



TIMELESS SOFTWARE LIMITED

天時軟件有限公司

(incorporated in Hong Kong with limited liability)

(Stock code: 8028)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 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 announcement, 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 announcement.

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

This announcement shall remain on the “Latest 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.

RESULTS

The board of Directors (“Board”) of the Company is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 March 2022, together with the comparative audited figures for the corresponding period in 2021, have been reviewed by the audit committee of the Company and approved by the Board on 20 June 2022 as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2022

	Notes	2022 HK\$'000	2021 HK\$'000
Revenue	4	80,197	189,935
Other income and gains	5	5,543	3,583
Production costs		(18,428)	(90,751)
Staff costs		(11,071)	(12,031)
Depreciation and amortisation		(1,690)	(1,870)
Gain/(loss) on disposal/write-off of property, plant and equipment		319	(661)
Gain on partial disposal of interests in an associate		7,272	407
Impairment loss on other receivables		(557)	–
Loss on fair value changes of an investment property		(700)	(2,240)
(Loss)/gain on fair value changes of financial assets at fair value through profit or loss		(1,894)	1,126
Loss on derecognition of financial assets at fair value through profit or loss		(2,258)	–
Other operating expenses		(11,307)	(16,478)
Share of profit/(loss) of associates		304	(101)
Finance costs	6	(657)	(679)
Profit before tax		45,073	70,240
Income tax expense	7	(8,441)	(20,067)
Profit for the year	8	36,632	50,173
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		5,090	8,458
Total comprehensive income for the year		41,722	58,631
Profit attributable to:			
Owners of the Company		6,948	7,976
Non-controlling interests		29,684	42,197
		36,632	50,173
Total comprehensive income attributable to:			
Owners of the Company		8,272	10,176
Non-controlling interests		33,450	48,455
		41,722	58,631
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share			
– Basic and diluted	9	0.25	0.28

Consolidated Statement of Financial Position

At 31 March 2022

	Notes	2022 HK\$'000	2021 HK\$'000
Non-current assets			
Property, plant and equipment		157	1,494
Right-of-use assets		6,165	6,263
Investment property		7,900	8,600
Intangible assets		–	–
Exploration and evaluation assets		13,956	–
Interests in associates		401	97
Financial assets at fair value through profit or loss		7,290	9,992
Land rehabilitation costs		–	242
		<u>35,869</u>	<u>26,688</u>
Current assets			
Inventories		130	9,947
Trade receivables	10	5	3,621
Prepayments, deposits and other receivables		16,510	25,179
Financial assets at fair value through profit or loss		1,719	12,933
Bank balances and cash		127,065	116,072
		<u>145,429</u>	<u>167,752</u>
Current liabilities			
Trade and other payables	11	11,418	16,068
Dividends payable to a non-controlling shareholder		–	8,820
Provision for land rehabilitation		860	827
Loans from related companies		11,200	15,000
Current tax liabilities		–	9,611
		<u>23,478</u>	<u>50,326</u>
Net current assets		<u>121,951</u>	<u>117,426</u>
Total assets less current liabilities		<u>157,820</u>	<u>144,114</u>
Non-current liabilities			
Provision for land rehabilitation		7,246	6,965
Deferred tax liabilities		2,218	1,870
		<u>9,464</u>	<u>8,835</u>
Net assets		<u>148,356</u>	<u>135,279</u>
Capital and reserves			
Share capital		906,074	906,074
Reserves		(845,018)	(853,290)
		<u>61,056</u>	<u>52,784</u>
Equity attributable to owners of the Company		61,056	52,784
Non-controlling interests		87,300	82,495
Total equity		<u>148,356</u>	<u>135,279</u>

NOTES:

1. GENERAL

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

The principal activity of the Company is investment holding. The Group is principally engaged in (i) the exploration and exploitation of mines and trading of metal (“Mining Business”); and (ii) research, development and sale agency of bio and nano materials products as well as 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 through its associates.

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

The financial information relating to the years ended 31 March 2022 and 2021 included in this announcement does not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 March 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 March 2022 to the Registrar of Companies in due course.

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

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

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group have applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Covid-19 Related Rent Concessions
Amendments to HKFRS 16	Covid-19 Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the “Committee”) of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange (“GEM Listing Rules”) and by the Hong Kong Companies Ordinance.

