



# **TIMELESS SOFTWARE LIMITED**

*(incorporated in Hong Kong with limited liability)*

## **RESULTS ANNOUNCEMENT**

**For the year ended 31 March 2001**

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

**GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. 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.**

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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 2001 together with the comparative audited figures for the corresponding period in 2000 as follows:

	<i>Note</i>	<b>2001</b> <b>HK\$’000</b>	<b>2000</b> <b>HK\$’000</b>
Turnover	2	140,163	141,649
Other revenues	2	<u>34,445</u>	<u>13,553</u>
		174,608	155,202
Cost of sale of computer software and hardware		(57,098)	(34,653)
Staff costs		(38,866)	(28,355)
Depreciation		(5,994)	(3,367)
Other operating expenses		<u>(23,995)</u>	<u>(12,170)</u>
Operating profit		48,655	76,657
Finance costs	3	(5,563)	(2,582)
Share of loss of the jointly controlled entity		<u>(345)</u>	<u>—</u>
Profit before taxation		42,747	74,075
Taxation	4	<u>(5,358)</u>	<u>(5,170)</u>
Profit for the year retained		<u><u>37,389</u></u>	<u><u>68,905</u></u>
Basic earnings per share	5	<u><u>4.98 cents</u></u>	<u><u>12.75 cents</u></u>

*Notes:*

### 1. **Basis of presentation**

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants. The accounts are prepared under the historical cost convention.

The consolidated results include the results of the Company and all its subsidiaries made up to 31 March. The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

## 2. Revenue and turnover

The Group is principally engaged in the provision of computer consultancy services, the development of computer software, sale of computer hardware and software, and magazine publishing. Revenues recognised during the year are as follows:

	<b>2001</b> <i>HK\$'000</i>	<b>2000</b> <i>HK\$'000</i>
Turnover		
Income from the provision of computer consultancy services to:		
- Jointly controlled entity	3,580	—
- Other investees	35,727	29,529
- Investees acquired after year end	7,642	13,070
- Third parties	33,289	61,788
Sale of computer hardware and software to:		
- Jointly controlled entity	2,169	—
- Other investees	6,448	8,775
- Investees acquired after year end	—	7,476
- Third parties	51,118	20,938
Advertising income	147	61
Subscription income	<u>43</u>	<u>12</u>
	<u>140,163</u>	<u>141,649</u>
Other revenues		
Realised gain on:		
- Investment securities	20,754	—
- Other investment	—	607
Interest income	13,069	9,337
Write back of long outstanding payables and provisions	64	492
Commission received	—	482
Dividends received from other investments	—	51
Net waiver of accrued interest on loans from a shareholder and former director	—	1,805
Net exchange gain	330	682
Miscellaneous income	<u>228</u>	<u>97</u>
	<u>34,445</u>	<u>13,553</u>
Total revenues	<u><u>174,608</u></u>	<u><u>155,202</u></u>

### 3. Finance costs

	<b>2001</b>	<b>2000</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interest on		
Convertible loan note	2,378	—
Acquisition of land and building paid to vendor	3,146	—
Amount due to a third party	—	58
Finance lease	39	—
Loans from a shareholder	<u>—</u>	<u>2,524</u>
	<u>5,563</u>	<u>2,582</u>

### 4. Taxation

Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) on the estimated assessable profit for the year.

No provision for income tax of the People's Republic of China ("PRC") has been made in the accounts as the subsidiaries in the PRC are entitled to 100% tax relief for the year ended 31 December 2000 and year ending 31 December 2001. Pursuant to the tax rules in the PRC, these PRC subsidiaries are also entitled to 50% tax relief for the three years ending 31 December 2004.

	<b>2001</b>	<b>2000</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Hong Kong profits tax	4,000	5,170
Over provision in prior year	(142)	—
Deferred taxation	<u>1,500</u>	<u>—</u>
	<u>5,358</u>	<u>5,170</u>

### 5. Earnings per share

The calculation of the basic earnings per share is based on the Group's profit attributable to shareholders of HK\$37,389,000 (2000: HK\$68,905,000) and the weighted average number of 750,682,192 shares (2000: 540,583,468 shares) in issue during the year.

