



TIMELESS SOFTWARE LIMITED

(incorporated in Hong Kong with limited liability)

(Stock code: 8028)

RESULTS ANNOUNCEMENT For the year ended 31 March 2009

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim 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 2009 together with the comparative audited figures for the corresponding period in 2008 as follows:

Consolidated income statement

For the year ended 31 March 2009

		2009	2008
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	3	9,042	2,920
Other income		4,193	1,960
Purchase costs		(6,832)	—
Staff costs		(12,582)	(12,453)
Depreciation		(1,075)	(1,346)
Other expenses		(7,516)	(6,989)
Fair value changes on investment properties		(91)	711
Net (losses) gains on equity-linked notes		(5,347)	643
Net gains (losses) on investments held for trading		297	(267)
Net losses on available-for-sale financial assets		—	(46)
Impairment loss recognised on advance made to an associate		(160)	—
Impairment loss recognised on investments in a jointly controlled entity		(1,379)	(1,058)
Discount on acquisition arising from purchase of additional interests in a subsidiary		—	69
Finance costs	4	(79)	(158)
Share of losses of associates		(2,482)	(2,746)
Loss for the year	5 & 6	<u>(24,011)</u>	<u>(18,760)</u>
Attributable to:			
Equity holders of the Company		(23,998)	(17,801)
Minority interests		(13)	(959)
		<u>(24,011)</u>	<u>(18,760)</u>
		HK cents	HK cents
Loss per share	7		
- Basic		<u>(2.12)</u>	<u>(1.60)</u>
- Diluted		<u>N/A</u>	<u>N/A</u>

Consolidated balance sheet

At 31 March 2009

		2009	2008
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Investment properties		6,295	6,244
Property, plant and equipment		4,908	4,524
Interests in associates		1,314	3,323
Interests in jointly controlled entities		—	—
Equity-linked notes		3,564	5,698
		<hr/>	<hr/>
		16,081	19,789
		<hr/>	<hr/>
Current assets			
Trade and other receivables	8	6,256	5,308
Equity-linked notes		—	11,492
Investments held for trading		10,070	1,543
Pledged bank deposits		11,407	11,153
Bank balances and cash		72,208	89,412
		<hr/>	<hr/>
		99,941	118,908
		<hr/>	<hr/>
Current liabilities			
Accounts payable	9	6,171	5,154
Obligations under a finance lease due within one year		39	36
Financial guarantee obligations		460	1,058
Current portion of secured long-term bank loan		169	157
Bank overdraft		—	116
		<hr/>	<hr/>
		6,839	6,521
		<hr/>	<hr/>
Net current assets		93,102	112,387
		<hr/>	<hr/>
Total assets less current liabilities		109,183	132,176
		<hr/>	<hr/>

	<i>Notes</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Non-current liabilities			
Obligations under a finance lease due after one year		111	150
Secured long-term bank loan		975	1,119
		<u>1,086</u>	<u>1,269</u>
Net assets		<u>108,097</u>	<u>130,907</u>
Capital and reserves			
Share capital		56,663	56,663
Reserves		48,836	71,688
		<u>105,499</u>	<u>128,351</u>
Equity attributable to equity holders of the Company		105,499	128,351
Minority interests		2,598	2,556
		<u>108,097</u>	<u>130,907</u>
Total equity		<u>108,097</u>	<u>130,907</u>

Consolidated statement of changes in equity

For the year ended 31 March 2009

	Share capital	Share premium	Share options reserve	Investment revaluation reserve	Property revaluation reserve	Translation reserve	Accumulated deficit	Attributable to equity holders of the Company	Minority interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2007	52,693	632,518	4,793	(147)	—	1,990	(555,528)	136,319	3,248	139,567
Exchange differences arising from translation of financial statements of foreign 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 directly 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
	3,970	5,409	(2,226)	—	—	—	156	7,309	(69)	7,240
At 31 March 2008 and 1 April 2008	56,663	637,927	2,567	(395)	1,061	3,701	(573,173)	128,351	2,556	130,907

