



Timeless Software Limited

(incorporated in Hong Kong with limited liability)

(Stock code: 8028)

RESULTS ANNOUNCEMENT

For the year ended 31 March 2008

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.

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.

The principal means of information dissemination on GEM is publication on the internet website operated by the Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement, for which the directors 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 2008 together with the comparative audited figures for the corresponding period in 2007 as follows:

Consolidated income statement

For the year ended 31 March 2008

	<i>Notes</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Turnover	3	2,920	2,657
Other income		1,960	4,134
Staff costs		(12,453)	(15,209)
Depreciation		(1,346)	(1,865)
Other expenses		(6,989)	(9,480)
Fair value changes on investment properties		711	167
Net gains on equity-linked notes		643	3,735
Net losses on investments held for trading		(267)	—
Net (losses) gains on available-for-sale financial assets		(46)	1,406
Impairment loss recognised on investments in a jointly controlled entity		(1,058)	—
Impairment loss recognised on advance made to a jointly controlled entity		—	(1,226)
Discount on acquisition arising from purchase of additional interests in a subsidiary		69	745
Finance costs	4	(158)	(77)
Share of losses of associates		<u>(2,746)</u>	<u>(520)</u>
Loss for the year	5 & 6	<u>(18,760)</u>	<u>(15,533)</u>
Attributable to:			
Equity holders of the Company		(17,801)	(14,724)
Minority interests		<u>(959)</u>	<u>(809)</u>
		<u>(18,760)</u>	<u>(15,533)</u>
		<i>HK cents</i>	<i>HK cents</i>
Loss per share	7		
- Basic		<u>(1.60)</u>	<u>(1.41)</u>
- Diluted		<u>N/A</u>	<u>N/A</u>

Consolidated balance sheet

At 31 March 2008

	<i>Notes</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Non-current assets			
Investment properties		6,244	2,100
Property, plant and equipment		4,524	6,632
Interests in associates		3,323	5,852
Interests in jointly controlled entities		—	—
Equity-linked notes		<u>5,698</u>	<u>51,483</u>
		<u>19,789</u>	<u>66,067</u>
Current assets			
Trade and other receivables	8	5,308	8,290
Equity-linked notes		11,492	—
Available-for-sale financial assets		—	4,290
Investments held for trading		1,543	—
Pledged bank deposits		11,153	10,500
Bank balances and cash		<u>89,412</u>	<u>56,848</u>
		<u>118,908</u>	<u>79,928</u>
Current liabilities			
Accounts payable	9	5,154	5,096
Obligations under a finance lease due within one year		36	51
Financial guarantee obligations		1,058	—
Current portion of secured long-term bank loan		157	133
Bank overdraft		<u>116</u>	<u>—</u>
		<u>6,521</u>	<u>5,280</u>
Net current assets		<u>112,387</u>	<u>74,648</u>
Total assets less current liabilities		<u>132,176</u>	<u>140,715</u>

	<i>Notes</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Non-current liabilities			
Obligations under a finance lease due after one year		150	—
Secured long-term bank loan		<u>1,119</u>	<u>1,148</u>
		<u>1,269</u>	<u>1,148</u>
Net assets		<u><u>130,907</u></u>	<u><u>139,567</u></u>
Capital and reserves			
Share capital		56,663	52,693
Reserves		<u>71,688</u>	<u>83,626</u>
Equity attributable to equity holders of the Company			
Minority interests		<u>128,351</u>	<u>136,319</u>
		<u>2,556</u>	<u>3,248</u>
Total equity		<u><u>130,907</u></u>	<u><u>139,567</u></u>

