TIMELESS SOFTWARE LIMITED

(incorporated in Hong Kong with limited liability)

(Stock code: 8028)

RESULTS ANNOUNCEMENT
For the year ended 31 March 2010

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

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

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

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

RESULTS

The board of directors ("Board") of Timeless Software Limited ("Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries ("Group") for the year ended 31 March 2010 together with the comparative audited figures for the corresponding period in 2009 as follows:

Consolidated statement of comprehensive income

For the year ended 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Turnover	3	16,710	9,042
Other income		2,146	4,193
Purchase costs		(8,775)	(6,832)
Staff costs		(12,985)	(12,582)
Depreciation		(777)	(1,075)
Other expenses		(5,782)	(7,516)
Fair value changes on investment properties		160	(91)
Gain on partial disposal of equity interest in a jointly controlled entity		3,846	—
Net gains / (losses) on equity-linked notes		3,630	(5,347)
Net (losses) / gains on investments held for trading		(110)	297
Impairment loss recognised on advance made to an associate		—	(160)
Impairment loss recognised on investments in a jointly controlled entity		—	(1,379)
Finance costs	4	(63)	(79)
Share of losses of an associate		(872)	(2,482)
Loss for the year	5 & 6	(2,872)	(24,011)
Other comprehensive income			
Exchange differences arising on translation		—	806
Realised on deemed disposal of interests in a jointly controlled entity		(56)	—
Share of other comprehensive income of an associate		3,923	395
Other comprehensive income for the year		3,867	1,201
Total comprehensive income / (loss) for the year		995	(22,810)

	Notes	2010 HK$'000	2009 HK$'000
Loss for the year attributable to:			
Owners of the Company		(2,864)	(23,998)
Non-controlling interests		(8)	(13)
		(2,872)	(24,011)
Total comprehensive income / (loss) attributable to:			
Owners of the Company		1,003	(22,852)
Non-controlling interests		(8)	42
		995	(22,810)
		HK cents	*HK cents*
Loss per share	7		
– Basic and diluted		(0.25)	(2.12)

Consolidated Statement of Financial Position

At 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Non-current assets			
Investment properties		6,455	6,295
Property, plant and equipment		3,974	4,908
Goodwill		1,298	—
Interests in associates		4,365	1,314
Interests in jointly controlled entities		—	—
Equity-linked notes		—	3,564
		16,092	16,081
Current assets			
Inventories		1,498	—
Trade and other receivables	8	7,424	6,256
Equity-linked notes		7,194	—
Investments held for trading		9,847	10,070
Pledged bank deposits		—	11,407
Bank balances and cash		74,322	72,208
		100,285	99,941
Current liabilities			
Trade and other payables	9	6,199	6,171
Obligations under a finance lease due within one year		42	39
Current portion of secured long-term bank loan		178	169
Financial guarantee obligations		—	460
		6,419	6,839
Net current assets		93,866	93,102
Total assets less current liabilities		109,958	109,183

	Notes	2010 HK$'000	2009 HK$'000
Non-current liabilities			
Obligations under a finance lease due after one year		69	111
Secured long-term bank loan		797	975
		866	1,086
Net assets		109,092	108,097
Capital and reserves			
Share capital		56,663	56,663
Reserves		49,839	48,836
Equity attributable to owners of the Company		106,502	105,499
Non-controlling interests		2,590	2,598
Total equity		109,092	108,097

Consolidated statement of changes in equity

For the year ended 31 March 2010

	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
At 1 April 2008	56,663	637,927	2,567	(395)	1,061	3,701	(573,173)	128,351	2,556	130,907
Loss for the year	–	–	–	–	–	–	(23,998)	(23,998)	(13)	(24,011)
Other comprehensive income for the year	–	–	–	395	–	751	–	1,146	55	1,201
Total comprehensive loss for the year	–	–	–	395	–	751	(23,998)	(22,852)	42	(22,810)
Transfer of share options reserve on forfeiture of share options	–	–	(196)	–	–	–	196	–	–	–
At 31 March 2009	56,663	637,927	2,371	–	1,061	4,452	(596,975)	105,499	2,598	108,097
Loss for the year	–	–	–	–	–	–	(2,864)	(2,864)	(8)	(2,872)
Other comprehensive income for the year	–	–	–	3,923	–	(56)	–	3,867	–	3,867
Total comprehensive income for the year	–	–	–	3,923	–	(56)	(2,864)	1,003	(8)	995
Transfer of share options reserve on forfeiture of share options	–	–	(262)	–	–	–	262	–	–	–
At 31 March 2010	56,663	637,927	2,109	3,923	1,061	4,396	(599,577)	106,502	2,590	109,092

