



Timeless Software Limited

(incorporated in Hong Kong with limited liability)

(Stock code: 8028)

RESULTS ANNOUNCEMENT For the year ended 31 March 2013

Characteristics of The Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock 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.

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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 2013 together with the comparative audited figures for the corresponding period in 2012 as follows:

Consolidated statement of comprehensive income

For the year ended 31 March 2013

	Notes	2013 HK\$'000	2012 HK\$'000
Turnover	3	204,866	25,785
Other income and gains		2,367	1,600
Purchase and production costs		(105,404)	(21,218)
Staff costs		(30,423)	(19,056)
Depreciation and amortisation		(26,670)	(973)
Acquisition-related costs		(7,146)	–
Other expenses		(18,833)	(14,428)
Fair value changes on investment property		–	(1,639)
Loss on disposal of investment property		(588)	–
Gain on disposal of equity interest in a jointly controlled entity		–	15,589
Write off/impairment of goodwill		(5,436)	(1,298)
Net gains on investments held for trading		7,709	3,334
Finance costs	4	(1,578)	(5)
Share of profits of associates		1,657	1,239
		<hr/>	<hr/>
Profit/(loss) before tax		20,521	(11,070)
Income tax expense	6	(22,371)	–
		<hr/>	<hr/>
Loss for the year	5	(1,850)	(11,070)
		<hr/>	<hr/>
Other comprehensive income/(loss), net of income tax			
Exchange differences on translating foreign operations		4,932	1,868
Reclassification adjustments on exchange differences upon disposal of equity interest in a jointly controlled entity		–	(66)
Share of other comprehensive income of associates		484	1,088
		<hr/>	<hr/>
Other comprehensive income for the year, net of income tax		5,416	2,890
		<hr/>	<hr/>
Total comprehensive income/(loss) for the year		3,566	(8,180)

	<i>Notes</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Profit/(loss) attributable to:			
Owners of the Company		(27,611)	(11,050)
Non-controlling interests		25,761	(20)
		<u>(1,850)</u>	<u>(11,070)</u>
 Total comprehensive income/(loss) attributable to:			
Owners of the Company		(25,657)	(8,281)
Non-controlling interests		29,223	101
		<u>3,566</u>	<u>(8,180)</u>
 Loss per share		<i>HK cents</i>	<i>HK cents</i>
– Basic and diluted	7	<u>(1.78)</u>	<u>(0.92)</u>

Consolidated statement of financial position

At 31 March 2013

	<i>Notes</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Non-current assets			
Investment property		–	9,348
Property, plant and equipment		47,391	2,838
Other intangible assets	8	363,904	–
Interests in associates		7,571	5,430
Prepaid lease payments		7,394	–
Deposits		20,235	–
Land rehabilitation costs		7,763	–
		<hr/> 454,258	<hr/> 17,616
Current assets			
Inventories		33,550	3,044
Prepaid lease payments		186	–
Trade and other receivables	9	68,229	15,452
Investments held for trading		17,985	17,533
Bank balances and cash		55,242	63,045
		<hr/> 175,192	<hr/> 99,074
Current liabilities			
Trade and other payables	10	28,349	6,157
Obligations under a finance lease		–	24
Amount due to a related company		700	–
Dividends payable to non-controlling interests		46,816	–
Promissory note		11,317	–
Current tax liabilities		4,326	–
		<hr/> 91,508	<hr/> 6,181
Net current assets		<hr/> 83,684	<hr/> 92,893
Total assets less current liabilities		<hr/> 537,942	<hr/> 110,509

	<i>Notes</i>	2013 HK\$'000	2012 <i>HK\$'000</i>
Non-current liabilities			
Promissory note		49,809	–
Provision for land rehabilitation		9,872	–
Deferred tax liabilities	<i>11</i>	50,947	–
		<u>110,628</u>	<u>–</u>
Net assets		<u>427,314</u>	<u>110,509</u>
Capital and reserves			
Share capital		79,013	65,316
Reserves		54,211	44,994
		<u>133,224</u>	<u>110,310</u>
Equity attributable to owners of the Company		294,090	199
Non-controlling interests		<u>294,090</u>	<u>199</u>
Total equity		<u>427,314</u>	<u>110,509</u>