Consolidated statement of changes in equity

For the year ended 31 March 2008

	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 equity holders of the Company HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1 April 2006	51,574	631,122	1,770	1,183	—	1,256	(540,804)	146,101	6,765	152,866
Exchange differences arising from translation of financial statements of overseas operations recognised directly in equity	—	—	—	—	—	734	—	734	235	969
Fair value change in available-for-sale financial assets	—	—	—	(578)	—	—	—	(578)	—	(578)
Share of post-acquisition reserve of associates	—	—	—	(752)	—	—	—	(752)	—	(752)
Net (expenses) income recognised directly in equity	—	—	—	(1,330)	—	734	—	(596)	235	(361)
Loss for the year	—	—	—	—	—	—	(14,724)	(14,724)	(809)	(15,533)
Total recognised income and expenses for the year	—	—	—	(1,330)	—	734	(14,724)	(15,320)	(574)	(15,894)
Issue of shares	1,119	656	—	—	—	—	—	1,775	—	1,775
Expenses incurred in connection with the issue of shares	—	(11)	—	—	—	—	—	(11)	—	(11)
Acquisition of additional interests in a subsidiary	—	—	—	—	—	—	—	—	(2,943)	(2,943)
Transfer of share options reserve on exercise of share options	—	751	(751)	—	—	—	—	—	—	—
Recognition of equity- settled share-based payments	—	—	3,774	—	—	—	—	3,774	—	3,774
	1,119	1,396	3,023	—	—	—	—	5,538	(2,943)	2,595
At 31 March 2007	52,693	632,518	4,793	(147)	—	1,990	(555,528)	136,319	3,248	139,567

	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 equity holders of the Company HK\$'000	Minority interests HK\$'000	Total HK\$'000
Exchange differences arising from translation of financial statements of overseas operations recognised directly in equity	—	—	—	—	—	1,711	—	1,711	336	2,047
Increase in fair value of land and buildings upon transfer to investment properties	—	—	—	—	1,061	—	—	1,061	—	1,061
Share of post-acquisition reserve of associates	—	—	—	(826)	—	—	—	(826)	—	(826)
Net (expenses) income recognised in equity	—	—	—	(826)	1,061	1,711	—	1,946	336	2,282
Loss for the year	—	—	—	—	—	—	(17,801)	(17,801)	(959)	(18,760)
Transfer to profit or loss on sale of available-for-sale financial assets	—	—	—	578	—	—	—	578	—	578
Total recognised income and expenses for the year	—	—	—	(248)	1,061	1,711	(17,801)	(15,277)	(623)	(15,900)
Issue of shares	3,970	2,675	—	—	—	—	—	6,645	—	6,645
Expenses incurred in connection with the issue of shares	—	(61)	—	—	—	—	—	(61)	—	(61)
Acquisition of additional interests in a subsidiary	—	—	—	—	—	—	—	—	(69)	(69)
Transfer of share options reserve on exercise of share options	—	2,795	(2,795)	—	—	—	—	—	—	—
Transfer of share options reserve on forfeiture of share options	—	—	(156)	—	—	—	156	—	—	—
Recognition of equity-settled share-based payments	—	—	725	—	—	—	—	725	—	725
	<u>3,970</u>	<u>5,409</u>	<u>(2,226)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>156</u>	<u>7,309</u>	<u>(69)</u>	<u>7,240</u>
At 31 March 2008	<u>56,663</u>	<u>637,927</u>	<u>2,567</u>	<u>(395)</u>	<u>1,061</u>	<u>3,701</u>	<u>(573,173)</u>	<u>128,351</u>	<u>2,556</u>	<u>130,907</u>

Notes:

1. Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards 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 the Hong Kong Companies Ordinance.

2. Application of new and revised Hong Kong Financial Reporting Standards

In the current year, the Group has applied, for the first time, the following new standard, amendment and interpretations (collectively “new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are effective for the Group’s financial year beginning 1 April 2007.

HKAS 1 (Amendment)	Capital disclosures
HKFRS 7	Financial instruments: Disclosures
HK(IFRIC) - Int 7	Applying the restatement approach under HKAS 29 Financial reporting in hyperinflationary economies
HK(IFRIC) - Int 8	Scope of HKFRS 2
HK(IFRIC) - Int 9	Reassessment of embedded derivatives
HK(IFRIC) - Int 10	Interim financial reporting and impairment
HK(IFRIC) - Int 11	HKFRS 2: Group and treasury share transactions

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared. Accordingly, no prior period adjustment is required.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 “Financial instruments: Presentation” has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

The Group has not early applied the following new and revised standards, amendments or Interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of financial statements ¹
HKAS 23 (Revised)	Borrowing costs ¹
HKAS 27 (Revised)	Consolidated and separate financial statements ²
HKAS 32 & HKAS 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation ¹
HKFRS 2 (Amendment)	Vesting conditions and cancellations ¹
HKFRS 3 (Revised)	Business combinations ²
HKFRS 8	Operating segments ¹
HK(IFRIC) - INT 12	Service concession arrangements ³
HK(IFRIC) - INT 13	Customer loyalty programmes ⁴
HK(IFRIC) - INT 14	HKAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction ³

¹ Effective for annual periods beginning on or after 1 January 2009.