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 new and revised Standards, Amendments to Standards and Interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKAS 1 (Revised 2007)	Presentation of financial statements
HKAS 23 (Revised 2007)	Borrowing costs
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation
HKFRS 1 & HKAS27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 2 (Amendment)	Vesting conditions and cancellations
HKFRS 7 (Amendment)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
HK(IFRIC) – INT 9 & HKAS 39 (Amendments)	Embedded derivatives
HK(IFRIC) – INT 13	Customer loyalty programmes
HK(IFRIC) – INT 15	Agreements for the construction of real estate
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation
HK(IFRIC) – INT 18	Transfers of assets from customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of the new and revised HKFRSs had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

HKAS 1 (Revised 2007) Presentation of financial statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. However, HKAS 1 (revised 2007) has had no impact on the reported results or financial position of the Group.

HKFRS 8 Operating segments

HKFRS 8 expands disclosure in respect of segment reporting but it has had no impact on the designation of the Group's reportable segments, reported results or financial position of the Group.

Improving disclosures about financial instruments
(Amendments to HKFRS 7 financial instruments: disclosures)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The amendments also expand and amend the disclosures required in relation to liquidity risk. The Group has not provided comparative information for the expanded disclosures in relation to fair value measurements in accordance with the transitional provision set out in the amendments.

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

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of improvements to HKFRSs 2008 [1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009 [2]
HKAS 24 (Revised)	Related party disclosures [5]
HKAS 27 (Revised)	Consolidated and separate financial statements [1]
HKAS 32 (Amendment)	Classification of rights issues [4]
HKAS 39 (Amendment)	Eligible hedged items [1]
HKFRS 1 (Amendment)	Additional exemptions for first-time adopter [3]
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions [3]
HKFRS 3 (Revised)	Business combinations [1]
HKFRS 9	Financial instruments [7]
HK(IFRIC) - INT 14 (Amendment)	Prepayments of minimum funding requirement [5]
HK(IFRIC) - INT 17	Distributions of non-cash assets to owners [1]
HK(IFRIC) - INT 19	Extinguishing financial liabilities with equity instruments [6]

[1] Effective for annual periods beginning on or after 1 July 2009

[2] Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate

[3] Effective for annual periods beginning on or after 1 January 2010

[4] Effective for annual periods beginning on or after 1 February 2010

[5] Effective for annual periods beginning on or after 1 January 2011

[6] Effective for annual periods beginning on or after 1 July 2010

[7] Effective for annual periods beginning on or after 1 January 2013

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date are 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.

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognized financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortized cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

In addition, as part of Improvements to HKFRSs issued in 2009, HKAS 17 Leases has been amended in relation to the classification of leasehold land. The amendments will be effective from 1 January 2010, with earlier application permitted. Before the amendments to HKAS 17, leasees were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated statement of financial position. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The application of the amendments to HKAS 17 might not affect the classification and measurement of the Group's leasehold land at revalued amount.

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 consolidated financial statements.

3. Segment information

The Group has adopted HKFRS 8 Operating Segments with effect from 1 April 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and to assessing their performance. In contrast, the predecessor Standard (HKAS 14, Segment Reporting) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting information was organized by two operating divisions: software development and hardware sales. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

During the year, the Group commenced the business in software sales after the acquisition of a subsidiary.

Segment revenues and results

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

	2010	2009
	HK$'000	*HK$'000*
Turnover		
Software development	14,476	2,352
Hardware sales	679	6,690
Software sales	1,568	—
Elimination on inter-segment sales	(13)	—
	16,710	9,042
Results		
Software development	(9,697)	(14,909)
Hardware sales	(367)	(932)
Software sales	(204)	—
Elimination on inter-segment sales	13	—
	(10,255)	(15,841)
Interest income	672	1,468
Other income	1,014	724
Unallocated corporate expenses	(1,354)	(3,122)
Amortisation of financial guarantee obligations	460	2,001
Gain on partial disposal of equity interest in a jointly controlled entity	3,846	—
Impairment loss recognised on advance made to an associate	—	(160)
Impairment loss recognised on investments in a jointly controlled entity	—	(1,379)
Fair value changes on investment properties	160	(91)
Net gains / (losses) on equity-linked notes	3,630	(5,347)
Net (losses) / gains on investments held for trading	(110)	297
Finance costs	(63)	(79)
Share of losses of an associate	(872)	(2,482)
Loss for the year	(2,872)	(24,011)