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

4. REVENUE AND SEGMENT INFORMATION

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

No operating segments have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group’s reportable segments under HKFRS 8 are as follows:

- (i) Mining Business – exploration and exploitation of mines and trading of metal; and
- (ii) Other Business – research, development and sale agency of bio and nano material products as well as software maintenance and development services

Segment revenues and results

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

For the year ended 31 March 2022

	Mining Business <i>HK\$’000</i>	Other Business <i>HK\$’000</i>	Total <i>HK\$’000</i>
Segment revenue			
External sales	<u>79,766</u>	<u>431</u>	<u>80,197</u>
Segment profit	<u>44,698</u>	<u>237</u>	44,935
Interest income			3,769
Unallocated other income and gains			994
Unallocated corporate expenses			(6,135)
Gain on partial disposal of interests in an associate			7,272
Impairment loss on other receivables			(557)
Loss on fair value changes of an investment property			(700)
Loss on fair value changes of financial assets at FVTPL			(1,894)
Loss on derecognition of financial assets at FVTPL			(2,258)
Share of profit of associates			304
Finance costs			(657)
Group’s profit before tax			<u>45,073</u>

For the year ended 31 March 2021

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

There were no inter-segment sales in the current year (2021: nil).

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

Segment assets and liabilities

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Segment assets		
Mining Business	22,278	46,106
Other Business	60	40
Total reportable segment assets	22,338	46,146
Interests in associates	401	97
Unallocated	158,559	148,197
Consolidated assets	181,298	194,440
Segment liabilities		
Mining Business	20,911	34,534
Other Business	-	5
Total reportable segment liabilities	20,911	34,539
Unallocated	12,031	24,622
Consolidated liabilities	32,942	59,161

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

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

Other segment information

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Additions to non-current assets*		
Mining Business	<u>14,003</u>	<u>11,662</u>
Gain/(loss) on disposal/write-off of property, plant and equipment		
Mining Business	<u>319</u>	<u>(661)</u>
Depreciation and amortisation		
Mining Business	1,501	1,681
Unallocated	<u>189</u>	<u>189</u>
	1,690	1,870
Depreciation and amortisation included in production costs		
Mining Business	<u>319</u>	<u>25,628</u>
Total depreciation and amortisation recognised in profit and loss	<u>2,009</u>	<u>27,498</u>

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

Geographical Information

The Group's operations are mainly located in Hong Kong and Mainland China.

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue from external customers		
Hong Kong	431	917
Mainland China	<u>79,766</u>	<u>189,018</u>
	<u>80,197</u>	<u>189,935</u>
Non-current assets		
Hong Kong	8,032	8,921
Mainland China	<u>20,146</u>	<u>7,678</u>
	<u>28,178</u>	<u>16,599</u>

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

Information about major customers

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Customer A ¹	79,766	80,710
Customer B ¹	N/A ²	67,145

¹ Revenue from Mining Business.

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

Disaggregation of revenue from contracts with products

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Types of goods or service		
Sales of high-grade nickel-copper ores	79,766	80,710
Sales of nickel concentrates	–	83,783
Sales of copper concentrates	–	24,525
Service fee income	406	901
Sales of water soluble bags	25	16
	<u>80,197</u>	<u>189,935</u>

5. OTHER INCOME AND GAINS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Dividend income from a financial asset at FVTPL	750	750
Interest income		
– bank deposits	3,275	801
– financial assets at FVTPL	188	188
– other receivable	306	–
Government grants	–	944
Net foreign exchange gain	153	–
Others	871	900
	<u>5,543</u>	<u>3,583</u>

During the year ended 31 March 2021, the Group recognised government grants of HK\$944,000, of which HK\$506,000 related to Employment Support Scheme provided by the Hong Kong government. There was no unfulfilled condition in respect of the grants.

6. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest on loans from related companies	657	675
Interest on lease liabilities	–	4
	<hr/>	<hr/>
Total borrowing costs	657	679
	<hr/> <hr/>	<hr/> <hr/>

7. INCOME TAX EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax		
– PRC Enterprise Income Tax	7,021	22,262
– Under provision in prior years	27	7
– PRC withholding tax	1,062	750
Deferred tax	331	(2,952)
	<hr/>	<hr/>
	8,441	20,067
	<hr/> <hr/>	<hr/> <hr/>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazette on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. 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 subsidiaries operating in Mainland China is 25% for both years.