² Effective for annual periods beginning on or after 1 July 2009.

³ Effective for annual periods beginning on or after 1 January 2008.

⁴ Effective for annual periods beginning on or after 1 July 2008.

The adoption of the HKFRS 3 (Revised) may affect the accounting treatment for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of other new or revised standards, amendments or interpretations will have no material impact on the results or the financial position of the Group.

3. Business and geographical segments

Business segments

In prior years, the Group used business segment as primary segment information. As the Group's software development operation became substantially the sole business segment, the Group changed to report geographical segment by location of customers as primary segment information. The Company's location of customers is the same as the location of assets. The Group's customers are mainly located in Hong Kong and Mainland China ("PRC"). These geographical markets are the basis on which the Group reports its primary segment information.

Geographical segments for the year are as follows:

	Turnover		Results	
	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	1,720	1,608	(11,764)	(16,538)
PRC	<u>1,200</u>	<u>1,049</u>	<u>(3,328)</u>	<u>(4,858)</u>
	<u>2,920</u>	<u>2,657</u>	(15,092)	(21,396)
Interest income from bank			1,591	3,095
Unallocated corporate expenses			(2,407)	(1,462)
Impairment loss recognised on investments in a jointly controlled entity			(1,058)	—
Impairment loss recognised on advance made to a jointly controlled entity			—	(1,226)
Discount on acquisition arising from purchase of additional interests in a subsidiary			69	745
Finance costs			(158)	(77)
Fair value changes on investment properties			711	167
Net gains on equity-linked notes			643	3,735
Net (losses) gains on available-for-sale financial assets			(46)	1,406
Net losses on investments held for trading			(267)	—
Share of losses of associates - PRC			<u>(2,746)</u>	<u>(520)</u>
Loss for the year			<u>(18,760)</u>	<u>(15,533)</u>

4. **Finance costs**

	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on		
- a finance lease	9	5
- bank borrowings wholly repayable within five years	77	—
- bank borrowings not wholly repayable within five years	<u>72</u>	<u>72</u>
	<u>158</u>	<u>77</u>

5. **Loss for the year**

	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the year has been arrived at after charging:		
Directors' remuneration	3,737	5,885
Other staff's retirement benefits scheme contributions	186	184
Other staff's share-based payments	531	1,696
Other staff costs	<u>7,999</u>	<u>7,444</u>
	<u>12,453</u>	<u>15,209</u>
Depreciation of property, plant and equipment		
- owned by the Group	1,296	1,805
- held under a finance lease	<u>50</u>	<u>60</u>
	<u>1,346</u>	<u>1,865</u>
Auditor's remuneration	829	759
Impairment for accrued revenue	—	348
Loss on disposal of property, plant and equipment	9	—
Operating lease rentals in respect of rented premises	944	2,467
and after crediting:		
Bank interest income	1,591	3,095
Gain on disposal of property, plant and equipment	—	10
Property rental income before deduction of negligible outgoings	<u>292</u>	<u>109</u>

6. Taxation

No provision for taxation has been made in the financial statements as the Group had no assessable profit for the year.

On 16 March 2007, the PRC promulgated the Law of PRC on Enterprise Income Tax (the “New Law”) by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. A PRC subsidiary of the Company is accredited as a High and New Tech Enterprise which was entitled to a reduced income tax rate of 15% up to 31 December 2007. The New Law and Implementation Regulations will change the tax rate from 15% to 25% from 1 January 2008. The enactment of the New Law is not expected to have any significant financial effect on the amounts accrued in the consolidated balance sheet in respect of taxation payable and deferred taxation as the PRC subsidiaries incurred tax loss during the year.

