



TIMELESS SOFTWARE LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 8028)

RESULTS ANNOUNCEMENT For the quarter ended 30 June 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.

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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 months ended 30 June 2009 together with the comparative unaudited figures for the corresponding period in 2008 as follows:

Condensed consolidated income statement

For the three months ended 30 June 2009

		(Unaudited)	
		Three months ended	
		30 June	
		2009	2008
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover		2,481	667
Other income		488	1,109
Purchase costs		(524)	—
Staff costs		(3,121)	(3,013)
Depreciation		(151)	(313)
Other expenses		(1,407)	(1,258)
Net gains on equity-linked notes		1,078	369
Net gains on investments held for trading		966	77
Finance costs		(19)	(21)
Share of losses of associates		(135)	(721)
		<u> </u>	<u> </u>
Loss for the period	3	<u>(344)</u>	<u>(3,104)</u>
Attributable to:			
Owners of the Company		(342)	(3,102)
Non-controlling interests		(2)	(2)
		<u> </u>	<u> </u>
		<u>(344)</u>	<u>(3,104)</u>
		<u> </u>	<u> </u>
		HK cents	HK cents
Loss per share	4		
– Basic		<u>(0.030)</u>	<u>(0.274)</u>
– Diluted		<u>N/A</u>	<u>N/A</u>

Condensed consolidated statement of changes in equity

For the three months ended 30 June 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 owners of the Company HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
Balance at 1 April 2008 (audited)	56,663	637,927	2,567	(395)	1,061	3,701	(573,173)	128,351	2,556	130,907
Loss for the period	—	—	—	—	—	—	(3,102)	(3,102)	(2)	(3,104)
Exchange differences arising from translation of financial statements of foreign operations recognised directly in equity	—	—	—	—	—	(55)	—	(55)	—	(55)
Share of post-acquisition reserve of associates	—	—	—	(514)	—	—	—	(514)	—	(514)
Total comprehensive income for the period	—	—	—	(514)	—	(55)	(3,102)	(3,671)	(2)	(3,673)
Balance at 30 June 2008 (unaudited)	56,663	637,927	2,567	(909)	1,061	3,646	(576,275)	124,680	2,554	127,234
Balance at 1 April 2009 (audited)	56,663	637,927	2,371	—	1,061	4,452	(596,975)	105,499	2,598	108,097
Loss for the period	—	—	—	—	—	—	(342)	(342)	(2)	(344)
Share of post-acquisition reserve of associates	—	—	—	1,217	—	—	—	1,217	—	1,217
Total comprehensive income for the period	—	—	—	1,217	—	—	(342)	875	(2)	873
Balance at 30 June 2009 (unaudited)	56,663	637,927	2,371	1,217	1,061	4,452	(597,317)	106,374	2,596	108,970

Notes to the quarterly interim financial report

For the three months ended 30 June 2009

1. Basis of preparation

The interim financial information has been prepared in accordance 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. The amounts included in this interim financial report are computed based on the recognition and measurement requirements in accordance with HKAS 34 *Interim Financial Reporting*. However, this interim financial report does not contain sufficient information to constitute an interim financial report as defined in HKAS 34.

2. Significant accounting policies

The quarterly interim report has been prepared under the historical cost convention, except for certain investment properties and certain financial instruments that are measured at fair values, as described in the Group's financial statements for the year ended 31 March 2009.

The accounting policies adopted are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 March 2009, except for the adoption of HKAS 1 (as revised in 2007) *Presentation of Financial Statements*. HKAS 1 (revised 2007) has introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements) has resulted in a number of changes in presentation and disclosure. However, HKAS 1 (revised 2007) has had no impact on the reported results or financial position of the Group.

3. Taxation

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the interim periods. Taxation arising on other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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

4. Loss per share

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

	(Unaudited)	
	Three months ended	
	30 June	
	2009	2008
Loss attributable to owners of the Company for the purposes of basic loss per share	<u>HK\$(342,000)</u>	<u>HK\$(3,102,000)</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>1,133,261,503</u>

No diluted loss per share has been presented for both periods as the assumed exercise of share options granted by the Company would decrease the loss per share for both periods.

Interim Dividend

The Board does not recommend the payment of any interim dividend for the three months ended 30 June 2009 (2008: Nil).

Business Review and Outlook

Review

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 three months ended 30 June 2009, the Group recorded unaudited turnover of approximately HK\$2,481,000, representing an increase of 272% as compared to approximately HK\$667,000 in the corresponding period in 2008. The loss attributable to owners of the Company was approximately HK\$342,000, representing a decrease of 89% as compared to the loss of approximately of HK\$3,102,000 over the same period in 2008.

For the three months ended 30 June 2009, the other income mainly comprised bank interest income of approximately HK\$44,000 (three months ended 30 June 2008: HK\$330,000) and amortisation of financial guarantee obligations of approximately HK\$345,000 (three months ended 30 June 2008: HK\$635,000).

Stepping into 2009, the world was still overcastted with gloomy sentiment for the first three months ended 31 March 2009. However, for the subsequent quarter ended 30 June 2009, the global concerted effort to mitigate the impact brought by the Financial Tsunami has finally paid off. We are glad to see that the situation has stabilized and China is the first amongst all countries to recover.

Timeless, despite the tough situation, still managed to produce a balanced quarter on our software business mainly brought in through our China partners and higher education institutes. They served as recognition to demonstrate our technology foundation and capabilities.

Outlook

Down the road, we are prudently optimistic about our web-services business development in specific industries, especially education and government agencies in both Hong Kong and Mainland China. The world is seeing China as the growth engine and that has always been our belief.

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

At 30 June 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 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 HK\$	Number of share options and number of underlying shares				
				Outstanding at 1.4.2009	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding at 30.06.2009
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

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

Name of directors	Date of grant	Exercisable period	Exercise price per share <i>HKS</i>	Number of share options and number of underlying shares				
				Outstanding at 1.4.2009	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding at 30.06.2009
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
Tsang Wai Chun,	24.3.2006	24.3.2006 - 23.3.2016	0.1530	500,000	—	—	—	500,000
Marianna	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
				60,400,000	—	—	—	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 30 June 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 30 June 2009, 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 30 June 2009
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 30 June 2009, 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 30 June 2009, 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 under review, 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 30 June 2009.

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

Hong Kong, 12 August 2009

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

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