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment loss represents the loss from each segment without allocation of central administration cost and finance cost. This is the measure reported to the management of the Group for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

4. Finance costs

	2010	2009
	HK$'000	*HK$'000*
Interest on		
– a finance lease	11	14
– bank borrowings not wholly repayable within five years	52	65
	63	79

5. Loss for the year

	2010	2009
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging/(crediting):		
Directors' remuneration	3,830	3,631
Other staff's retirement benefits scheme contributions	183	194
Other staff costs	8,972	8,757
	12,985	12,582
Depreciation of property, plant and equipment		
– owned by the Group	736	1,034
– held under a finance lease	41	41
	777	1,075
Auditor's remuneration		
– current year	600	883
– under provision in prior year	50	—
Loss on disposal of property, plant and equipment	316	—
Operating lease rentals in respect of rented premises	902	982
Amortisation of financial guarantee obligations	(460)	(2,001)
Interest income	(672)	(1,468)
Gross rental income from investment properties	(489)	(677)
Less: direct operating expenses from investment properties that generated rental income during the year	78	78
	(411)	(599)

6. Taxation

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

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

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

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

	2010	**2009**
	HK$'000	*HK$'000*
Loss for the year	(2,872)	(24,011)
Tax credit at the applicable income tax rate of 16.5%	(474)	(3,962)
Tax effect of share of losses of an associate	144	410
Tax effect of expenses not deductible for tax purposes	31	292
Tax effect of income not taxable for tax purposes	(653)	(641)
Tax effect of unrecognised tax losses	1,554	4,355
Utilisation of tax losses previously not recognised	(363)	—
Effect of different tax rates for subsidiaries operating in other jurisdictions	46	(512)
Others	(285)	58
Taxation for the year	—	—

7. Loss per share

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

	2010	2009
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	HK$(2,864,000)	HK$(23,998,000)
Number of ordinary shares:		
Weighted average number of ordinary shares for the purpose of basic loss per share	1,133,261,503	1,133,261,503
Effect of dilutive potential ordinary shares:		
Share options	3,908,765	—
Weighted average number of ordinary shares for the purpose of diluted loss per share	1,137,170,268	1,133,261,503

The computation of diluted loss per share did not assume the exercise of the Company's outstanding share options existed during the year ended 31 March 2010 since their exercise would result in a decrease in loss per share.

8. Trade and other receivables

	2010	2009
	HK$'000	*HK$'000*
Trade receivables	2,254	866
Accrued revenue	538	445
Other receivables	4,632	4,945
	7,424	6,256

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

	2010	2009
	HK$'000	*HK$'000*
Age		
0 to 30 days	1,717	866
31 to 60 days	102	—
61 to 90 days	24	—
More than 90 days	411	—
	2,254	866

9. Trade and other payables

	2010	2009
	HK$'000	*HK$'000*
Trade payables	999	18
Customers' deposits received	1,846	2,966
Other payables	3,354	3,187
	6,199	6,171

10. Dividend

No dividends had been paid or declared by the Company during the year (2009: Nil).

CHAIRMAN'S STATEMENT

Review

In 2009, despite of the gloomy global economy, Mainland China strongly endorsed development; various economy stimulating policies and measures were launched; the Macro Economic Control of ensuring GDP growth rate not to be less than 8% was one of them. Boosted by the positive policies, China's economy was the quickest to recover from the financial crisis.

Riding on the wave and the years of effort that Timeless spent and rooted into specific industries, we endeavored to strive for favorable results. We are being recognized in Space Technology projects; we are expanding in justice enforcement informatization projects and in education informatization projects, we are endeavoring to become the standards for digital publication and e-book projects.

Other than China, we have successfully completed the acquisition of Encore in early 2010; such acquisition strengthened our market infiltration power inside and outside of Hong Kong and also laid the foundation for our future income.

Outlook

In a year full of challenges and competitions, we managed to progress steadily, achieving solid growth. At the same time, our financial position is healthy, operating cash flow continues to improve; further, we have established an advance consolidated network service groundwork, capable of meeting the ever-growing demand of service applications based on network services.

We are now able to better explore the market; since demand for network services are on the rise, as overall economy recovers, we are fully confident that our future income will be stable and significant from various industries and segments in the long run.