	Share capital	Share premium	Share options reserve	Investment revaluation reserve	Property revaluation reserve	Translation reserve	Accumulated deficit	Attributable to equity holders of the Company	Minority interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Exchange differences arising from translation of financial statements of foreign operations recognised directly in equity	—	—	—	—	—	751	—	751	55	806
Share of post-acquisition reserve of associates	—	—	—	(1,824)	—	—	—	(1,824)	—	(1,824)
Net (expenses) income recognised directly in equity	—	—	—	(1,824)	—	751	—	(1,073)	55	(1,018)
Loss for the year	—	—	—	—	—	—	(23,998)	(23,998)	(13)	(24,011)
Transfer to profit or loss on impairment loss recognised in respect of available-for-sale investments held by an associate	—	—	—	2,219	—	—	—	2,219	—	2,219
Total recognised income and expenses for the year	—	—	—	395	—	751	(23,998)	(22,852)	42	(22,810)
Transfer of share options reserve on forfeiture of share options	—	—	(196)	—	—	—	196	—	—	—
	—	—	(196)	—	—	—	196	—	—	—
At 31 March 2009	56,663	637,927	2,371	—	1,061	4,452	(596,975)	105,499	2,598	108,097

Notes:

1. Basis of preparation

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

2. Application of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”)

In the current year, the Group has applied the following amendments and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of financial assets
HK(IFRIC) - INT 12	Service concession arrangements
HK(IFRIC) - INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction

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 and presented. Accordingly, no prior period adjustment has been required.

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

HKFRSs (Amendments)	Improvements to HKFRSs ¹
HKFRSs (Amendments)	Improvements to HKFRSs 2009 ²
HKAS 1 (Revised)	Presentation of financial statements ³
HKAS 23 (Revised)	Borrowing costs ³
HKAS 27 (Revised)	Consolidated and separate financial statements ⁴
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation ³
HKAS 39 (Amendment)	Eligible hedged items ⁴
HKFRS 1 & HKAS27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate ³
HKFRS 2 (Amendment)	Vesting conditions and cancellations ³
HKFRS 3 (Revised)	Business combinations ⁴
HKFRS 7 (Amendment)	Improving disclosures about financial instruments ³
HKFRS 8	Operating segments ³
HK(IFRIC) - INT 9 & HKAS 39 (Amendments)	Embedded derivatives ⁵
HK(IFRIC) - INT 13	Customer loyalty programmes ⁶
HK(IFRIC) - INT 15	Agreements for the construction of real estate ³
HK(IFRIC) - INT 16	Hedges of a net investment in a foreign operation ⁷
HK(IFRIC) - INT 17	Distributions of non-cash assets to owners ⁴
HK(IFRIC) - INT 18	Transfers of assets from customers ⁸

- ¹ Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009.
- ² Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate.
- ³ Effective for annual periods beginning on or after 1 January 2009.
- ⁴ Effective for annual periods beginning on or after 1 July 2009.
- ⁵ Effective for annual periods ending on or after 30 June 2009.
- ⁶ Effective for annual periods beginning on or after 1 July 2008.
- ⁷ Effective for annual periods beginning on or after 1 October 2008.
- ⁸ Effective for transfers on or after 1 July 2009.

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 April 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. Improvement to HKFRSs requires property being constructed or developed for future use as investment property to classify as investment property for annual period beginning on or after 1 January 2009. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and financial position of the Group.

3. Business and geographical segments

Business segments

In 2008, the Group used geographical segment as primary segment information as it was principally engaged in software development business. As the Group is currently organised into two operating divisions - software development and hardware sales, it changed to report business segments as primary segment information. These divisions, which are subject to different risks and returns, are the basis on which the Group reports its primary segment information.

Business segments for the year are as follows:

	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover		
Software development	2,352	2,920
Hardware sales	6,690	—
	<u>9,042</u>	<u>2,920</u>
Results		
Software development	(14,909)	(15,508)
Hardware sales	(932)	—
	<u>(15,841)</u>	<u>(15,508)</u>
Interest income from bank	1,468	1,591
Other income	724	416
Unallocated corporate expenses	(3,122)	(2,407)
Amortisation of financial guarantee obligations	2,001	—
Impairment loss recognised on advance made to an associate	(160)	—
Impairment loss recognised on investments in a jointly controlled entity	(1,379)	(1,058)
Discount on acquisition arising from purchase of additional interests in a subsidiary	—	69
Fair value changes on investment properties	(91)	711
Net (losses) gains on equity-linked notes	(5,347)	643
Net gains (losses) on investments held for trading	297	(267)
Net losses on available-for-sale financial assets	—	(46)
Finance costs	(79)	(158)
Share of results of associates	(2,482)	(2,746)
	<u>(24,011)</u>	<u>(18,760)</u>