Consolidated statement of changes in equity
For the year ended 31 March 2013

	Share capital HK\$'000	Share premium HK\$'000	Share options reserve HK\$'000	Investment revaluation reserve HK\$'000	Property revaluation reserve HK\$'000	Translation reserve HK\$'000	Accumulated deficit HK\$'000	Attributable to owners of the Company HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
Balance at 1 April 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/(loss) 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
Transaction costs attributable to issue of new ordinary shares	-	(994)	-	-	-	-	-	(994)	-	(994)
Release of reserve upon share options forfeited	-	-	(52)	-	-	-	52	-	-	-
Acquisition of non-controlling interests	-	-	-	-	-	643	(485)	158	(2,558)	(2,400)
Balance at 31 March 2012 and 1 April 2012	65,316	654,107	2,191	2,111	1,061	8,104	(622,580)	110,310	199	110,509
Profit/(loss) for the year	-	-	-	-	-	-	(27,611)	(27,611)	25,761	(1,850)
Other comprehensive income/(loss) for the year	-	-	-	416	(1,061)	1,538	1,061	1,954	3,462	5,416
Total comprehensive income/(loss) for the year	-	-	-	416	(1,061)	1,538	(26,550)	(25,657)	29,223	3,566
Recognition of equity-settled share-based payments	-	-	2,301	-	-	-	-	2,301	-	2,301
Issue of ordinary shares under employee share option plan	197	315	(173)	-	-	-	-	339	-	339
Issue of consideration shares	13,500	31,590	-	-	-	-	-	45,090	-	45,090
Non-controlling interests arising on business combination	-	-	-	-	-	-	-	-	282,690	282,690
Transaction costs attributable to issue of new ordinary shares	-	(206)	-	-	-	-	-	(206)	-	(206)
Release of reserve upon share options forfeited	-	-	(158)	-	-	-	158	-	-	-
Dividends payable to non-controlling interests	-	-	-	-	-	-	-	-	(18,225)	(18,225)
Disposal of interest in a subsidiary without loss of control	-	-	-	-	-	(61)	1,108	1,047	203	1,250
Balance at 31 March 2013	79,013	685,806	4,161	2,527	-	9,581	(647,864)	133,224	294,090	427,314

NOTE:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and complied with the applicable disclosures requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”).

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 HKFRS 1	<i>Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i>
Amendments to HKFRS 7	<i>Disclosures – Transfers of Financial Assets</i>
Amendments to HKAS 12	<i>Deferred Tax: Recovery of Underlying Assets</i>

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 HKFRS 1	<i>Government Loans²</i>
Amendments to HKFRS 7	<i>Disclosures – Offsetting Financial Assets and Financial Liabilities²</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Mandatory Effective Date of HKFRS 9 and Transition Disclosures⁴</i>
HKFRS 9	<i>Financial Instruments⁴</i>
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	<i>Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance²</i>
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	<i>Investment Entities³</i>
HKFRS 10	<i>Consolidated Financial Statements²</i>
HKFRS 11	<i>Joint Arrangements²</i>
HKFRS 12	<i>Disclosure of Interests in Other Entities²</i>
HKFRS 13	<i>Fair Value Measurement²</i>
Amendments to HKAS 1	<i>Presentation of Items of Other Comprehensive Income¹</i>
HKAS 19 (as revised in 2011)	<i>Employee Benefits²</i>
HKAS 27 (as revised in 2011)	<i>Separate Financial Statements²</i>
HKAS 28 (as revised in 2011)	<i>Investments in Associates and Joint Ventures²</i>
Amendments to HKAS 32	<i>Offsetting Financial Assets and Financial Liabilities³</i>
Amendments to HKFRSs	<i>Annual Improvements to HKFRSs 2009–2011 Cycle²</i>
HK(IFRIC) – Int 20	<i>Stripping Costs in the Production Phase of a Surface Mine²</i>

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

² Effective for annual periods beginning on or after 1 January 2013.

³ Effective for annual periods beginning on or after 1 January 2014.

⁴ Effective for annual periods beginning on or after 1 January 2015.

3. SEGMENT INFORMATION

The Group's operating segments are determined based on information reported to the chief operating decision maker (the "CODM"), being the directors, for the purpose of resources allocation and performance assessment. In previous years, (i) software development; (ii) hardware sales; (iii) software sales; and (iv) e-Commerce services were reported to the CODM as stand-alone business units and constituted separate operating segments. Following a change in the Group's operating and reporting structure as a result of business combination, accordingly, the CODM now reviews the Group's internal reporting for the purposes of resource allocation and performance assessment based on two operating segments as (i) the provision of computer consultancy and software maintenance services, software development, sales of computer hardware and software and e-Commerce services ("Computer hardware and software business"); and (ii) the exploration and exploitation of mines ("Mining business").

