TIMELESS SOFTWARE LTD.

Annual Report

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.

Contents

Corporate Information

Directors

Executive directors
CHENG Kin Kwan
LAW Kwai Lam
LEUNG Mei Sheung Eliza
ZHENG Ying Yu
FUNG Chun Pong Louis
LIAO Yun

Independent non-executive directors
TSANG Wai Chun Marianna
CHAN Mei Ying Spencer
LAM Kwai Yan

Secretary

LAW Kwai Lam

Qualified accountant

LEUNG Wai Sze *CPA, FCCA*

Compliance officer

LAW Kwai Lam

Audit committee

TSANG Wai Chun Marianna
CHAN Mei Ying Spencer
LAM Kwai Yan

Registered Office

Units 111-113 1st Floor
Building 9 Phase One
Hong Kong Science Park
Tai Po New Territories
Hong Kong

Auditor

Deloitte Touche Tohmatsu

Legal adviser

Deacons
Hammonds

Banker

Hang Seng Bank Limited

Share Registrars

Computershare Hong Kong
Investor Services Limited
46th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

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.

On behalf of the Board
Cheng Kin Kwan
Chairman & Chief Executive Officer

Hong Kong, 25 June 2009

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.

Biographical Details of Directors and Senior Management

DIRECTORS

Executive directors

Mr. Cheng Kin Kwan, aged 70, is the founder and Chairman and Chief Executive Officer of the Company. Prior to establishing the Company, Mr. Cheng has been serving the IT industry for over 30 years. He was the inventor who developed the first Chinese processing system and brought into China the first generation of image processing PC, the first dealer of Novell system in Hong Kong and China, and also, the developer of the first computer system for Hong Kong Futures Exchange. He took up various senior positions in software development companies and provided services as technical consultant for multinational vendors.

Mr. Law Kwai Lam, aged 62, is the Corporate Affairs Director and the Company Secretary of the Company. Mr. Law has been with the Group since its establishment, and has since been responsible for the Company's and the Group's administrative, legal and secretarial matters. Mr. Law holds a Bachelor degree in Biochemistry from the University of Kansas. Prior to joining the Group, Mr. Law was the Company Secretary of a listed company in Hong Kong for 10 years.

Ms. Leung Mei Sheung, Eliza, aged 44, is the Administration Director of the Group and is responsible for the overall administrative management of the Group and special assignments by the CEO. Ms. Leung joined the Group in June 1996. She has over 23 years of experience in office administration and accounting in the IT field.

Ms. Zheng Ying Yu, aged 35, is the Chief Representative of the Group's Guangzhou subsidiary, responsible for market promotion, business development and the overall operation of the Guangzhou office. She joined the Group in 1998 and has 13 years experience in the IT industry. Ms Zheng holds a Bachelor of Science degree in Computer Science from ZhongShan University.

Mr. Fung Chun Pong, Louis, aged 56, is the Head of Operations, Hong Kong and is responsible for the overall operations of the Hong Kong region. Mr. Fung joined the Group in October 1998. He has over 30 years of experience in the IT industry and specialises in financial systems.

Mr. Liao Yun, aged 36, is the Head of Development-Guangzhou, responsible for planning and executing project development and Timeless Consolidated Platform development. Mr. Liao holds a Bachelor's Degree in Computer Software from South China University of Technology. He joined the Group in July 1998 and has over 13 years experience in the IT industry.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Tsang Wai Chun, Marianna, aged 54, is the director of Chan & Wat, Certified Public Accountants. She is a member of the Institute of Chartered Secretaries and Administrators, the Hong Kong Institute of Company Secretaries, the Taxation Institute of Hong Kong and the Association of Professionals in Business Management. Ms. Tsang has over 20 years of company secretarial, corporate affairs, and related legal working experience in major commercial corporations and in professional firms. She has an MBA and a postgraduate certificate in Professional Accounting. She was appointed as an independent non-executive director in October 2003.

Mr. Chan Mei Ying, Spencer, aged 53, is a director of Ubique Solutions Ltd. Mr. Chan has all round experience in corporate finance, business development, sales and marketing. Mr. Chan studied Computer Science in Melbourne, Australia, before receiving a Master's Degree in Business Administration from the Chinese University of Hong Kong. He also has attended an executive management program at INSEAD, Fontainbleau, France.

Mr. Lam Kwai Yan, aged 49, has a degree in Business Studies from the University of Southern Queensland, Australia. He is a member of the Hong Kong Institute of Public Accountants and the New Zealand Society of Chartered Accountants, and a Fellow of the Australian Society of Certified Practicing Accountants. Mr. Lam has worked for various large corporations, first starting his accounting career with Cable & Wireless (H.K.) Ltd. Subsequently, he worked in New Zealand for a number of years before returning to Hong Kong and starting an accounting practice. He has vast experience with SME's, including auditing and consulting on re-organization and restructuring businesses that have cross-border operations in China. His work also included advising and consulting for listed public companies. Mr. Lam was appointed as an independent non-executive director in December 2008.

SENIOR MANAGEMENT

Mr. Kan Ji Ran, Laurie, aged 48, is the Deputy Chief Executive Officer of the Group. He is a veteran in the Asian IT industry. Mr. Kan has held senior positions at PointCast Asia, China Internet Corporation (now Chinadotcom), Microsoft (Hong Kong) Limited and Compaq. He graduated in Business Management from Hong Kong Baptist College and from Stanford University's Executive Program.

INTRODUCTION

The Company strives to attain and maintain the highest standard of corporate governance as it believes that effective corporate governance practices are fundamental to enhancing shareholder value and safeguarding shareholder interests.

The principles of corporate governance adopted by the Group emphasize a quality board, sound internal control, and transparency and accountability to all shareholders.

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 15 of the GEM Listing Rules. Unless otherwise disclosed herein, the Company has complied with the Code throughout the year ended 31 March 2009.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding the securities transactions by directors on terms no less exacting than the required standard of dealings set out in rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all directors, all directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company throughout the year ended 31 March 2009.

THE BOARD

The Board is responsible for directing the strategic objectives of the Company and overseeing the management of the business. The directors are charged with the task of promoting the success of the Company and making decisions in the best interest of the Company.

The Board led by the Chairman, Mr. Cheng Kin Kwan, approves and monitors group wide strategies and policies, annual budgets and business plans, evaluates the performance of the Company, and supervises the management. Management is responsible for the day-to-day operations of the Group under the leadership of the Chairman.

As at 31 March 2009, the Board comprised nine directors, including the Chairman, five executive directors and three independent non-executive directors. Biographical details of the directors are set out in the "Biographical Details of Directors and Senior Management" section on pages 7 to 8.

The Board held 11 meetings during the year ended 31 March 2009 with an average attendance rate of approximately 95%.

	Attendance
Executive directors	
Cheng Kin Kwan *(Chairman)*	11/11
Law Kwai Lam	11/11
Leung Mei Sheung Eliza	11/11
Zheng Ying Yu	11/11
Fung Chun Pong Louis	11/11
Liao Yun	11/11
Independent non-executive directors	
Tsang Wai Chun Marianna	11/11
Chan Mei Ying Spencer	11/11
Lam Kwai Yan *(appointed on 23 December 2008)*	1/1
Lam Lee G. *(resigned on 1 September 2008)*	4/5
Ng Kwok Tung *(resigned on 26 September 2008)*	4/6

The Company confirmed that annual confirmations of independence were received from each of the Company's independent non-executive directors pursuant to rule 5.09 of the GEM Listing Rules and all independent non-executive directors are considered to be independent.

The Company's Articles of Association have been amended to provide that all directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after their appointment and every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

Each of the executive directors has entered into service contract with the Company when they are appointed as directors of the Company. These service contracts will continue thereafter until terminated by either party giving to the other party not less than three months' notice in writing.

Save as disclosed above, none of the directors proposed for re-election at the forthcoming annual general meeting has any service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than the statutory compensation.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Company does not have a separate chairman and chief executive officer and Mr. Cheng Kin Kwan currently holds both positions.

Given the Group's current stage of development, the Board considers that vesting the roles of chairman and chief executive officer in the same person facilitates the execution of the Group's business strategies and maximizes effectiveness of its operation. The Board shall nevertheless review the structure from time to time and shall consider the appropriate move to take should suitable circumstance arise.

NON-EXECUTIVE DIRECTORS

Each of the independent non-executive directors was appointed for a term of one year.

REMUNERATION OF DIRECTORS

A remuneration committee was set up in March 2006. The primary aim of the Remuneration Committee is to formulate transparent procedures for developing remuneration policies and compensation packages for the employees of the Group. The Remuneration Committee comprises three members, the majority of whom are independent non-executive directors. They are:

Mr. Cheng Kin Kwan *(Chairman of the Remuneration Committee)*,
Ms. Tsang Wai Chun Marianna and
Mr. Chan Mei Ying Spencer.

All members of the Remuneration Committee have reviewed in one meeting during the year the performance of some of the directors for the year based on their performances. The emoluments of each of the directors are set out in this annual report on page 52.

NOMINATION OF DIRECTORS

The Company has established a nomination committee (the "Nomination Committee") in March 2006 in compliance with the GEM Listing Rules, terms of reference of which have been adopted by the Company are consistent with the requirements of the Code. The Nomination Committee currently comprises two independent non-executive directors and one executive director, namely, Ms. Tsang Wai Chun Marianna, Mr. Chan Mei Ying Spencer and Mr. Fung Chun Pong Louis.

The Nomination Committee meets at least once a year or as needed where vacancies arise at the Board.

AUDITOR'S REMUNERATION

For the year ended 31 March 2009, the fee payable to the auditor in respect of the audit, non-audit and tax and consultancy services were as follows:

Types of services	**Amount (HK$)**
Audit services	883,000
Tax and consultancy services	427,000

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. During the year ended 31 March 2009, the Audit Committee held 4 meetings with 100% attendance.

