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 2020

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 2020, together with the comparative audited figures for the corresponding period in 2019, reviewed by the audit committee of the Company and approved by the Board on 23 June 2020 as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 March 2020

	Notes	**2020** *HK$'000*	2019 *HK$'000*
Revenue	3	**113,679**	78,154
Other income and gains		**1,770**	3,358
Production costs		**(88,165)**	(58,548)
Staff costs		**(10,670)**	(10,940)
Depreciation and amortisation		**(1,459)**	(2,972)
Other operating expenses		**(11,653)**	(13,110)
Gain/(loss) on disposal/written-off of property, plant and equipment		**20**	(3,724)
Impairment loss on mining assets		**(80,346)**	(56,045)
Impairment loss on interests in associates		**(27,808)**	(7,835)
Fair value gain on investment properties		**550**	90
Fair value changes on financial assets at fair value through profit or loss		**1,804**	6,315
Gain on disposal of intangible assets		**1,716**	–
Finance costs	4	**(692)**	(502)
Share of loss of associates		**(11,028)**	(3,920)
Impairment loss on amount due from an associate		**(12)**	(740)
Loss before tax		**(112,294)**	(70,419)
Income tax credit	5	**981**	3,660
Loss for the year	6	**(111,313)**	(66,759)
Other comprehensive expense, net of income tax			
Items that may not be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(9,226)**	(14,569)
Other comprehensive expense for the year, net of income tax		**(9,226)**	(14,569)
Total comprehensive expense for the year		**(120,539)**	(81,328)
Loss attributable to:			
Owners of the Company		**(61,734)**	(27,785)
Non-controlling interests		**(49,579)**	(38,974)
		(111,313)	(66,759)
Total comprehensive expense attributable to:			
Owners of the Company		**(64,133)**	(31,575)
Non-controlling interests		**(56,406)**	(49,753)
		(120,539)	(81,328)
		HK cents	*HK cents*
Loss per share			
– Basic and diluted	7	**(2.19)**	(0.99)

Consolidated Statement of Financial Position
At 31 March 2020

	Notes	2020 HK$'000	2019 HK$'000
Non-current assets			
Property, plant and equipment		**4,411**	14,895
Right-of-use assets		**6,149**	–
Prepaid lease payments		**–**	6,313
Investment properties		**10,840**	10,290
Other intangible assets	8	**12,730**	109,540
Interests in associates		**197**	39,357
Financial assets at fair value through profit or loss		**19,173**	17,804
Deposits		**22,157**	23,720
Land rehabilitation costs		**279**	2,275
		75,936	224,194
Current assets			
Inventories		**8,649**	20,112
Prepaid lease payments		**–**	233
Other receivables	9	**2,398**	1,312
Financial assets at fair value through profit or loss		**2,626**	2,957
Bank balances and cash		**47,912**	41,579
		61,585	66,193
Current liabilities			
Trade and other payables	10	**10,782**	11,655
Contract liabilities		**72**	77
Dividends payable to non-controlling interests		**–**	4,410
Provision for land rehabilitation		**2,193**	2,348
Lease liabilities		**159**	–
Obligations under finance leases		**–**	271
Loan from related companies		**15,000**	15,000
		28,206	33,761
Net current assets		**33,379**	32,432
Total assets less current liabilities		**109,315**	256,626
Non-current liabilities			
Amount due to a non-controlling interest		**–**	891
Provision for land rehabilitation		**6,420**	6,872
Lease liabilities		**3**	–
Deferred tax liabilities		**4,387**	15,930
		10,810	23,693
Net assets		**98,505**	232,933
Capital and reserves			
Share capital		**906,074**	906,074
Reserves		**(863,337)**	(798,917)
Equity attributable to owners of the Company		**42,737**	107,157
Non-controlling interests		**55,768**	125,776
Total equity		**98,505**	232,933

Consolidated Statement of Changes in Equity

For the year ended 31 March 2020

	Share capital	Share options reserve	General reserve	Property revaluation reserve	Translation reserve	Accumulated deficit	Attributable to owners of the Company	Non-controlling interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 April 2018	906,074	2,068	647	964	107	(771,128)	138,732	200,850	339,582
Loss for the year	–	–	–	–	–	(27,785)	(27,785)	(38,974)	(66,759)
Other comprehensive expense for the year	–	–	–	–	(3,790)	–	(3,790)	(10,779)	(14,569)
Total comprehensive expense for the year	–	–	–	–	(3,790)	(27,785)	(31,575)	(49,753)	(81,328)
Release of reserve upon share options lapsed	–	(44)	–	–	–	44	–	–	–
Capital injection from non-controlling interests	–	–	–	–	–	–	–	2	2
Transfer to general reserve	–	–	503	–	–	(503)	–	–	–
Dividends distributed to non-controlling interests	–	–	–	–	–	–	–	(25,323)	(25,323)
Balance at 31 March 2019	906,074	2,024	1,150	964	(3,683)	(799,372)	107,157	125,776	232,933
Effect on initial application of HKFRS 16 *(Note 2)*	–	–	–	–	–	(287)	(287)	74	(213)
Balance at 1 April 2019	**906,074**	**2,024**	**1,150**	**964**	**(3,683)**	**(799,659)**	**106,870**	**125,850**	**232,720**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(61,734)**	**(61,734)**	**(49,579)**	**(111,313)**
Other comprehensive expense for the year	**–**	**–**	**–**	**–**	**(2,399)**	**–**	**(2,399)**	**(6,827)**	**(9,226)**
Total comprehensive expense for the year	**–**	**–**	**–**	**–**	**(2,399)**	**(61,734)**	**(64,133)**	**(56,406)**	**(120,539)**
Transfer to general reserve	**–**	**–**	**440**	**–**	**–**	**(440)**	**–**	**–**	**–**
Dividends distributed to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(13,629)**	**(13,629)**
Acquisition of non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(47)**	**(47)**
Balance at 31 March 2020	**906,074**	**2,024**	**1,590**	**964**	**(6,082)**	**(861,833)**	**42,737**	**55,768**	**98,505**

NOTES:

1. GENERAL

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 are disclosed in the corporate information section of the annual report.