Segment revenues and results

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

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Segment revenue		
Computer hardware and software business	48,828	25,785
Mining business	156,038	–
	204,866	25,785
Segment results		
Computer hardware and software business	(25,732)	(28,564)
Mining business	46,513	–
	20,781	(28,564)
Interest income	502	557
Other income and gains	1,865	1,043
Unallocated corporate expenses	(9,827)	(2,624)
Fair value changes on investment property	–	(1,639)
Loss on disposal of investment property	(588)	–
Gain on disposal of equity interest in a jointly controlled entity	–	15,589
Net gains on investments held for trading	7,709	3,334
Finance costs	(1,578)	(5)
Share of profits of associates	1,657	1,239
Profit/(loss) before tax	20,521	(11,070)

Segment revenue reported above represents revenue generated from external customers. There was no inter-segment revenue.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represent the profit/loss from each segment without allocation of interest income, other income and gains, unallocated corporate expenses, fair value changes on investment property, loss on disposal of investment property, gain on disposal of equity interest in a jointly controlled entity, net gains on investments held for trading, finance costs and share of profits of associates. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Segment assets		
Computer hardware and software business	33,191	19,767
Mining business	513,796	–
	<u>546,987</u>	<u>19,767</u>
Total segment assets		
Unallocated	82,463	96,923
	<u>629,450</u>	<u>116,690</u>
Consolidated assets		
Segment liabilities		
Computer hardware and software business	13,742	6,157
Mining business	127,268	–
	<u>141,010</u>	<u>6,157</u>
Total segment liabilities		
Unallocated	61,126	24
	<u>202,136</u>	<u>6,181</u>
Consolidated liabilities		

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

- all assets are allocated to reportable segments other than interests in associates, investment property, amount and loan due from an associate, investments held for trading and bank balances and cash. Goodwill is allocated to segments; and
- all liabilities are allocated to reportable segments other than obligations under a finance lease and promissory note.

Other segment information

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Additions to non-current assets*		
Computer hardware and software business	1,100	1,661
Mining business	451,547	–
	<u>452,647</u>	<u>1,661</u>
Depreciation and amortisation		
Computer hardware and software business	796	973
Mining business	25,874	–
	<u>26,670</u>	<u>973</u>

* Additions to non-current assets include additions to property, plant and equipment, goodwill, other intangible assets, prepaid lease payments and land rehabilitation costs (including assets from the acquisition through business combination).

In addition to the depreciation and amortisation reported above, approximately HK\$5,436,000 (2012: HK\$1,298,000) was written off/impairment in respect of goodwill. The write off/impairment loss was attributable to the following reportable segments:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Write off/impairment of goodwill:		
Computer hardware and software business	–	1,298
Mining business	<u>5,436</u>	<u>–</u>
	<u>5,436</u>	<u>1,298</u>

Revenue from major products and services

The Group's revenue from its major products and services were as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Computer hardware	31,265	5,684
Computer software	7,482	8,803
Gold dores	152,231	–
Iron ore	3,807	–
Software development	4,498	9,809
e-Commerce services	<u>5,583</u>	<u>1,489</u>
	<u>204,866</u>	<u>25,785</u>

Geographical information

The Group's operations are mainly situated in Hong Kong and the People's Republic of China ("PRC").

The Group's revenue from external customers by location of operations and information about its non-current assets* by location of assets are detailed below:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Turnover from external customers		
Hong Kong	8,153	9,875
PRC	<u>196,713</u>	<u>15,910</u>
	<u>204,866</u>	<u>25,785</u>
Non-current assets*		
Hong Kong	1,337	1,279
PRC	<u>445,350</u>	<u>10,907</u>
	<u>446,687</u>	<u>12,186</u>

* *Non-current assets excluding 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:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Customer A ¹	N/A ³	3,532
Customer B ²	152,142	N/A ³
Customer C ¹	27,705	N/A ³

¹ Revenue from computer hardware and software business

² Revenue from mining business

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

4. FINANCE COSTS

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Interest on:		
– a finance lease	2	5
– promissory note not wholly repayable within five years	1,576	–
Total borrowing costs	1,578	5

5. LOSS FOR THE YEAR

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Loss for the year has been arrived at after charging/(crediting):		
Directors' and chief executive's emoluments	6,196	4,165
Other staff's retirement benefits scheme contributions	2,157	1,275
Other staff's equity-settled share-based payments	2,301	241
Other staff costs	19,769	13,375
	<u>30,423</u>	<u>19,056</u>
Total employee benefits expenses		
Depreciation of property, plant and equipment:		
– owned by the Group	1,920	932
– held under a finance lease	20	41
Amortisation of:		
– prepaid lease payments	170	–
– land rehabilitation costs	918	–
– other intangible assets	23,642	–
	<u>26,670</u>	<u>973</u>
Total depreciation and amortisation		
Auditors' remuneration	950	550
Cost of inventories recognised as an expense	98,428	18,970
Loss/(gain) on disposal of property, plant and equipment	2	(105)
Operating lease rentals in respect of rented premises	2,977	3,053
Dividends from listed equity securities	(1,004)	(346)
Net foreign exchange gains	(247)	(282)
Interest income	(502)	(557)
	<u>(163)</u>	<u>(643)</u>
Gross rental income from investment property		
Less: direct operating expenses from investment property that generated rental income during the year	39	85
	<u>(124)</u>	<u>(558)</u>

6. INCOME TAX EXPENSE

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Current tax:		
– PRC Enterprise Income Tax	25,801	–
Deferred tax	(3,430)	–
	<u>22,371</u>	<u>–</u>
Total income tax recognised in profit or loss		

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 consolidated 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.

