



TIMELESS SOFTWARE LIMITED

(incorporated in Hong Kong with limited liability)

(Stock code: 8028)

RESULTS ANNOUNCEMENT

For the quarter ended 31 December 2008

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.

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

The Board of Directors (“Board”) of Timeless Software Limited (“Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (“Group”) for the three and nine months ended 31 December 2008 together with the comparative unaudited figures for the corresponding periods in 2007 as follows:

Condensed Consolidated Income Statement

For the three months and nine months ended 31 December 2008

	<i>Note</i>	(Unaudited)		(Unaudited)	
		Three months ended		Nine months ended	
		31 December		31 December	
		2008	2007	2008	2007
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover		787	607	7,307	1,763
Other income		850	472	3,405	1,509
Purchase costs		(576)	—	(4,307)	—
Staff costs		(3,112)	(2,965)	(9,276)	(9,479)
Depreciation		(326)	(348)	(960)	(1,012)
Other expenses		(1,857)	(1,641)	(4,869)	(4,621)
Fair value changes on investment properties		—	—	(91)	—
Net gains (losses) on equity-linked notes		687	(1,217)	(5,497)	7,971
Net gains (losses) on investments held for trading		2,060	(2,647)	1,578	1,165
Net losses on available-for-sale financial assets		—	—	—	(46)
Impairment loss recognised on advance made to an associate		—	(9)	(183)	(287)
Impairment loss recognised on investments in a jointly controlled entity		—	(15)	(1,379)	(489)
Finance costs		(20)	(28)	(61)	(59)
Share of losses of associates		(372)	(469)	(157)	(2,619)
Loss for the period		(1,879)	(8,260)	(14,490)	(6,204)
Attributable to:					
Equity holders of the Company		(1,877)	(7,997)	(14,484)	(5,455)
Minority interests		(2)	(263)	(6)	(749)
		(1,879)	(8,260)	(14,490)	(6,204)
Loss per share - Basic	4	(0.17) cents	(0.71) cents	(1.28) cents	(0.49) cents

Condensed Consolidated Statement of Changes in Equity
For the nine months ended 31 December 2008

	Share capital HK\$'000	Share premium HK\$'000	Share options reserve HK\$'000	Investment revaluation reserve HK\$'000	Property revaluation reserve HK\$'000	Translation reserve HK\$'000	Accumulated deficit HK\$'000	Attributable to equity holders of the Company HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1 April 2008 (audited)	56,663	637,927	2,567	(395)	1,061	3,701	(573,173)	128,351	2,556	130,907
Exchange differences arising from translation of financial statements of overseas operations recognised directly in equity	—	—	—	—	—	375	—	375	53	428
Share of post-acquisition reserve of associates	—	—	—	(1,796)	—	—	—	(1,796)	—	(1,796)
Net income (expenses) recognised directly in equity	—	—	—	(1,796)	—	375	—	(1,421)	53	(1,368)
Loss for the period	—	—	—	—	—	—	(14,484)	(14,484)	(6)	(14,490)
Total recognised income and expenses for the period	—	—	—	(1,796)	—	375	(14,484)	(15,905)	47	(15,858)
Transfer of share options reserve on forfeiture of share options	—	—	(196)	—	—	—	196	—	—	—
At 31 December 2008 (unaudited)	56,663	637,927	2,371	(2,191)	1,061	4,076	(587,461)	112,446	2,603	115,049
At 1 April 2007 (audited)	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 overseas operations recognised directly in equity	—	—	—	—	—	1,165	—	1,165	228	1,393
Share of post-acquisition reserve of associates	—	—	—	(303)	—	—	—	(303)	—	(303)
Net income (expenses) recognised directly in equity	—	—	—	(303)	—	1,165	—	862	228	1,090
Loss for the period	—	—	—	—	—	—	(5,455)	(5,455)	(749)	(6,204)
Transfer to profit or loss on sale of available-for-sale financial assets	—	—	—	578	—	—	—	578	—	578
Total recognised income and expenses for the period	—	—	—	275	—	1,165	(5,455)	(4,015)	(521)	(4,536)
Issue of shares	3,970	2,675	—	—	—	—	—	6,645	—	6,645
Expenses incurred in connection with the issue of shares	—	(55)	—	—	—	—	—	(55)	—	(55)
Transfer of share options reserve on exercise of share options	—	2,795	(2,795)	—	—	—	—	—	—	—
Recognition of equity-settled share-based payments	—	—	725	—	—	—	—	725	—	725
	3,970	5,415	(2,070)	—	—	—	—	7,315	—	7,315
At 31 December 2007 (unaudited)	56,663	637,933	2,723	128	—	3,155	(560,983)	139,619	2,727	142,346

Notes to the Condensed Consolidated Financial Statements

For the nine months ended 31 December 2008

1. Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants and complied with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (“GEM Listing Rules”).

2. Principal accounting policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain investment properties and certain financial instruments, which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2008.

In the current period, the Group has applied, for the first time, new interpretations and amendments (“new Interpretations and Amendments”) issued by the HKICPA, which are effective for the Group’s financial year beginning on 1 April 2008.