Geographical segments

The Group's operations are mainly situated in Hong Kong and the PRC. The following table provides an analysis of the Group's geographical segment information by location of geographical markets:

	Turnover	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	1,114	1,720
PRC	7,928	1,200
	<u>9,042</u>	<u>2,920</u>

4. Finance costs

	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on		
- a finance lease	14	9
- bank borrowings wholly repayable within five years	—	77
- bank borrowings not wholly repayable within five years	65	72
	<u>79</u>	<u>158</u>

5. Loss for the year

	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the year has been arrived at after charging:		
Directors' remuneration	3,631	3,737
Other staff's retirement benefits scheme contributions	194	186
Other staff's share-based payments	—	531
Other staff costs	8,757	7,999
	<u>12,582</u>	<u>12,453</u>
Depreciation of property, plant and equipment		
- owned by the Group	1,034	1,296
- held under a finance lease	41	50
	<u>1,075</u>	<u>1,346</u>
Auditor's remuneration	883	829
Loss on disposal of property, plant and equipment	—	9
Operating lease rentals in respect of rented premises	982	944
and after crediting:		
Amortisation of financial guarantee obligations	2,001	—
Bank interest income	1,468	1,591
Property rental income before deduction of negligible outgoings	677	292

6. Taxation

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% (2008: 17.5%) of the estimated assessable profit for the year.

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

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. The New Law and Implementation Regulations changed the tax rate from 15% to 25% from 1 January 2008. 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 enactment of the New Law did not 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 both years.

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

	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the year	(24,011)	(18,760)
Tax credit at the applicable income tax rate of 16.5% (2008: 17.5%)	(3,962)	(3,283)
Tax effect of share of losses of associates	410	481
Tax effect of expenses not deductible for tax purposes	292	204
Tax effect of income not taxable for tax purposes	(641)	(307)
Tax effect of unrecognised tax losses	4,355	3,036
Effect of different tax rates for subsidiaries operating in other jurisdictions	(512)	(358)
Others	58	227
Taxation for the year	—	—

7. Loss per share

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

	2009	2008
Loss for the year attributable to equity holders of the Company for the purpose of basic loss per share	<u>HK\$(23,998,000)</u>	<u>HK\$(17,801,000)</u>
Number of ordinary shares:		
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>1,133,261,503</u>	<u>1,113,825,165</u>

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 for both years.

8. Trade and other receivables

	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	866	258
Accrued revenue	445	971
Other receivables	<u>4,945</u>	<u>4,079</u>
	<u>6,256</u>	<u>5,308</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 which are payable within 180 days of issuance. The following is an aged analysis of trade receivables at the balance sheet date:

	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
<u>Age</u>		
0 to 30 days	866	224
31 to 60 days	—	—
61 to 90 days	—	13
91 to 120 days	<u>—</u>	<u>21</u>
	<u>866</u>	<u>258</u>

9. Accounts payable

	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	18	—
Customers' deposits received	2,966	1,937
Other payables	3,187	3,217
	<u>6,171</u>	<u>5,154</u>

10. Dividend

No dividends had been paid or declared by the Company during the year (2008: Nil).

CHAIRMAN'S STATEMENT

REVIEW

For Timeless, the financial year ended 31 March 2009 marked another significant yardstick in its history since it posted a new stage, the stage that Timeless accomplished its consolidated platform development and stepped forward into the market. We established grounds in Chinese Justice Enforcement informatization projects; these projects are significant for us, since we have earned recognition from a particular industry. Other than Justice Enforcement, we have also gained foothold in education industry; our education platform have acquired users both from the north and south of China. These two examples clearly demonstrated our strength and capabilities in niche areas, though the whole world is being rocked and shocked by waves after waves of financial tsunami, we still managed to find our own way, i.e. eye on China, grow with China.

OUTLOOK

Amidst the global economy climate, countries that can stay out of significant impact are few and far between. China, being accustomed to follow good tradition of savings, avoided extravagant expenditure and have accumulated a large amount of foreign exchange reserve. Thus China is well equipped to mitigate and withstand these impacts.