Name of members	Attendance
Tsang Wai Chun Marianna *(Chairman)*	4/4
Chan Mei Ying Spencer	4/4
Lam Kwai Yan *(appointed on 23 December 2008)*	1/1
Ng Kwok Tung *(resigned on 26 September 2008)*	2/2

The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group. The Audit Committee has reviewed the annual report for the year ended 31 March 2009 in conjunction with the Company's external auditors.

Under the terms of reference of the Audit Committee, the committee is required, amongst other things, to oversee the relationship with the external auditors, review the Group's preliminary results, interim results and annual financial statements, monitor compliance with statutory and GEM Listing Rules requirements, review the scope, extent and effectiveness of the activities of the Group's internal control, engage independent legal or other advisers as it determines is necessary and perform investigations.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The following statements, which set out the responsibilities of the directors in relation to the financial statements, should be read in conjunction with, but distinguished from, the Independent Auditors' Report on pages 21 to 22 which acknowledges the reporting responsibilities of the Group's auditors.

The directors acknowledge that they are responsible for the preparation of financial statements which give a true and fair view. In preparing the financial statements which give a true and fair view, the directors consider that the Group uses appropriate accounting policies that are consistently applied, makes judgments and estimates that are reasonable and prudent, and that all applicable accounting standards are followed. The directors are responsible for ensuring that the Group keeps accounting records which disclose the financial position of the Group and enable the preparation of financial statements in accordance with Hong Kong Companies Ordinance and the applicable Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. Having made appropriate enquiries, the directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the financial statements.

REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL

The Audit Committee assists the Board in meeting its responsibilities for maintaining an effective system of internal control. It reviews the process by which the Group evaluates its control environment and risk assessment process, and the way in which business and control risks are managed.

The Board recognises its responsibility for maintaining an adequate system of internal control and prompt and transparent reporting of the Company's activities to the shareholders and to the public.

The internal control system is designed to facilitate the effectiveness and efficiency of operations, safeguard assets against unauthorised use and disposition, ensure the maintenance of proper accounting records and the truth and fairness of the financial statements, and ensure compliance with relevant legislation and regulations. It aims to achieve reasonable assurance against material mis-statement or loss in the management of the Group's business activities.

The directors present their annual report and the audited financial statements for the year ended 31 March 2009.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and is engaged in the provision of computer consultancy and software maintenance services, software development and sales of computer hardware and software.

The principal activities of the Company's principal subsidiaries are set out in note 34 to the financial statements.

RESULTS

The results of the Group for the year are set out in the consolidated income statement on page 23.

SHARE CAPITAL

There were no movements in share capital of the Company during the year. Details of the Company's share capital at 31 March 2009 are set out in note 25 to the financial statements.

RESERVES

Details of the movements in reserves of the Group and the Company during the year are set out on pages 27 to 28 and note 27 to the financial statements, respectively.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group and the Company during the year are set out in note 13 to the financial statements.

PRINCIPAL ASSOCIATE AND PRINCIPAL JOINTLY CONTROLLED ENTITY

The principal activities of the Group's principal associate and principal jointly controlled entity are set out in notes 15 and 16 to the financial statements, respectively.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The directors of the Company during the year and up to the date of this report were:

Executive directors:

Cheng Kin Kwan *(Chairman and Chief Executive Officer)*
Law Kwai Lam
Leung Mei Sheung, Eliza
Zheng Ying Yu
Fung Chun Pong, Louis
Liao Yun

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS (continued)

Independent non-executive directors:

Tsang Wai Chun, Marianna	
Chan Mei Ying, Spencer	
Lam Kwai Yan	(appointed on 23 December 2008)
Lam Lee G.	(resigned on 1 September 2008)
Ng Kwok Tung	(resigned on 26 September 2008)

In accordance with Article 96(A) and Article 105(A) of the Company's Articles of Association, Mr. Lam Kwai Yan, Mr. Law Kwai Lam, Ms. Leung Mei Sheung, Eliza and Ms. Zheng Ying Yu retire and, being eligible, offer themselves for re-election.

Each of the executive directors has entered into a service contract with the Company when he or she is appointed as a director of the Company. These service contracts will continue thereafter until terminated by either party giving to the other party not less than three months' notice in writing.

Each of the independent non-executive directors was appointed for a term of one year.

Save as disclosed above, none of the directors proposed for re-election at the forthcoming annual general meeting has any service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

At 31 March 2009, the interests and short positions of the directors and the chief executive of the Company and their associates in the shares, underlying shares or debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Rule 5.46 of the Rules Governing the Listing of Securities on the Growth Enterprise Market (the "GEM") of the Stock Exchange (the "GEM Listing Rules"), were as follows:

Long positions

(a) Ordinary shares of HK$0.05 each of the Company

	Number of ordinary shares held in the capacity of			
Name of director	**Beneficial owner**	**Controlled corporation**	**Total number of shares**	**Percentage of shareholding**
Cheng Kin Kwan	219,624,000	—	219,624,000	19.38%
Law Kwai Lam	10,000,000	28,325,000*	38,325,000	3.38%
Leung Mei Sheung, Eliza	13,000,000	—	13,000,000	1.15%
Zheng Ying Yu	4,900,000	—	4,900,000	0.43%
Fung Chun Pong, Louis	1,488,000	—	1,488,000	0.13%
Liao Yun	4,510,000	—	4,510,000	0.40%

* These shares were held by a private company which is wholly-owned by Mr. Law Kwai Lam.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY (continued)

Long positions (continued)

(b) Options to subscribe for ordinary shares of the Company

Particulars of the directors' interests in share options to subscribe for shares in the Company pursuant to the Company's 2003 share option scheme were as follows:

Name of directors	Date of grant	Exercisable period	Exercise price per share HK$	Number of share options and number of underlying shares: Outstanding at 1.4.2008	Granted during the year	Exercised during the year	Forfeited during the year	Outstanding at 31.3.2009
Cheng Kin Kwan	5.9.2003	5.9.2003 - 4.9.2013	0.2280	6,960,000	–	–	–	6,960,000
	8.12.2003	8.12.2003 - 7.12.2013	0.2130	800,000	–	–	–	800,000
	25.2.2004	25.2.2004 - 24.2.2014	0.1900	7,700,000	–	–	–	7,700,000
Law Kwai Lam	5.9.2003	5.9.2003 - 4.9.2013	0.2280	2,000,000	–	–	–	2,000,000
	9.1.2004	9.1.2004 - 8.1.2014	0.1900	1,000,000	–	–	–	1,000,000
	28.2.2005	28.2.2005 - 27.2.2015	0.0722	1,000,000	–	–	–	1,000,000
	26.9.2006	26.9.2006 - 25.9.2016	0.0772	3,500,000	–	–	–	3,500,000
	18.6.2007	18.6.2007 - 17.6.2017	0.2980	800,000	–	–	–	800,000
Leung Mei Sheung, Eliza	5.9.2003	5.9.2003 - 4.9.2013	0.2280	5,500,000	–	–	–	5,500,000
	8.12.2003	8.12.2003 - 7.12.2013	0.2130	4,300,000	–	–	–	4,300,000
	25.2.2004	25.2.2004 - 24.2.2014	0.1900	5,800,000	–	–	–	5,800,000
	24.3.2006	24.3.2006 - 23.3.2016	0.1530	300,000	–	–	–	300,000
Zheng Ying Yu	5.9.2003	5.9.2003 - 4.9.2013	0.2280	2,000,000	–	–	–	2,000,000
	8.12.2003	8.12.2003 - 7.12.2013	0.2130	400,000	–	–	–	400,000
	9.1.2004	9.1.2004 - 8.1.2014	0.1900	6,100,000	–	–	–	6,100,000
	13.12.2004	13.12.2004 - 12.12.2014	0.0982	50,000	–	–	–	50,000
Fung Chun Pong, Louis	5.9.2003	5.9.2003 - 4.9.2013	0.2280	2,000,000	–	–	–	2,000,000
	9.1.2004	9.1.2004 - 8.1.2014	0.1900	1,000,000	–	–	–	1,000,000
	19.4.2004	19.4.2004 - 18.4.2014	0.2096	300,000	–	–	–	300,000
	24.3.2006	24.3.2006 - 23.3.2016	0.1530	300,000	–	–	–	300,000
	18.6.2007	18.6.2007 - 17.6.2017	0.2980	300,000	–	–	–	300,000

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY (continued)

Long positions (continued)

(b) Options to subscribe for ordinary shares of the Company (continued)

				Number of share options and number of underlying shares				
Name of directors	Date of grant	Exercisable period	Exercise price per share HK$	Outstanding at 1.4.2008	Granted during the year	Exercised during the year	Forfeited during the year	Outstanding at 31.3.2009
Liao Yun	5.9.2003	5.9.2003 - 4.9.2013	0.2280	800,000	–	–	–	800,000
	26.11.2003	26.11.2003 - 25.11.2013	0.2300	400,000	–	–	–	400,000
	9.1.2004	9.1.2004 - 8.1.2014	0.1900	790,000	–	–	–	790,000
	19.4.2004	19.4.2004 - 18.4.2014	0.2096	300,000	–	–	–	300,000
	16.9.2004	16.9.2004 - 15.9.2014	0.0870	500,000	–	–	–	500,000
	30.9.2004	30.9.2004 - 29.9.2014	0.0900	500,000	–	–	–	500,000
	13.12.2004	13.12.2004 - 12.12.2014	0.0982	300,000	–	–	–	300,000
	22.9.2005	22.9.2005 - 21.9.2015	0.0920	400,000	–	–	–	400,000
	24.3.2006	24.3.2006 - 23.3.2016	0.1530	300,000	–	–	–	300,000
Ng Kwok Tung (resigned on 26 September 2008)	24.3.2006	24.3.2006 - 23.3.2016	0.1530	500,000	–	–	(500,000)	–
	26.9.2006	26.9.2006 - 25.9.2016	0.0772	3,000,000	–	–	(3,000,000)	–
Tsang Wai Chun, Marianna	24.3.2006	24.3.2006 - 23.3.2016	0.1530	500,000	–	–	–	500,000
	26.9.2006	26.9.2006 - 25.9.2016	0.0772	3,000,000	–	–	–	3,000,000
Chan Mei Ying, Spencer	24.3.2006	24.3.2006 - 23.3.2016	0.1530	500,000	–	–	–	500,000
				63,900,000	–	–	(3,500,000)	60,400,000

Save as disclosed above and other than nominee shares in certain wholly-owned subsidiaries held by certain directors in trust for the Group, at 31 March 2009, none of the directors or chief executive or any of their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations which fall to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO, or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2009, according to the register maintained by the Company pursuant to Section 336 of the SFO, the following persons (not being a director or chief executive of the Company) were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital of the Company.