8. PROFIT FOR THE YEAR

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit for the year has been arrived at after charging/(crediting):		
Directors' and chief executive's emoluments	2,125	2,830
Other staff's retirement benefits scheme contributions	406	619
Other staff costs*	<u>8,540</u>	<u>8,582</u>
Employee benefits expenses	<u>11,071</u>	<u>12,031</u>
Depreciation of property, plant and equipment	319	1,286
Amortisation of intangible assets	<u>–</u>	<u>24,342</u>
Depreciation and amortisation (including in the production costs line item)	<u>319</u>	<u>25,628</u>
Depreciation of property, plant and equipment	1,096	1,415
Depreciation of right-of-use assets	345	396
Amortisation of land rehabilitation costs	<u>249</u>	<u>59</u>
Depreciation and amortisation (included in the depreciation and amortisation line item)	<u>1,690</u>	<u>1,870</u>
Rental income arising from an investment property	(192)	(206)
Less: direct operating expenses incurred for an investment property that generate rental income during the year	<u>85</u>	<u>76</u>
	<u>(107)</u>	<u>(130)</u>
Auditor's remuneration	620	650
Cost of inventories recognised as an expense	16,404	76,415
Provision for inventories (included in the production costs line item)	1,431	–
Expense relating to short-term leases not included in the measurement of lease liabilities	<u>772</u>	<u>3,500</u>

* The costs exclude production staff costs of approximately HK\$274,000 (2021: HK\$8,301,000) which were included in the production costs line item.

9. EARNINGS PER SHARE

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

Earnings for the basic and diluted earnings per share:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Earnings for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share	<u>6,948</u>	<u>7,976</u>

Number of shares:

	2022 <i>'000</i>	2021 <i>'000</i>
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>2,812,882</u>	<u>2,812,882</u>

The computation of the diluted earnings per share does not assume the exercise of the Company's outstanding share option since the exercise prices of those options were higher than the average market price for shares for both 2022 and 2021.

10. TRADE RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables from contracts with customers	<u>5</u>	<u>3,621</u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 to 30 days	<u>5</u>	<u>3,621</u>

As at 31 March 2022, none of trade receivables balance are past due (2021: nil).

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

11. TRADE AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	907	2,970
Other payables	<u>10,511</u>	<u>13,098</u>
	<u>11,418</u>	<u>16,068</u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 to 30 days	352	305
31 to 60 days	–	–
61 to 90 days	–	2,552
More than 90 days	<u>555</u>	<u>113</u>
	<u>907</u>	<u>2,970</u>

12. DIVIDEND

No dividend had been paid or declared by the Company during the year (2021: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Mining Business

Overview

The Mining Business primarily comprises of exploration and exploitation of a nickel-copper mine in Mainland China. For the year ended 31 March 2022, high-grade nickel-copper ores were the major products sold under the Mining Business.

During the year ended 31 March 2022, the Group recorded a decrease in gross profit due to decrease in sales of nickel-copper ores extracted from phase one of the Baishiquan Nickel-copper Mine, the resources of which was exhausted in March 2021 with minimal activities and costs incurred at mine site. All the remaining inventory was sold in August 2021 and there was no turnover from the Mining Business thereafter. In view that the mining license will be expired in September 2022, the Group had commenced the renewal preparation during the year under review. For phase two mining zone of the Baishiquan Nickel-copper Mine, we have engaged qualified professional to prepare verification report of resources and reserves with supplementary exploration work completed in April 2022, of which the approval by the regulatory authority is a precedent for the commencement of the feasibility study. For the year ended 31 March 2022, we have incurred approximately HK\$1.6 million (2021:nil) for drilling 13 holes of approximately 3,441 meters. The Group also paid mining royalties of approximately HK\$12.3 million for the Baishiquan Nickel-copper Mine.

For the year ended 31 March 2022, turnover from sales of 18,046 tonnes of high-grade nickel-copper ores amounted to approximately HK\$79.8 million, as compared to turnover of HK\$189.0 million by sales of 24,730 tonnes of high-grade nickel-copper ores of HK\$80.7 million, 17,471 tonnes of nickel concentrate of HK\$83.8 million and 1,846 tonnes of copper concentrate of HK\$24.5 million for the year ended 31 March 2021.

