in issue. As at 30 September 2022, the compensation receivable from the CGA Guarantors amounted to HK\$8,652,000 (31 March 2022: HK\$8,448,000.)

Financial Performance Review

For the six months ended 30 September 2022, the Group recorded turnover of approximately HK\$57,000 (six months ended 30 September 2021: HK\$79,253,000), representing a decrease of almost 100% as compared with the prior period which mainly due to the completion of phase one of the Baishiquan Nickel-copper Mine in last financial year. For the six months ended 30 September 2022, there was no turnover from the Mining and Metal Business (six months ended 30 September 2021: HK\$78,906,000) and the turnover from the Software and Innovation Business was HK\$57,000 (six months ended 30 September 2021: HK\$347,000).

For the period under review, the segment loss for the Group’s Mining and Metal Business was approximately HK\$1,806,000 (six months ended 30 September 2021: segment profit of HK\$46,748,000) and Software and Innovation Business has a segment profit of approximately HK\$44,000 (six months ended 30 September 2021: HK\$193,000). The segment profit for the Mining and Metal Business decreased by 104% as there are no sale of nickel-copper products in the current period.

Other income and gains of approximately HK\$2,239,000 for the period under review (six months ended 30 September 2021: HK\$2,236,000) mainly represented interest income and rental income.

For the six months ended 30 September 2022, the Group reported share of loss of associates of approximately HK\$57,000 (six months ended 30 September 2021: share of profit of HK\$98,000).

For the six months ended 30 September 2022, loss for the period was approximately HK\$4,095,000 (six months ended 30 September 2021: profit of HK\$33,656,000), representing a decrease by 112% as compared to the corresponding period in 2021. The decrease in profit was mainly because there was no revenue generated from the sales of high-grade nickel-copper products (six months ended 30 September 2021: HK\$78,906,000).

Management Discussion and Analysis (Continued)

Liquidity and Financial Resources

As at 30 September 2022, the Group had bank balances and cash of approximately HK\$106,318,000 (31 March 2022: HK\$127,065,000) and net current assets of HK\$105,363,000 (31 March 2022: HK\$121,951,000). Out of the Group's bank balances and cash, about 2% (31 March 2022: 1%) was denominated in Hong Kong dollars, 96% (31 March 2022: 99%) was denominated in Renminbi and less than 2% (31 March 2022: less than 1%) was denominated in United States dollars. As at 30 September 2022, the Group's current ratio was 7.06 (31 March 2022: 6.19). The increase in current ratio was mainly due to the repayment of loans from related companies of approximately HK\$5,000,000 during the period.

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

As at 30 September 2022, the Group had outstanding borrowings of approximately HK\$6,200,000 (31 March 2022: HK\$11,200,000), which represented loans from related companies.

Capital Commitments

The Group has no significant capital commitment as at 30 September 2022.

Gearing Ratio

As at 30 September 2022, the Group's gearing ratio was approximately 11.39% (31 March 2022: 18.34%), based on total borrowings of approximately HK\$6,200,000 (31 March 2022: HK\$11,200,000) and equity attributable to owners of the Company of approximately HK\$54,444,000 (31 March 2022: HK\$61,056,000). The decrease in the ratio was mainly due to the repayment of loans from related companies of approximately HK\$5,000,000 during the period.

Charge on the Group's Assets

None of the Group's assets was pledged as at 30 September 2022.

Order Book and Prospects for New Business

There was no order book on hand as at 30 September 2022.

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 period under review.



Management Discussion and Analysis (Continued)

Segmental Information

The Group is currently engaged in two operating segments – (i) the Mining and Metal Business; and (ii) the Software and Innovation Business. During the period under review, the Software and Innovation Business accounted for 100.00% (six months ended 30 September 2021: 0.44%) of total revenue while there is no revenue from the Mining and Metal Business (six months ended 30 September 2021: 99.56%) due to the completion of phase one of the Baishiquan Nickel-copper Mine in last financial 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 functional currency of the respective group companies which are mainly in Hong Kong dollars or Renminbi, the exposure to foreign exchange rate fluctuations is not significant.

Contingent Liabilities

As at 30 September 2022, there were no material contingent liabilities incurred by the Group.

Employee Information

As at 30 September 2022, the Group employed a total of 21 staff. 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. For the six months ended 30 September 2022, there was no serious work safety issue on our Group's employees.

