Timeless Software Limited

(incorporated in Hong Kong with limited liability)

(Stock code: 8028)

RESULTS ANNOUNCEMENT
For the year ended 31 March 2012

Characteristics of The Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Exchange")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, 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.

This announcement, for which the directors of Timeless Software Limited collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Timeless Software Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:- (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

RESULTS

The board of directors ("Board") of Timeless Software Limited ("Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries ("Group") for the year ended 31 March 2012 together with the comparative audited figures for the corresponding period in 2011 as follows:

Consolidated statement of comprehensive income
For the year ended 31 March 2012

	Notes	**2012** *HK$'000*	**2011** *HK$'000*
Turnover	3	25,785	25,091
Other income and gain		1,600	1,075
Purchase costs		(21,218)	(20,268)
Staff costs		(19,056)	(15,415)
Depreciation		(973)	(849)
Other expenses		(14,428)	(7,496)
Fair value changes on investment properties		(1,639)	3,788
Gain on disposal of equity interest in a jointly controlled entity		15,589	—
Impairment loss recognised on goodwill		(1,298)	—
Net losses on equity-linked notes		—	(451)
Net gains on investments held for trading		3,334	1,710
Finance costs	4	(5)	(53)
Share of profit of an associate		1,239	1,330
Loss for the year	5 & 6	(11,070)	(11,538)
Other comprehensive income, net of income tax			
Exchange differences on translating foreign operations		1,868	1,315
Reclassification adjustments on exchange differences upon disposal of equity interest in a jointly controlled entity		(66)	—
Share of other comprehensive income of an associate		1,088	(2,747)
Other comprehensive income for the year, net of income tax		2,890	(1,432)
Total comprehensive income for the year		(8,180)	(12,970)

	Notes	2012 HK$'000	2011 HK$'000
Loss attributable to:			
Owners of the Company		(11,050)	(11,520)
Non-controlling interests		(20)	(18)
		(11,070)	(11,538)
Total comprehensive income attributable to:			
Owners of the Company		(8,281)	(13,036)
Non-controlling interests		101	66
		(8,180)	(12,970)
		HK cents	*HK cents*
Loss per share			
- Basic and diluted	7	(0.92)	(1.02)

Consolidated statement of financial position
At 31 March 2012

	Notes	**2012** *HK$'000*	**2011** *HK$'000*
Non-current assets			
Investment properties		9,348	10,471
Property, plant and equipment		2,838	3,988
Goodwill		—	1,298
Interests in associates		5,430	3,103
Interests in jointly controlled entities		—	—
		17,616	18,860
Current assets			
Inventories		3,044	3,205
Trade and other receivables	8	15,452	9,762
Investments held for trading		17,533	14,562
Bank balances and cash		63,045	68,636
		99,074	96,165
Current liabilities			
Trade and other payables	9	6,157	5,938
Consideration received for disposal of equity interest in a jointly controlled entity		—	12,706
Obligations under a finance lease due within one year		24	45
		6,181	18,689
Net current assets		92,893	77,476
Total assets less current liabilities		110,509	96,336
Non-current liabilities			
Obligations under a finance lease due after one year		—	24
Net assets		110,509	96,312
Capital and reserves			
Share capital		65,316	56,728
Reserves		44,994	36,928
Equity attributable to owners of the Company		110,310	93,656
Non-controlling interests		199	2,656
Total equity		110,509	96,312