Name of substantial shareholder	Number of ordinary shares held	Number of share options and underlying shares held	Aggregate long position	Percentage of the issued share capital as at 31 March 2009
Educational Information Technology (HK) Company Limited *	108,057,374	—	108,057,374	9.54%
Crimson Asia Capital Limited, L.P.**	105,203,591	—	105,203,591	9.28%

* These shares were held in trust for 寧夏教育信息技術股份有限公司 (Ningxia Educational Information & Technology Co., Ltd.), a company in which the Group has 25% equity interest.

** These shares were beneficially owned.

Save as disclosed in the section "Directors' and chief executive's interests and short positions in shares and underlying shares of the Company", at 31 March 2009, the Company had not been notified of any other interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under Part XV of the SFO.

SHARE OPTIONS

Details of the Company's share option scheme adopted on 28 April 2003 are set out in note 26 to the financial statements.

DIRECTORS' INTERESTS IN CONTRACTS

There were no contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received written confirmation from each of its independent non-executive directors in respect of their independence during the year and all independent non-executive directors are still being considered to be independent.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate sales attributable to the Group's five largest customers comprised approximately 89% (2008: 53%) of the Group's total sales while the sales attributable to the Group's largest customer was approximately 68% (2008: 23%) of the Group's total sales.

The aggregate purchases during the year attributable to the Group's five largest suppliers comprised approximately 64% (2008: 91%) of the Group's total purchases while the purchases attributable to the Group's largest supplier was approximately 23% (2008: 52%) of the Group's total purchases.

Save as disclosed above, none of the directors, their associates or any shareholder, which to the knowledge of the directors owned more than 5% of the Company's issued share capital, had any interest in the share capital of any of the five largest customers or suppliers 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.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the remuneration committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the share option scheme are set out in note 26 to the financial statements.

CORPORATE GOVERNANCE

Principal corporate governance policies adopted by the Company are set out in the Corporate Governance Report on pages 9 to 13.

COMPETING INTEREST

As at 31 March 2009, none of the directors or the management shareholders (as defined in the GEM Listing Rules) of the Company or their respective associates had any interest in a business which competes or may compete with the business of the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of its directors as at the date of this report, the Company has maintained sufficient public float as required under the GEM Listing Rules.

AUDITOR

A resolution will be submitted to the annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board
Cheng Kin Kwan
Chairman and Chief Executive Officer

Hong Kong, 25 June 2009

Deloitte.
德勤

TO THE SHAREHOLDERS OF TIMELESS SOFTWARE LIMITED
天時軟件有限公司
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Timeless Software Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 23 to 73, which comprise the consolidated balance sheet and the Company's balance sheet as at 31 March 2009, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2009 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
25 June 2009

Consolidated Income Statement
For the Year Ended 31 March 2009

	NOTES	**2009**	2008
		HK$'000	HK$'000
Turnover	6	**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	7	**(79)**	(158)
Share of losses of associates		**(2,482)**	(2,746)
Loss for the year	8	**(24,011)**	(18,760)
Attributable to:			
Equity holders of the Company		**(23,998)**	(17,801)
Minority interests		**(13)**	(959)
		(24,011)	(18,760)
		HK cents	HK cents
Loss per share	11		
– Basic		**(2.12)**	(1.60)
– Diluted		**N/A**	N/A

Consolidated Balance Sheet
At 31 March 2009

	NOTES	2009 HK$'000	2008 HK$'000
Non-current assets			
Investment properties	12	**6,295**	6,244
Property, plant and equipment	13	**4,908**	4,524
Interests in associates	15	**1,314**	3,323
Interests in jointly controlled entities	16	**—**	—
Equity-linked notes	17	**3,564**	5,698
		16,081	19,789
Current assets			
Trade and other receivables	18	**6,256**	5,308
Equity-linked notes	17	**—**	11,492
Investments held for trading	19	**10,070**	1,543
Pledged bank deposits	20	**11,407**	11,153
Bank balances and cash	20	**72,208**	89,412
		99,941	118,908
Current liabilities			
Accounts payable	21	**6,171**	5,154
Obligations under a finance lease due within one year	22	**39**	36
Financial guarantee obligations	30	**460**	1,058
Current portion of secured long-term bank loan	24	**169**	157
Bank overdraft		**—**	116
		6,839	6,521
Net current assets		**93,102**	112,387
Total assets less current liabilities		**109,183**	132,176
Non-current liabilities			
Obligations under a finance lease due after one year	22	**111**	150
Secured long-term bank loan	24	**975**	1,119
		1,086	1,269
Net assets		**108,097**	130,907

Consolidated Balance Sheet (Continued)

At 31 March 2009

	NOTE	2009 HK$'000	2008 HK$'000
Capital and reserves			
Share capital	25	**56,663**	56,663
Reserves		**48,836**	71,688
Equity attributable to equity holders of the Company		**105,499**	128,351
Minority interests		**2,598**	2,556
Total equity		**108,097**	130,907

The financial statements on pages 23 to 73 were approved and authorised for issue by the Board of Directors on 25 June 2009 and are signed on its behalf by:

CHENG KIN KWAN
Chairman and
Chief Executive Officer

LAW KWAI LAM
Director

Balance Sheet
At 31 March 2009

	NOTES	2009 HK$'000	2008 HK$'000
Non-current assets			
Property, plant and equipment	13	**483**	1,089
Investments in subsidiaries	14	**8,000**	8,000
Interests in associates	15	**1,314**	3,323
Interests in jointly controlled entities	16	**—**	—
Equity-linked notes	17	**3,564**	5,698
		13,361	18,110
Current assets			
Trade and other receivables	18	**3,295**	3,288
Equity-linked notes	17	**—**	11,492
Investments held for trading	19	**10,070**	1,543
Pledged bank deposits	20	**5,214**	5,153
Bank balances and cash	20	**65,725**	88,394
		84,304	109,870
Current liabilities			
Accounts payable	21	**2,322**	2,333
Obligations under a finance lease due within one year	22	**39**	36
Amounts due to subsidiaries	23	**35,130**	35,126
Bank overdraft		**—**	116
		37,491	37,611
Net current assets		**46,813**	72,259
Total assets less current liabilities		**60,174**	90,369
Non-current liability			
Obligations under a finance lease due after one year	22	**111**	150
Net assets		**60,063**	90,219
Capital and reserves			
Share capital	25	**56,663**	56,663
Reserves	27	**3,400**	33,556
Total equity		**60,063**	90,219

CHENG KIN KWAN
Chairman and
Chief Executive Officer

LAW KWAI LAM
Director

Consolidated Statement of Changes in Equity
For the Year Ended 31 March 2009

	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 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

Consolidated Statement of Changes in Equity (Continued)
For the Year Ended 31 March 2009

	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 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**

Consolidated Cash Flow Statement

For the Year Ended 31 March 2009

	2009 HK$'000	2008 HK$'000
Operating activities		
Loss for the year	**(24,011)**	(18,760)
Adjustments for:		
Interest income	**(1,468)**	(1,591)
Interest expense	**79**	158
Share of losses of associates	**2,482**	2,746
Depreciation	**1,075**	1,346
Loss on disposal of property, plant and equipment	**—**	9
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)
Amortisation of financial guarantee obligations	**(2,001)**	—
Share-based payments	**—**	725
Operating cash flows before movements in working capital	**(17,164)**	(15,419)
(Increase) decrease in trade and other receivables	**(818)**	2,967
Increase in investments held for trading	**—**	(2,083)
Increase (decrease) in accounts payable	**959**	(229)
Net cash used in operating activities	**(17,023)**	(14,764)
Investing activities		
Bank interest received	**1,297**	1,515
Repayment from an associate	**208**	—
Dividend received	**49**	273
Purchase of property, plant and equipment	**(1,381)**	(635)
Advance to an associate	**(240)**	(208)
Increase in pledged bank deposits	**(118)**	—
Proceeds from redemption of equity-linked notes	**—**	221,140
Interest received from equity-linked notes	**—**	13,936
Proceeds from disposal of available-for-sale financial assets	**—**	4,822
Proceeds from disposal of property, plant and equipment	**—**	27
Purchase of equity-linked notes	**—**	(200,140)
Net cash (used in) from investing activities	**(185)**	40,730

	2009 HK$'000	2008 HK$'000
Financing activities		
Repayment of bank loans	**(160)**	(73,675)
Interest paid	**(79)**	(158)
Repayment of obligations under a finance lease	**(36)**	(69)
New bank loans raised	**—**	73,526
Proceeds from issue of shares	**—**	6,645
Expenses incurred in connection with the issue of shares	**—**	(61)
Net cash (used in) from financing activities	**(275)**	6,208
Net (decrease) increase in cash and cash equivalents	**(17,483)**	32,174
Cash and cash equivalents at beginning of the year	**89,296**	56,848
Effect of foreign exchange rate changes	**395**	274
Cash and cash equivalents at end of the year	**72,208**	89,296
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	**72,208**	89,412
Bank overdraft	**—**	(116)
	72,208	89,296

1. GENERAL

The Company is a public limited company incorporated in Hong Kong and its shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). It acts as an investment holding company and is engaged in the provision of computer consultancy and software maintenance services, software development and sales of computer hardware and software. The address of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

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.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

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 & HKAS 27 (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. SIGNIFICANT ACCOUNTING POLICIES

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 and by the Hong Kong Companies Ordinance.