The principal activity of the Company is investment holding. The Group is principally engaged in (i) the exploration and exploitation of mines ("Mining Business"); and (ii) research and development of bio and nano new materials as well as various investments in startup fund, software maintenance and development, and e-commerce services ("Other Business").

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 2020 and 2019 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 2019 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 2020 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 NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and amendments to HKFRSs that are mandatorily effective for the current year

The Company and its subsidiaries (collectively the "Group") have applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

HKFRS 16	*Leases*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2015–2017 Cycle*

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.1 HKFRS 16 Leases

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application as an adjustment to the opening accumulated deficit and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;

ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

iv. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment; and

v. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied weighted average incremental borrowing rate at the date of initial application. The weighted average incremental borrowing rates applied by the Group is 4.75%.

The following table reconciles the opening lease commitments as at 31 March 2019 to the opening balance for lease liabilities recognised as at 1 April 2019:

	HK$'000
Operating lease commitment disclosed as at 31 March 2019	3,058
Add: recognition of lease liabilities under HKFRS 16	356
Less: short-term leases not recognised as a liability	(3,058)
	356
Weighted average incremental borrowing rate as at 1 April 2019	4.75%
Lease liabilities relating to operating leases recognised upon application of HKFRS 16	334
Add: Obligations under finance lease recognised at 31 March 2019	271
Lease liabilities as at 1 April 2019	605
Analysed as	
Current	441
Non-current	164
	605

At initial application, right-of-use assets were measured at their carrying amounts as if HKFRS 16 had always been applied since the commencement date of the leases, discounted at the lessee's incremental borrowing rate at the date of initial application.

The carrying amount of right-of-use assets for own use as at 1 April 2019 comprised the following:

	Right-of-use assets *HK$'000*
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	440
Reclassified from prepaid lease payments	6,546
Amounts included in property, plant and equipment under HKAS 17 – Assets previously under finance leases	493
	7,479
By class:	
Land and properties	6,986
Motor vehicle	493
	7,479

Payments for leasehold lands in the People's Republic of China ("PRC") for own used properties were classified as prepaid lease payments as at 31 March 2019. Upon application of HKFRS 16, the current and non-current portion of prepaid lease payments amounting to approximately HK$233,000 and HK$6,313,000 respectively were reclassed to right-of-use assets.

In relation to assets previously under finance leases, the Group recategorised the carrying amounts of the relevant assets which were still under lease as at 1 April 2019 amounting to approximately HK$493,000 as right-of-use assets.

Interests in associates

The net effects arising from the initial application of HKFRS 16 resulted in a decrease in the carrying amounts of interests in associates of approximately HK$313,000 with corresponding adjustments to accumulated deficit.

The following table summarises the impact of transition to HKFRS 16 on accumulated deficit at 1 April 2019.

	Impact of adopting HKFRS 16 at 1 April 2019 *HK$'000*
Accumulated deficit	
Effect on recognitions of right-of-use assets	26
Decrease in interests in associates	(313)
Impact at 1 April 2019	(287)

Adjustments recognised in the consolidated statement of financial position on 1 April 2019

The following adjustments were made to the amount recognised in the consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2019	Adjustments	Carrying amount under HKFRS 16 at 1 April 2019
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets			
Property, plant and equipment	14,895	(493)	14,402
Right-of-use assets	–	7,479	7,479
Prepaid lease payments	6,313	(6,313)	–
Interests in associates	39,357	(313)	39,044
Current assets			
Prepaid lease payments	233	(233)	–
Current liabilities			
Trade and other payables	11,655	6	11,661
Obligations under finance leases	271	(271)	–
Lease liabilities	–	441	441
Non-current liabilities			
Lease liabilities	–	164	164
Capital and reserves			
Reserves	(798,917)	(287)	(799,204)
Non-controlling interests	125,776	74	125,850

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	*Insurance Contracts*[1]
Amendments to HKFRS 3	*Definition of a business*[2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKAS 1 and HKAS 8	*Definition of Material*[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*[4]
Amendments to HKFRS 16	*Covid-19 Related Rent Concession*[5]

1 Effective for annual periods beginning on or after 1 January 2021.

2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

3 Effective for annual periods beginning on or after a date to be determined.

4 Effective for annual periods beginning on or after 1 January 2020.

5 Effective for annual periods beginning on or after 1 June 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the *Amendments to References to the Conceptual Framework in HKFRS Standards*, will be effective for annual periods beginning on or after 1 January 2020.

The directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. REVENUE AND SEGMENT INFORMATION

The Group's operating segments are determined based on information reported to the chief operating decision maker (the "CODM"), being the board of directors, for the purpose of resources allocation and performance assessment. The Group commences business in development of bio and nano new materials. However, this operation is still in the development stage and not yet met the quantitative thresholds for the reportable segment. Software business, after reengineering, are in the process of exploring new development opportunities and this segment was unable to meet the quantitative thresholds for the reportable segments. Accordingly, these were grouped in "Other Business" segment.

The Group's reportable segments are (i) Mining Business; and (ii) Other Business.

Segment revenues and results

Year ended 31 March 2020

	Mining Business *HK$'000*	Other Business *HK$'000*	Total *HK$'000*
Segment revenue			
Sales to external customers	**113,679**	**–**	**113,679**
Segment results	**(67,946)**	**(109)**	**(68,055)**
Interest income			**608**
Unallocated other income and gains			**901**
Unallocated corporate expenses			**(8,562)**
Fair value changes on financial assets at FVTPL			**1,804**
Fair value gain on investment properties			**550**
Impairment loss on interests in associates			**(27,808)**
Finance costs			**(692)**
Share of loss of associates			**(11,028)**
Impairment loss on amount due from an associate			**(12)**
Loss before tax			**(112,294)**

Year ended 31 March 2019

	Mining Business *HK$'000*	Other Business *HK$'000*	Total *HK$'000*
Segment revenue			
Sales to external customers	78,154	–	78,154
Segment results	(56,317)	(1,367)	(57,684)
Interest income			1,569
Unallocated other income and gains			1,023
Unallocated corporate expenses			(8,735)
Fair value changes on financial assets at FVTPL			6,315
Fair value gain on investment properties			90
Impairment loss on interests in associates			(7,835)
Finance costs			(502)
Share of loss of associates			(3,920)
Impairment loss on amount due from an associate			(740)
Loss before tax			(70,419)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2019: nil).

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

Segment assets and liabilities

	2020 *HK$'000*	2019 *HK$'000*
Segment assets		
Mining Business	**55,277**	177,648
Other Business	**–**	5
Total segment assets	**55,277**	177,653
Interests in associates	**197**	39,357
Unallocated	**82,047**	73,377
Consolidated assets	**137,521**	290,387
Segment liabilities		
Mining Business	**22,972**	36,024
Other Business	**4**	16
Total segment liabilities	**22,976**	36,040
Unallocated	**16,040**	21,414
Consolidated liabilities	**39,016**	57,454

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

- all assets are allocated to reportable segments other than investment properties, financial assets at FVTPL, interests in associates, bank balances and cash and head office and corporate assets; and
- all liabilities are allocated to reportable segments other than obligations under a finance lease, loan from related companies, amount due to a non-controlling interest and head office and unallocated liabilities.

Other segment information

	2020	2019
	HK$'000	*HK$'000*
Additions to non-current assets*		
Mining Business	**1,400**	75
Other Business	**–**	–
Unallocated	**185**	–
	1,585	75
Impairment on mining assets		
Mining Business	**80,346**	56,045
Gain/(loss) on disposal/written off property, plant and equipment		
Mining Business	**20**	(3,724)
Depreciation and amortisation		
Mining Business	**1,290**	2,820
Other Business	**–**	–
Unallocated	**169**	152
	1,459	2,972
Depreciation and amortisation included in production costs		
Mining Business	**25,834**	19,387
Total depreciation and amortisation recognised in profit and loss	**27,293**	22,359

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

Geographical information

The Group's operations are mainly situated in Hong Kong and the PRC.

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

	2020	2019
	HK$'000	*HK$'000*
Revenue from external customers		
PRC	**113,679**	78,154
Non-current assets		
Hong Kong	**11,350**	10,783
PRC	**23,059**	132,530
	34,409	143,313

Note: Non-current assets excluding 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:

	2020	2019
	HK$'000	*HK$'000*
Customer A[1]	**56,128**	44,739
Customer B[1]	**20,111**	N/A[2]
Customer C[1]	**N/A[2]**	11,874
Customer D[1]	**30,189**	15,431

1 Revenue from Mining Business.

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

Disaggregation by major products

	2020	2019
	HK$'000	*HK$'000*
Sales of nickel-copper ores	**30,189**	40,597
Sales of nickel concentrates	**63,379**	31,447
Sales of copper concentrates	**20,111**	6,110
	113,679	78,154

4. FINANCE COSTS

	2020	2019
	HK$'000	*HK$'000*
Interest on loan from related companies	**676**	449
Interest on finance leases	**–**	19
Interest on lease liabilities	**16**	–
Effective interest on promissory note	**–**	34
Total borrowing costs	**692**	502

5. INCOME TAX CREDIT

	2020	2019
	HK$'000	*HK$'000*
Current tax		
– PRC Enterprise Income Tax	**9,086**	5,761
– (Over)/under provision in prior years	**(105)**	1,215
– PRC withholding tax	**569**	607
Deferred tax	**(10,531)**	(11,243)
Total income tax credit recognised in profit or loss	**(981)**	(3,660)

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 profit 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%. The profits of the group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates. No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group had no assessable profit arising in or derived from Hong Kong for both years.

