



TIMELESS SOFTWARE LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 8028)

RESULTS ANNOUNCEMENT

For the quarter ended 31 December 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 and nine months ended 31 December 2011 together with the comparative unaudited figures for the corresponding periods in 2010 as follows:

Condensed Consolidated Statement of Comprehensive Income

For the three months and nine months ended 31 December 2011

	<i>Note</i>	(Unaudited)		(Unaudited)	
		Three months ended		Nine months ended	
		31 December		31 December	
		2011	2010	2011	2010
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover		6,081	14,290	17,891	21,858
Other income		206	267	720	756
Purchase costs		(5,529)	(10,056)	(17,135)	(16,705)
Staff costs		(5,034)	(4,021)	(13,544)	(11,348)
Depreciation		(202)	(217)	(636)	(607)
Other expenses		(3,237)	(1,524)	(8,995)	(4,955)
Gain on partial disposal of equity interests in a jointly controlled entity		—	—	12,706	—
Net gains / (losses) on investments held for trading		2,738	(186)	137	2,163
Net losses on equity-linked notes		—	—	—	(451)
Finance costs		(1)	(14)	(4)	(44)
Share of profits of an associate		1,316	1,244	1,263	1,115
Loss for the period		<u>(3,662)</u>	<u>(217)</u>	<u>(7,597)</u>	<u>(8,218)</u>
Other comprehensive income/(expense)					
Exchange differences on translation of foreign operations		—	1,315	1,498	1,315
Share of other comprehensive income/(expense) of an associate		514	(637)	1,534	(2,774)
Other comprehensive income/(expense) for the period		<u>514</u>	<u>678</u>	<u>3,032</u>	<u>(1,459)</u>
Total comprehensive (expense)/income for the period		<u><u>(3,148)</u></u>	<u><u>461</u></u>	<u><u>(4,565)</u></u>	<u><u>(9,677)</u></u>

		(Unaudited)		(Unaudited)	
		Three months ended		Nine months ended	
		31 December		31 December	
	<i>Note</i>	2011	2010	2011	2010
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the period attributable to:					
Owners of the Company		(3,660)	(215)	(7,584)	(8,202)
Non-controlling interests		(2)	(2)	(13)	(16)
		<u>(3,662)</u>	<u>(217)</u>	<u>(7,597)</u>	<u>(8,218)</u>
Total comprehensive (expense)/income attributable to:					
Owners of the Company		(3,146)	379	(4,642)	(9,745)
Non-controlling interests		(2)	82	77	68
		<u>(3,148)</u>	<u>461</u>	<u>(4,565)</u>	<u>(9,677)</u>
		<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Loss per share	4				
- Basic		<u>(0.29)</u>	<u>(0.02)</u>	<u>(0.65)</u>	<u>(0.72)</u>
- Diluted		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

Condensed Consolidated Statement of Changes in Equity

For the nine months ended 31 December 2011

	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
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	—	—	—	—	—	—	(7,584)	(7,584)	(13)	(7,597)
Other comprehensive income for the period	—	—	—	1,534	—	1,408	—	2,942	90	3,032
Total comprehensive income/ (expense) for the period	—	—	—	1,534	—	1,408	(7,584)	(4,642)	77	(4,565)
Recognition of equity-settled share based payments	—	—	241	—	—	—	—	241	—	241
Issue of ordinary shares pursuant to a placing and subscription agreement dated 21 October 2011	8,400	16,800	—	—	—	—	—	25,200	—	25,200
Issue of ordinary shares under employee share option plan	168	278	(152)	—	—	—	—	294	—	294
Transaction costs attributable to issue of new ordinary shares	—	(956)	—	—	—	—	—	(956)	—	(956)
Transfer of share options reserve on forfeiture of share options	—	—	(5)	—	—	—	5	—	—	—
At 31 December 2011 (unaudited)	65,296	654,118	2,249	2,710	1,061	7,035	(618,676)	113,793	2,733	116,526
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	—	—	—	—	—	—	(8,202)	(8,202)	(16)	(8,218)
Other comprehensive (expense)/ income for the period	—	—	—	(2,774)	—	1,231	—	(1,543)	84	(1,459)
Total comprehensive (expense)/ income for the period	—	—	—	(2,774)	—	1,231	(8,202)	(9,745)	68	(9,677)
Issue of shares	25	18	—	—	—	—	—	43	—	43
At 31 December 2010 (unaudited)	56,688	637,945	2,109	1,149	1,061	5,627	(607,779)	96,800	2,658	99,458

Notes to the Condensed Consolidated Financial Statements

For the nine months ended 31 December 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. Principal accounting policies

The condensed consolidated financial statements have been prepared under the historical cost basis except for 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 2011.