Consolidated statement of changes in equity
For the year ended 31 March 2012

	Share capital	Share premium	Share options reserve	Investment revaluation 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$'000*	*HK$'000*
Balance at 1 April 2010	56,663	637,927	2,109	3,923	1,061	4,396	(599,577)	106,502	2,590	109,092
Loss for the year	—	—	—	—	—	—	(11,520)	(11,520)	(18)	(11,538)
Other comprehensive income for the year	—	—	—	(2,747)	—	1,231	—	(1,516)	84	(1,432)
Total comprehensive income for the year	—	—	—	(2,747)	—	1,231	(11,520)	(13,036)	66	(12,970)
Recognition of equity-settled share-based payments	—	—	92	—	—	—	—	92	—	92
Issue of ordinary shares under employee share option plan	65	77	(36)	—	—	—	—	106	—	106
Transaction costs attributable to issue of new ordinary shares	—	(8)	—	—	—	—	—	(8)	—	(8)
Balance at 31 March 2011	56,728	637,996	2,165	1,176	1,061	5,627	(611,097)	93,656	2,656	96,312
Loss for the year	—	—	—	—	—	—	(11,050)	(11,050)	(20)	(11,070)
Other comprehensive income for the year	—	—	—	935	—	1,834	—	2,769	121	2,890
Total comprehensive income for the year	—	—	—	935	—	1,834	(11,050)	(8,281)	101	(8,180)
Recognition of equity-settled share-based payments	—	—	241	—	—	—	—	241	—	241
Placing of ordinary shares	8,400	16,800	—	—	—	—	—	25,200	—	25,200
Issue of ordinary shares under employee share option plan	188	305	(163)	—	—	—	—	330	—	330
Release of reserve upon share options forfeited	—	—	(52)	—	—	—	52	—	—	—
Transaction costs attributable to issue of new ordinary shares	—	(994)	—	—	—	—	—	(994)	—	(994)
Acquisition of non-controlling interests	—	—	—	—	—	643	(485)	158	(2,558)	(2,400)
Balance at 31 March 2012	65,316	654,107	2,191	2,111	1,061	8,104	(622,580)	110,310	199	110,509

Notes:

1. **Basis of preparation**

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and include applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

2. **Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")**

In the current year, the Group has applied the following new and revised Hong Kong Accounting Standards ("HKAS(s)"), HKFRS(s), amendments and interpretations ("HK(IFRIC) — Int") (hereinafter collectively referred to as the "new and revised HKFRSs") issued by the HKICPA:

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
Amendments to HKFRS 1	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKAS 24 (as revised in 2009)	Related Party Disclosures
Amendments to HK(IFRIC) — Int 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the new and revised HKFRSs has had no material effect on the Group's financial performance and positions for the current and prior years and/or the disclosures set out in these consolidated financial statements.

New and revised HKFRSs in issue but not yet effective

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

Amendments to HKFRSs	Annual Improvement to HKFRSs 2009 — 2011 cycle[4]
Amendments to HKFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
Amendments to HKFRS 7	Disclosures — Transfers of Financial Assets[1]
	Disclosures — Offsetting Financial Assets and Financial Liabilities[4]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclsoures[6]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[3]
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets[2]
HKAS 19 (as revised in 2011)	Employee Benefits[4]
HKAS 27 (as revised in 2011)	Separate Financial Statements[4]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[5]
HK(IFRIC) — Int 20	Stripping Costs in the Production Phase of a Surface Mine[4]

1 Effective for annual periods beginning on or after 1 July 2011.

2 Effective for annual periods beginning on or after 1 January 2012.

3 Effective for annual periods beginning on or after 1 July 2012.

4 Effective for annual periods beginning on or after 1 January 2013.

5 Effective for annual periods beginning on or after 1 January 2014.

6 Effective for annual periods beginning on or after 1 January 2015.

3. **Segment information**

Segment revenues and results

Management has determined the operating segments based on the reports reviewed by the directors of the Company, being the chief operating decision marker, that are used to assess performance and allocate resources. The segment information provided to the directors of the Company for the reportable segments for the year ended is as follows:

	2012	**2011**
	HK$'000	*HK$'000*
Turnover		
Software development	11,661	9,980
Hardware sales	5,684	3,779
Software sales	8,803	14,225
e-Commerce services	1,489	—
Elimination on inter-segment sales	(1,852)	(2,893)
	25,785	25,091
Results		
Software development	(14,822)	(12,342)
Hardware sales	(5,139)	(1,488)
Software sales	(1,443)	(3,032)
e-Commerce services	(7,160)	—
	(28,564)	(16,862)
Interest income	557	268
Other income and gain	1,043	807
Unallocated corporate expenses	(2,624)	(2,075)
Fair value changes on investment properties	(1,639)	3,788
Gain on disposal of equity interest in a jointly controlled entity	15,589	—
Net losses on equity-linked notes	—	(451)
Net gains on investments held for trading	3,334	1,710
Finance costs	(5)	(53)
Share of profit of an associate	1,239	1,330
Loss for the year	(11,070)	(11,538)