6. LOSS FOR THE YEAR

	2020	2019
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging/(crediting):		
Directors' and chief executive's emoluments	**2,819**	2,817
Other staff's retirement benefits scheme contributions	**1,316**	1,311
Other staff costs *(Note)*	**6,535**	6,812
Employee benefits expenses	**10,670**	10,940
Depreciation of property, plant and equipment	**1,883**	1,699
Amortisation of other intangible assets	**23,951**	17,688
Depreciation and amortisation (including in the production costs line item)	**25,834**	19,387
Depreciation of property, plant and equipment	**560**	2,363
Depreciation of right-of-use assets	**538**	–
Amortisation of:		
– prepaid lease payments	**–**	232
– land rehabilitation costs	**361**	377
Depreciation and amortisation (included in the depreciation and amortisation line item)	**1,459**	2,972
Rental income arising from investment properties	**(108)**	(240)
Less: direct outgoing expenses	**92**	17
	(16)	(223)
Auditors' remuneration	**750**	800
Cost of inventories recognised as an expense	**80,011**	58,548
Operating lease rentals in respect of rented premises previously classified as operating leases under HKAS 17	**–**	3,284
Expense relating to short-term leases not included in the measurement of lease liabilities	**3,030**	–
Net foreign exchange loss	**100**	1,300
Dividend income from equity investments at FVTPL	**(750)**	(750)
Interest income	**(608)**	(1,569)

Note: The costs exclude production staff costs of approximately HK$8,928,000 (2019: HK$7,495,000) which were included in the production costs line item.

7. LOSS PER SHARE

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

Loss:

	2020	2019
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	**(61,734)**	(27,785)

Number of ordinary shares:

	2020	2019
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**2,812,882**	2,812,882

The computation of diluted loss per share did not assume the exercise of the Company's outstanding share options since their assumed exercise would have an anti-dilutive effect for the years ended 31 March 2020 and 2019.

8. OTHER INTANGIBLE ASSETS

	HK$'000
Cost	
Balance at 1 April 2018	377,988
Effect of foreign currency exchange differences	(21,700)
Balance at 31 March 2019	**356,288**
Effect of foreign currency exchange differences	**(23,470)**
Balance at 31 March 2020	**332,818**
Accumulated amortisation and impairment	
Balance at 1 April 2018	191,780
Effect of foreign currency exchange differences	(10,908)
Provided for the year	19,563
Impairment loss recognised	46,313
Balance at 31 March 2019	**246,748**
Effect of foreign currency exchange differences	**(18,538)**
Provided for the year	**22,065**
Impairment loss recognised	**69,813**
Balance at 31 March 2020	**320,088**
Carrying amounts	
Balance at 31 March 2020	**12,730**
Balance at 31 March 2019	109,540

9. OTHER RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Prepayments	**738**	184
Deposits	**22,777**	24,380
Other receivables	**1,040**	468
	24,555	25,032
Less: deposits classified as non-current assets	**(22,157)**	(23,720)
	2,398	1,312

The management closely monitors the credit quality of deposits and other receivables and considers the deposits and other receivables that are neither past due nor impaired to be of a good credit quality.

10. TRADE AND OTHER PAYABLES

	2020	2019
	HK$'000	*HK$'000*
Trade payables	**2,580**	2,481
Other payables	**8,202**	9,174
	10,782	11,655

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

	2020	2019
	HK$'000	*HK$'000*
0 to 30 days	**183**	126
31 to 60 days	**–**	1
61 to 90 days	**1,377**	940
More than 90 days	**1,020**	1,414
	2,580	2,481

Included in other payables are mainly deposits received of approximately HK$1,080,000 (2019: HK$3,136,000), and accrued salary and other benefits of approximately HK$3,959,000 (2019: HK$3,859,000).

11. DIVIDEND

No dividend had been paid or declared by the Company during the year (2019: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Mining Business

Overview

The Mining Business primarily comprises of exploration and exploitation of a nickel-copper mine. For the year ended 31 March 2020, nickel-copper ores, nickel concentrate and copper concentrate were the products sold under the Mining Business.

During the year ended 31 March 2020, our mining production has been under pressure from high staff turnover of our subcontractor and stringent security regulation requested by relevant authorities. In this regard, we have implemented a series of on-site management strategies to minimise the impact of these difficulties. Throughout the year, inconformity in grading of head ores interfered with the proficiency of our processing activities. The Group exerted effort to upgrade our processing technology and carry out rational ore blending to ensure stable output of ores processed. During the year under review, the nickel price once jumped to a five-year high of approximately US$18,000 per tonne in August 2019 triggered by a piece of news regarding an export ban in Indonesia. Following the strong performance of such base metal, the global nickel price saw an obvious drop-down, resulting in more uncertainties in the sales of our nickel products. Moreover, increase in transportation expenses imposed burden on our cost control during the reporting period.

Among the remaining mineral resources in the current mining zone, a great portion became unextractable or loss recoverable reserves due to mine design, processing technique limitations and stringent regulation on mining conditions in vertical shafts and the tectonoclastic zone. Although the other mining zone of the Baishiquan Nickel-copper Mine has available mineral resources, the development cannot be justified economically in view of the current market conditions and the projected nickel price. The development cost is expected to be much higher as a result of the increasingly stringent government regulations on mining technique and production safety, and transportation expenditure has been rising after the implementation of the national environmental policy by the Chinese government.