Taxation for the year is reconciled to loss for the year as follows:

	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the year	<u>(18,760)</u>	<u>(15,533)</u>
Tax credit at the applicable income tax rate of 17.5% (2007: 17.5%)	(3,283)	(2,718)
Tax effect of share of losses of associates	481	91
Tax effect of expenses not deductible for tax purposes	204	2,194
Tax effect of income not taxable for tax purposes	(307)	(478)
Tax effect of unrecognised tax losses	3,036	4,285
Tax effect of utilisation of tax losses previously not recognised	—	(2,388)
Effect of different tax rate for subsidiaries operating in other jurisdiction	(358)	(1,086)
Others	<u>227</u>	<u>100</u>
Taxation for the year	<u>—</u>	<u>—</u>

7. Loss per share

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

	2008	2007
Loss for the year attributable to equity holders of the Company for the purposes of basic loss per share	<u>HK\$(17,801,000)</u>	<u>HK\$(14,724,000)</u>

Number of ordinary shares:

Weighted average number of ordinary shares for the purpose of basic loss per share	<u>1,113,825,165</u>	<u>1,040,750,983</u>
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No diluted loss per share has been presented for both years as the assumed exercise of share options granted by the Company would decrease the loss per share.

8. Trade and other receivables

	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	258	204
Monies placed with a financial institution for share subscription in an initial public offering	—	3,909
Accrued revenue	971	316
Other receivables	<u>4,079</u>	<u>3,861</u>
	<u>5,308</u>	<u>8,290</u>

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. The following is an aged analysis of trade receivables at the balance sheet date:

	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Age		
0 to 30 days	224	89
31 to 60 days	—	115
61 to 90 days	13	—
91 to 120 days	<u>21</u>	<u>—</u>
	<u>258</u>	<u>204</u>

9. Accounts payable

	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customers' deposits received	1,937	2,146
Other payables	<u>3,217</u>	<u>2,950</u>
	<u>5,154</u>	<u>5,096</u>

10. Dividend

No dividends had been paid or declared by the Company during the year (2007: Nil).

CHAIRMAN'S STATEMENT

Review

For Timeless, the year ended 31 March 2008 marked our twelfth year in business. The past year was a special one for us, since it was the year we completed the development of Timeless Consolidated Platform ("TCP"), and steered towards the market. Under the "prudent yet aggressive" guidance and by appropriately maneuvering our three resources, that is: one stock code (8028), one platform (the TCP) and one services (web services), our business progressed on steadily.

After the completion of the TCP, we subsequently launched our ten services sub-platforms which earned recognition and support from various famous software resellers, telecom services providers and government agencies, inside and out of China. The industry spectrum served by these sub-platforms were wide-spread, spanning from tourism, educational services, multi-media and entertainment services, elderly services, medical services, telecom value-added services, aero-space mathematical services to cross network information management services. The uniqueness and value of these service sub-platforms lies in their ability to extend, both horizontally and vertically; to put it in another way, it possesses cross-platform, cross-network and cross-services capabilities and may be even extended down to customization to the specific environment and requirements for a particular industry or customer. From what we observe, such capability, backed by years of development effort, cannot be easily matched by most system integrator at present. Thus, we firmly believe, our business, especially partnered with those inside China, shall turn a new leaf and bring in revenue for us continuously.

Outlook

For the coming year, we shall actively pursue to ally with other potential partners, to further explore the Greater China Market and to create multi-win situation. By such doing, we can shoot for best return and at the same time, aim for maximum benefit for our shareholders and alliancees.

REVIEW OF OPERATIONS

Results for the year ended 31 March 2008

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 2008, the loss attributable to equity holders of the Company was approximately HK\$17,801,000 representing an increase of 20.9% as compared to the loss of approximately HK\$14,724,000 for the year ended 31 March 2007. The Group recorded audited turnover of approximately HK\$2,920,000, representing an increase of 9.9% as compared to approximately HK\$2,657,000 in last year. The other income mainly comprised bank interest income of approximately HK\$1,591,000 (2007: HK\$3,095,000).