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment loss represents the loss from each segment without allocation of central administration cost, interest and other income and gain, fair value changes on investment properties, gain on disposal of equity interest in a jointly cortrolled entity, net losses on equity-linked notes, net gain on investments held for trading, finance cost and share of profit of an associate. This is the measure reported to the management of the Group for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

Segment assets and liabilities

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

	2012	2011
	HK$'000	*HK$'000*
Segment assets		
Segment assets		
— software development	11,852	6,658
— hardware sales	5,399	3,310
— software sales	2,790	6,987
— e-Commerce services	1,293	—
	21,334	16,955
Interests in associates	5,430	3,103
Interests in jointly controlled entities	—	—
Unallocated corporate assets	89,926	94,967
Consolidated assets	116,690	115,025
Segment liabilities		
Segment liabilities		
— software development	3,562	10,603
— hardware sales	1,823	4,139
— software sales	438	3,902
— e-Commerce services	334	—
	6,157	18,644
Unallocated corporate liabilities	24	69
Consolidated liabilities	6,181	18,713

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

- all assets are allocated to reportable segments other than interests in associates, interests in jointly controlled entities, investment properties, investments held for trading and bank balances and cash. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and

- all liabilities are allocated to reportable segments other than obligations under a finance lease. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

Other segment information

	2012	2011
	HK$'000	*HK$'000*
Additions to non-current assets		
— software development	186	733
— hardware sales	30	—
— software sales	711	5
— e-Commerce services	734	—
	1,661	738
Depreciation		
— software development	489	358
— hardware sales	245	171
— software sales	157	320
— e-Commerce services	82	—
	973	849

Geographical information

The Group's operations are mainly situated in Hong Kong and the People's Republic of China (the "PRC"). The following table provides an analysis of the Group's geographical information by location of geographical markets:

	Turnover from external customers	
	2012	**2011**
	HK$'000	*HK$'000*
Hong Kong	9,875	11,107
PRC	15,910	13,984
	25,785	25,091

The following is an analysis of the information about its non-current assets and additions to non-current assets, analysed by the geographical area in which the assets are located:

	Non-current assets		Additions to non-current assets	
	2012	**2011**	**2012**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	1,279	2,160	848	693
PRC	10,907	13,597	813	45
	12,186	15,757	1,661	738

Note: Non-current assets excluded 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:

	2012	**2011**
	HK$'000	*HK$'000*
Customer A[1]	3,532	N/A[3]
Customer B[1]	N/A[3]	8,471
Customer C[1&2]	N/A[3]	2,718

[1] *Revenue from software development*

[2] *Revenue from hardware sales*

[3] *The corresponding revenue did not contribute over 10% of the total revenue of the Group*

4. **Finance costs**

	2012	**2011**
	HK$'000	*HK$'000*
Interest on		
- a finance lease	5	8
- bank borrowings not wholly repayable within five years	—	45
	5	53

5. **Loss for the year**

	2012	**2011**
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging / (crediting):		
Directors' remuneration	4,165	3,982
Other staff's retirement benefits scheme contributions	1,275	669
Other staff's share-based payments	241	92
Other staff costs	13,375	10,672
	19,056	15,415
Depreciation of property, plant and equipment		
- owned by the Group	932	808
- held under a finance lease	41	41
	973	849
Auditors' remuneration	550	550
Gain on disposal of property, plant and equipment	(105)	—
Operating lease rentals in respect of rented premises	3,053	1,280
Dividends from listed equity securities	(346)	(154)
Net foreign exchange (gains) / losses	(282)	286
Interest income	(557)	(268)
Gross rental income from investment properties	(643)	(565)
Less: direct operating expenses from investment properties that generated rental income during the year	85	81
	(558)	(484)