For the year ended 31 March 2020, the extraction of nickel-copper ores and sales of nickel-copper products both increased as compared to last year. Turnover from nickel-copper products comprised of sales of 10,544 tonnes of nickel-copper ores of approximately HK$30.2 million (2019: 13,090 tonnes of HK$40.6 million), 13,652 tonnes of nickel concentrate of approximately HK$63.4 million (2019: 8,162 tonnes of HK$31.5 million) and 1,815 tonnes of copper concentrate of approximately HK$20.1 million (2019: 553 tonnes of HK$6.1 million).

Impairment on mining assets

For the year ended 31 March 2020, the Group recognised an impairment loss on its mining assets of approximately HK$80.3 million (2019: HK$56.0 million) since the recoverable amount of the mining cash generating unit ("CGU") was less than its carrying amount. It was mainly caused by the unfavourable market condition and continuous low level of nickel price, the strengthened requirements on work safety, mining technique and environmental policy, manpower shortage caused by COVID-19, increase in budgeted operating cost as well as capital expenditure required for the development of the mine. For the purpose of impairment testing, the recoverable amount is determined based on value-in-use calculation that uses cash flow projections based on the most recent financial budget after taking into account the operation environment and market conditions at the point of time. The key assumptions for the value-in-use are those regarding the nickel and copper prices, production cost, development plan and cost and discount rate. The directors consider that these assumptions are application and the values assigned to key assumptions are consistent with external information sources. At the end of the reporting period, the carrying amount of the mining assets were reduced to its recoverable amount.

Resource estimates update

The details of the resource estimates as at 31 March 2020 are set out below:

Mine	**Resource category**	**Tonnage**	**Average grade**	
		*(tonnes*1,000)*	*(Ni%)*	*(Cu%)*
Baishiquan Nickel-copper Mine	Measured	204	**1.15**	0.44
	Indicated	3,447	**0.58**	0.35
	Inferred	813	**0.61**	0.36

Notes:

(1) The mineral resource estimates were made with reference to the Competent Person's Report prepared in accordance with the JORC (2004) Code Standard in November 2011. The details of the assumptions and parameters used to calculate these resource and reserve estimates were disclosed in the circular of the Company dated 12 April 2012 in relation to the very substantial acquisition.

(2) The update on mineral resource and reserve quantities are based on the production and exploration since the date of the aforesaid Competent Person's Report and the report prepared by the Group's internal experts.

(3) Cut-off grade is 0.3%.

Exploration, Development and Mining Production Activities

Mine	Activity		
	Exploration	**Development**	**Mining**
Baishiquan Nickel-copper Mine	No material exploration	Completed drift construction of approximately 1,581 meters	Ores extracted: 122,883 tonnes

For the year ended 31 March 2020, both the extraction of nickel-copper ores and sales of nickel-copper products increased. The production schedule resumed normally with the extraction resumed in April 2019 and processing activities resumed in May 2019. Approximately 122,883 tonnes of nickel-copper ores were extracted during the year (2019: 109,108 tonnes). Turnover from the sales of nickel-copper products amounted to approximately HK$113.7 million (2019: HK$78.2 million) representing the sales of 10,544 tonnes of nickel-copper ores (2019: 13,090 tonnes), 13,652 tonnes of nickel concentrate (2019: 8,162 tonnes) and 1,815 tonnes of copper concentrate (2019: 553 tonnes).

Expenditure Incurred

During the year ended 31 March 2020, the Group had incurred expenditure of approximately HK$71.3 million on exploration, development, mining and processing activities, details of which are set out below:

		Total
		HK$'000
1.	**Capital Expenditure**	
1.1	Exploration activities	
	Drilling and analysis	–
Subtotal		–
1.2	Development activities (including mine construction)	
	Addition of property, plant and equipment	–
	Construction of tunnels	7,286
Subtotal		7,286
Total Capital Expenditure		**7,286**

		Total
		HK$'000
2.	**Operating Expenditure for Mining Activities**	
	Staff cost	2,579
	Consumables	1,609
	Fuel, electricity, water and other services	1,401
	Non-income taxes, royalties and other government charges	785
	Sub-contracting charges	8,490
	Transportation	7,022
	Depreciation and amortisation	23,662
	Others	738
Total Operating Expenditure		**46,286**
Total Capital and Operating Expenditure		**53,572**
3.	**Processing Expenditure**	
	Staff cost	6,349
	Consumables	5,294
	Fuel, electricity, water and other services	2,880
	Non-income taxes, royalties and other government charges	81
	Depreciation and amortisation	80
	Transportation	30
	Rental	2,796
	Others	249
Total Processing Expenditure		**17,759**
Total Expenditure		**71,331**

Processing Activities

For the year ended 31 March 2020, the main products of the Mining Business were nickel-copper ores, nickel concentrate and copper concentrate.

The processing proficiency was impacted by inconformity in grading of head ores. To cope with such conditions, the processing plant performed rational ore blending scheme to utilise the mineral resources in a reasonable manner and ensure stable output of ores processed. For the year ended 31 March 2020, the nickel-copper ores extracted from the mine was approximately 122,883 tonnes (2019: 109,108 tonnes) and processed by the processing plant was approximately 125,785 tonnes (2019: 79,969 tonnes).

Infrastructure projects and subcontracting arrangements

There were new contracts entered into during the year ended 31 March 2020 in respect of exploration and blasting work, land rehabilitation of mine and security service. As at 31 March 2020, there was HK$3.9 million (2019: HK$2.9 million) outstanding commitments in relation to these contracts for the Group.