7. LOSS PER SHARE

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

	2013	2012
Loss:		
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	<u>HK\$(27,611,000)</u>	<u>HK\$(11,050,000)</u>
Number of ordinary shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>1,549,039,997</u>	<u>1,205,126,256</u>

The computation of diluted loss per share did not assume the exercise of the Company's outstanding share options existed during the years ended 31 March 2013 and 2012 since their exercise would result in a decrease in loss per share.

8. OTHER INTANGIBLE ASSETS

	Mining rights <i>HK\$'000</i>	Exploration rights and assets <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost			
Balance at 1 April 2011, 31 March 2012 and 1 April 2012	–	–	–
Acquisition through business combination	137,037	243,210	380,247
Effect of foreign currency exchange differences	1,713	3,040	4,753
Additions	168	2,378	2,546
Balance at 31 March 2013	<u>138,918</u>	<u>248,628</u>	<u>387,546</u>
Accumulated amortisation			
Balance at 1 April 2011, 31 March 2012 and 1 April 2012	–	–	–
Provided for the year	23,642	–	23,642
Balance at 31 March 2013	<u>23,642</u>	<u>–</u>	<u>23,642</u>
Carrying amounts			
Balance at 31 March 2013	<u>115,276</u>	<u>248,628</u>	<u>363,904</u>
Balance at 31 March 2012	<u>–</u>	<u>–</u>	<u>–</u>

9. TRADE AND OTHER RECEIVABLES

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Trade receivables	21,326	6,108
Prepayments	31,161	4,545
Deposits	29,965	1,094
Other receivables	6,012	3,705
	<u>88,464</u>	<u>15,452</u>
Less: deposits classified as non-current assets	(20,235)	–
	<u>68,229</u>	<u>15,452</u>

The following is an analysis of trade receivables by age, presented based on the invoice date:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
0 to 30 days	13,771	3,300
31 to 60 days	16	608
61 to 90 days	38	39
More than 90 days	7,501	2,161
	<u>21,326</u>	<u>6,108</u>

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

10. TRADE AND OTHER PAYABLES

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Trade payables	11,047	1,285
Customers' deposits received	1,941	1,958
Other payables	15,361	2,914
	<u>28,349</u>	<u>6,157</u>

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

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
0 to 30 days	9,921	501
31 to 60 days	624	–
61 to 90 days	144	–
More than 90 days	358	784
	<u>11,047</u>	<u>1,285</u>

11. DEFERRED TAXATION

The following are the major deferred tax liabilities recognised and movements thereon during the current and prior years:

	Withholding tax on undistributed profits HK\$'000	Fair value adjustments arising from business combination HK\$'000	Total HK\$'000
At 1 April 2011, 31 March 2012 and 1 April 2012	–	–	–
Recognised on business combination	1,725	51,981	53,706
Effect of foreign currency exchange differences	22	649	671
Credit to profit or loss	(413)	(3,017)	(3,430)
	<u>1,334</u>	<u>49,613</u>	<u>50,947</u>
At 31 March 2013	1,334	49,613	50,947

12. BUSINESS COMBINATION

On 11 May 2012, the Group completed the acquisition of the 51% equity interest in Goffers Management Limited and its subsidiaries (collectively, the “Goffers Group”). The consideration was satisfied by the issue of (i) 270,000,000 Consideration Shares by the Company at the issue price of HK\$0.15 each; and (ii) Promissory Note in the principal amount of HK\$63,000,000. The directors consider that the acquisition represents a strategic move providing the Group with an opportunity to enter into the mining business in the PRC, which is expected to broaden the Group’s revenue base and create value for the shareholders of the Company.

The major assets of the Goffers Group comprised its 51% controlling interests in 新疆天目礦業資源開發有限公司 (“Xinjiang Tianmu”), a Sino-foreign equity joint venture company established in the PRC which is principally engaged in exploration and exploitation of gold, iron, nickel-copper mines in Xinjiang Uygur Autonomous Region (“Xinjiang”), the PRC and the processing and sale of the outputs from the mines.