The adoption of these new Interpretations and Amendments had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

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

HKAS 1 (Revised)	Presentation of financial statements ¹
HKAS 23 (Revised)	Borrowing costs ¹
HKAS 27 (Revised)	Consolidated and separate financial statements ²
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation ¹
HKFRS 2 (Amendment)	Vesting conditions and cancellations ¹
HKFRS 3 (Revised)	Business combinations ²
HKFRS 8	Operating segments ¹
HK(IFRIC) - INT 13	Customer loyalty programmes ³
HK(IFRIC) - INT 15	Agreements for the construction of real estate ¹
HK(IFRIC) - INT 16	Hedges of a net investment in a foreign operation ⁴

- ¹ Effective for annual periods beginning on or after 1 January 2009.
- ² Effective for annual periods beginning on or after 1 July 2009.
- ³ Effective for annual periods beginning on or after 1 July 2008.
- ⁴ Effective for annual periods beginning on or after 1 October 2008.

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

3. Taxation

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Group had no assessable profit in both periods.

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which includes the reduction in corporate Profits Tax rate 1% to 16.5% effective from the year of assessment 2008-2009. Such decrease is not expected to have any significant financial effect in the amounts accrued in the condensed consolidated balance sheet in respect of taxation payable and deferred taxation.

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. A PRC subsidiary of the Company is accredited as a High and New Tech Enterprise which was entitled to a reduced income tax rate of 15% up to 31 December 2007. The New Law and Implementation Regulations changes the tax rate from 15% to 25% from 1 January 2008. The enactment of the New Law is not expected to have any significant financial effect on the amounts accrued in the condensed consolidated balance sheet in respect of taxation payable and deferred taxation.

4. Loss per share

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

	Three months ended 31 December		Nine months ended 31 December	
	2008	2007	2008	2007
Loss attributable to equity holders of the Company	<u>HK\$(1,877,000)</u>	<u>HK\$(7,997,000)</u>	<u>HK\$(14,484,000)</u>	<u>HK\$(5,455,000)</u>
Number of ordinary shares:				
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>1,133,261,503</u>	<u>1,131,487,590</u>	<u>1,133,261,503</u>	<u>1,107,393,503</u>

No diluted loss per share for the three months and nine months ended 31 December 2008 and 2007 had been presented as the assumed exercise of share options granted by the Company would decrease the loss per share during those periods.

Interim Dividend

The Board does not recommend the payment of any interim dividend for the nine months ended 31 December 2008 (2007: Nil).

Business Review and Outlook

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 nine months ended 31 December 2008, the loss attributable to equity holders of the Company was approximately HK\$14,484,000 representing an increase of 266% as compared to the loss of approximately HK\$5,455,000 over the same period in 2007. The Group recorded unaudited turnover of approximately HK\$7,307,000, representing an increase of 414% as compared to approximately HK\$1,763,000 in the corresponding period in 2007.

For the nine months ended 31 December 2008, the other income mainly comprised bank interest income of approximately HK\$1,213,000 (nine months ended 31 December 2007: HK\$1,133,000) and amortisation of financial guarantee obligations of approximately HK\$1,657,000 (nine months ended 31 December 2007: HK\$163,000).

During the period under review, the increase in net loss included for the most part impairment loss recognised on investments in a jointly controlled entity of approximately HK\$1,379,000 from approximately HK\$489,000 in 2007, and net losses on equity-linked notes of approximately HK\$5,497,000 compared with net gains on equity-linked notes of approximately HK\$7,971,000 in the corresponding period in 2007.

The depreciation of asset value, including financial assets and instruments, continues since the past quarter. The current economic climate is commonly expected not to improve until after the various government stimulus packages are implemented and take effect. Under a much softer operating environment, the Group remains cautious optimistic about its prospects as the Group believes that innovation and technology, including the Group's web-services platforms, will not only have a role in the repositioning and readjustments that are taking place in enterprises and organisations, but will also play an important part in their early recovery.

Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares of the Company

At 31 December 2008, 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 pursuant to Rule 5.46 of the GEM Listing Rules, were as follows:

Long positions

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

Name of directors	Number of ordinary shares held in the capacity of			Percentage of shareholding
	Beneficial owner	Controlled corporation	Total number of shares	
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.

(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 <i>HK\$</i>	Number of share options and number of underlying shares		
				Outstanding at 1.4.2008	Lapsed during the period	Outstanding at 31.12.2008
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

Name of directors	Date of grant	Exercisable period	Exercise price per share <i>HK\$</i>	Number of share options and number of underlying shares		
				Outstanding at 1.4.2008	Lapsed during the period	Outstanding at 31.12.2008
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
				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 December 2008, 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 December 2008, according to the register maintained by the Company pursuant to Section 336 of the SFO, the following persons (not being a director or the 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 shareholders	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 December 2008
Educational Information Technology (H.K.) 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 Company Limited), 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 December 2008, the Company had not been notified of any other interests or short position 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.

Competing Interest

As at 31 December 2008, none of the directors or 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.

Purchase, Sale or Redemption of the Company's Listed Securities

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Audit Committee

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including a review of the unaudited quarterly report for the quarter ended 31 December 2008.

On behalf of the Board

Cheng Kin Kwan

Chairman & Chief Executive Officer

Hong Kong, 12 February 2009

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

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