Outlook

In the year ahead, it is hard to be optimistic for the Mining Business by virtue of the combined effect of the decline of the nickel price and economic turmoil caused by the outbreak of COVID-19 pandemic. During the year under review, the outperformance of the nickel price once briefly stimulated the sales of our nickel products. However, its steady falling after the short bullish sign reversed such situation. In addition, the technical breakthrough of liberating nickel minerals from nickel oxide ore will lay more burden on the nickel price. The expected dumping of nickel from Russia caused by a price war between major crude oil exporters will add negative pressures. To mitigate the impact of price drop of nickel metal, the Group will have to increase our cut-off grade to balance cost, which may accelerate the resources drop of the Baishiquan Nickel-copper Mine and decrease of the mine life. After exploited for many years, the mine is facing risks from decline in ore grade and exhaustion of mineral resources.

The current mining licence of the Baishiquan Nickel-copper Mine will expire by July 2020. We have submitted the renewal application and hopefully the application will be approved before the expiry, especially after the local land and resources department clear up the work piled up due to the outbreak of COVID-19. The Directors are of the opinion that the application for extension is procedural. In case the Group fails to obtain the licence before the expiry date, it may be required to temporarily suspend its mining activities. Adjustment on the mining and development plan would further impact on the volume of ores to be extracted in the year ahead.

In view of the current depression of the nickel market and high development cost, we will suspend the development and exploitation of the other mining zone of the Baishiquan Nickel-copper Mine until the situation improves and we find an economic way to extract the remaining resources. In addition, as the current mining zone has entered into the final mining stage and may be exhausted in about two years, we will seek for potential mining and exploration projects to supplement our mineral reserves.

Moreover, the challenging business environment due to COVID-19 crisis led to a significant drop in sales of electric vehicles, resulting in a crash in nickel demand. In this regard, sales of our nickel products will face the risks from slashed price, while transportation costs will raise up attributable to longer distance caused by road renovation. Additionally, recent departures of skilled workers attributable to the novel coronavirus postponed the production progress. The unexperienced new workers will be organised to participate technical and safety trainings. Apart from this, the Group is required to make more mine yard renovations to eliminate latent dangers. Therefore, the security expenses will surge in the year ahead.

Other Business

Overview and outlook

Other Business comprised of research and development of bio and nano new materials as well as various investments in startup fund, software maintenance and development, and e-commerce services. There was no turnover from Other Business for the year ended 31 March 2020 and the segment loss was approximately HK$0.1 million (2019: 1.4 million), representing a decrease of 93% as compared to last year. The decrease in segment loss was mainly due to the research expenditures for the application of nano technology only incurred in last year.

The Group owned 80% indirect equity interest in SRJJ Limited which is mainly engaged in the development of water-soluble products, characterised by bio degradable materials.

SRJJ Limited is planning to place more focus from product development to production, sale and/or distribution of bio-degradable products, such as water-soluble plastic bags and packing materials. As the progress of such projects has been postponed due to the COVID-19 outbreak and its implications, we will review the development schedule and adjust the scheme on a timely basis.

Interests in Associates

As at 31 March 2020, the Group owned 4,000 ordinary shares, representing 30.82% indirect equity interest in CGA Holdings Limited ("CGA Holdings"), an e-sports company at an investment cost of HK$50,000,000. The equity interest of CGA Holdings owned by the Group decreased from 32.52% to 30.82% after the allotment in March 2020. Subsequent to the end of the reporting period on 14 May 2020, the Group disposed of 0.82% equity interest in CGA Holdings to Bloom Explorer Limited, one of the existing shareholders of CGA Holdings, at a consideration of HK$406,800. CGA Holdings and its subsidiaries (together the "CGA Group") operate an e-sports gaming platform which provides various gaming and marketing services to e-sports enthusiasts and enterprise promoters. The business of CGA Group, especially the e-sports stadium in Mong Kok, has been impacted by the social events over the second half of year 2019. The business challenges they are facing are further aggravated by the recent and rapid spread of COVID-19 and the government-ordered shutdown of the e-sports stadium. During the year ended 31 March 2020, the Group recorded a share of loss of CGA Group of HK$11.0 million (2019: HK$3.1 million). Pursuant to the subscription agreement dated 16 May 2018, the major beneficial shareholders of Cyber Games Arena Limited (the "Guarantors") jointly and severally guaranteed to the Group that the net profit after tax of CGA Group as shown in the audited consolidated financial statements of CGA Holdings for the years ending 31 March 2020 and 31 March 2021 (excluding the one-off, non-operational in nature and items not incurred in the ordinary and usual course of business) shall not be in aggregate less than HK$32,000,000 ("CGA Profit Guarantee"). During the year, the Group recognised a gain on fair value change of approximately HK$864,000 (2019: HK$6,382,000) on the CGA Profit Guarantee.

The Group owned 22.53% indirect equity interest in Nano Bubble Limited which is mainly engaged in hygienic, sanitisation products and related solutions research and development based on nano-ozone technology. During the year under review, the company has been designing the prototype of a machine for pesticide removal, surface cleaning and general sanitisation products for both domestic and commercial environments. As affected by the COVID-19, the progress of finalising the production version once suspended. However, driven by the growing pervasiveness of infectious diseases, the surface cleaner market is expected to grow. Therefore, the company has accelerated the modification of such sample with an aim to launch it to the market as soon as practical.