Consideration transferred

	<i>HK\$'000</i>
Consideration Shares	45,090
Promissory Note	<u>63,020</u>
Total	<u>108,110</u>

Pursuant to the sales and purchase agreement, the vendor has warranted and undertaken that, the total actual and completed sales of gold by Xinjiang Tianmu for the twelve months ending 30 June 2013 (the “Actual Sales”) shall not be less than 282 kg (the “Guarantee Sales”) and that any shortfall from the Guarantee Sales will be compensated to the Group by paying in cash an amount which is equivalent of 26.01% of the shortfall between the Guarantee Sales and Actual Sales at HK\$124,000 per kg. The maximum amount payable by the vendor under the gold sales guarantee is approximately HK\$9,095,000. The above arrangement is accounted for as a contingent consideration receivable at fair value through profit or loss. The directors assessed the fair value of the contingent consideration at the date of acquisition and as at the end of the reporting period to be insignificant.

Acquisition-related costs amounting to approximately HK\$7,146,000 have been excluded from the cost of acquisition and have been recognised as an expense during the year ended 31 March 2013, within the “acquisition-related costs” line item in the consolidated statement of comprehensive income.

Assets acquired and liabilities recognised at the date of acquisition*HK\$'000***Non-current assets**

Property, plant and equipment	31,100
Other intangible assets	380,247
Prepaid lease payments	7,471
Deposits	16,471
Land rehabilitation costs	3,510

Current assets

Inventories	22,207
Prepaid lease payments	183
Trade and other receivables	37,682
Bank balances and cash	53,134

Current liabilities

Trade and other payables	(34,940)
Amounts due to related companies	(10,664)
Dividend payable	(57,729)
Current tax liabilities	(4,916)

Non-current liabilities

Provision for land rehabilitation	(4,686)
Deferred tax liabilities	(53,706)

Total	<u>385,364</u>
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Non-controlling interests

The non-controlling interests in the Goffers Group recognised at the acquisition date was measured at the non-controlling interests' proportionate share of the acquiree's fair value of net assets of the Goffers Group and amounted to approximately HK\$282,690,000.

Goodwill arising on acquisition*HK\$'000*

Consideration transferred	108,110
Plus: non-controlling interests	282,690
Less: fair value of identifiable net assets acquired	<u>(385,364)</u>
Total	<u>5,436</u>

In accordance with the sales and purchase agreement, the consideration for the acquisition was HK\$103,500,000, of which HK\$63,000,000 was to be satisfied by the issuance of promissory note (the “Promissory Note”) and HK\$40,500,000 was to be satisfied by the issuance of 270,000,000 ordinary shares of the Company (the “Consideration Shares”) at the agreed issue price of HK\$0.15 each. In accordance with HKFRS 3, the consideration transferred in a business combination shall be measured at fair value. The closing market price of the Company’s ordinary shares was HK\$0.167 each on the acquisition date. Therefore, the Company determined that the acquisition-date fair values of the Promissory Note and the Consideration Shares were approximately HK\$63,020,000 and HK\$45,090,000 (being 270,000,000 Consideration Shares at HK\$0.167 each) respectively. The acquisition-date fair value of the total consideration was therefore approximately HK\$108,110,000. The goodwill arising from the acquisition amounted to HK\$5,436,000 which was mainly attributable to the difference between the agreed issue price of the Consideration Shares and their acquisition-date fair value in an amount of approximately HK\$4,590,000. As this factor had no effect on the future cash flows of the Goffers Group, such goodwill was written off to profit or loss immediately upon acquisition.

Net cash inflow on acquisition

	<i>HK\$'000</i>
Consideration paid in cash	–
Plus: cash and cash equivalent balances acquired	53,134
	<hr/>
Total	53,134
	<hr/>

13. DIVIDEND

No dividends had been paid or declared by the Company during the year (2012: nil).

CHAIRMAN’S STATEMENT

Review

In 2012, the electronic technology industry experienced through acceleration in cross-border fusion, manufacturing, information services and digital content industry faced high-level integration; such wave broadened the innovation frontier of electronic technology industries and new forms of industry continually developed. Under such context, Timeless Group carries on with cross-industry collaboration, integrating resources efficiently so as to promote multi-industry collaborative innovation aiming to bring novel experience to consumers. Our goal is not confined to just market share expansion and brand-name influence but with a bid to make major breakthrough in worldwide electronic technology industry market status.