Resource estimates update

As at 31 March 2022, the details of the resource estimates of the mining zone (phase two) are set out below:

Mine	Resource category	Tonnage	Average grade	
		<i>(tonnes*1,000)</i>	<i>(Ni%)</i>	<i>(Cu%)</i>
Baishiquan Nickel-copper Mine	Indicated	2,880	0.58	0.39
	Inferred	2,631	0.61	0.33

Notes:

- (1) The resource estimates are prepared by internal experts based on the exploration works done and the new national standard of the PRC classifications for Mineral Resources and Mineral Reserves (GB/T 17766-2020) adjusted from the JORC resource and reserve estimates previously disclosed.
- (2) Cut-off grade is 0.3%.

Exploration, Development and Mining Production Activities

Mine	Activity		
	Exploration	Development	Mining
Baishiquan Nickel-copper Mine	Drilling of 13 holes of approximately 3,441 meters	No material activity	No material activity

Expenditure Incurred

During the year ended 31 March 2022, the Group had incurred expenditure on exploration, development, mining and processing activities as follows:

	Total <i>HK\$'000</i>
1. Capital Expenditure	
1.1 Exploration activities	
Drilling and analysis	1,628
1.2 Development activities (including mine construction)	
Construction of drift	—
	<hr/>
Total Capital Expenditure	1,628
	<hr/> <hr/>
2. Operating Expenditure for Mining Activities	
Staff cost	274
Consumables	6
Fuel, electricity, water and other services	89
Non-income taxes, royalties and other government charges	14
Others	8
	<hr/>
Total Operating Expenditure	391
	<hr/> <hr/>
Total Capital and Operating Expenditure	2,019
	<hr/> <hr/>
3. Processing Expenditure	—
	<hr/> <hr/>
Total Expenditure	2,019
	<hr/> <hr/>

Infrastructure projects and subcontracting arrangements

As at 31 March 2022, there was HK\$1.0 million commitments in relation to the new contract (2021: nil).

Outlook

Throughout this financial year, we have worked hard to develop phase two mining zone of the Baishiquan Nickel-copper Mine as these metals will play a major role in the low-carbon future and demand for nickel and copper is expected to have a rapid growing market.

As we have completed the supplementary exploration work in April 2022, our primary goal in this year is to obtain the government approval on the verification report of resources and reserves which will be submitted in the end of June 2022 and proceed to feasibility study. As the COVID-19 pandemic is still ongoing across the world and may pose great challenge to our operation and business, the Group would timely adjust our plan, keep pace with the global trend and make progress on our projects in times of uncertainty.

Other Business

Overview

Other Business comprised of research, development and sale agency of bio and nano materials products as well as software maintenance and development services. For the year ended 31 March 2022, there was turnover of approximately HK\$0.4 million (2021: HK\$0.9 million) from Other Business and the segment profit was approximately HK\$0.2 million (2021: HK\$1.2 million). The segment profit was mainly contributed by the service fee income of HK\$0.4 million from the provision of sales agency services of bio and nano materials products. The Group also engaged in the development and sales of water soluble and biodegradable products, which contributed a revenue of approximately HK\$25,000 (2021: HK\$16,000) for the year ended 31 March 2022.

Outlook

For the Other Business, the year under review was a turbulent year as the development of our investment projects has been delayed due to the strict anti-epidemic measures imposed by the Hong Kong government. For the biodegradable material and nano projects, they will still be our investment in the coming years with first priority as personal and environmental hygiene and sanitization products are the global trend. However, as the macroeconomic environment remains uncertain under the pandemic, the Group will try its best to cope with the operational challenges and turn all challenges into opportunities.

Interests in Associates

For the year ended 31 March 2022, the Group recorded share of profit of its associates of approximately HK\$0.3 million (2021: loss of HK\$0.1 million) which mainly derived from HK\$0.6 million and HK\$0.9 million cash rebate received by Nano Bubble Limited and Nano Energy Limited respectively from the Innovation and Technology Commission where there was no cash rebate in the last year.