The Group also owned 27.03% indirect equity interest in Nano Energy Limited which is engaged in the research and development of nano-power generation products using different nanomaterials and related technologies. Nano Energy Limited is in the process of turning nano-power generation technology concept into products. As at the reporting date, such project entered into the second-research stage where the company has been seeking for better solutions to productise market-oriented product.

The Group recorded share of loss of associates, including CGA Group, of approximately HK$11.0 million (2019: HK$3.9 million).

Impairment loss on interests in associates

During the year, the business of CGA Group, especially the e-sports stadium, was severely impacted by the Hong Kong social events and compulsory quarantine measures caused by the outbreak of the COVID-19. For the year ended 31 March 2020, the Group performed an impairment review on its investment in CGA Group and recognised an impairment loss on interests in associates of HK$27.8 million (2019: HK$7.8 million) based on value-in-use calculation. For the purpose of impairment testing, the recoverable amount is determined based on value-in-use calculation that uses cash flow projections based on the most recent financial budget after taking into account the operation environment and market conditions at the point of time. The key assumptions for the value-in-use are those regarding discount rate, revenue, gross profit margin, operating expenses and long-term growth rate. The Directors consider that these assumptions are applicable and the values assigned to key assumptions are consistent with external information sources. At the end of the reporting period, the carrying amount of the mining assets were reduced to its recoverable amount.

Outlook

2020 will be a challenging year as COVID-19, a devastating social and economic crisis facing many industries, has caused us to adjust the progress of our investment projects.

As a result of the infection control measures amid COVID-19, most of the offline e-sports activities of CGA Group are expected to be cancelled, and the e-sports tournaments in summer is still hanging in the balance as COVID-19 pandemic rages on. Operations in the e-sports stadium will not return to normal until economy swiftly recovers once the pandemic has passed. The current turnover of the e-sports stadium is insufficient to sustain its operations. To cope with the crisis, CGA Group will organise more online activities, including "Stay at Home, Stay in the Game" tournament and other theme games, to stimulate revenue.

Despite the recent economic slowdown posed by COVID-19, Nano Bubble Limited plans to accelerate the development of its disinfection machine as the hygiene-consciousness was fostered among public. Additionally, supportive government policies in relation to infection control are further expected to positively impact the growth of market. By grasping such opportunity, we will continue to follow through our target to develop products with commercial potentials and suitable for the market. We are confident that our nano bubble general sanitisation machine is a product ahead of competition and appealing to a wide range of customers.

Other Investments

As at 31 March 2020, the Group owned 600,000 ordinary shares of Dragon Silver Holdings Limited ("Dragon Silver"), representing approximately 8.86% of its issued share capital, at an investment cost of HK$7,800,000. Dragon Silver is a company incorporated in Hong Kong principally engaged in trading, production, processing and investment in precious metals and non-ferrous metals and related products.

Pursuant to the subscription agreement on 29 December 2017, the major shareholder of Dragon Silver (the "Guarantor") agreed to guarantee to the Group that (i) the audited net profit after tax of Dragon Silver shall not be less than HK$15,000,000 ("Guaranteed Profits") for each of the financial years ending from 30 June 2018 to 2022 (the "Relevant Years"); and (ii) the amount of dividends declared and paid by Dragon Silver during each of the Relevant Years shall not be less than HK$1.25 per share ("Guaranteed Dividends"). In the event that the actual audited profit after tax ("Actual Profit") or the dividend paid by Dragon Silver for each of the Relevant Years shall be less than the Guaranteed Profits or Guaranteed Dividends respectively, the Guarantor shall compensate the Group for the sum being calculated as the shortfall ("Compensation Amount"). As the Actual Profit of Dragon Silver for the financial year ended 30 June 2019 was less than HK$15,000,000, the Guaranteed Profits was not fulfilled and the Guarantor paid to the Group the Compensation Amount of HK$766,000 in June 2020. Due to the collective impact of the outbreak of COVID-19, US-China trade tensions, decrease in sales and trading as a result of the frustration in the global production lines and supply chains, the Group and the Guarantor entered into a supplemental agreement on 24 April 2020 to waive the profit guarantee given by the Guarantor for the two financial years ending 30 June 2020 and 30 June 2021 and the Guarantor agreed to extend the profit guarantee period for three additional financial years for the financial years ending 30 June 2023, 30 June 2024 and 30 June 2025, details of which are stated in the announcement of the Company dated 24 April 2020. In addition, the Guarantor and the Group entered into the put option deed that the Group has the right to sell all the 600,000 shares to the Guarantor at the consideration of HK$7,800,000 within the period commencing from the fourth anniversary of the date of the put option deed to the date falling five years from the date of the put option deed.

During the year ended 31 March 2020, the Group received dividend income of HK$750,000 (2019: HK$750,000) from Dragon Silver in accordance with the Guaranteed Dividends and fair value gain on this equity investment of approximately HK$599,000 (2019: HK$71,000) was recognised.

Owing to COVID-19, the global tin market will face a more frustrated and uncertain situation. In addition, the ongoing US-China trade tensions put more downward pressure on production lines and supply chains. Dragon Silver is expected to be confronted with more uncertainties triggered by such dilemma in the next financial year.

Nevertheless, the Group still recorded a gain on fair value change on the investment which was mainly contributed by gain on fair value change on the profit guarantee and the put option.