It is further worth mentioning: dating back 10 years ago, the Group has foreseen that online internet storage would become a hot trend; thus at that point of time, a technology Research and Development Centre was jointly set up between Beijing Tsinghua University and the Group to co-develop network storage technology “GuangCunYun” (廣存元). Today, the trendy buzzword is now known as “Cloud Computing” and “Cloud Storage”; in view of rising tide, the Group thus decided to unveil the crown jewel which the Group had treasured for so many years and launched into market for the benefit of the majority of Chinese Internet users and the general public so that they could make use of various technological means, enjoy and share the outstanding technological outcome. And, further, using the technology as the springboard, enable Chinese autonomous original technologies to extend to the whole world.

In addition, in May 2012 the Group completed the Xinjiang mining business acquisition, stabilising income source support, adding fuel and momentum for the development of the Group’s core software development business.

Outlook

Looking ahead, challenges and opportunities co-exist.

Firstly, the external macro-economic situation is still grim, but crisis also breeds opportunity. In order to stimulate consumption, the Chinese government will actively stimulate domestic demand, while further promoting China’s urbanisation, which will nurture local Chinese technology companies, especially software companies to bring a new round of innovation opportunities.

Second, the rapid development pace of products and technology is creating leapfrog opportunities for enterprises. Recently, the boom in global electronics, information technology and the Internet greatly accelerate the speed of technological development, all kinds of new technology and new products mushroomed. The Group has always insisted on the implementation of innovative product strategy, carefully study the market trends and consumer preferences, and actively integrate external resources and efforts to develop competitive products.

Third, business models and industrial morphological changes bring along new opportunities. Global electronic technology industry is facing a new round of reshuffle, many information technology, Internet companies have been indulging themselves into mobile Internet and “Cloud” services, however, the business model changes thus brought along by the wave is narrowing the differentiation between hardware products whereas “Soft power” represented by Operating Systems, Application platforms and content services shall become value-added spotlights. Technology brand-names, not only should they possess good products, but are also in need of enhancing their business models to quest for profitable chances. Along with the rapid development of e-commerce platforms, the Group will strengthen the development of electronic commerce in order to stay abreast with changes in market and channels.

Looking forward into 2013, the Company will continue on to strive for the success of the intelligent robot project and its subsequent market launch, laying the profit foundation for the Company and establish the organic consolidation between e-logistics and e-Commerce so as to broaden the revenue channels for the Company. At the same time, supplemented by mining business partners expansion, so as to endeavor and guarantee the continual, healthy and stable development of the Group, living up to shareholders’ expectations.

Summing up, Timeless, since its incarnation till today, is cored around software development and sees China Market as the profit spring. The Group persists on “consolidate and autonomous originality” as the warp and “Short cycle, low cost and high efficiency” as the weft, and is committed to optimise in product mix, market strategies, sales channels, costs and brand-name influence. By relying on the unique status of Chinese autonomous original software enterprise we possessed, we will strive on to build a platform that the Chinese Race could be proud of. Along the course of such service, Timeless shall pursue on turning the figures from red to black, followed by sustainable, continual profits.

Looking ahead, the above conclusions meet the future development of Timeless.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

During the year under review, the Group has completed the acquisition of the Goffers Group on 11 May 2012 and further expanded its lines of business to the mining industry and is principally engaged in two business lines, namely (i) the provision of computer consultancy and software maintenance services, software development, sales of computer hardware and software and e-Commerce services (hereinafter collectively referred to as the “Computer Hardware and Software Business”); and (ii) the exploration and exploitation of various mines in Xinjiang, the PRC (hereinafter collectively referred to as the “Mining Business”).

Computer Hardware and Software Business

For 2012 that passed, the Group's core business steamed on with momentum; on one hand, our experience and expertise in software development cumulated through the years earned recognition from leading domestic home appliance enterprise, willing to join hands to co-develop intelligent robot project leading to product with long term market effect and revenue. Further, the Group's technology edge and passion on web-logistics finally gained appreciation from leading logistics head, after years of laborious cultivation, we finally managed to gain a successful attempt into the organic combination between technology and e-Commerce, bringing in additional revenue channel for the Group. Moreover, the Group's hard work spent on technological application on judicial services has been closing in to mature age, the blossom and fruit is at hand in the foreseeable future.

Mining Business

Overview

The Group has completed the very substantial acquisition in relation to the acquisition of a 51% equity interest in the Mining Business on 11 May 2012 ("Acquisition Date"). Gold dores are the major product of the Mining Business before the Baishiquan nickel-copper mine, which is now in the development stage, commences production. For the period from the Acquisition Date to 31 March 2013, the sales of gold dores amounted to HK\$152 million which contributed approximately 97% of the total revenue for the mining business during the period.

During the period from Acquisition Date to 31 March 2013, approximately 71,000 tonnes of ores were extracted from the gold mines and approximately 50,000 tonnes of ores were processed at an average grade of 5.64 gram/tonne. The processed were mainly extracted from the Heishiliang gold mine and Hongshannan gold mine.