In addition, the consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments, which are measured at fair values, as detailed in the accounting policies set out below.

Basis of consolidation

The consolidated financial statements incorporates the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Discount on acquisition arising on acquisition of additional interests in a subsidiary represents the excess of the book value of the net assets of the subsidiary attributable to the additional interest acquired over the cost of acquisition of the additional interests.

Investments in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of net assets of the associates, less any identified impairment losses. When the Group's share of losses of an associate equals or exceeds its interest in the associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Joint ventures

Jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the jointly controlled entities, less any identified impairment loss. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

When the outcome of software development services can be measured reliably, revenue is recognised on the percentage of completion method, measured by reference to the proportion that costs incurred to date bear to estimated total costs for each contract. When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Sales of computer hardware and software are recognised when the goods are delivered and title has passed.

Revenue from software maintenance services is recognised when services are provided.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year in which the item is derecognised.

An owner-occupied property is transferred at its fair value to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation. The difference between the fair value and the carrying amount at the date of transfer is recognised as a revaluation increase or decrease in accordance with HKAS 16 "Property, plant and equipment".

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in the income statement on a straight line basis over the term of the relevant lease.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Rentals payable under operating leases are charged to profit or loss on a straight line basis over the period of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress) are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

The cost of buildings is depreciated over the shorter of the relevant lease period or 20 years using the straight line method.

Depreciation is provided to write off the cost of other property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight line method, at the rate of 18% to 20% per annum.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the period of the relevant lease.

The land and buildings elements of a lease of land and buildings are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and buildings elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year in which the item is derecognised.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are mainly classified into financial assets at fair value through profit or loss ("FVTPL") and loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets as at FVTPL, of which interest income is included in net gains or losses.

Financial assets at fair value through profit or loss

Financial assets at FVTPL has two subcategories, including financial assets held for trading and those designated at FVTPL on initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 "Financial instruments: Recognition and measurement" permits the entire combined contract (asset or liability) to be designated as at FVTPL.

At each balance sheet date subsequent to initial recognition, financial assets at FVTPL are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables, pledged bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been impacted.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the receivables past the credit period granted, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Other financial liabilities

Financial liabilities including accounts payable, obligations under a finance lease, bank loan and bank overdraft are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contact at the higher of: (i) the amount determined in accordance with HKAS 37 "Provisions, contingent liabilities and contingent assets"; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 "Revenue".

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment loss

At each balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees of the Company after 7 November 2002 and vested on or after 1 January 2005

The fair value of services received determined by reference to the fair value of share options granted at the grant date is recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share options reserve).

At the time when the share options are exercised, the amount previously recognised in the share options reserve will be transferred to share premium. When the share options are forfeited or are still not exercised at the expiry date, the amount previously recognised in the share options reserve will be transferred to accumulated deficit.

Share options granted to employees of the Company on or before 7 November 2002, or granted after 7 November 2002 and vested before 1 January 2005

The financial impact of share options granted is not recorded in the financial statements until such time as the options are exercised, and no charge is recognised in the income statement in respect of the value of options granted. Upon the exercise of the share options, the resulting shares issued are recorded as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded as share premium. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing costs

All borrowing cost are recognised as and included in finance costs in the income statement in the period in which they are incurred.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes income statement items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries/associates/jointly controlled entities, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

In preparing the financial statements of the Company and each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i.e. Hong Kong dollars) at the rates of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Retirement benefit costs

Payments to state-managed retirement benefit schemes and the Hong Kong Mandatory Provident Fund Scheme are charged as expenses when employees have rendered service entitling them to contributions.

4. FINANCIAL INSTRUMENTS

Categories of financial instruments

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial assets				
FVTPL				
Designated as at FVTPL	**3,564**	17,190	**3,564**	17,190
Investments held for trading	**10,070**	1,543	**10,070**	1,543
Loans and receivables (including cash and cash equivalents)	**87,555**	104,404	**73,671**	96,278
Financial liabilities				
Amortised cost	**1,312**	1,578	**35,280**	35,428
Financial guarantee obligations	**460**	1,058	**—**	—

Financial risk management objectives and policies

The Group's and the Company's major financial instruments include equity-linked notes, investments held for trading, trade and other receivables, pledged bank deposits, bank balances and cash, accounts payable, obligations under a finance lease and bank loan. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The risks associated and the management policies remain unchanged from prior year.

Market risks

Foreign currency risk

Foreign currency risk refers to the risk that movement in foreign currency exchange rate will affect the Group's financial results and its cash flows. The management considers that the Group is not exposed to significant foreign currency risk as majority of its transactions are denominated in Hong Kong dollars and Renminbi (functional currencies of the major group entities) and there were only insignificant balances of financial assets and liabilities denominated in foreign currencies at the balance sheet dates. However, the management monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

Interest rate risk

The Group and the Company are exposed to fair value interest rate risk in relation to fixed-rate borrowings (see notes 22 and 24). However, the management considered that the risk is insignificant to the Group.

4. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risks (continued)

Other price risk

The Group and the Company are exposed to equity price risk through their investments in equity securities and equity-linked notes. The management manages this exposure by maintaining a portfolio of investments with different risks. Other price risk of the Group and the Company is mainly concentrated on the fluctuation of market price of equity securities listed in Hong Kong and equity-linked notes. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risk at the reporting date from investments held for trading and equity-linked notes.

If the prices of the respective equity instruments had been 10% higher/lower, loss for the years ended 31 March 2009 and 2008 would decrease/increase by HK$1,363,000 and HK$1,873,000, respectively, as a result of the changes in fair values of investments held for trading and equity-linked notes.

The Group's and the Company's sensitivity to investments held for trading and equity-linked notes increased during the year mainly due to the violent fluctuation in the share market during the year.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent other price risk as the year end exposure does not reflect the exposure during the year. An equity-linked note of the Group and the Company was redeemed at maturity for equity securities and classified as investments held for trading during the year which resulted in an increase in the balance of investments held for trading at year end.

Credit risk

The Group's and the Company's maximum exposure to credit risk which will cause a financial loss to the Group and the Company due to failure to discharge an obligation by the counterparties is arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated balance sheet and balance sheet respectively. In addition, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to financial guarantees provided by the Group is arising from the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in note 30. In order to minimise the credit risk, the management of the Group and the Company have delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group and the Company review the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's and the Company's credit risk is significantly reduced.

4. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

The credit risk on liquid funds is limited because majority of the counterparties are banks with high credit-ratings assigned by international credit-rating agencies and state-owned banks with good reputation.

The Group's concentration of credit risk on trade receivables by geographical locations is in Hong Kong and in Mainland China (the "PRC"), which accounted for 15% and 85% respectively (2008: 100% and nil respectively) of the total trade receivables as at 31 March 2009.

The Group also has concentration of credit risk on trade receivables by customers as 63% (2008: 49%) and 93% (2008: 82%) of the total trade receivables were due from the Group's largest customer and the five largest customers, respectively, at 31 March 2009. The largest customer is engaged in the system integration services and the remaining customers spread across diverse industries. The management closely monitors the settlement of trade receivables and reviews their recoverability to ensure that adequate impairment losses are recognised for irrecoverable amounts.

4. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk

In the management of liquidity risk, the Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance the Group's and the Company's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowing and ensures compliance with loan covenants. The Group and the Company rely on bank borrowing as a significant source of liquidity.

The following tables detail the Group's and the Company's remaining contractual maturity for their financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The tables include both interest and principal cash flows.

Liquidity and interest risk tables

THE GROUP

	Weighted average effective interest rate %	**On demand HK$'000**	**Less than 1 year HK$'000**	**1 - 5 years HK$'000**	**More than 5 years HK$'000**	**Total undiscounted cash flows HK$'000**	**Carrying amount at 31.3.2009 HK$'000**
2009							
Non-derivative financial liabilities							
Non-interest bearing	**N/A**	**–**	**478**	**–**	**–**	**478**	**478**
Fixed interest rate instruments	**5.31 to 7.5**	**–**	**219**	**1,010**	**262**	**1,491**	**1,294**
		–	**697**	**1,010**	**262**	**1,969**	**1,772**

	Weighted average effective interest rate %	On demand HK$'000	Less than 1 year HK$'000	1 - 5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.3.2008 HK$'000
2008							
Non-derivative financial liabilities							
Non-interest bearing	N/A	–	1,058	–	–	1,058	1,058
Variable interest rate instruments	5.25	116	–	–	–	116	116
Fixed interest rate instruments	5.31 to 7.5	–	207	997	521	1,725	1,462
		116	1,265	997	521	2,899	2,636

4. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity and interest risk tables (continued)

THE COMPANY

	Weighted average effective interest rate %	On demand HK$'000	Less than 1 year HK$'000	1 - 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.3.2009 HK$'000
2009						
Non-derivative financial liabilities						
Non-interest bearing	N/A	35,130	–	–	35,130	35,130
Fixed interest rate instruments	7.5	–	50	126	176	150
		35,130	50	126	35,306	35,280

	Weighted average effective interest rate %	On demand HK$'000	Less than 1 year HK$'000	1 - 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.3.2008 HK$'000
2008						
Non-derivative financial liabilities						
Non-interest bearing	N/A	35,126	–	–	35,126	35,126
Variable interest rate instruments	5.25	116	–	–	116	116
Fixed interest rate instruments	7.5	–	50	176	226	186
		35,242	50	176	35,468	35,428

Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices; and
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analyses using prices or rates from observable current market transactions as input.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate to their fair values.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which mainly includes the bank loan disclosed in note 24 (net of cash and cash equivalents) and equity attributable to equity holders of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debt or the redemption of existing debt.

