



TIMELESS SOFTWARE LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 8028)

RESULTS ANNOUNCEMENT For the quarter ended 30 June 2011

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 2011 together with the comparative unaudited figures for the corresponding period in 2010 as follows:

Condensed consolidated statement of comprehensive income

For the three months ended 30 June 2011

		(Unaudited)	
		Three months ended	
		30 June	
	<i>Notes</i>	2011	2010
		<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover		6,715	4,478
Other income		298	187
Purchase costs		(5,636)	(3,650)
Staff costs		(4,004)	(3,713)
Depreciation		(231)	(196)
Other expenses		(3,061)	(1,809)
Net gains / (losses) on investments held for trading		1,352	(541)
Net losses on equity-linked notes		–	(451)
Finance costs		(2)	(15)
Share of losses of an associate		(62)	(83)
Loss for the period	3	<u>(4,631)</u>	<u>(5,793)</u>
Other comprehensive (expense) / income			
Share of other comprehensive expense of an associate		(433)	(2,299)
Fair value change in available-for-sale financial assets		–	194
Other comprehensive (expense) for the period		<u>(433)</u>	<u>(2,105)</u>
Total comprehensive (expense) for the period		<u>(5,064)</u>	<u>(7,898)</u>
Loss for the period attributable to:			
Owners of the Company		(4,623)	(5,787)
Non-controlling interests		(8)	(6)
		<u>(4,631)</u>	<u>(5,793)</u>
Total comprehensive (expense) attributable to:			
Owners of the Company		(5,056)	(7,892)
Non-controlling interests		(8)	(6)
		<u>(5,064)</u>	<u>(7,898)</u>
		<i>HK cents</i>	<i>HK cents</i>
Loss per share	4		
- Basic		<u>(0.407)</u>	<u>(0.510)</u>
- Diluted		<u>N/A</u>	<u>N/A</u>

Condensed consolidated statement of changes in equity

For the three months ended 30 June 2011

	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 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 expense for the period	-	-	-	(2,105)	-	-	-	(2,105)	-	(2,105)
Total comprehensive expense 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
At 1 April 2011 (audited)	56,728	637,996	2,165	1,176	1,061	5,627	(611,097)	93,656	2,656	96,312
Loss for the period	-	-	-	-	-	-	(4,623)	(4,623)	(8)	(4,631)
Other comprehensive expense for the period	-	-	-	(433)	-	-	-	(433)	-	(433)
Total comprehensive expense for the period	-	-	-	(433)	-	-	(4,623)	(5,056)	(8)	(5,064)
Issue of ordinary shares under employee share option plan	13	26	(17)	-	-	-	-	22	-	22
Transactions costs attributable to issue of new ordinary shares	-	(30)	-	-	-	-	-	(30)	-	(30)
Transfer of share options reserve on forfeiture of share options	-	-	(5)	-	-	-	5	-	-	-
At 30 June 2011 (unaudited)	56,741	637,992	2,143	743	1,061	5,627	(615,715)	88,592	2,648	91,240

Notes to the condensed consolidated financial statements

For the three months ended 30 June 2011

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 2011.

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 2011.

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	
	2011	2010
Loss attributable to owners of the Company for the purpose of basic loss per share	HK\$(4,623,000)	HK\$(5,787,000)
Number of ordinary shares:		
Weighted average number of ordinary shares for the purpose of basic loss per share	1,134,685,129	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 2011 (2010: 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 2011, the Group recorded unaudited turnover of approximately HK\$6,715,000, representing an increase of 50% as compared to approximately HK\$4,478,000 in the corresponding period in 2010. The loss attributable to owners of the Company for the three months ended 30 June 2011 was approximately HK\$4,623,000, representing a decrease of 20.1% as compared to the loss of approximately HK\$5,787,000 over the same period in last year.

For the three months ended 30 June 2011, the other income mainly comprised bank interest income of approximately HK\$41,000 (three months ended 30 June 2010: HK\$31,000), rental income from investment properties of approximately HK\$153,000 (three months ended 30 June 2010: HK\$148,000), and gain on disposal of a commercial property situated in Guangzhou held by a PRC subsidiary of approximately HK\$101,000 (three months ended 30 June 2010: Nil).

Global economy is deeply affected by the United States; the dispute between its two political parties and far from satisfactory financial data is haunting; compounded by the rippling debt crisis in Europe, it seems inevitable that market will fluctuate in greater amplitude. On the other hand, Chinese government is committed to stability, seeking to develop further harmoniously and on domestic demand. Our development is also progressing in line stably towards these targets.

Our years of effort spent on Cultural Market Informatization projects are gaining popular recognitions; on web-logistics we have established foundations; and we have earned supporting intention from capital market partners, willing to join in to further co-develop.

Outlook

Timeless is actively crafting a grand plan, striving to maximize interest of its shareholders through participation in various aspects of China informatization nationwide.

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

At 30 June 2011, 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	19.51%
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	688,000	–	688,000	0.06%
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 1.4.2011	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding at 30.6.2011
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 2011, 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 2011, 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 2011
Educational Information Technology (H.K.) Company Limited *	108,057,374	–	108,057,374	9.52%

* 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.

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 2011, 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 2011, 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 2011.

On behalf of the Board

Cheng Kin Kwan

Chairman & Chief Executive Officer

Hong Kong, 12 August 2011

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).