FINANCIAL PERFORMANCE REVIEW

For the year ended 31 March 2020, the Group recorded a total turnover of approximately HK$113.7 million (2019: HK$78.2 million), representing an increase of 45% as compared with the last financial year. Other income and gains of approximately HK$1.8 million for the year under review (2019: HK$3.4 million) mainly represented interest income, dividend income and rental income. Loss for the year was approximately HK$111.3 million (2019: HK$66.8 million), representing an increase by 67% as compared with the year ended 31 March 2019. The increase in loss was mainly due to the recognition of impairment loss on mining assets of HK$80.3 million (2019: HK$56.0 million) in total under Mining Business, impairment loss on interest in associate of HK$27.8 million (2019: HK$7.8 million) and share of loss of associates of HK$11.0 million (2019: HK$3.9 million).

The Mining Business segment recorded revenue of approximately HK$113.7 million (2019: HK$78.2 million) and segmental loss for the year of HK$67.9 million (2019: HK$56.3 million), representing an increase of 45% and 21% respectively as compared with the prior financial year. The increase in revenue was contributed both by the increase in sales volume as well as increase in nickel price. The increase in loss was mainly due to further impairment loss on mining assets were recognised in current year.

Same as last year, there was no turnover from Other Business (2019: nil). Segmental loss was HK$0.1 million (2019: HK$1.4 million), representing a decrease of 93% as compared with last year.

Loss attributable to owners of the Company was approximately HK$61.7 million, as compared to approximately loss of HK$27.8 million for the prior financial year.

The adjusted EBITDA of the Group, a non-GAAP financial measure, in the current year increased by HK$10.0 million to HK$19.1 million as compared to HK$9.1 million last year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2020, the Group had bank balances and cash of approximately HK$47.9 million (2019: HK$41.6 million) and net current assets amounted to HK$33.4 million (2019: HK$32.4 million). Out of the Group's bank balances and cash, about 20% was denominated in Hong Kong dollars (2019: 20%), 79% was denominated in Chinese Renminbi (2019: 78%) and 1% was denominated in United States dollars (2019: 2%).

As at 31 March 2020, the current ratio was 2.18 (2019: 1.96).

The Group generally financed its operations and investing activities primarily with internally generated cash flow as well as the proceeds from fund raising activities.

As at 31 March 2020, the Group had outstanding borrowings of approximately HK$15.2 million (2019: HK$16.2 million), which represented amount due to related companies and lease liabilities while last year also included obligations under a finance lease and amount due to a non-controlling interest.

CAPITAL COMMITMENTS

The Group has no significant capital commitment as at 31 March 2020.

GEARING RATIO

As at 31 March 2020, the Group's gearing ratio was approximately 35.48% (2019: 15.08%), based on total borrowings of approximately HK$15.2 million (2019: HK$16.2 million) and equity attributable to owners of the Company of approximately HK$42.7 million (2019: HK$107.2 million). The increase in the ratio was mainly due to loss incurred in current year which caused the decrease in equity attributable to owners of the Company.

EMPLOYEE INFORMATION

As at 31 March 2020, the Group employed a total staff of 129. 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 2020, there was no serious work safety issue on our Group's employees. Certain employees have worked for the Group for over 10 years.

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 2020.

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, the exposure to foreign exchange rate fluctuations is not significant.

CONTINGENT LIABILITIES

As at 31 March 2020, there was no material contingent liabilities incurred by the Group.

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

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

AUDIT COMMITTEE

The audit committee comprises three independent non-executive Directors, Ms. Tsang Wai Chun Marianna, Ms. Chan Choi Ling and Mr. Lam Kwai Yan. The audit committee has reviewed the audited financial results of the Group for the year ended 31 March 2020.

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 (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 2020, except for Code Provision A.2.1.

Code Provision A.2.1 provides that the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. After the retirement of Dr. Cheng Kin Kwan as chairman and chief executive officer of the Company on 29 July 2016, Mr. Felipe Tan was immediately appointed as the chairman of the Board (the "Chairman") until his resignation as the Chairman and an executive Director of the Company on 12 September 2019. With effect from 2 October 2019, Mr. Chan Mei Ying Spencer was re-designated as an executive Director of the Company and appointed as the Chief Executive Officer of the Company. Throughout the year ended 31 March 2020, the roles of the Chairman and the Chief Executive Officer, during their vacant, have been performed by the executive Directors collectively.

Following the resignation of Mr. Felipe Tan as the Chairman on 12 September 2019, the Company currently has no Chairman. The daily operation and management of the Company is monitored by the executive Directors and the management. The Board is of the view that although there is no Chairman, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals who would meet from time to time to discuss issues affecting operation of the Company and the Group. This arrangement can still enable the Company to make and implement decisions promptly, and thus achieve the Company's objectives efficiently and effectively in response to the changing environment.

The Company will, at the appropriate time, arrange for the election of the new Chairman in order to fill up the vacancy left due to resignation of the Chairman.

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

By Order of the Board
TIMELESS SOFTWARE LIMITED
Chan Mei Ying Spencer
Executive Director and Chief Executive Officer

Hong Kong, 23 June 2020

Executive Directors:
Mr. Chan Mei Ying Spencer *(Chief Executive Officer)*
Mr. Lam Kai Ling Vincent
Ms. Lau Yun Fong Carman
Mr. Ronald Tan

Independent non-executive Directors:
Ms. Chan Choi Ling
Mr. Lam Kwai Yan
Ms. Tsang Wai Chun Marianna