6. 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 **HK$'000**	2008 HK$'000
Turnover		
Software development	**2,352**	2,920
Hardware sales	**6,690**	—
	9,042	2,920
Results		
Software development	**(14,909)**	(15,508)
Hardware sales	**(932)**	—
	(15,841)	(15,508)
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)
Loss for the year	**(24,011)**	(18,760)

6. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Business segments (continued)

	2009 HK$'000	2008 HK$'000
CONSOLIDATED BALANCE SHEET		
Assets		
Segment assets		
– software development	**9,389**	9,832
– hardware sales	**1,775**	—
	11,164	9,832
Interests in associates	**1,314**	3,323
Interests in jointly controlled entities	**—**	—
Unallocated corporate assets	**103,544**	125,542
	116,022	138,697
Liabilities		
Segment liabilities		
– software development	**5,440**	5,154
– hardware sales	**731**	—
	6,171	5,154
Unallocated corporate liabilities	**1,754**	2,636
	7,925	7,790
OTHER INFORMATION		
Capital additions		
– software development	**1,049**	839
– hardware sales	**332**	—
	1,381	839
Depreciation		
– software development	**978**	1,346
– hardware sales	**97**	—
	1,075	1,346
Share-based payments		
– software development	**—**	725

6. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

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
	HK$'000	HK$'000
Hong Kong	**1,114**	1,720
PRC	**7,928**	1,200
	9,042	2,920

The following is an analysis of the carrying amount of segment assets and capital additions, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Capital additions	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**3,788**	4,489	**54**	354
PRC	**7,376**	5,343	**1,327**	485
	11,164	9,832	**1,381**	839

7. FINANCE COSTS

	2009	2008
	HK$'000	HK$'000
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
	79	158

8. LOSS FOR THE YEAR

	2009 **HK$'000**	2008 HK$'000
Loss for the year has been arrived at after charging:		
Directors' remuneration (note 9)	**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
	12,582	12,453
Depreciation of property, plant and equipment		
– owned by the Group	**1,034**	1,296
– held under a finance lease	**41**	50
	1,075	1,346
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

9. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the 11 (2008: 11) directors were as follows:

	2009						2008					
	Fees	**Salaries and other benefits**	**Retirement benefits scheme contributions**	**Performance and discretionary bonus**	**Share-based payments**	**Total emoluments**	Fees	Salaries and other benefits	Retirement benefits scheme contributions	Performance and discretionary bonus	Share-based payments	Total emoluments
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors												
Cheng Kin Kwan	**–**	**1,394**	**–**	**–**	**–**	**1,394**	–	1,356	–	–	–	1,356
Law Kwai Lam	**–**	**422**	**12**	**–**	**–**	**434**	–	374	12	–	141	527
Leung Mei Sheung, Eliza	**–**	**503**	**12**	**–**	**–**	**515**	–	447	12	–	–	459
Zheng Ying Yu	**–**	**323**	**12**	**–**	**–**	**335**	–	142	–	–	–	142
Fung Chun Pong, Louis	**–**	**432**	**12**	**–**	**–**	**444**	–	366	12	–	53	431
Liao Yun	**–**	**255**	**6**	**–**	**–**	**261**	–	131	–	–	–	131
Chung Yiu Fai (resigned on 28 January 2008)	**–**	**–**	**–**	**–**	**–**	**–**	–	400	10	–	–	410
Independent non-executive directors												
Tsang Wai Chun, Marianna	**90**	**–**	**–**	**–**	**–**	**90**	90	–	–	–	–	90
Chan Mei Ying, Spencer	**90**	**–**	**–**	**–**	**–**	**90**	90	–	–	–	–	90
Lam Kwai Yan (appointed on 23 December 2008)	**24**	**–**	**–**	**–**	**–**	**24**	–	–	–	–	–	–
Ng Kwok Tung (resigned on 26 September 2008)	**44**	**–**	**–**	**–**	**–**	**44**	90	–	–	–	–	90
Lam Lee G. (appointed on 15 February 2008 and resigned on 1 September 2008)	**–**	**–**	**–**	**–**	**–**	**–**	11	–	–	–	–	11
Total	**248**	**3,329**	**54**	**–**	**–**	**3,631**	281	3,216	46	–	194	3,737

Note: The performance and discretionary bonus are determined by the board of directors from time to time with reference to the directors' duties and responsibilities and the Company's performance and profitability.

None of the directors has waived any emoluments during both years.

The aggregate emoluments of the five highest paid individuals included two (2008: two) executive directors of the Company, whose emoluments are detailed above. The aggregate emoluments of the remaining three (2008: three) highest paid individuals are as follows:

	2009	2008
	HK$'000	HK$'000
Basic salaries and allowances	**1,412**	1,239
Retirement benefits scheme contributions	**36**	36
Performance and discretionary bonus	**—**	—
Share-based payments	**—**	230
	1,448	1,505

The emoluments of each of these highest paid individuals were all within HK$1,000,000.

During both years, no emoluments were paid by the Group to the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

10. 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 the 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 **HK$'000**	2008 HK$'000
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	**—**	—

11. 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	**HK$(23,998,000)**	HK$(17,801,000)
Number of ordinary shares:		
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,133,261,503**	1,113,825,165

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.

12. INVESTMENT PROPERTIES

	THE GROUP HK$'000
FAIR VALUE	
At 1 April 2007	2,100
Currency realignment	233
Transfer from property, plant and equipment	3,200
Fair value change during the year	711
At 31 March 2008	**6,244**
Currency realignment	**142**
Fair value change during the year	**(91)**
At 31 March 2009	**6,295**

The fair values of the Group's investment properties at 31 March 2009 and 2008 and at the date of transfer have been arrived at on the basis of valuation carried out on those dates by LCH (Asia Pacific) Surveyors Limited ("LCH"), independent qualified professional valuers not connected with the Group. LCH is a member of the Institute of Valuers. The valuations were arrived at by reference to market evidence of transaction prices for similar properties in the same locations and conditions.

The Group's property interests which are held under medium-term land use rights are situated in the PRC and are held under operating leases to earn rentals.

13. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK$'000	Computer equipment HK$'000	Furniture and fixtures HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Office equipment HK$'000	Total HK$'000
THE GROUP							
COST							
At 1 April 2007	66,636	14,857	1,144	3,052	284	5,552	91,525
Currency realignment	511	643	74	186	—	136	1,550
Additions	—	617	—	—	—	222	839
Eliminated on transfer to investment properties	(2,257)	—	—	—	—	—	(2,257)
Disposal/write off	(62,050)	(62)	(3)	—	—	(331)	(62,446)
At 31 March 2008	2,840	16,055	1,215	3,238	284	5,579	29,211
Currency realignment	64	157	17	43	—	31	312
Additions	—	1,376	—	—	—	5	1,381
Disposal/write off	—	(42)	—	—	—	(11)	(53)
At 31 March 2009	**2,904**	**17,546**	**1,232**	**3,281**	**284**	**5,604**	**30,851**
DEPRECIATION AND IMPAIRMENT							
At 1 April 2007	62,415	13,904	1,111	2,127	232	5,104	84,893
Currency realignment	42	569	71	184	—	110	976
Provided for the year	237	483	5	460	52	109	1,346
Eliminated on transfer to investment properties	(118)	—	—	—	—	—	(118)
Eliminated on disposal/ write off	(62,050)	(62)	(2)	—	—	(296)	(62,410)
At 31 March 2008	526	14,894	1,185	2,771	284	5,027	24,687
Currency realignment	12	138	16	42	—	26	234
Provided for the year	164	313	9	458	—	131	1,075
Eliminated on disposal/ write off	—	(42)	—	—	—	(11)	(53)
At 31 March 2009	**702**	**15,303**	**1,210**	**3,271**	**284**	**5,173**	**25,943**
CARRYING VALUES							
At 31 March 2009	**2,202**	**2,243**	**22**	**10**	**–**	**431**	**4,908**
At 31 March 2008	2,314	1,161	30	467	—	552	4,524

13. PROPERTY, PLANT AND EQUIPMENT (continued)

	Computer equipment HK$'000	Furniture and fixtures HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Office equipment HK$'000	Total HK$'000
THE COMPANY						
COST						
At 1 April 2007	8,522	479	1,373	284	3,483	14,141
Additions	134	—	—	—	220	354
Disposal	(61)	(2)	—	—	(331)	(394)
At 31 March 2008	8,595	477	1,373	284	3,372	14,101
Additions	49	—	—	—	5	54
Disposal	(20)	—	—	—	—	(20)
At 31 March 2009	**8,624**	**477**	**1,373**	**284**	**3,377**	**14,135**
DEPRECIATION						
At 1 April 2007	8,236	474	458	232	3,263	12,663
Provided for the year	104	2	457	52	94	709
Eliminated on disposal	(61)	(2)	—	—	(297)	(360)
At 31 March 2008	8,279	474	915	284	3,060	13,012
Provided for the year	117	1	458	—	84	660
Eliminated on disposal	(20)	—	—	—	—	(20)
At 31 March 2009	**8,376**	**475**	**1,373**	**284**	**3,144**	**13,652**
CARRYING VALUES						
At 31 March 2009	**248**	**2**	**—**	**—**	**233**	**483**
At 31 March 2008	316	3	458	—	312	1,089

At 31 March 2009, the carrying value of the Group's property interests comprised a building erected on land held under medium-term land use rights in the PRC of HK$2,202,000 (2008: HK$2,314,000). In addition, at 31 March 2009, the Group has pledged this land and building to a bank to secure the credit facilities granted to the Group.