Other Information

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

At 30 September 2022, 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		
Executive Director				
Felipe TAN	159,128,000	678,074,400*	837,202,400	29.76%
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%

* 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%
	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 01.04.2022	During the period		Outstanding at 30.09.2022
				Cancelled	Lapsed		
Executive Directors							
Felipe TAN	02.03.2017	02.03.2017–01.03.2027	0.1080	2,000,000	–	–	2,000,000
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
				<u>7,000,000</u>	<u>–</u>	<u>–</u>	<u>7,000,000</u>

Notes:

1. No share option was granted under the share option schemes during the six months ended 30 September 2022.
2. No share option granted under the share option schemes was exercised during the six months ended 30 September 2022.

Save as disclosed above, at 30 September 2022, 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 Shareholder's Interests and Short Positions in Shares and Underlying Shares

As at 30 September 2022, the register maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain Directors and the chief executive, the following shareholder had notified the Company of relevant interest in the issued share capital of the Company.

Name of substantial shareholders	Nature of interests	Number of shares or underlying shares held			Percentage of the issued share capital as at 30 September 2022
		Ordinary shares	Share options	Total	

Starmax Holdings Limited*	Beneficial owner	678,074,400	–	678,074,400	24.11%
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* Starmax is beneficially owned by Mr. Felipe Tan.

Saved as disclosed above, as at 30 September 2022, 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.

Share Options

A summary of the share options granted under the share option schemes is as follows:

Type of participants	Date of grant	Vesting and exercisable period	Exercise price per share HK\$	Number of share options		
				Outstanding at 01.04.2022	During the period Cancelled	Lapsed

2003 Share Option Scheme

Employee	20.11.2012	20.11.2012– 19.11.2022	0.1281	3,113,514	–	–	3,113,514
Weighted average exercise price				HK\$0.1281	N/A	N/A	HK\$0.1281

Other Information (Continued)

Share Options (Continued)

Type of participants	Date of grant	Vesting and exercisable period	Exercise price per share HK\$	Number of share options			
				Outstanding at 01.04.2022	During the period Cancelled	Lapsed	Outstanding at 30.09.2022
2013 Share Option Scheme							
Directors	02.03.2017	02.03.2017– 01.03.2027	0.1080	7,000,000	–	–	7,000,000
				7,000,000	–	–	7,000,000
Employees	03.10.2013	03.10.2013– 02.10.2023	0.1435	3,632,433	–	–	3,632,433
	17.02.2014	17.02.2014– 16.02.2024	0.1329	622,703	–	–	622,703
	02.03.2017	02.03.2017– 01.03.2027	0.1080	9,000,000	–	–	9,000,000
				13,255,136	–	–	13,255,136
Others	02.03.2017	02.03.2017– 01.03.2027	0.1080	13,000,000	–	–	13,000,000
				13,000,000	–	–	13,000,000
Total				33,255,136	–	–	33,255,136
Weighted average exercise price				HK\$0.1123	N/A	N/A	HK\$0.1123

Notes:

1. No share option was granted under the share option schemes during the six months ended 30 September 2022.
2. No share option granted under the share option schemes was exercised during the six months ended 30 September 2022.

Other Information (Continued)

Competing Interest

Mr. Felipe Tan holds shareholding and directorship in GobiMin Inc. (“GobiMin”), 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 the development of mineral properties, mainly in Xinjiang, the PRC during the period under review. GobiMin is mainly engaged in gold exploration or prospecting, whereas the mineral resources that are currently exploring by the Group are nickel-copper. 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.

Following the discontinuance of mining operation of GobiMin in July 2022, Mr. Felipe Tan ceased to have any interests in business which might compete, either directly or indirectly, with the businesses of 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.

Code on Corporate Governance Practices

During the six months ended 30 September 2022, the Company had complied with the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules, except for code provision C.2.1.

Code provision C.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. Since the re-appointment of Mr. Felipe Tan as an executive Director and the Chairman of the Company after the resignation of the Acting Chief Executive Officer on 17 March 2021, the Company has a vacancy for the Chief Executive Officer and the role of the Chief Executive Officer has been performed by the executive Directors collectively. The Board 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.

Code of Conduct Regarding Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company throughout the six months ended 30 September 2022.



Other Information (Continued)

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 interim report, including the unaudited condensed consolidated financial statements for the six months ended 30 September 2022.

On behalf of the Board

Timeless Software Limited

Felipe Tan

Chairman

Hong Kong, 9 November 2022