No diluted earnings per share has been presented for the year ended 31 March 2001 as the convertible note issued and share options granted by the Company during the year both have anti-dilutive effects.

## DIVIDEND

The Board does not recommend the payment of a final dividend (2000: Nil).

## RESERVES

	Share premium		Retained profit / (accumulated losses)		Total	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
At 1 April 2000/1999	481,778	—	(4,808)	(73,696)	476,970	(73,696)
Issue of shares	4,425	481,778	—	—	4,425	481,778
Profit for the year	—	—	37,389	68,905	37,389	68,905
Write off of goodwill on consolidation	—	—	(9,080)	(17)	(9,080)	(17)
At 31 March 2001/2000	<u>486,203</u>	<u>481,778</u>	<u>23,501</u>	<u>(4,808)</u>	<u>509,704</u>	<u>476,970</u>

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

There were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the year.

## CHAIRMAN'S STATEMENT

The year 2000, marked by the advent of the network economy, was an eventful year when the whole world rushed to get connected. The year 2000 was also a year when just as dreamy dotcom startups twinkled and dwindled, we kept to our proclaimed business pursuits and made accelerated progress in our key technology and marketing objectives.

### Significant advances and achievements

- Maintained core business profitability under stagnant economic conditions
- Achieved significant progress in the Group's software development
- Set up operation in New York to head the Group's drive in the U.S.
- Set up subsidiary in Beijing to lead the Group's various regional efforts in the PRC
- Moved into the Group's new headquarters in the HKSAR
- Spearheaded IT development in the Western Hinterland in the PRC

- Implemented staff incentive program
- Took part in China’s “Society Informatisation” process, in position and in step with the nation’s goal to transform its traditional enterprises into vibrant and profitable modern businesses through innovative technologies.

## **Fruitful and profitable in a difficult year**

We achieved a turnover of approximately HK\$140,163,000 and total revenue of approximately HK\$174,608,000 for the year ended 31 March 2001 and generated a profit after taxation of approximately HK\$37,389,000. While the turnover was comparable to that of last year, the decrease in the profit after taxation was due mainly to the stagnant market situation induced by the technology bubble that burst. We took advantage of the situation during the year to strengthen our technological capabilities as well as our business strategies, such that we would be fit and ready to seize opportunities as they arose. This was the Timeless success strategy “We prepare when it is cold, we succeed when it is hot.” in action. This was also the very same success strategy employed by Timeless during the financial crisis, one year before we were listed.

## **Technology is wealth; Turn IT into Fortune**

### ***Technology***

#### *Truth of IT*

From day one, the business pursuit of Timeless Software Limited (“Timeless”) has been software development. Our profit has been the outcome of the satisfaction of market demand by the software system technology we developed.

In this difficult year, we were able to sustain our profitability because we could better manage the three ingredients implicit in profitable software development: low cost; short cycle; high efficiency. High efficiency is the measurement of the quantity and quality of the developed software in term of profitability.

We could better manage the three ingredients because we have developed our own Internet Technology Platform (ITP), Tian Tai Actions (TTA) and Timeless Platform Product (TPP).

Timeless' ITP is a unique consolidated technology framework comprising components, modules, interfaces, and discrete platforms.

TTA (Tian Tai Action) is the continuous software development behaviour, integrating Timeless' technologies and other market technologies, enhancing and perfecting the ITP producing TPP (Timeless Platform Product) in a timely manner.

Timeless' TPP (Timeless Platform Product) is a product which possesses in addition to the general features of other products its own unique characteristics that are fundamentally different. It is a product that answers market demand on multi-platform that function in a multimode technology environment.

The above three form the cornerstones that support Timeless' ability to achieve continued profitability.