6. **Income tax**

Hong Kong Profits Tax is calculated at 16.5% of the estimated profit for both years. No provision for Hong Kong Profits Tax has been made in the financial statements as the Group had no assessable profit arising in or derived from Hong Kong for both years.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for both years. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The tax charge for the year can be reconciled to the loss per the consolidated statement of comprehensive income as follows:

	2012	**2011**
	HK$'000	*HK$'000*
Loss for the year	(11,070)	(11,538)
Tax credit at the applicable income tax rate of 16.5%	(1,827)	(1,904)
Tax effect of share of profit of an associate	(204)	(219)
Tax effect of expenses not deductible for tax purposes	490	888
Tax effect of income not taxable for tax purposes	(2,669)	(30)
Tax effect of unrecognised tax losses	5,700	2,767
Utilisation of tax losses previously not recognised	—	(1,362)
Effect of different tax rates for subsidiaries operating in other jurisdictions	(1,418)	406
Others	(72)	(546)
Income tax charge for the year	—	—

7. **Loss per share**

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

	2012	**2011**
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	HK$(11,050,000)	HK$(11,520,000)
Number of ordinary shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	1,205,126,256	1,133,649,174

The computation of diluted loss per share did not assume the exercise of the Company's outstanding share options existed during the year ended 31 March 2012 since their exercise would result in a decrease in loss per share.

8. **Trade and other receivables**

	2012	2011
	HK$'000	*HK$'000*
Trade receivables	6,108	1,168
Other receivables	9,344	8,594
	15,452	9,762

Payment terms with customers are mainly on credit together with deposits. Invoices are normally payable within 30 days of issuance, except for certain well established customers which are payable within 180 days of issuance. The following is an aged analysis of trade receivables at the end of each reporting period:

	2012	2011
	HK$'000	*HK$'000*
Age		
0 to 30 days	3,300	650
31 to 60 days	608	82
61 to 90 days	39	205
More than 90 days	2,161	231
	6,108	1,168

9. **Trade and other payables**

	2012	2011
	HK$'000	*HK$'000*
Trade payables	1,285	614
Customers' deposits received	1,958	2,012
Other payables	2,914	3,312
	6,157	5,938

The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting period:

	2012	2011
	HK$'000	*HK$'000*
Age		
0 to 30 days	501	361
31 to 60 days	—	—
61 to 90 days	—	235
More than 90 days	784	18
	1,285	614

10. **Dividend**

No dividends had been paid or declared by the Company during the year (2011: Nil).

CHAIRMAN'S STATEMENT

Review

In 2011, global economic growth momentum experienced significant slow-down; the "Arabic Spring" outbreak in early 2011 led to a surge in oil prices followed by a heavy blow to Japan economy caused by the earth quake and tsunami in northern Japan on March 11. Subsequently, around July and August, the topic of raising debt limit led to a political struggle between the U.S. political parties, other than endangering U.S. sovereign credit rating, the U.S. consumer confidence plunged sharply altogether. Across the ocean European debt crisis worsened further, dragging various countries into recession and the impact rippled through trade and finance channels to other countries. On the other hand, to fight rising property prices, the Mainland China Government put forward harsh purchase orders as antidote, finally the measure took effect, cooling off the market and China was happy to see a "soft landing".

All along, Timeless has been deeply convinced in China Market, taking a "cautiously optimistic" attitude to progress along with our mother country; our core business is centered round autonomous innovative software development; our core value aims to consolidate Chinese Culture into scientific development; our base is anchored in GEM market of Hong Kong; we vow to focus on China Market as dominance and, along the course of striving to strengthen Chinese software power to materialise return for share holders.

The "OSQun", which Timeless has been developing tireless for years, has gained support for various sides; for example, the system Timeless developed for Guangzhou Culture Management office has been in operation for years and still going strong for further development. Such system served as a norm for Chinese Culture industry and shall be promoted to nation-wide.