Liquidity and financial resources

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

As at 31 March 2008, the Group had bank balances and cash (excluding pledged bank deposits) of approximately HK\$89,412,000 (2007: HK\$56,848,000).

As at 31 March 2008, the Group had total outstanding borrowings of approximately HK\$1,578,000 (2007: HK\$1,332,000). The borrowings comprised a bank loan of approximately HK\$1,276,000 (2007: HK\$1,281,000), which is repayable by monthly installment and will be fully repaid on 15 March 2015, obligations under a finance lease of approximately HK\$186,000 (2007: HK\$51,000), which will be fully repaid on 30 September 2012, and a bank overdraft of HK\$116,000 (2007: Nil).

Gearing ratio

As at 31 March 2008, the Group's gearing ratio was approximately 1.23% (2007: 0.98%), based on total borrowings of approximately HK\$1,578,000 (2007: HK\$1,332,000) and equity attributable to equity holders of the Company of approximately HK\$128,351,000 (2007: HK\$136,319,000).

Charge on the Group's assets

As at 31 March 2008, a commercial property with a carrying value of approximately HK\$2,314,000 (2007: HK\$2,226,000) situated in Guangzhou held by a PRC subsidiary was pledged to a bank to secure the loan of approximately HK\$1,276,000 (2007: HK\$1,281,000).

Bank deposits totalling of approximately HK\$11,153,000 (2007: HK\$10,500,000) were pledged to banks to secure the banking facilities, in which, credit facilities of HK\$5,000,000 (2007: HK\$5,000,000) were available to the Company's subsidiaries and loan facility of RMB4,900,000 (2007: RMB4,900,000) were available to a jointly controlled entity.

Capital structure

As at 31 March 2008, the Company's total number of issued shares was 1,133,261,503 (2007: 1,053,851,503). During the year, certain directors and employees of the Group exercised share options granted to them under the 2003 share option scheme and 79,410,000 shares of the Company were issued and allotted thereof.

Segmental information

In respect of geographical segments, turnover generated from Hong Kong and Mainland China accounted for 58.9% (2007: 60.5%) and 41.1% (2007: 39.5%) respectively during the year.

Order book and prospects for new business

The amount of orders on hand of the Group was over HK\$3,570,000 as at 31 March 2008.

Material acquisitions and disposal of subsidiaries and affiliated companies

There was no material disposal or acquisition of subsidiaries and affiliated companies for 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

Guarantee given

As at 31 March 2008, the Group has given guarantee of RMB4,900,000 (2007: RMB4,900,000) to a bank to secure the credit facilities granted to a jointly controlled entity. At 31 March 2008, the amount of facilities utilised was RMB4,900,000 (2007: RMB4,900,000).

As at 31 March 2008, the Company has given corporate guarantees of HK\$5,000,000 (2007: HK\$5,000,000) to certain banks to secure the credit facilities granted to its subsidiaries. No subsidiaries has utilised the credit facilities as at 31 March 2008.

Pending litigation

During the year ended 31 March 2007, the Company initiated legal proceedings against a third party (the "Landlord") in respect of an alleged breach of the tenancy agreement in failing to refund the deposit of HK\$1,790,000. Concurrently, the Landlord resisted the claim and counterclaimed against the Company on, including but not limited to, reinstatement work and rental losses. The Company, having taken into consideration the underlying factors including advice obtained, did not see any grounds for withholding the deposit and, accordingly, the directors of the Company took the view that no contingency arises for which a provision is required to be made nor no allowance is required to be made to the deposit included in the financial statements as at 31 March 2008 and 2007.

Employee information

As at 31 March 2008, the Group employed a total staff of 39. 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, Mr. Ng Kwok Tung, Ms. Tsang Wai Chun Marianna and Mr. Chan Mei Ying Spencer. The audit committee has reviewed the audited financial results of the Group for the year ended 31 March 2008.

Code on Corporate Governance Practices

The Company has complied with the Code on Corporate Governance Practices, 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, 25 June 2008

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 Mr. Ng Kwok Tung and Ms. Tsang Wai Chun, Marianna, Mr. Chan Mei Ying, Spencer and Dr. Lam Lee G..

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