Asia-steel.com, a popular steel exchange platform is a typical successful case. Instead of the 5-year timeframe projected to require for development of its Asia-wide steel trading portal sites, Timeless spent only 6 months to complete the project. Without the foundation work done in ITP in previous years, and the combination of TTA (Tian Tai Action) and TPP (Timeless Platform Product), we could not have achieved the low cost, short cycle and high efficiency in such an amazing result in six months. Similar successful cases in Timeless are numerous.

For the TPP (Timeless Platform Product) developed by Timeless, we can quote a lot of successful cases from this year. To cite a few, there were the Web Publishing System (WPS) for the Hong Kong Trade Development Council (HKTDC); the multi-Language Transformation System (LTS) for our affiliate, Transclick, Inc. who obtained a U.S. Army Contract; the Timeless Search Engine (TSE) chosen by the Information Technology Services Department of the HKSAR for their Central Cyber Government Office Portal; Timeless e-Component Bank (TCB) for Tianjin Information Port Project; and the Timeless Mobile Vision (TMV) deployed for the Guizhou Information exchange platform and Tianjin Information Port Project. Broadband technology was also employed by TMV for the development of remote education network for Yunnan in the western region and Nanhai in Guangdong of the PRC.

All the five TPP (Timeless Platform Products) mentioned above, namely the WPS (Web Publishing System), the LTS (multi-Language Transformation System), the TSE (Timeless Search Engine), the TCB (Timeless e-Component Bank) and the TMV (Timeless Mobile Vision), cater for broad and long-term market demand and possess very high re-usability.

The continuous development and improvement of ITP, TTA (Tian Tai Action) and TPP (Timeless Platform Product) create another source of income for the company's development technology. By contributing mainly in the form of technology, complemented by cash or issue of new shares, Timeless took up stakes of a certain percentage in our affiliates; by perfecting their technology infrastructure and business model, their earning potential is enlarged and subsequently our mutual goal of profitability is attained. Our criteria for choosing our affiliates are as follows:

1. That company possesses capability that has synergy with the Group's core business.
2. That company's technical backbone is supported by Timeless ITP and thus becomes long-term strategic partner with Timeless.
3. That company possesses viable and proven business models to achieve profitability and listing potential.

This is fundamentally different from common investment behaviour. Timeless would not invest purely by cash. We insisted that these three criteria must be met and the outcome had been fascinating. For example, Pro-Market Global Plc, a one-stop e-marketing company, was listed and started to trade on OFEX in London in October 2000 at a price substantially higher than the Group's investment cost. Pro-Market Global Plc is also in the process of applying for the listing on NASDAQ and a migration from OFEX to AIM in London. One of our affiliates is in the process of applying for the listing on GEM and a few other affiliates are well into the process of preparing for listing.

Summing up, since we have always applied our principles to strive for low cost, short cycle and high efficiency in software development, our profit margin from software development alone remains comparatively high. The reason for the dip in our profit margin this year can mainly be attributed to the fact that some of the sizeable contracts we undertook in the year consisted of high value but lower profit margin system integration (SI) components. Normally Timeless would not undertake SI projects; but we agreed to those contracts only at the request of some valued customers for us to prime the whole system. One of the contracts which included the SI component undertaken by Timeless was the provision of ISP solution with related broadband capability for the nationwide Internet services network of a famous private mobile telecommunication enterprise in the PRC. Since contracts with SI were usually high valued but of lower margin, the overall profit margin would inevitably be dragged down. As the market share is increased, we should view the decrease in profit margin in a positive light.



## *Market*

The one and only one standard to examine technology, in terms of its competence or its value, is the market.

Timeless Technologies are “Market Technologies”, meaning that Timeless possesses the basic technologies mostly demanded by the market at various stages; Timeless Technologies are also “Technologies Market”, meaning that current technologies developed by Timeless are technologies required in the future.

Our subsidiary in Beijing, set up in July 2000 and our U.S. operation in Manhattan, New York set up in April 2001 are the arena where the interaction of Timeless Technologies with the market will come into play.