The development of Baishiquan nickel-copper mine is progressing as scheduled and the total capital expenditure during the period from the Acquisition Date to 31 March 2013 amounted to approximately HK\$12 million. With the satisfactory progress of the mine development, the management is confident that the nickel-copper mine will become another source of profit to the Group upon the commencement of its commercial production in 2014.

Licences and permits

The status and terms of validity of the exploration and exploitation licences of the major mines held by the Group are summarised below:

Major mines	Type of licence	Effective date	Expiry date
Heishiliang gold mine	Exploitation	25 January 2013	25 September 2018
Hongshannan gold mine	Exploitation	22 August 2012	22 August 2014
Tuchushan iron mine	Exploitation	30 December 2010	30 August 2019
Baishiquan nickel-copper mine	Exploitation	30 July 2012	30 July 2014
Baishiquan nickel-copper mine	Exploration	19 May 2011	19 May 2014

Reserves estimates update

The reserves estimates for the Heishiliang gold mines, Hongshannan gold mine, Tuchushan iron mine and Baishiquan nickel-copper mine as at 31 March 2013 are set out below:

Gold mine	Reserve/Resource category	Tonnage (tonnes*1,000)	Average grade (gram/tonne)	
Heishiliang	Proved	73	1.47	
	Probable	/	N/A	
	Stockpiles	23	1.47	
	Resource	117	1.87	
Hongshannan	Proved	81	5.14	
	Probable	8	2.71	
	Stockpiles	10	2.96	
Iron Mine	Reserve category	Tonnage (tonnes*1,000)	Average grade (Fe %)	
Tuchushan	Proved	/	N/A	
	Probable	322	32.96	
Nickel-copper Mine	Reserve category	Tonnage (tonnes*1,000)	Average grade (Ni %)	(Cu %)
Baishiquan	Proved	/	N/A	N/A
	Probable	1,208	0.52	0.34

Note:

The mineral resource and reserve estimates were based on the 2011 estimates as per the independent technical report as disclosed in the circular of the Company dated 12 April 2012 in relation to the very substantial acquisition. The increases and decreases were due to mining consumption and production exploration during the period and were confirmed by internal experts.

Madagascar Projects

The Group has entered into a mining services agreement with owners of the mines to conduct mining activities in three gold mines located in the Republic of Madagascar, an island country in the Indian Ocean, off the south-eastern coast of Africa. The Group is in the course of preparing the mining plan. The commencement of the mining services of the three gold mines will contribute to the Group's profitability.

Dividends to non-controlling interests

Among the dividends payable to non-controlling interests in the amount of HK\$46.8 million, HK\$18.2 million was declared by a non-wholly owned subsidiary of the Group engaging in Mining Business in January 2013 for its 2012 performance. The balance of HK\$28.6 million was declared before the Acquisition Date.

Promissory Note

On 11 May 2012, the Group issued promissory note in the principal amount of HK\$63 million to Starmax Holdings Limited as part of the consideration of acquisition of the Mining Business. After the repayment of HK\$3 million in August 2012, the outstanding aggregate principle amount of HK\$60 million is repayable in six equal instalments on each anniversary of the date of issue. The promissory note bears interest at 3% per annum payable on each anniversary of the date of issue and is secured by a charge over 51% of the issued share capital of Goffers Management Limited, a non-wholly owned subsidiary of the Company.

The first instalment of promissory note repayment in the principal amount of HK\$10 million falls due on 11 May 2013. On 10 May 2013, Starmax Holdings Limited and the Group mutually agreed to extend the due date for the repayment of the first instalment to 11 May 2014, and that interest shall continue to accrue on the overdue first instalment at 7% per annum until the first instalment is fully paid by the Company.

Financial Performance Review

For the year ended 31 March 2013, the Group recorded audited turnover of approximately HK\$204,866,000, representing an increase of 695% as compared with the same period of last year. Loss attributable to owners of the Company was approximately HK\$27,611,000, as compared to approximately HK\$11,050,000 over the same period in 2012.

The fluctuations in turnover and result for the Group was mainly contributed by (i) the newly acquired Mining Business for which recorded turnover and segmental profit for the year under review of approximately HK\$156,038,000 and HK\$46,513,000 respectively; (ii) non-recurring acquisition related-costs of the Mining Business incurred during the year under review of approximately HK\$7,146,000; (iii) income tax expense amounted to approximately HK\$22,371,000; (iv) net gains of approximately HK\$7,709,000 on listed equity investments; (v) depreciation and amortisation amounted to approximately HK\$26,670,000; and (vi) write off of goodwill amounted to approximately HK\$5,436,000.