At 31 March 2009, the carrying value of the Group's and the Company's office equipment held under a finance lease was HK$143,000 (2008: HK$184,000).

During the year ended 31 March 2008, the Group rented out certain of its land and buildings to outsiders for rental income and transferred those properties to investment properties carried at fair value. The difference between the carrying amount of the properties of HK$2,139,000 and their fair value of HK$3,200,000 at the date of transfer has been credited directly to property revaluation reserve.

14. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2009	2008
	HK$'000	HK$'000
Unlisted investments, at cost	**21,310**	21,310
Less: Impairment loss recognised	**(13,310)**	(13,310)
	8,000	8,000

Details of the Company's principal subsidiaries at 31 March 2009 and 2008 are set out in note 34.

15. INTERESTS IN ASSOCIATES

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Unlisted investments, at cost	**95,150**	95,150	**95,150**	95,150
Share of post-acquisition reserves	**(93,836)**	(91,827)	**—**	—
Less: Impairment loss recognised	**—**	—	**(93,836)**	(91,827)
	1,314	3,323	**1,314**	3,323

The principal investment in associate at 31 March 2009 and 2008 represents the Company's 25% equity interest in 寧夏教育信息技術股份有限公司 (Ningxia Educational Information & Technology Co., Ltd.) ("NEITC"), a sino-foreign joint stock limited company established in the PRC and engaged in the development of education informatisation programmes in Ningxia Hui Autonomous Region of the PRC.

In the opinion of the directors, the above associate principally affected the results of the year or form a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

The summarised financial information in respect of the Group's associates is set out below:

	2009	2008
	HK$'000	HK$'000
Total assets	**13,897**	22,809
Total liabilities	**(8,647)**	(9,530)
Net assets	**5,250**	13,279
Group's share of net assets of associates	**1,314**	3,323
Revenue	**4,245**	6,716
Loss for the year	**(9,913)**	(10,970)
Loss for the year attributable to the Group	**(2,482)**	(2,746)

16. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	THE GROUP		THE COMPANY
	2009	2008	**2009 & 2008**
	HK$'000	HK$'000	**HK$'000**
Unlisted capital contributions	**29,615**	29,615	**29,615**
Deemed capital contributions	**2,437**	1,058	**—**
Share of post-acquisition losses	**(29,615)**	(29,615)	**—**
Less: Impairment loss recognised	**(2,437)**	(1,058)	**(29,615)**
Loan to a jointly controlled entity	**568**	568	**568**
Amount due from a jointly controlled entity	**658**	658	**658**
Less: Allowance on advance made to a jointly controlled entity	**(1,226)**	(1,226)	**(1,226)**
	—	—	**—**

The principal investment in jointly controlled entity at 31 March 2009 and 2008 represents the Company's 28.5% interest in 珠海南方軟件園發展有限公司 (Zhuhai Southern Software Park Development Company Limited) ("ZSSP"), a sino-foreign joint venture established in the PRC and engaged in the development and operation of a software park for a term of 30 years commencing November 2000.

During the year, the Group has reviewed the carrying amounts of the interests in jointly controlled entities and an impairment loss of HK$1,379,000 (2008: HK$1,058,000) is recognised on the investments in a jointly controlled entity as the Group has discontinued recognition of its share of losses and these impairment losses are attributable to the deemed capital contribution for both years.

On 28 August 2008, the Company entered into an agreement (the "Agreement") with a potential investor (the "Investor") to dispose of 4.5% equity interest in ZSSP to the Investor for a cash consideration of RMB3,490,000. In addition, the Investor will acquire some but not all equity interest in ZSSP from other existing shareholders of ZSSP and to further invest RMB40,000,000 in ZSSP in the form of additional paid-in capital (the "Restructuring Proposal"). The Investor's equity interest in the enlarged paid-in capital of ZSSP will be 71.4%. Immediately after the completion of the Agreement and the Restructuring Proposal, the Company will hold 15.3% interests in ZSSP. At the date of this report, the aforesaid transaction was not yet completed.

In the opinion of the directors, the above jointly controlled entity principally affected the results of the year or form a substantial portion of the net assets of the Group. To give details of other jointly controlled entities would, in the opinion of the directors, result in particulars of excessive length.

16. INTERESTS IN JOINTLY CONTROLLED ENTITIES (continued)

The summarised financial information in respect of the Group's share of jointly controlled entities which were accounted for using the equity method is set out below:

	2009 **HK$'000**	2008 HK$'000
Non-current assets	**85,730**	65,437
Current assets	**23,917**	24,080
Current liabilities	**(50,226)**	(24,322)
Non-current liabilities	**(77,727)**	(76,117)
Income	**19,847**	20,331
Expenses	**(27,752)**	(27,341)

The Group has discontinued recognition of its share of losses of certain jointly controlled entities. The amounts of unrecognised share of those jointly controlled entities, both for the year and cumulatively, are as follows:

	THE GROUP	
	2009 **HK$'000**	2008 HK$'000
Unrecognised share of losses of jointly controlled entities for the year	**(7,905)**	(7,010)
Accumulated unrecognised share of losses of jointly controlled entities	**(20,849)**	(12,944)

17. EQUITY-LINKED NOTES

The equity-linked notes are analysed for reporting purposes as:

	THE GROUP AND THE COMPANY	
	2009	2008
	HK$'000	HK$'000
Non-current asset	**3,564**	5,698
Current asset	**—**	11,492
	3,564	17,190

Equity-linked notes are designated as financial assets at fair value through profit or loss upon the initial recognition as they contain embedded derivatives, and HKAS 39 permits the entire combined contract to be designated as at fair value through profit or loss. Major terms of the entity-linked notes at 31 March 2009 and 2008 are as follows:

	Maturity	
	2009	2008
Principal amount		
HK$12,000,000	**May 2010**	May 2010
HK$20,000,000	**N/A**	November 2008

The equity-linked notes are denominated in Hong Kong dollars and the obligation of interest accrual on a daily basis is at a predetermined equation. The equity-linked notes are subject to mandatory redemption at various intervals until maturity dates. The manner in which it is settled at mandatory termination or redemption at maturity are linked to the performance of an individual or a basket of Hong Kong listed equity securities by comparing the market prices with the pre-determined prices of those equity securities. Accrued interest is paid on a bi-monthly basis. The notes may be mandatory terminated in full amount of the principal amount for cash or, redeemed at maturity either in full amount of the principal amount for cash or equity securities at a pre-determined price in round lots and residue in cash, which may be lower than the principal amount.

The equity-linked notes are measured at fair value at the balance sheet date. Their fair values of HK$3,564,000 as at 31 March 2009 (2008: HK$17,190,000) are determined based on the valuation provided by the counterparty bank at that date.

In November 2008, an equity-linked note was redeemed at maturity for Hong Kong listed equity securities which were transferred to investments held for trading at their fair value of HK$8,279,000, which was determined based on the quoted market bid prices on the Stock Exchange.

18. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables	**866**	258	**134**	258
Accrued revenue	**445**	971	**237**	193
Other receivables	**4,945**	4,079	**2,924**	2,837
	6,256	5,308	**3,295**	3,288

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:

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Age				
0 to 30 days	**866**	224	**134**	224
31 to 60 days	**—**	—	**—**	—
61 to 90 days	**—**	13	**—**	13
91 to 120 days	**—**	21	**—**	21
	866	258	**134**	258

The trade and other receivables are unsecured, interest free and expected to be settled within one year.

The management closely monitors the credit quality of trade and other receivables and considers the trade and other receivables that are neither past due nor impaired to be of a good credit quality. At 31 March 2008, included in the Group's and Company's trade receivables balances are debtors with aggregate carrying amount of HK$34,000 which are past due at 31 March 2008 for which the Group has not provided for impairment loss (2009: nil). The Group and the Company do not hold any collateral over these balances. There are no balances included in other receivables which have been past due.

Age of trade receivables which are past due but not impaired

	THE GROUP AND THE COMPANY	
	2009	2008
	HK$'000	HK$'000
31 to 60 days	**—**	—
61 to 90 days	**—**	13
91 to 120 days	**—**	21
	—	34

19. INVESTMENTS HELD FOR TRADING

At 31 March 2009, the investments held for trading of HK$10,070,000 (2008: HK$1,543,000) represent Hong Kong listed equity securities. The fair value of these investments is determined based on the quoted market bid prices of securities available on the market.

20. OTHER ASSETS

Pledged bank deposits

The balance represents deposits pledged to banks to secure the short-term credit facilities granted to the Group, the Company and a jointly controlled entity of the Company.

The deposits carry interest at the rates ranging between 0.0001% and 4.14% (2008: between 1.10% and 4.55%) per annum and will be released upon repayment of the secured bank loan.

Bank balances and cash

Bank balances and cash comprise cash held by the Group and the Company and short-term bank deposits which carry interest at the rates ranging between 0.01% and 0.80% (2008: between 1.20% and 4.97%) per annum with an original maturity of three months or less.

21. ACCOUNTS PAYABLE

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables	**18**	—	**—**	—
Customers' deposits received	**2,966**	1,937	**387**	326
Other payables	**3,187**	3,217	**1,935**	2,007
	6,171	5,154	**2,322**	2,333

22. OBLIGATIONS UNDER A FINANCE LEASE

	THE GROUP AND THE COMPANY			
	Minimum lease payments		Present value of minimum lease payments	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amount payable under a finance lease:				
Within one year	**50**	50	**39**	36
Between one to two years	**50**	50	**42**	39
Between two to five years	**76**	126	**69**	111
	176	226	**150**	186
Less: Future finance charges	**(26)**	(40)	**—**	—
Present value of lease obligations	**150**	186	**150**	186
Less: Amount due within one year shown under current liabilities			**(39)**	(36)
Amount due after one year			**111**	150

The Group's obligations under a finance lease were secured by the lessor's charge over the leased assets. The effective borrowing rate was 7.5% (2008: 7.5%) per annum. Interest rate was fixed at the contract date and no arrangements have been entered into for contingent rental payment.