With the support and backing of the central government, China is determined to make the transformation of state-owned, traditional enterprises into innovative modern businesses through “Society Informatisation”. China is by far the largest market for information technologies.

Timeless, based on many years of experience in the China market and Chinese technologies, is likely to utilise resources in the PRC, including human resources trained by Timeless and technologies from the consolidation of Chinese technologies with our ITP. This tactic basically guarantees that our software development in the PRC would fit the low cost, short cycle and high efficiency criteria.

In the course of PRC’s “Society Informatisation”, Timeless will develop software products suitable for the Chinese and the global markets and be involved in the growth of the software industry in the PRC. By promoting the export of Chinese software, we hope to assist in China’s overtaking India as the world’s largest software exporting country in the shortest time-frame.

This is basically the Company’s strategy with respect to the Chinese market. It was carefully implemented and has achieved significant results. Our contracts include but not limited to Tianjin Information Port Project, Guizhou information exchange platform, Internet securities trading platform in Shenzhen, education network embracing remote education for Yunnan in the China Western Region and Nanhai in Guangdong, China, telecommunication project for China Telecom Guangdong and a nationwide representative complicated telecommunication infrastructure project. Some of these contracts have been completed, some of them are in the course of completion and some of them are being enlarged during the course of completion.

These results, a manifest of the interactive activities between our technologies and the market in the PRC, have special significance for Timeless in its drive for expanding market share and further co-operations, from its centres in Beijing and Tianjin.

From our base in New York, our approach to business development in the U.S. will be totally different from our strategy for the PRC market. Although we built our foundation in Hong Kong, we have never lost touch with the mature U.S. market. We have sufficient resources of our own to develop and accomplish projects for the U.S. market. These resources include talents with global market experience from Timeless and the PRC, and software products and solutions as consolidated and packaged to U.S. market requirements by Timeless.

This is the key to success in implementing software development in the U.S. and to achieve low cost, short cycle and high efficiency. For U.S. resources we select our appropriate affiliate, support and assist it to win U.S. contract. A typical example is Transclick, Inc., our affiliate in the U.S. With the support from Timeless, this affiliate won a U.S. Army Contract, an important one with huge market potential.

Our bold strategy in the U.S. market will be totally different from those of other companies. While many other companies operating in unfamiliar environments will just move blindly, wasting away money, energy and time, our marketing activities are practical and efficient. We have every confidence in our strategy and believe it will succeed.

We moved into our self-owned permanent Group headquarters in Hong Kong, the top floor of The Center. It frees us forever from the uncertainty in rental increment - the ever increasing class A office rental in Hong Kong, overhead costs of administration, future moving and renovation. This unique modern intelligent hi-tech office building makes us determined to design elegant systems that combine hardware and software for technology development. Our TTA (Tian Tai Action) will be housed, on long term basis, on the top floor to enhance and reinforce our ITP and to produce our TPP (Timeless Platform Product). Our commitment will for sure raise our status in technology development and commercial negotiations.

Our strategy in Hong Kong is to capture large projects and out-sourcing projects from the Government of the HKSAR. For example, TSE (Timeless Search Engine), was chosen by the Information Technology Services Department of the HKSAR. This high-difficulty integrated solution is a multi-lingual, Intranet/Extranet, multi-database, multi-text-format search engine and is capable of serving the needs of various governmental departments and other commercial entities.

## ***Talent***

To software development companies, professional talents can also be viewed as technology - of fluid and dynamic in nature. A technology company that has the ability to crystallise this valuable asset will be adding value to itself. Timeless had made good progress in this area in the past year.

### *Staff Incentive Program*

The Board has granted under the Share Option Scheme share options to our full time employees. The option exercise price was at favorable level to provide further incentive and motivation to the talented people of the Group for the coming years.