Immediately after the subscription of 12,470 shares of CGA Holdings Limited (“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”), the equity interest of CGA Holdings owned by the Group decreased from 29.97% to 15.28%. CGA Holdings ceased to be an associate of the Group and was accounted for as financial assets at fair value through profit or loss. The Group recorded a gain on partial disposal of an associate of approximately HK\$7.3 million upon completion of the Subscription. In the event that the listing is unsuccessful for any reason on or before 18 April 2023, the Subscriber shall transfer all its shareholding in CGA Holdings to Bloom Explorer Limited (“Bloom Explorer”) and the Group 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.

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 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 (“Guaranteed Profit”). As the Guaranteed Profit has not been 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”). 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. As security for the due and punctual performance of the obligations of the CGA Guarantors, 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 about 35.72% of the total shares of CGA Holdings currently in issue.

The Group owned 22.53% equity interest in Nano Bubble Limited which is mainly engaged in research and development for hygienic and sanitisation products and related solutions using the nano-ozone technology. The hydroponic machine is not only used for replacing chemical detergent to sterilization and disinfection but also be applied to aquaculture and agriculture to enrich oxygen level in fish and vegetable cultivation media. During the year under review, the industrial hydroponic machine was still under fine tuning while the nano bubble generator for domestic use was under assembling. It is expected that the nano bubble generator for hydroponic use can be launched to the market in 2022. The Group is optimistic on the commercialisation of the research and development outcome of Nano Bubble Limited as such technology attracted massive positive feedback.

Other Investments

As at 31 March 2021, the Group owned 600,000 ordinary shares of Dragon Silver Holdings Limited (“Dragon Silver”), representing approximately 8.86% of its issued share capital, at an investment cost of HK\$7,800,000. Dragon Silver is a company incorporated in Hong Kong principally engaged in trading, production, processing and investment in metals and related products. Pursuant to the subscription agreement dated 29 December 2017, the founder of Dragon Silver (the “DS Guarantor”) irrevocably guaranteed to the Group that the profit for each of its financial years ended from 30 June 2018 to 2022 (the “DS Relevant Years”) shall not be less than HK\$15,000,000 (“DS Profit Guarantee”). 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 ended 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.

The DS Guarantor also irrevocably guaranteed to the Group that the amount of dividends declared and paid by Dragon Silver for each DS Relevant Years shall not be less than HK\$1.25 per share. Dragon Silver has not paid any dividend to the Group for its financial year ended 30 June 2021 (“FY2021”). On 7 October 2021, the DS Guarantor paid to the Group the compensation of HK\$750,000. As such, the Board (including the independent non-executive Directors) considers that the obligation of the DS Guarantor in respect of the DS Guaranteed Dividend for FY2021 has been fulfilled.

Pursuant to the put option deed dated 29 December 2017, the DS Guarantor has granted to the Group the Put Option to sell all the 600,000 shares at the consideration of HK\$7,800,000 within the period from 29 December 2021 to 28 December 2022. On 16 February 2022, the Group exercised the Put Option to sell all its shares in Dragon Silver to the DS Guarantor (“Disposal”) and the transfer of the shares was completed with the total consideration of HK\$7,800,000 duly received by the Group. Further details of the Disposal are set out in the Company’s announcement dated 16 February 2022.

FINANCIAL PERFORMANCE REVIEW

For the year ended 31 March 2022, the Group recorded a total turnover of approximately HK\$80.2 million (2021: HK\$189.9 million), representing a decrease of 58% as compared with the last financial year. Other income and gains of approximately HK\$5.5 million for the year under review (2021: HK\$3.6 million) mainly represented dividend income, interest income, rental income and profit from disposal of consumables of processing plant. Profit for the year was approximately HK\$36.6 million (2021: HK\$50.2 million), which was mainly contributed by the Mining Business.

The Mining Business recorded revenue of approximately HK\$79.8 million (2021: HK\$189.0 million) and segment profit for the year of HK\$44.7 million (2021: HK\$76.0 million), representing a decrease of 58% and 41% respectively as compared with the last financial year. The decrease in revenue and profit was mainly due to the decrease in sales quantity whereas all the inventory was sold in August 2021.

There was turnover of approximately HK\$0.4 million from the Other Business (2021: HK\$0.9 million). Segment profit was HK\$0.2 million (2021: HK\$1.2 million). The decrease in segment profit of Other Business by 83% was mainly due to a one-off cash rebate for research and development of HK\$0.3 million received in the prior year. The segment profit of Other Business was contributed by the service fee income from sales of nanofibers related products and trading gain on sale of water soluble products.