23. AMOUNTS DUE TO SUBSIDIARIES

THE COMPANY

The amounts are unsecured, interest-free and are repayable on demand.

24. BANK LOAN

The exposure of the Group's fixed-rate borrowing and the contractual maturity dates (or repricing dates) are as follows:

	THE GROUP	
	2009	2008
	HK$'000	HK$'000
Secured fixed-rate borrowings:		
Within one year	**169**	157
More than one year but not more than two years	**178**	165
More than two years but not more than three years	**188**	174
More than three years but not more than four years	**198**	184
More than four years but not more than five years	**209**	194
More than five years	**202**	402
	1,144	1,276
Less: Amount due within one year shown under current liabilities	**(169)**	(157)
Amount due after one year	**975**	1,119

At 31 March 2009 and 2008, the bank loan is secured by the land and building of the Group in the PRC, carrying fixed interest at 5.31% per annum and repayable in monthly instalments commencing from 15 March 2000 to 15 March 2015.

At 31 March 2009, the Group had available HK$5 million (2008: HK$5 million) of undrawn credit facilities.

25. SHARE CAPITAL

	Number of ordinary shares	Amount HK$'000
Authorised:		
Ordinary shares of HK$0.05 each		
– at 1 April 2007, 31 March 2008 and 31 March 2009	2,500,000,000	125,000
Issued and fully paid:		
Ordinary shares of HK$0.05 each		
– at 1 April 2007	1,053,851,503	52,693
– exercise of share options	79,410,000	3,970
– at 31 March 2008 and 31 March 2009	**1,133,261,503**	**56,663**

During the year ended 31 March 2009, no share option was exercised.

Details of share options exercised during the year ended 31 March 2008 are as follows:

Number of share options exercised	Subscription price per share HK$
11,650,000	0.0722
47,930,000	0.0772
3,900,000	0.0870
2,200,000	0.0900
3,600,000	0.0920
4,480,000	0.0982
3,000,000	0.1038
1,050,000	0.1530
1,300,000	0.1900
300,000	0.2550
79,410,000	

As a result, an aggregate of 79,410,000 new ordinary shares of HK$0.05 each in the Company were issued during the year ended 31 March 2008.

All the shares issued during last year rank pari passu with the then existing shares in all respects.

26. SHARE OPTIONS

The options of the 2003 share option scheme may be granted to any director, employee, consultant, customer, supplier, agent, partner, provider of financial assistance, shareholder or adviser of or contractor to the Group or a company in which the Group holds an interest or a subsidiary of such company ("Eligible Participants"), the trustee of the Eligible Participants or a company beneficially owned by the Eligible Participants. The purpose of the 2003 share option scheme is to recognise and acknowledge the contributions that the Eligible Participants had made or may make to the Group. At 31 March 2009, the total number of shares available for issue under the 2003 share option scheme is 263,252,150 shares, representing 23.23% of the issued share capital of the Company at that date. The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the 2003 share option scheme and other share option schemes of the Company shall not, in aggregate, exceed 30% of the shares of the Company in issue from time to time. No options may be granted to any Eligible Participants which if exercised in full would result in the total number of shares issued and to be issued upon exercise of the share options already granted to such Eligible Participants in the 12-month period up to and including the date of such new grant exceeding 1% of the issued share capital of the Company as at the date of grant unless approval is obtained from the shareholders of the Company. The exercisable period is determined by the board of directors in its absolute discretion, save that such period shall not be more than ten years from the date of grant. There is no generally applicable minimum period for which the options must be held before it can be exercised.

An offer of the grant of an option shall be accepted when the Company receives in writing the acceptance of the offer from the grantee together with a remittance in favour of the Company of HK$1 by way of consideration for the grant thereof. The option shall remain open for acceptance by the Eligible Participants concerned for a period of 28 days from the date of offer. The exercise price shall be determined by the board of directors at the time of grant of the relevant option and notified to each grantee and shall not be less than the highest of:

(i) the closing price of a share as stated in the Stock Exchange's daily quotation sheet on the date of grant of the relevant option, which must be a business day;

(ii) an amount equivalent to the average closing price of shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of the relevant option; and

(iii) the nominal value of a share.

The 2003 share option scheme is valid for a period of ten years commencing on the adoption date of 28 April 2003.

26. SHARE OPTIONS (continued)

Details of the movements in the number of share options granted during the year under the 2003 share option scheme are as follows:

Type of participants	Date of grant	Exercisable period	Exercise price per share	Number of share options: Outstanding at 1.4.2007	Granted during the year	Exercised during the year	Forfeited during the year	Outstanding at 31.3.2008	Granted during the year	Exercised during the year	Forfeited during the year	Outstanding at 31.3.2009	Weighted average closing price: At date of exercise 2008	Immediately before the date of exercise 2008
			HK$										HK$	HK$
Directors	5.9.2003	5.9.2003 - 4.9.2013	0.2280	24,760,000	–	–	(5,500,000)	19,260,000	–	–	–	19,260,000	N/A	N/A
	26.11.2003	26.11.2003 - 25.11.2013	0.2300	400,000	–	–	–	400,000	–	–	–	400,000	N/A	N/A
	8.12.2003	8.12.2003 - 7.12.2013	0.2130	5,900,000	–	–	(400,000)	5,500,000	–	–	–	5,500,000	N/A	N/A
	9.1.2004	9.1.2004 - 8.1.2014	0.1900	9,790,000	–	(900,000)	–	8,890,000	–	–	–	8,890,000	0.2650	0.2700
	25.2.2004	25.2.2004 - 24.2.2014	0.1900	19,950,000	–	–	(6,450,000)	13,500,000	–	–	–	13,500,000	N/A	N/A
	19.4.2004	19.4.2004 - 18.4.2014	0.2096	600,000	–	–	–	600,000	–	–	–	600,000	N/A	N/A
	16.9.2004	16.9.2004 - 15.9.2014	0.0870	2,800,000	–	(2,300,000)	–	500,000	–	–	–	500,000	0.1680	0.1790
	30.9.2004	30.9.2004 - 29.9.2014	0.0900	800,000	–	(300,000)	–	500,000	–	–	–	500,000	0.2600	0.2600
	13.12.2004	13.12.2004 - 12.12.2014	0.0982	4,830,000	–	(4,480,000)	–	350,000	–	–	–	350,000	0.2340	0.2410
	28.2.2005	28.2.2005 - 27.2.2015	0.0722	7,150,000	–	(6,150,000)	–	1,000,000	–	–	–	1,000,000	0.2100	0.2080
	22.9.2005	22.9.2005 - 21.9.2015	0.0920	4,000,000	–	(3,600,000)	–	400,000	–	–	–	400,000	0.2340	0.2410
	24.3.2006	24.3.2006 - 23.3.2016	0.1530	3,000,000	–	(300,000)	(300,000)	2,400,000	–	–	(500,000)	1,900,000	0.2800	0.2950
	26.9.2006	26.9.2006 - 25.9.2016	0.0772	35,500,000	–	(26,000,000)	–	9,500,000	–	–	(3,000,000)	6,500,000	0.2350	0.2350
	18.6.2007	18.6.2007 - 17.6.2017	0.2980	–	1,100,000	–	–	1,100,000	–	–	–	1,100,000	N/A	N/A
				119,480,000	1,100,000	(44,030,000)	(12,650,000)	63,900,000	–	–	(3,500,000)	60,400,000		
Employees	5.9.2003	5.9.2003 - 4.9.2013	0.2280	24,500,000	–	–	–	24,500,000	–	–	–	24,500,000	N/A	N/A
	15.9.2003	15.9.2003 - 14.9.2013	0.2550	8,400,000	–	(300,000)	(100,000)	8,000,000	–	–	–	8,000,000	0.3000	0.3200
	26.11.2003	26.11.2003 - 25.11.2013	0.2300	2,400,000	–	–	–	2,400,000	–	–	–	2,400,000	N/A	N/A
	8.12.2003	8.12.2003 - 7.12.2013	0.2130	800,000	–	–	–	800,000	–	–	–	800,000	N/A	N/A
	9.1.2004	9.1.2004 - 8.1.2014	0.1900	6,596,000	–	(400,000)	–	6,196,000	–	–	–	6,196,000	0.2950	0.2980
	25.2.2004	25.2.2004 - 24.2.2014	0.1900	20,000,000	–	–	–	20,000,000	–	–	–	20,000,000	N/A	N/A
	19.4.2004	19.4.2004 - 18.4.2014	0.2096	750,000	–	–	–	750,000	–	–	–	750,000	N/A	N/A
	16.9.2004	16.9.2004 - 15.9.2014	0.0870	5,450,000	–	(1,600,000)	(600,000)	3,250,000	–	–	–	3,250,000	0.2780	0.2770
	30.9.2004	30.9.2004 - 29.9.2014	0.0900	3,600,000	–	(1,900,000)	(200,000)	1,500,000	–	–	–	1,500,000	0.2670	0.2670
	13.12.2004	13.12.2004 - 12.12.2014	0.0982	1,600,000	–	–	–	1,600,000	–	–	–	1,600,000	N/A	N/A
	28.2.2005	28.2.2005 - 27.2.2015	0.0722	5,900,000	–	(5,500,000)	(200,000)	200,000	–	–	–	200,000	0.2420	0.2470
	11.5.2005	11.5.2005 - 10.5.2015	0.1038	3,000,000	–	(3,000,000)	–	–	–	–	–	–	0.2650	0.2750
	22.9.2005	22.9.2005 - 21.9.2015	0.0920	4,800,000	–	–	–	4,800,000	–	–	–	4,800,000	N/A	N/A
	24.3.2006	24.3.2006 - 23.3.2016	0.1530	3,600,000	–	(750,000)	(600,000)	2,250,000	–	–	–	2,250,000	0.2620	0.2740
	26.9.2006	26.9.2006 - 25.9.2016	0.0772	33,030,000	–	(21,930,000)	–	11,100,000	–	–	–	11,100,000	0.2090	0.2100
	18.6.2007	18.6.2007 - 17.6.2017	0.2980	–	3,000,000	–	–	3,000,000	–	–	–	3,000,000	N/A	N/A
				124,426,000	3,000,000	(35,380,000)	(1,700,000)	90,346,000	–	–	–	90,346,000		
				243,906,000	4,100,000	(79,410,000)	(14,350,000)	154,246,000	–	–	(3,500,000)	150,746,000		
Weighted average exercise price				HK$0.1613	HK$0.0772	HK$0.1478	HK$0.1947	HK$0.1629	–	–	HK$0.0880	HK$0.1647		