### *Collaboration*

In the north of China, we formed “Tsing-Hua Timeless Software Research Chamber” in cooperation with the most prestigious college in Beijing, Tsing Hua University, to further develop their technological results, turn them into “Market Technologies”, and incorporate them into our ITP solutions targeting the Chinese and global markets. This is part of our development of Chinese operating systems and Internet standards.

The Zhuhai Southern Software Park is the national software base of China. The development of the park is progressing well. Phase I of the park has already been completed and can accommodate over a hundred software companies, whereas Phase II of the project was started during the year. A rich pool of resources will be available there.

### *Elite system*

The biggest difficulty facing IT companies nowadays is about talents: how to select them; how to train them; and how to utilise them. Timeless is proud to announce: we had solved this problem.

Founded on Timeless’ historical success, we owned a mature leader and a stable management team; therefore we are determined to implement an elite system. Externally we allied with mighty corporations to jointly re-develop technology thus saving us time, energy and people.

Timeless’ software development effort has never been short of talents.

## **Conclusion**

In this software dominant era, the strength of our competitiveness has its base on our solid software development capabilities. These capabilities are

twofold: the capability to develop platform products and the capability to develop platform compatibility. Such capabilities have enabled Timeless to possess our own unique products; and such capabilities have enabled Timeless to become a software company with the richest technology content. Such a company would have absolute commands: over development capability, over development resources, over development costing, over profitability through its products and services and finally over standards.

When such a company had command of the market, it can truly “turn IT into Fortune”.

In a word, through the continuous improvements in our technologies-the ITP, TTA and TPP and through implementing these technologies in the markets, particularly in the PRC, the U.S. and in the HKSAR, we will be turning technologies into gold. This is what we will be engaging in in this and the coming years.

For in the end, our mission could only be to add value for those who have placed their trust in us, our shareholders.

## **REVIEW OF OPERATIONS**

### **Results for the year**

The profit after taxation was approximately HK\$37.4 million for the year ended 31 March 2001 out of the turnover of approximately HK\$140.2 million and total revenue of approximately HK\$174.6 million. The operating profit for the year ended 31 March 2001 was approximately HK\$48.7 million compared to HK\$76.7 million in previous year. While the turnover is comparable to that of last year, the operating profit decreased 36.5% because of the stagnant market situation especially in the information technology industry. The decrease in operating profit is also mainly a result of the completion of contracts which involved low margin system integration business, the increase in staff costs due to our expansion in mainland China and the increase in advertising and marketing expenses incurred in mainland China during the year. Nevertheless, we have taken advantage of the situation in this year to strengthen our technological capabilities as well as our business strategies. This enables us to grasp opportunities whenever they arise.

### **Significant investments during the year**

During the year, we continued to invest in a number of technology and e-business companies that met the three criteria as set out in the Chairman’s Statement. Accordingly, our investments in investment securities and other

investments increased from approximately HK\$59 million as at 31 March 2000 to HK\$142.7 million as at 31 March 2001. Apart from benefiting from the revenue generated in relation to deploying Timeless' Internet Technology Platform (ITP) on these invested companies, we have also enjoyed the substantial business development progress of these invested companies. During the year, i100 Limited, an internet investment company, was listed on The Stock Exchange of Hong Kong Limited and the Group has recognised a profit of approximately HK\$20.8 million from the disposal of part of our investment in this invested company. Pro-Market Global Plc, a one-stop e-marketing company, was listed and started to trade on OFEX in London in October 2000 at a price substantially higher than the Group's investment cost. Pro-Market Global Plc is also in the process of applying for the listing on NASDAQ and a migration from OFEX to AIM in London. One of our invested companies is in the process of applying for the listing on GEM and a few other invested companies are well into the process of preparing for listing on GEM or NASDAQ, and we are hopeful that some of them will be successful in the next 12 months.