At the same time, "OSQun" technologies are bettering continuously in parallel; it gained recognition from renowned international names and am preparing to promote such mobile terminal application worldwide. Our technologies are also being recognised by certain department within the HKSAR government, appointing us to be the developer of mobile technologies. As for e-Logistics, we are in full swing deployment, extending to various industries; though in short term, our cost may be increased, however, in the long run, we believe that such investment should bring along long term and stable revenue for the Group.

All along, Timeless has been advocating on the corporate operation principle, that is: "Core business, Core values and pluralistic co-existence" and for the past years, the Group has been actively pursuing other development opportunities, especially in China. In view of the fact that basic metals and precious metals demands are heavy and growing, the outlook for mining industry is optimistic; as mining companies are expected to grow rapidly; thus, after rounds of screening and negotiations, in September 2011, the Group inked our mining decision in a company based in XinJiang to develop our mining opportunities from there. The Board also considers that China's mining industry would be beneficial to the Group and such acquisition would further developed other business opportunities and enhance shareholder value.

Other investors also concurred with the Group's direction and requested to participate with cash capital. A placement was completed back in end October, further strengthening our capital structure.

The acquisition of the mining company was completed in May 2012, from that date on, the Group set foot into the two parallel development trajectory; new revenue and cash source was added and a certain foundation for shareholders' return was established.

Outlook

2012 will be a crucial year for the Group in line with the "12th Five-Year Plan"; riding with the wind and tide of Cloud computing, a new and huge industry innovation and revolution is brewing. The Group shall surmount the trend of IT industry and Cloud Computing, persists on adjustment, innovation and revolution; centered round enterprise and vertical industry SaaS services, we shall march forward towards Cloud computing product and services, actively explore and adapt towards Cloud Computing organisation structure and operating mechanisms.

Timeless Cloud Computing can be segregated into several layers of services, namely: Infrastructure as a Service (Infrasture as a Service "Iaas"), Platform as a Service (Platform as a Service "PaaS") and software as a service (Software as a Service "SaaS").

To these aspects, Timeless has already invested in Guangzhou to build a cloud computing infrastructure platform, to provide leasing services based on virtual machine infrastructure; in addition to Timeless operating platform being migrated, the infrastructure is also being leased to partner companies and customers in various industry operators ranging from leathergoods, bicycle accessories, furniture to eLogistics. The illegal video publications database commissioned by the Ministry of Public Security was also being developed and tested upon such platform. Through leasing service provided by the platform, system deployment cycle could be greatly reduced, thus lowering Total Cost of Ownership. Moreover, by employing GuangCunYuan Storage technology, Massive data storage service based on distributed file system is also being actively pursued.

The widely acclaimed Intelligent Search Engine (SouSuoYuan) and Platform Development Environment (ZiFaYuan) has also extended their services to Cloud Computing Platform, providing various elements of PaaS services such as, Vertical Search, Intelligent Search, Knowledge Management and Program/Apps development. Existing Timeless Customers shall be the first batch of beneficiaries; traditional systems which require to be independently developed could now be easily provisioned via simple leasing.

At present, Timeless is in the course of consolidating various sub-systems such as CRM, DMS, SCM, ERP and WMS required by eCommerce supporting platform; such platform would be based upon Timeless Cloud Computing Infrastructure platform and could be leased to eCommerce partners and customers. Seeing that eCommerce should prosper continuously in China, such service should enjoy even broader and vast applicability outlook.

As for mining business, other than existing mining products should prosper because of economic reasons, the activation of Copper-Nickel mine should also bring in additional revenues and return on investment. Totalling all factors in, we are quite confident of the development of the Group for the year to come.

REVIEW OF OPERATIONS

Results for the year ended 31 March 2012

The directors continued to take a conservative approach for accounting purposes and a stringent view on recognising revenue was still being adopted especially for contracts of relatively longer term in nature in Mainland China.

For the year ended 31 March 2012, the Group recorded audited turnover of approximately HK$25,785,000, representing an increase of 2.8% as compared to approximately HK$25,091,000 in last year. The loss attributable to owners of the Company was approximately HK$11,050,000, as compared to the loss of approximately HK$11,520,000 for the year ended 31 March 2011.