Nevertheless, China will still have to face the hard facts of dipping export figures, factory closures and workers being laid-off. To compensate for these negative factors, we foresee that the Chinese Government's response will be to strengthen internal construction and building, promote e-Government, expedite domestic procurement and foster information technology application in education.

Timeless has embraced China as its foundation market; various application sub-platforms, such as education services, telecom value-added services, cross-platform information services and justice enforcement services, flavored with workflow control and search management elements are all in sync with present situations and state services requirements.

Thus, we are prudently optimistic and will persist on bettering our performance.

REVIEW OF OPERATIONS

Results for the year ended 31 March 2009

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 2009, the loss attributable to equity holders of the Company was approximately HK\$23,998,000 representing an increase of 35% as compared to the loss of approximately HK\$17,801,000 for the year ended 31 March 2008. The Group recorded audited turnover of approximately HK\$9,042,000, representing an increase of 210% as compared to approximately HK\$2,920,000 in last year.

The other income mainly comprised bank interest income of approximately HK\$1,468,000 (2008: HK\$1,591,000) and amortisation of financial guarantee obligations of approximately HK\$2,001,000 (2008: Nil).

During the year under review, the increase in net loss included for the most part the increase in impairment loss recognised on investments in a jointly controlled entity of approximately HK\$1,379,000 from approximately HK\$1,058,000 in last year, and in net losses on equity-linked notes of approximately HK\$5,347,000 compared with net gains on equity-linked notes of approximately HK\$643,000 in last year.

Liquidity and financial resources

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

As at 31 March 2009, the Group had bank balances and cash (excluding pledged bank deposits) of approximately HK\$72,208,000 (2008: HK\$89,412,000).

As at 31 March 2009, the Group had total outstanding borrowings of approximately HK\$1,294,000 (2008: HK\$1,578,000). The borrowings comprised a bank loan of approximately HK\$1,144,000 (2008: HK\$1,276,000), which is repayable by monthly installment and will be fully repaid on 15 March 2015, obligations under a finance lease of approximately HK\$150,000 (2008: HK\$186,000), which will be fully repaid on 30 September 2012.

Gearing ratio

As at 31 March 2009, the Group's gearing ratio was approximately 1.23% (2008: 1.23%), based on total borrowings of approximately HK\$1,294,000 (2008: HK\$1,578,000) and equity attributable to equity holders of the Company of approximately HK\$105,499,000 (2008: HK\$128,351,000).

Charge on the Group's assets

As at 31 March 2009, a commercial property with a carrying value of approximately HK\$2,202,000 (2008: HK\$2,314,000) situated in Guangzhou held by a PRC subsidiary was pledged to a bank to secure the loan of approximately HK\$1,144,000 (2008: HK\$1,276,000).

Bank deposits totalling of approximately HK\$11,407,000 (2008: HK\$11,153,000) were pledged to banks to secure the banking facilities, in which, credit facilities of HK\$5,000,000 (2008: HK\$5,000,000) were available to the Company's subsidiaries and loan facility of RMB4,900,000 (2008: RMB4,900,000) were available to a jointly controlled entity.

Capital structure

As at 31 March 2009, the Company's total number of issued shares was 1,133,261,503 (2008: 1,133,261,503).

Segmental information

The Group is currently organised into two operating divisions – software development and hardware sales. Turnover generated from software development and hardware sales accounted for 26% (2008: 100%) and 74% (2008: Nil) respectively during the year under review.

Order book and prospects for new business

The amount of orders on hand of the Group was over HK\$11,479,000 as at 31 March 2009.

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 2009, the Group has given guarantee of RMB4,900,000 (2008: RMB4,900,000) to a bank to secure the credit facilities granted to a jointly controlled entity of the Company. At 31 March 2009, the amount of facilities utilised was RMB4,900,000 (2008: RMB4,900,000).

As at 31 March 2009, the Company has given corporate guarantees of HK\$5,000,000 (2008: 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 2009.

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 2009 and 2008.

Employee information

As at 31 March 2009, the Group employed a total staff of 49. 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 2009.

Code on Corporate Governance Practices

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

On behalf of the Board

Cheng Kin Kwan

Chairman & Chief Executive Officer

Hong Kong, 25 June 2009

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

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