After a thorough discussion and negotiation, the Company has entered into an official co-operative venture agreement with China Electronics Corporation (a subsidiary of the Ministry of Information Industry ("MII")) and SDIC Electronics Company (a subsidiary of the State Development and Investment Corporation Group). During the year, the Company acquired 28.5% interest of the Zhuhai Southern Software Park Development Co Ltd. for approximately HK\$31.2 million and a purchase goodwill of approximately HK\$9.1 million was written off against our reserves accordingly. The software park in Zhuhai held by this jointly controlled entity has been awarded the status as a "National Software Development Base" from the MII. Our investment in this software park has earmarked the first foreign company's participation in a national software development project in Mainland China.

### **The purchase of our permanent headquarters in Hong Kong**

The purchase of our permanent headquarters at the top floor of The Center was completed in July 2000. The total consideration for this purchase is approximately HK\$178.4 million which was satisfied by cash of approximately HK\$142.7 million and the issue of a convertible note of approximately HK\$35.7 million to a wholly owned subsidiary of Cheung Kong (Holdings) Limited. This convertible note matures in January 2002.

### **Liquidity and borrowings**

The Group's total bank and cash balances as at 31 March 2001 was approximately HK\$212.6 million compared with approximately HK\$339.9

million as at 31 March 2000. The Group's total bank and other borrowings as at 31 March 2001 was approximately HK\$104 million compared to approximately HK\$13 million as at 31 March 2000. The increase in the total bank and other borrowings is due to the issue of a convertible note to a wholly owned subsidiary of Cheung Kong (Holdings) Limited and the loan of HK\$60 million from a bank for working capital purposes during the year. Our permanent headquarters in Hong Kong has been pledged for this convertible note and bank loan.

### **Post balance sheet date events**

Subsequent to 31 March 2001, the Group has made four investments in Mainland China by entering into four Share Transactions as defined under the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. These share transactions have been publicly announced and the details of which can be found in the website of GEM.

Apart from the above, we have also entered into two relatively small acquisitions subsequent to 31 March 2001. We have increased our shareholding in an affiliate which engages in broadband broadcasting services to make it a 51% owned subsidiary. We have also acquired from third parties the entire interest in a company which possesses certain WAP (Wireless Application Protocol) technologies.

## **BUSINESS OBJECTIVES REVIEW**

### **Revenues**

Revenues generated from our business in the PRC showed substantial increment. Our operations in the PRC continued to expand and business opportunities have been promising. The proportion of revenue generated from our business in the PRC had multiple increase for the year ended 31 March 2001. Part of the increase could be attributable to the establishment of the Company's subsidiary in Beijing, which generated business soon after it commenced operation. The biggest contributor was again Internet technology and related services. Approximately HK\$3.6 million from the proceeds from the placing was used for expanding our operations in the PRC.

### **Product development**

The Group's software product development efforts took on a new and significant dimension last year. Not only did we continue further refinement on our well- received Internet Technology Platform, the ITP v2, we also launched

a series of Timeless Platform Products, TPP to the market with reputable recognition. We continued embarking on joint software development projects with Tsing Hua University in Beijing and with our Zhuhai Southern Software Park partners in Zhuhai. Approximately HK\$12 million from the proceeds from the placing was expended for this purpose. The fruit of our software product development was already in evidence. A well-known insurance company in the PRC has chosen our expertise over others and employed our ITP components to establish their integrated system. A software globalization project was developed and completed with the resources from the Software Park center with the participation of our staff from our Guangzhou subsidiary.

## **Marketing**

The Group had planned to establish its presence in the Taiwanese market during the period under review. A change of leadership there last year created intense political conflict with the Beijing Government which lead us to temporary suspend the plan until harmonic situation is reached. Resources were redeployed in initialising the Group's U.S. operation, and in the Company's subsidiary in Beijing. Expenditure in this regard was negligible for the year under review.

## **Acquisitions, subsidiaries and branches**

While withholding the Taiwan regional office plan, the Beijing subsidiary started commencing operation in July 2000 with instant success and contribution to the Group. The preliminary costs to its establishment was approximately HK\$0.9 million.

On behalf of the Board  
**Cheng Kin Kwan**  
*Chairman*

Hong Kong, 18 June 2001

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