For the year ended 31 March 2012, the other income mainly comprised interest income of approximately HK$557,000 (2011: HK$268,000) and rental income from investment properties of approximately HK$643,000 (2011: HK$565,000), gain on disposal of a commercial property situated in Guangzhou held by a PRC subsidiary of approximately HK$105,000 (2011: Nil).

Liquidity and financial resources

The Group financed its operations and investing activities primarily with internally generated cash flow as well as the net proceeds of approximately HK$24,300,000 from a share placement completed during the year under review.

As at 31 March 2012, the Group had bank balances and cash of approximately HK$63,045,000 (2011: HK$68,636,000).

As at 31 March 2012, the Group had outstanding borrowing of approximately HK$24,000 (2011: HK$69,000), which was obligations under a finance lease and will be fully repaid on 30 September 2012.

Gearing ratio

As at 31 March 2012, the Group's gearing ratio was approximately 0.02% (2011: 0.07%), based on total borrowings of approximately HK$24,000 (2011: HK$69,000) and equity attributable to owners of the Company of approximately HK$110,310,000 (2011: HK$93,656,000).

Charge on the Group's assets

As at 31 March 2012, the Group had pledged bank deposits with carrying amounts of approximately HK$110,000 to secure the general credit facilities granted to the Company and a subsidiary.

Capital structure

As at 31 March 2012, the Company's total number of issued shares was 1,306,311,503 (2011: 1,134,561,503).

On 21 October 2011, the Company has entered into the placing of an aggregate of up to 168,000,000 placing shares to not less than six placees. The placing and subscription were successfully completed on 26 October 2011 and 3 November 2011 respectively, resulting in the issue of 168,000,000 shares at HK$0.15 each.

During the year under review, certain employees of the Group exercised share options granted to them under the 2003 share option scheme and 3,750,000 shares (2011: 1,300,000 shares) of the Company were issued and allotted thereof.

Segmental information

The Group is currently organised into four operating divisions — software development, hardware sales, software sales and e-Commerce services. External turnover generated from software development, hardware sales, software sales and e-Commerce services accounted for 38.0% (2011: 39.8%), 22.1% (2011: 15.1%), 34.1% (2011: 45.1%) and 5.8% (2011: nil) respectively during the year under review.

Order book and prospects for new business

The amount of orders on hand of the Group was over HK$6,300,000 as at 31 March 2012.

Material acquisitions and disposal of subsidiaries and affiliated companies

On 27 May 2010, the Company entered into a sale and purchase agreement with an independent third party to sell approximately 12% equity interest in 珠海南方軟件園發展有限公司 ("ZSSP"), a Sino-foreign joint venture established in the PRC, at a consideration of RMB10,800,000 (equivalent to approximately HK$12,706,000). On 15 May 2011, the Company entered into a further sale and purchase agreement with the same party to sell the remaining 3.31% interest in ZSSP at a consideration of RMB2,310,000 (equivalent to approximately HK$2,817,000). The aforesaid transactions were completed during the year under review.

During the year under review, the Group acquired an additional 20% equity interest in 天時南方(珠海)軟件有限公司, a subsidiary of the Company, from ZSSP for a cash consideration of approximately RMB1,938,000 (equivalent to approximately HK$2,400,000).

Save as disclosed above, there was no material disposal or acquisition of subsidiaries and affiliated companies for the year under review.

Future plans for material investments

Acquisition of Goffers Management Limited and its subsidiaries (collectively, the "Goffers Group")

On 7 September 2011 and 10 April 2012, Time Kingdom Limited ("Purchaser"), a direct wholly-owned subsidiary of the Company, entered into a sale and purchase agreement and supplemental agreement respectively (collectively, the "Agreements") with an independent third party Starmax Holdings Limited ("Vendor"), pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the 102 shares of Goffers Management Limited ("Goffers"), representing 51% of the issued share capital of Goffers, for HK$103,500,000. The consideration shall be satisfied at completion by the Company to issue the consideration shares to the Vendor at the issue price of HK$0.15 each to the Vendor and by the Purchaser issuing the promissory note to the Vendor. The board of directors considers that the acquisition represents a strategic move providing the Group with an opportunity to enter the mining industry in the PRC which will be enhancing value for the shareholders.