For the Computer Hardware and Software business, the Group recorded turnover and segmental loss of approximately HK\$48,828,000 and HK\$25,732,000 for the current year respectively, representing an increase of 89.4% and decrease of 9.9% as compared with last year.

Liquidity and financial resources

As at 31 March 2013, the Group had bank balances and cash and net current assets amounted to approximately HK\$55,242,000 and HK\$83,684,000 (31 March 2012: HK\$63,045,000 and HK\$92,893,000) respectively. Out of the Group's bank balances and cash, about 48% and 52% were denominated in Hong Kong dollars and Chinese Renminbi respectively. As at 31 March 2013, the current ratio stood at 1.91 (31 March 2012: 16.03).

The Group generally financed its operations and investing activities primarily with internally generated cash flow as well as the proceeds from previous fund raising activities and from the exercising by grantees of the share options granted under the 2003 share option scheme.

As at 31 March 2013, the Company's total number of issued shares was 1,580,261,503 (31 March 2012: 1,306,311,503). During the year under review, 270,000,000 shares at the issue price of HK\$0.15 each of the Company were issued and allotted to Starmax Holdings Limited on 11 May 2012 as partial consideration in relation to acquisition of 51% equity interest in the Goffers Group. In addition, certain employees of the Group exercised share options granted to them under the 2003 share option scheme and 3,950,000 (for the year ended 31 March 2012: 3,750,000) shares of the Company were issued and allotted thereof.

As at 31 March 2013, the Group had outstanding borrowings of approximately HK\$61,126,000 (31 March 2012: HK\$24,000), for which primarily represents the Hong Kong dollar denominated promissory note accounted for at amortised cost using the effective interest method. The promissory note shall be repaid by annual instalments with accrued interests in fixed rate and of which the aggregate notional amount of approximately HK\$11,351,000 was repayable within one year, HK\$44,200,000 was repayable within two to five years and HK\$10,300,000 was repayable after five years accordingly.

The directors believe that the Group has an adequate capital structure and the Group's existing financial resources are sufficient to fulfill its commitments and working capital requirements.

Gearing ratio

As at 31 March 2013, the Group's gearing ratio was approximately 45.88% (31 March 2012: 0.02%), based on total borrowings of approximately HK\$61,126,000 (31 March 2012: HK\$24,000) and equity attributable to owners of the Company of approximately HK\$133,224,000 (31 March 2012: HK\$110,310,000). The increase in the ratio was mainly attributable to the acquisition of subsidiaries.

Charge on the Group's assets

As at 31 March 2013, 102 shares of Goffers Management Limited (representing 51% of the issued share capital), an indirect wholly-owned subsidiary of the Company, was pledged to the noteholder in order to secure the payment obligations of the Group under the promissory note. As at 31 March 2013, the Group had also pledged bank deposits to secure the general credit facilities to the extent of HK\$110,000 granted to the Company and a subsidiary.

Order book and prospects for new business

The amount of orders on hand of the Group was over HK\$12,425,000 as at 31 March 2013.

Segmental information

The Group is currently organised into two operating segments – (i) the Computer Hardware and Software business; and (ii) the Mining business. During the year under review, revenue generated by the Group's computer hardware and software business and mining business accounted for 23.8% (2012: 100%) and 76.2% (2012: 0%) respectively.

Material acquisitions and disposal of subsidiaries and affiliated companies

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 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.

The acquisition constitutes a very substantial acquisition of the Company under Chapter 19 of the GEM Listing Rules. Relevant details were set out in the announcement dated 7 September 2011 and the circular dated 12 April 2012 published on the GEM website of the Stock Exchange at www.hkgem.com.

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

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 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

As at 31 March 2013, there were no material contingent liabilities incurred by the Group.

Employee information

As at 31 March 2013, the Group employed a total staff of 205. 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 2013.

Code on Corporate Governance Practices

The Company has adopted the code provisions (“Code Provisions”) set out in the Corporate Governance Code (taking effect from 1 April 2012) (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 2013, 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. The positions of Chairman of the Board and Chief Executive Officer of the Company are both currently carried on by Mr. Cheng Kin Kwan. The Board considers that vesting the roles of chairman and chief executive officer in the same person facilitates the execution of the Group’s business strategies and maximizes effectiveness of its operation. The Board as well as nomination committee shall nevertheless review the structure of the Board from time to time and shall consider the appropriate move to take should suitable circumstance arises.

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, 21 June 2013

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, Mr. Liao Yun, Mr. Felipe Tan and Mr. Zhang Ming; and the independent non-executive Directors are Ms. Tsang Wai Chun, Marianna, Mr. Chan Mei Ying, Spencer, Mr. Lam Kwai Yan and Ms. Chan Choi Ling.

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).