Profit attributable to owners of the Company was approximately HK\$6.9 million, as compared to approximately HK\$8.0 million for the last financial year.

The adjusted EBITDA of the Group, a non-HKFRSs financial measure, for the current year decreased by HK\$56.1 million to HK\$41.8 million as compared to HK\$97.9 million last year, details of which is provided in the annual report of the Company.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2022, the Group had bank balances and cash of approximately HK\$127.1 million (2021: HK\$116.1 million) and net current assets of HK\$122.0 million (2021: HK\$117.4 million). Out of the Group's bank balances and cash, about 1% was denominated in Hong Kong dollars (2021: 2%) and 99% was denominated in Renminbi (2021: 98%). The cash denominated in United States dollars is less than 1% (2021: less than 1%).

As at 31 March 2022, the current ratio was 6.19 (2021: 3.33).

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

As at 31 March 2022, the Group had outstanding borrowings of approximately HK\$11.2 million (2021: HK\$15.0 million), which mainly represented a loan from a related company.

CAPITAL COMMITMENTS

The Group has no significant capital commitment as at 31 March 2022.

GEARING RATIO

As at 31 March 2022, the Group's gearing ratio was approximately 18.34% (2021: 28.42%), based on total borrowings of approximately HK\$11.2 million (2021: HK\$15.0 million) and equity attributable to owners of the Company of approximately HK\$61.1 million (2021: HK\$52.8 million). The decrease in the ratio was mainly due to profit recognised in the current year which caused the increase in equity attributable to owners of the Company and also repayment of a loan from a related company.

EMPLOYEE INFORMATION

As at 31 March 2022, the Group employed a total staff of 22 (2021: 35). The decrease in staff number was due to the staff layoff in the mine site and the processing plant upon completed extraction of mineral resources in the current mining zone (phase one) and also expiration of the tenancy of its processing plant. Staff remuneration is reviewed by the management of the Group from time to time and increases are granted normally annually or by special adjustment depending on length of service and performance when warranted. In addition to salaries, the Group provides staff benefits including medical insurance and provident fund. Share options and bonuses are also available to employees of the Group at the discretion of the Directors and depending upon the financial performance of the Group. The Group also concerns on work safety to the employees. During the year ended 31 March 2022, there was no serious work safety issue on our Group's employees.

CHARGE ON THE GROUP'S ASSETS

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

ORDER BOOK AND PROSPECTS FOR NEW BUSINESS

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

FUTURE PLANS FOR MATERIAL INVESTMENTS

The Group does not have any plan for material investments in the near future.

EXPOSURE TO EXCHANGE RISKS

Since the Group's borrowings and its source of income are primarily denominated in the respective group companies functional currency which are mainly in Hong Kong dollars or Renminbi and the exchange rate of Renminbi to Hong Kong dollars has been relatively stable throughout the year under review, the exposure to foreign exchange rate fluctuations is not significant.

CONTINGENT LIABILITIES

As at 31 March 2022, the Group has no material contingent liabilities.

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

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

AUDIT COMMITTEE

The audit committee comprises three independent non-executive Directors, Ms. Tsang Wai Chun Marianna, Ms. Chan Choi Ling and Mr. Lam Kwai Yan. The audit committee has reviewed the audited financial results of the Group for the year ended 31 March 2022.

CORPORATE GOVERNANCE PRACTICES

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

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

The Company has adopted the code provisions ("Code Provisions") set out in the Corporate Governance Code (version up to 31 December 2021) (the "Code") as set out in Appendix 15 to the GEM Listing Rules. The Company had complied with all Code Provisions as set out in the Code, throughout the year ended 31 March 2022, except for Code Provision A.2.1.

Code Provision A.2.1 provides that the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. 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.

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

By Order of the Board
TIMELESS SOFTWARE LIMITED
Felipe Tan
Chairman

Hong Kong, 20 June 2022

Executive Directors:

Mr. Felipe Tan (*Chairman*)

Mr. Ronald Tan

Independent non-executive Directors:

Ms. Chan Choi Ling

Mr. Lam Kwai Yan

Ms. Tsang Wai Chun Marianna