REVIEW OF OPERATIONS

Results for the year ended 31 March 2010

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 2010, the loss attributable to owners of the Company was approximately HK$2,864,000, representing a decrease of 88.1% as compared to the loss of approximately HK$23,998,000 for the year ended 31 March 2009. The substantial decrease in net loss was mainly due to the following items:

1. The audited turnover of approximately HK$16,710,000 was significantly increased by 84.8% as compared to approximately HK$9,042,000 in last year; and

2. Gain on partial disposal of equity interest in a jointly controlled entity of approximately HK$3,846,000 was recorded for the year under review; and

3. Net gains on equity-linked notes of approximately HK$3,630,000 was recorded for the year under review while net losses on equity-linked notes of approximately HK$5,347,000 was recorded in last year; and

4. An impairment loss recognised on investments in a jointly controlled entity of approximately HK$1,379,000 was recorded in last year.

For the year ended 31 March 2010, the other income mainly comprised interest income of approximately HK$672,000 (2009: HK$1,468,000) and amortisation of financial guarantee obligations of approximately HK$460,000 (2009: HK$2,001,000) and rental income from investment properties of approximately HK$489,000 (2009: HK$677,000).

Liquidity and financial resources

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

As at 31 March 2010, the Group had bank balances and cash (excluding pledged bank deposits) of approximately HK$74,322,000 (2009: HK$72,208,000).

As at 31 March 2010, the Group had total outstanding borrowings of approximately HK$1,086,000 (2009: HK$1,294,000). The borrowings comprised a bank loan of approximately HK$975,000 (2009: HK$1,144,000), which is repayable by monthly installment and will be fully repaid on 15 March 2015, obligations under a finance lease of approximately HK$111,000 (2009: HK$150,000), which will be fully repaid on 30 September 2012.

Gearing ratio

As at 31 March 2010, the Group's gearing ratio was approximately 1.02% (2009: 1.23%), based on total borrowings of approximately HK$1,086,000 (2009: HK$1,294,000) and equity attributable to owners of the Company of approximately HK$106,502,000 (2009: HK$105,499,000).

Charge on the Group's assets

As at 31 March 2010, a commercial property with a carrying value of approximately HK$2,038,000 (2009: HK$2,202,000) situated in Guangzhou held by a PRC subsidiary was pledged to a bank to secure the loan of approximately HK$975,000 (2009: HK$1,144,000).

As at 31 March 2009, bank deposits totalling of approximately HK$11,407,000 were pledged to banks to secure the banking facilities granted to the Company's subsidiaries and a jointly controlled entity. During the year under review, the pledged bank deposits had been released upon cancellation of the banking facilities by the subsidiaries and repayment of the secured bank loan by the jointly controlled entity.

Capital structure

As at 31 March 2010, the Company's total number of issued shares was 1,133,261,503 (2009: 1,133,261,503).

Segmental information

The Group is currently organised into three operating divisions – software development, hardware sales and software sales. Turnover generated from software development, hardware sales and software sales accounted for 86.6% (2009: 26%), 4.1% (2009: 74%) and 9.3% (2009: 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$2,669,000 as at 31 March 2010.

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

At 31 March 2009, the Group had given guarantee of 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. On 6 August 2009, the guarantee period was expired and the loan of RMB4,900,000 had been repaid in full by the jointly controlled entity.

As at 31 March 2009, the Company had given corporate guarantees of HK$5,000,000 to certain banks to secure the credit facilities granted to its subsidiaries. No subsidiaries had utilised the credit facilities during the year ended 2009. The corporate guarantees had been cancelled during the year under review.

Significant event

(a) *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 (the "Case"). Concurrently, the Landlord resisted the claim and counterclaimed against the Company on, including but not limited to, reinstatement work and rental losses. Hearing of the Case took place in the early half of 2009. The judgment, entered in favour of the Company, included the full amount claimed and costs of the action. At the date of report, an amount of HK$3,330,014.24, representing the full and final settlement of the deposit, interest accrued up to the date of payment and costs of the actions, has been received.

(b) *Interest in a jointly controlled entity –Zhuhai Southern Software Park Development Company Limited ("ZSSP")*

On 27 May 2010, the Company entered into a sale and purchase agreement with an independent third party to sell approximately 12% equity interest of ZSSP ("Sale Interest") at a consideration of RMB10,800,000 (equivalent to HK$12,000,000). Upon completion of the Sale Interest, the Company will retain a 3.31% equity interest of ZSSP.

Employee information

As at 31 March 2010, the Group employed a total staff of 42. 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 2010.

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, 23 June 2010

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).