All conditions precedent under the Agreements were satisfied and completion took place on 11 May 2012 and the Goffers Group became subsidiaries of the Company since that date. The acquisition results in the issue of 270,000,000 consideration shares by the Company to the Vendor at the issue price of HK$0.15 each and promissory note in the principal amount of HK$63,000,000, representing the consideration of HK$103,500,000.

Exposure to exchange risks

Since the Group's borrowings and its source of income are primarily denominated 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 minimal.

Contingent liabilities

Litigation between Timeless Beijing and Ningxia Educational

天時北方軟件(北京)有限公司 ("Timeless Beijing"), an indirect wholly-owned subsidiary of the Company, was served with a writ of civil proceedings on 13 September 2011 in respect of the civil proceedings commenced by 寧夏教育信息技術股份有限公司 ("Ningxia Educational"), an associated company of the Company in which the Company holds an equity interest of 25%, as plaintiff against Timeless Beijing as defendant for the claim of compensation for non-completion of the information engineering project by Timeless Beijing pursuant to the agreement between Ningxia Educational and Timeless Beijing made in 2001.

The following orders were sought to be granted by the Higher People's Court in Ningxia Hui Autonomous Region ("Ningxia Higher People's Court") against Timeless Beijing: (i) Timeless Beijing to return and pay to Ningxia Educational the project fee in the sum of RMB11,834,793.85 prepaid by Ningxia Educational, the interest in the sum of RMB6,265,915.16 and the interest accrued up to the date of full payment by Timeless Beijing; (ii) legal counsel fees incurred by Ningxia Educational in the sum of RMB250,000 to be borne by Timeless Beijing; and (iii) the costs of the proceedings and other costs to be borne by Timeless Beijing.

On 12 March 2012, the Ningxia Higher People's Court has dismissed the claims against Timeless Beijing by Ningxia Educational and ordered that the costs of the proceedings of the court be borne by Ningxia Educational. Under the PRC law, Ningxia Educational may lodge appeal against the judgement on or before 31 March 2012.

On 28 March 2012, Timeless Beijing was served a copy of the appeal petition filed by Ningxia Educational against the decision of the Ningxia Higher People's Court.

As at the date of this annoucement, the appeal brought by Ningxia Educational was still pending.

The directors of the Company, based on the advice obtained from PRC legal advisers, believe that the subsidiary has a valid defence against the above litigation and accordingly, have not provided for any claim arising from the litigation.

Employee information

As at 31 March 2012, the Group employed a total staff of 90. Staff remuneration is reviewed by 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.

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, Mr. Chan Mei Ying, Spencer and Mr. Lam Kwai Yan. The audit committee has reviewed the audited financial results of the Group for the year ended 31 March 2012.

Code on Corporate Governance Practices

The Company has complied with the code provisions of the Code on Corporate Governance Practices contained in Appendix 15 to the GEM listing Rules, except that Mr. Cheng Kin Kwan holds the dual roles of being the chairman and the chief executive officer of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The Board also believes that Mr. Cheng's appointment as both the chairman and chief executive officer is beneficial to the business prospects of the Company, better facilitates the execution of the Group's business strategies and maximizes effectiveness of its operations. A Corporate Governance Report will be dispatched with the annual report of the Company.

On behalf of the Board
Cheng Kin Kwan
Chairman & Chief Executive Officer

Hong Kong, 22 June 2012

As at the date of this announcement, the executive Directors are Mr. Cheng Kin Kwan, Mr. Law Kwai Lam, Ms. Leung Mei Sheung, Eliza, Ms. Zheng Ying Yu, Mr. Fung Chun Pong, Louis and Mr. Liao Yun; and the independent non-executive Directors are Ms. Tsang Wai Chun, Marianna, Mr. Chan Mei Ying, Spencer and Mr. Lam Kwai Yan .

*This announcement will remain on the GEM website (**www.hkgem.com**) on the "Latest Company Announcements" page for at least 7 days from the day of its posting and on the Company's website (www.timeless.com.hk).*