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## **Timeless Software Limited**

*(incorporated in Hong Kong with limited liability)*

**(Stock code: 8028)**

### **DISCLOSEABLE TRANSACTION**

### **DISPOSAL OF 12% INTERESTS IN ZHUHAI SOUTHERN SOFTWARE PARK DEVELOPMENT COMPANY LIMITED AND RESUMPTION OF TRADING**

On 27 May 2010 (after trading hours), the Company and the Purchaser entered into the Sale and Purchase Agreement pursuant to which the Company agreed to sell and the Purchaser agreed to acquire the Sale Interest for the Consideration, payable in cash. The Sale Interest represents approximately 12% of equity interest of ZSSP, a sino-foreign joint venture established in the PRC and engaged in the development and operation of a software park.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owners is a third party independent of the Company and connected persons of the Company.

As the applicable percentage ratios as defined under Rule 19.07 of the GEM Listing Rules in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company, and is therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 28 May 2010 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 31 May 2010.

## **THE SALE AND PURCHASE AGREEMENT**

On 27 May 2010 (after trading hours), the Company and the Purchaser entered into the Sale and Purchase Agreement pursuant to which the Company agreed to sell and the Purchaser agreed to acquire the Sale Interest in accordance with and subject to the following terms and conditions:

### **Date**

27 May 2010

### **Parties**

Seller: the Company

Purchaser: 深圳曼哈商業有限公司, a company incorporated in the PRC. 深圳曼哈商業有限公司 is principally engaged in retail, digital communication, property development, rental and management, culture education etc.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owners is a third party independent of the Company and its connected persons.

### **Subject matter**

The Sale Interest, representing approximately 12% of the equity interests of ZSSP.

### **Consideration**

The Consideration for the Sale Interest is RMB10,800,000, which shall be settled in cash by the Purchaser to the Company within three days after the signing of the Sale and Purchase Agreement.

The Consideration was determined after arm's length negotiation with reference to the net asset value of the PRC audited balance sheet of ZSSP, financial outlook and market situation.

### **Completion**

Completion is expected to take place on the date of issue of the new business license to ZSSP and confirmation that the Purchaser owns 12% equity interest of ZSSP.

## **INFORMATION ON ZSSP**

ZSSP is a company incorporated in the PRC on 16 November 2000 as a sino-foreign joint venture engaged in the development and operation of a software park.

The PRC audited financial results, which have been prepared in accordance with the generally accepted accounting practices in the PRC, of ZSSP for the two years ended 31 December 2008 and 31 December 2009 is summarized as follows:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2008</b>	<b>2009</b>
	<i>RMB '000</i>	<i>RMB '000</i>
(Loss) before taxation and extraordinary items	(23,278)	(28,267)
(Loss) after taxation and extraordinary items	(23,278)	(28,267)

As at 31 December 2009, the PRC audited net assets of ZSSP amounted to approximately RMB36,088,039.

### **THE REASONS FOR, AND THE BENEFITS OF, THE DISPOSAL**

The Group is principally engaged in software development, provision of computer consultancy and software maintenance services and sales of computer hardware and software. Given the Group's core competence is in software development, ZSSP can be better managed and further developed by the Purchaser, an expert project developer who can bring in additional value for ZSSP and the Group.

Upon Completion, the proceeds from the disposal of ZSSP shares is intended to be used for general working capital and for funding new investment projects that the Company may enter into in the future should suitable opportunities arise.

Taking into account the benefits associated with the Disposal as stated above, the Directors are of the view that entering into the Sale and Purchase Agreement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **FINANCIAL EFFECT OF THE DISPOSAL**

Upon Completion, the Company will retain a 3.31% equity interest in ZSSP.

Based on a calculation of the Group's interest of the PRC audited net assets of ZSSP as at 31 December 2009, a gain of approximately RMB 6,469,436, being the difference between the Consideration and the value of such interest, would arise as a result of the Disposal. However, as the value of the Group's investment in ZSSP has previously been written down to zero, a gain of RMB 10,800,000 will be reported in the books of the Group as a result of the Disposal.

## **USE OF PROCEEDS**

It is expected that the net proceeds from the Disposal of approximately RMB 10,800,000 will be used for general working capital and for funding new investment projects that the Company may enter into in the future should suitable opportunities arise.

## **GEM LISTING RULES IMPLICATION**

As the applicable percentage ratios as defined under Rule 19.07 of the GEM Listing Rules in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company, and is therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 28 May 2010 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 31 May 2010.

## **DEFINITIONS**

In this announcement, the following expressions have the following meanings unless the context otherwise requires:

“Board”	the board of Directors
“Company”	Timeless Software Limited, a company incorporated in Hong Kong with limited liability, whose Shares are listed on GEM
“Completion”	completion of the Sale and Purchase Agreement
“connected person”	has the meaning ascribed thereto in the GEM Listing Rules
“Consideration”	the consideration for the Disposal, being RMB 10,800,000
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal by the Company of the Sale Equity to the Purchaser pursuant to terms and conditions of the Sale and Purchase Agreement

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“PRC”	the People’s Republic of China which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	深圳曼哈商業有限公司, a company incorporated in the PRC
“RMB”	Reminbi, the lawful currency of the PRC
“Sale Interest”	12% of the equity interest of ZSSP
“Sale and Purchase Agreement”	the sale and purchase agreement dated 27 May 2010 entered into between the Company and the Purchaser in relation to the Disposal
“Share(s)”	the share(s) of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“ZSSP”	珠海南方軟件園發展有限公司 (Zhuhai Southern Software Park Development Company Limited), a sino-foreign joint venture established in the PRC and is owned as to approximately 15.31% by the Company as at the date of this announcement

By Order of the Board  
**Cheng Kin Kwan**  
*Chairman*

Hong Kong, 28 May 2010

*As at the date of this announcement, the Board comprises six executive Directors, namely 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 three independent non-executive Directors, namely Ms. Tsang Wai Chun Marianna, Mr. Chan Mei Ying Spencer and Mr. Lam Kwai Yan.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, 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.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at <http://www.hkgem.com> for at least seven days from the date of its publication and on the Company’s website at <http://www.timeless.com.hk>.*