In the current period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning on 1 April 2011. The adoption of these new and revised HKFRSs had no material effect on the reported results and 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 or revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRS 1 (Amendments)	Severe hyperinflation and removal of fixed dates for first-time adopters ¹
HKFRS 7 (Amendments)	Financial instruments: Disclosures – Transfers of financial assets ¹
HKFRS 9	Financial instruments ⁴
HKFRS 10	Consolidated financial statements ⁴
HKFRS 11	Joint arrangements ⁴
HKFRS 12	Disclosure of interests in other entities ⁴
HKFRS 13	Fair value measurement ⁴
HKAS 1 (Amendments)	Presentation of items of other comprehensive income ³
HKAS 12 (Amendments)	Deferred tax: Recovery of underlying assets ²
HKAS 19 (as revised in 2011)	Employee benefits ⁴
HKAS 27 (as revised in 2011)	Separate financial statements ⁴
HKAS 28 (as revised in 2011)	Investments in associates and joint venture ⁴

¹ Effective for annual periods beginning on or after 1 July 2011

² Effective for annual periods beginning on or after 1 January 2012

³ Effective for annual periods beginning on or after 1 July 2012

⁴ Effective for annual periods beginning on or after 1 January 2013

3. Taxation

No provision for taxation has been made in the condensed consolidated financial statements as the Group had no assessable profit in 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 31 December		(Unaudited) Nine months ended 31 December	
	2011	2010	2011	2010
Loss attributable to owners of the Company for the purpose of basic loss per share	<u>HK\$(3,660,000)</u>	<u>HK\$(215,000)</u>	<u>HK\$(7,584,000)</u>	<u>HK\$(8,202,000)</u>
Number of ordinary shares:				
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>1,245,172,373</u>	<u>1,133,614,764</u>	<u>1,171,727,503</u>	<u>1,133,379,685</u>

No diluted loss per share had been presented for the three months and nine months ended 31 December 2011 and 2010 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 2011 (2010: 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 2011, the Group recorded unaudited turnover of approximately HK\$17,891,000, representing a decrease of 18.2% as compared to approximately HK\$21,858,000 in the corresponding period in 2010. The loss attributable to owners of the Company for the nine months ended 31 December 2011 was approximately HK\$7,584,000, representing a decrease of 7.5% as compared to the loss of approximately HK\$8,202,000 over the same period in 2010.

For the nine months ended 31 December 2011, the other income mainly comprised interest income of approximately HK\$127,000 (nine months ended 31 December 2010: HK\$218,000), rental income from investment properties of approximately HK\$476,000 (nine months ended 31 December 2010: HK\$517,000), and gain on disposal of a commercial property situated in Guangzhou held by a PRC subsidiary of approximately HK\$104,000 (nil for the nine months ended 31 December 2010).

For years the Group has been dedicated, contributing to our country; in addition to the normal operation of the routine business during the review period, we successfully launched “Culture Management Platform Services Applications” jointly with Guangzhou Municipal Cultural Market Management Office and received wide media coverage. These new services include “Authenticate Genuine Copy”, “Online Piracy Reporting” and “Culture Search” various 3G smart phone applications. We anticipated these new services will empower the Group with more powerful marketing tool, and may eventually evolve into new revenue channels. As for eLogistics, the company is aiming at specific markets and industries as well as increasing merchant numbers overall. Though these projects are still at pilot stage, the Management believes that they will eventually become revenue channels of increasingly significance.

During the review period, the Group successfully issued new shares to inject new capital into the Group so as to further develop its existing businesses and to acquire business and/or assets at appropriate time and at the same time, broadening the Company's shareholder base. The newly joined shareholders strengthened the Group's diversified development power, especially in China and expansion to other industries. The Management of the Group will continue its efforts to identify opportunities to broaden the Group's sources of income.

Nevertheless, the goal of the Group is committed to integrate and consolidate technologies into different industry and platform sectors so as to create new business models; to achieve such goal the Company has the courage and confidence to accept all challenges.

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

At 31 December 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			Percentage of shareholding
	Beneficial owner	Controlled corporation	Total number of shares	
Cheng Kin Kwan	221,440,000	—	221,440,000	16.96%
Law Kwai Lam	10,000,000	28,325,000*	38,325,000	2.93%
Leung Mei Sheung, Eliza	13,300,000	—	13,300,000	1.02%
Zheng Ying Yu	4,900,000	—	4,900,000	0.38%
Fung Chun Pong, Louis	588,000	—	588,000	0.05%
Liao Yun	4,510,000	—	4,510,000	0.35%

* 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	Number of share options and number of underlying shares			
			Exercise price per share <i>HK\$</i>	Outstanding at 1.4.2011	Exercised during the period	Outstanding at 31.12.2011
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

			Number of share options and number of underlying shares			
Name of directors	Date of grant	Exercisable period	Exercise price per share <i>HK\$</i>	Outstanding	Exercised	Outstanding
				at 1.4.2011	during the period	at 31.12.2011
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	(1,500,000)	1,500,000
Chan Mei Ying, Spencer	24.3.2006	24.3.2006-23.3.2016	0.1530	500,000	—	500,000
				60,400,000	(1,800,000)	58,600,000
				60,400,000	(1,800,000)	58,600,000

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 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 31 December 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 31 December 2011
Educational Information Technology (H.K.) Company Limited *	108,057,374	—	108,057,374	8.27%

* 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 31 December 2011, 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.

Competing Interest

As at 31 December 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, 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 2011.

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

Hong Kong, 13 February 2012

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).