



## **TIMELESS SOFTWARE LIMITED**

*(incorporated in Hong Kong with limited liability)*

**(Stock code: 8028)**

### **RESULTS ANNOUNCEMENT**

**For the quarter ended 30 June 2010**

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

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

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

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*This announcement, for which the directors of Timeless Software Limited collectively and individually accept full 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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

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 2010 together with the comparative unaudited figures for the corresponding period in 2009 as follows:

**Condensed consolidated statement of comprehensive income**

*For the three months ended 30 June 2010*

		<b>(Unaudited)</b>	
		<b>Three months ended</b>	
		<b>30 June</b>	
		<b>2010</b>	<b>2009</b>
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover		4,478	2,481
Other income		187	488
Purchase costs		(3,650)	(524)
Staff costs		(3,713)	(3,121)
Depreciation		(196)	(151)
Other expenses		(1,809)	(1,407)
Net (losses)/gains on equity-linked notes		(451)	1,078
Net (losses)/gains on investments held for trading		(541)	966
Finance costs		(15)	(19)
Share of losses of an associate		(83)	(135)
Loss for the period	3	(5,793)	(344)
<b>Other comprehensive income</b>			
Share of other comprehensive (loss)/ income of an associate		(2,299)	1,217
Fair value change in available-for-sale financial assets		194	—
Other comprehensive (loss)/income for the period		(2,105)	1,217
Total comprehensive (loss)/income for the period		(7,898)	873
Loss for the period attributable to:			
Owners of the Company		(5,787)	(342)
Non-controlling interests		(6)	(2)
		(5,793)	(344)
Total comprehensive (loss)/income attributable to:			
Owners of the Company		(7,892)	875
Non-controlling interests		(6)	(2)
		(7,898)	873
		<i>HK cents</i>	<i>HK cents</i>
Loss per share	4		
- Basic		(0.510)	(0.030)
- Diluted		N/A	N/A

## Condensed consolidated statement of changes in equity

For the three months ended 30 June 2010

	Share capital	Share premium	Share options reserve	Investment revaluation reserve	Property revaluation reserve	Translation reserve	Accumulated deficit	Attributable to owners of the Company	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 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)
Other comprehensive income for the period	—	—	—	1,217	—	—	—	1,217	—	1,217
Total comprehensive income for the period	—	—	—	1,217	—	—	(342)	875	(2)	873
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
At 1 April 2010 (audited)	56,663	637,927	2,109	3,923	1,061	4,396	(599,577)	106,502	2,590	109,092
Loss for the period	—	—	—	—	—	—	(5,787)	(5,787)	(6)	(5,793)
Other comprehensive loss for the period	—	—	—	(2,105)	—	—	—	(2,105)	—	(2,105)
Total comprehensive loss for the period	—	—	—	(2,105)	—	—	(5,787)	(7,892)	(6)	(7,898)
At 30 June 2010 (unaudited)	56,663	637,927	2,109	1,818	1,061	4,396	(605,364)	98,610	2,584	101,194

## Notes to the condensed consolidated financial statements

For the three months ended 30 June 2010

### 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. Significant accounting policies

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the annual financial statements of the Group for the year ended 31 March 2010.

The condensed consolidated financial statements have been prepared under the historical cost convention, except for 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 2010.

### 3. Taxation

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods. No provision for taxation has been made in the condensed consolidated financial statements as the Group had no assessable profit for both periods.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for both periods. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

### 4. Loss per share

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

	(Unaudited)	
	Three months ended	
	30 June	
	2010	2009
Loss attributable to owners of the Company for the purpose of basic loss per share	HK\$(5,787,000)	HK\$(342,000)
<b>Number of ordinary shares:</b>		
Weighted average number of ordinary shares for the purpose of basic loss per share	1,133,261,503	1,133,261,503

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 2010 (2009: 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 2010, the Group recorded unaudited turnover of approximately HK\$4,478,000, representing an increase of 80.5% as compared to approximately HK\$2,481,000 in the corresponding period in 2009. The loss attributable to owners of the Company for the three months ended 30 June 2010 was approximately HK\$5,787,000, as compared to the loss of approximately HK\$342,000 over the same period in last year.

For the three months ended 30 June 2010, the other income mainly comprised bank interest income of approximately HK\$31,000 (three months ended 30 June 2009: HK\$44,000) and rental income from investment properties of approximately HK\$148,000 (three months ended 30 June 2009: HK\$95,000).

### **Outlook**

Given China's economic indicators are still going strongly our long term strategy remains unchanged. We are well positioned to explore into emerging frontiers other than education informatization and justice enforcement informatization, to be specific, that is digital publication e-book projects. Of course, we are always on close looks, reaching out for other possible promising investment opportunities that could bring in additional revenue and profit for the Group. We do, however, expect continuous improvement in productivity across our operations, which should allow us to achieve better profitability year on year.

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

At 30 June 2010, 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			
	Beneficial owner	Controlled corporation	Total number of shares	Percentage of shareholding
Cheng Kin Kwan	221,440,000	—	221,440,000	19.54%
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 1.4.2010	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding at 30.06.2010
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
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, 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
				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 2010, 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 2010, 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.

<b>Name of substantial shareholders</b>	<b>Number of ordinary shares held</b>	<b>Number of share options and underlying shares held</b>	<b>Aggregate long position</b>	<b>Percentage of the issued share capital as at 30 June 2010</b>
Educational Information Technology (H.K.) Company Limited *	108,057,374	—	108,057,374	9.54%
Crimson Asia Capital Limited, L.P.**	68,169,591	—	68,169,591	6.02%

\* 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 2010, 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 2010, 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 2010.

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

Hong Kong, 12 August 2010

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

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