26. SHARE OPTIONS (continued)

No options were granted or exercised during the year ended 31 March 2009. During the year ended 31 March 2008, options were granted on 18 June 2007. The estimated fair value of the options granted on that date was HK$0.1768 per option.

The Company used the Black-Scholes option pricing model (the "Model") to value the share options granted during last year. The Model is one of the commonly used models to estimate the fair value of share options. The value of an option varies with different variables of certain subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.

Details of the fair values of share options determined at the date of grant using the Model with the inputs are as follows:

	18 June 2007
Closing share price	HK$0.2950
Exercise price	HK$0.2980
Expected volatility	91.89%
Expected life	3 years
Risk-free rate	4.472%
Expected dividend yield	0%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous year. The expected life used in the Model has been adjusted, based on the management's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

The Group recognised the total expense of HK$725,000 for the year ended 31 March 2008 (2009: nil) in relation to share options granted by the Company.

27. RESERVES

	Share premium HK$'000	Share options reserve HK$'000	Investment revaluation reserve HK$'000	Accumulated deficit HK$'000	Total HK$'000
THE COMPANY					
At 1 April 2007	632,518	4,793	(578)	(591,193)	45,540
Loss for the year	—	—	—	(15,901)	(15,901)
Transfer to profit or loss on sale of available-for-sale financial assets	—	—	578	—	578
Total recognised income and expenses for the year	—	—	578	(15,901)	(15,323)
Issue of shares	2,675	—	—	—	2,675
Expenses incurred in connection with the issue of shares	(61)	—	—	—	(61)
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
	5,409	(2,226)	—	156	3,339
At 31 March 2008	637,927	2,567	—	(606,938)	33,556
Loss for the year and total recognised expenses or the year	—	—	—	(30,156)	(30,156)
Transfer of share options reserve on forfeiture of share options	—	(196)	—	196	—
	—	(196)	—	196	—
At 31 March 2009	**637,927**	**2,371**	**—**	**(636,898)**	**3,400**

At 31 March 2009, the Company had no reserves available for distribution to shareholders.

28. DEFERRED TAXATION

At 31 March 2009, the Group and the Company has unutilised tax losses of approximately HK$334 million (2008: HK$310 million) and HK$205 million (2008: HK$186 million), respectively, available to set off against future assessable profits. No deferred tax asset has been recognised in respect of the unutilised tax losses due to the unpredictability of future profit stream. These tax losses of the Group may be carried forward indefinitely except for an amount of approximately HK$32 million (2008: HK$26 million) which may be carried forward for a maximum of five years. The tax losses of the Company may be carried forward indefinitely.

Under the New Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to HK$1 million (2008: nil) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

29. OPERATING LEASE COMMITMENTS

The Group and the Company as lessee

At the balance sheet date, the Group and the Company were committed to make the following future minimum lease payments in respect of rented premises under non-cancellable operating leases which fall due as follows:

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**1,161**	698	**740**	546
In the second to fifth year inclusive	**1,449**	—	**1,449**	—
	2,610	698	**2,189**	546

Leases are negotiated for terms up to three years (2008: one year).

The Group as lessor

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments in respect of the investment properties:

	THE GROUP	
	2009	2008
	HK$'000	HK$'000
Within one year	**568**	284
In the second to fifth year inclusive	**145**	487
	713	771

The properties held have committed tenants for the next two years.

30. CONTINGENT LIABILITIES

Guarantees given

At 31 March 2009, the Group has given guarantee of RMB4.9 million (2008: RMB4.9 million) to a bank to secure the credit facilities granted to ZSSP. At 31 March 2009, the amount of facilities utilised by ZSSP amounted to RMB4.9 million (2008: RMB4.9 million). The fair value of the financial guarantee contract at the date of grant of HK$1,379,000 (2008: HK$1,058,000) representing a deemed capital contribution to the jointly controlled entity during the year ended 31 March 2009, has been adjusted to the carrying amount of interests in jointly controlled entities and recognised as a financial guarantee obligation.

At 31 March 2009, the Company has given corporate guarantees of HK$5 million (2008: HK$5 million) to certain banks to secure the credit facilities granted to its subsidiaries. No subsidiaries has utilised the credit facilities at the balance sheet date.

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.

31. RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund Scheme (the "Scheme") for all qualifying employees in Hong Kong. The assets of the Scheme are held separately from those of the Group in funds under the control of trustee. The Group contributes 5% of the relevant payroll costs to the Scheme up to a limit of HK$1,000, which contribution is matched by employees.

The employees of the Company's PRC subsidiaries are members of the state-managed retirement benefits scheme operated by the PRC government. The Company's PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits scheme to fund the benefits. The only obligations of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme.

32. RELATED PARTY TRANSACTIONS

Details of balances with related parties are set out in note 23 and guarantees given by the Group to secure the credit facilities granted to ZSSP are set out in note 30.

During the year ended 31 March 2009, the Group made an advance to an associate amounting to HK$240,000 (2008: HK$208,000). The amount is unsecured, non-interest bearing and repayable by 30 June 2009 (2008: 30 June 2008). An impairment loss of HK$160,000 (2008: nil) is recognised during the year. The balance at 31 March 2009 amounting to HK$80,000 (2008: HK$208,000) is included in trade and other receivables.

The key management personnel are the directors of the Company. The details of the remuneration paid to them are set out in note 9.

33. MAJOR NON-CASH TRANSACTIONS

(a) Details of the deemed capital contribution to a jointly controlled entity during both years arising from the financial guarantee given by the Group are set out in note 30.

(b) During the year 31 March 2008, the Group entered into a finance lease arrangement in respect of property, plant and equipment with a total capital value at inception of the lease of HK$204,000 (2009: nil).

34. PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries, all of which, excluding those explained below, are limited liability companies, at 31 March 2009 and 2008 are as follows:

Name of subsidiary	Place of incorporation/ establishment/ operations	Nominal value of issued and fully paid share capital/ registered capital		Attributable proportion of nominal value of issued capital/ registered capital held by the Company		Principal activities
		2009	2008	**Directly**	**Indirectly**	
Three Principles Computer Service Co. Limited	Hong Kong	**HK$5,000,000**	HK$5,000,000	100%	—	Provision of computer consultancy services, and development and sales of computer software
天時北方軟件（北京）有限公司 ("Timeless Beijing")	PRC for a term of 12 years commencing July 2000	**RMB11,035,066**	RMB2,000,000	—	100%	Design, development and maintenance of computer software and systems as well as provision of computer consultancy services
廣州市新信薈智信息產業有限公司 (Talent Valley Company Limited)	PRC for a term of 30 years commencing November 2004	**RMB16,000,000**	RMB16,000,000	—	100%	Provision of computer consultancy services

34. PRINCIPAL SUBSIDIARIES (continued)

Each of Timeless Beijing and Talent Valley Company Limited is a wholly foreign owned enterprise established in the PRC.

天時軟件（廣州）有限公司 ("Timeless Guangzhou"), whose equity interests were owned as to 100% by the Company indirectly, was a sino-foreign co-operative joint venture company established in the PRC with fully paid registered capital of RMB10,000,000. During the year ended 31 March 2008, Timeless Guangzhou was under liquidation upon expiry of the operation period stated in the registration documents. The liquidation process was not yet completed at the date of this report.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had any debt securities outstanding at the end of the year, or at any time during the year.

Financial Summary

	Year ended 31 March				
	2005	2006	2007	2008	**2009**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
RESULTS					
Turnover	3,441	3,638	2,657	2,920	**9,042**
(Loss) profit before taxation	(82,496)	2,144	(15,533)	(18,760)	**(24,011)**
Taxation	—	—	—	—	**—**
(Loss) profit for the year	(82,496)	2,144	(15,533)	(18,760)	**(24,011)**
Attributable to:					
Equity holders of the Company	(82,478)	2,355	(14,724)	(17,801)	**(23,998)**
Minority interests	(18)	(211)	(809)	(959)	**(13)**
	(82,496)	2,144	(15,533)	(18,760)	**(24,011)**

	At 31 March				
	2005	2006	2007	2008	**2009**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
ASSETS AND LIABILITIES					
Total assets	190,257	159,525	145,995	138,697	**116,022**
Total liabilities	(45,530)	(6,659)	(6,428)	(7,790)	**(7,925)**
	144,727	152,866	139,567	130,907	**108,097**
Attributable to:					
Equity holders of the Company	137,940	146,101	136,319	128,351	**105,499**
Minority interests	6,787	6,765	3,248	2,556	**2,598**
	144,727	152,866	139,567	130,907	**108,097**