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Timeless Software Limited
(incorporated in Hong Kong with limited liability)
(Stock code: 8028)

**VERY SUBSTANTIAL ACQUISITION
IN RELATION TO
A 51% EQUITY INTEREST IN GOFFERS MANAGEMENT LIMITED**



Shenyin Wanguo Capital (H.K.) Limited

On 7 September 2011 (after trading hours), the Purchaser entered into the Agreement with the Vendor and Mr. Tan (as the Guarantor) pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares, representing 51% of the issued share capital of the Target Company, for HK\$103,500,000 (subject to adjustment).

The Consideration shall be satisfied at Completion:

- (i) as to HK\$43,500,000 by the Purchaser procuring the Company to allot and issue 290,000,000 Consideration Shares to the Vendor credited as fully paid at the Issue Price of HK\$0.15 per Consideration Share to the Vendor; and
- (ii) as to HK\$60,000,000 by the Purchaser issuing the Promissory Note in the principal amount of HK\$60,000,000 to the Vendor.

The Consideration Shares are subject to a lock-up period of six months from the date of Completion.

The Target Group is principally engaged in the exploration and exploitation of 12 gold, iron and nickel-copper mines in Xinjiang, PRC and the processing and sale of the outputs from the mines. Xinjiang Tianmu, a 51% owned subsidiary of the Target Company, holds exploration licences for five gold mines and one nickel-copper mine, and exploitation licences for another five gold mines and one iron mine in Xinjiang, PRC. Among the five gold mines and one iron mine for which Xinjiang Tianmu has exploitation licences, two gold mines and one iron mine are operating and generating revenue whereas the remaining three gold mines are at the stage of pre-production exploration meaning that they are not in production and are yet to generate revenue.

The Board considers that the Acquisition represents a strategic move providing the Group with an opportunity to enter the mining industry in the PRC. Based on the draft Valuation Report prepared by Roma Appraisals and the draft Competent Person's Report prepared by Roma Technical, the mining industry outlook is positive and Xinjiang Tianmu has exploration and exploitation licences as well as proven production history for various gold and iron mines in Xinjiang, PRC. Further, the Target Mines are located in areas accessible by transportation for delivery of outputs. Based on the PRC audited financial information, Xinjiang Tianmu demonstrates that it has delivered satisfactory financial performance in the past. Upon Completion, the Target Company together with its subsidiaries will be consolidated into the Group in respect of their financial statements.

The Acquisition constitutes a very substantial acquisition for the Company under Chapter 19 of the GEM Listing Rules. The EGM will be convened and held to seek approval from the Shareholders for the Agreement and the transactions contemplated thereunder. Given that Mr. Tan is a Shareholder directly interested in approximately 0.6% of the issued share capital of the Company, Mr. Tan and his associates are required to abstain from voting on the resolution(s) to be proposed at the EGM in respect of the Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details on the Acquisition; (ii) the financial information of the Group and the Target Group; (iii) the Valuation Report on the Target Mines prepared by Roma Appraisals; (iv) the Competent Person's Report on the Target Mines prepared by Roma Technical; (v) a valuation report on the properties of the enlarged Group; and (vi) a notice of the EGM is expected to be despatched by the Company to the Shareholders on or before 31 October 2011 (exceeding 15 business days after the publication of this announcement due to additional time expected to be required to complete various reports and information (including the accountants' report on the Target Group and the Valuation Report and the Competent Person's Report on the Target Mines)) in accordance with the relevant requirements of the GEM Listing Rules.

THE AGREEMENT

Date: 7 September 2011

Parties:

- (i) Starmax Holdings Limited, as the Vendor
- (ii) Time Kingdom Limited, a wholly-owned subsidiary of the Company, as the Purchaser
- (iii) Mr. Tan, as the Guarantor

The Vendor is an investment holding company and directly owns the entire issued share capital of the Target Company as at the date of this announcement. The Vendor is beneficially owned as to 90% by Mr. Tan and as to 10% by Brilliant Shine Group Limited. Mr. Tan was introduced to the Company via Mr. Louis Fung (an executive Director) in around March 2011 when the unspecific potential co-operation between the Vendor and the Company was contemplated.

As at the date of this announcement, Mr. Tan is a Shareholder directly interested in approximately 0.6% of the issued share capital of the Company. Mr. Tan acquired the Shares between 2006 and 2010 on the open market. Save as disclosed, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Assets to be acquired:

The Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares, representing 51% of the issued share capital of the Target Company, free from all encumbrances and from all third party rights.

The Consideration:

HK\$103,500,000, which shall be satisfied at Completion:

- (i) as to HK\$43,500,000 by the Purchaser procuring the Company to allot and issue 290,000,000 Consideration Shares to the Vendor credited as fully paid at the Issue Price of HK\$0.15 per Consideration Share to the Vendor; and
- (ii) as to HK\$60,000,000 by the Purchaser issuing the Promissory Note in the principal amount of HK\$60,000,000 to the Vendor.

The Consideration has been agreed among the parties to the Agreement after arm's length negotiations primarily with reference to (i) the attributable interests of 26.01% in the Target Mines being acquired by the Group; (ii) the aggregate value of at least HK\$400,000,000 as quoted in the draft Valuation Report on the Target Mines as at 30 June 2011 prepared in accordance with the Australian Code for the Technical Assessment and Valuation Mineral and Petroleum Assets and Securities for Independent Expert Reports (commonly known as “**VALMIN Code**”) by Roma Appraisals, based on the discounted cash flow approach, which takes into account, among other things, (a) the draft Competent Person's Report on the Target Mines as at 30 June 2011 prepared in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (commonly known as “**JORC Code**”) by Roma Technical; (b) the market trends of the gold and iron mining industries in the PRC and worldwide; (c) the financial information of Xinjiang Tianmu (in particular, its positive net asset value position of not less than RMB57.3 million after the expected dividend to be distributed after the date of the Agreement as disclosed in the section headed “Information on the Target Group — Financial information of Xinjiang Tianmu”; (d) the economic outlook in the PRC and worldwide; and (e) the operations, performance and financial information of various listed companies engaged in gold, iron, copper and nickel mining businesses in the PRC and worldwide, which facilitate Roma Appraisals to select comparable companies in the valuation on the Target Mines; and (iii) the gold sales guarantee as disclosed in the section headed “The Agreement — Gold sales guarantee”. For the avoidance of doubt, the draft Valuation Report on the Target Mines prepared by Roma Appraisals and the Consideration take into account the Target Mines only, namely Heishiliang (黑石梁) gold mine, Hongshannan (紅山南) gold mine, Tuchushan (突出山) iron mine and Baishiquan (白石泉) nickel-copper mine.

The discounted cash flow approach has been adopted for the purpose of the draft Valuation Report because it takes into account the expected cash flows specific to the Target Mines reflecting their natures and operations and thus the aggregate value of the Target Mines. The key underlying assumptions in the valuation include:

- the Target Group has free and uninterrupted rights to operate the Target Mines throughout the period until all resources of the Target Mines are fully exploited and subject to no land premium or any payment to the government of substantial amount;
- all relevant legal approvals and business certificates or licenses to operate the business in the localities in which the Target Mines operate or intend to operate would be officially obtained and renewable upon expiry;

- the Target Mines will be operating as planned;
- there exist reliable and adequate transportation network and capacity for processing the mining products;
- there will be no major changes in the current taxation laws in the localities in which the Target Mines operate or intend to operate and the rates of tax payable shall remain unchanged and all applicable laws and regulations will be complied with;
- there will be no major changes in the political, legal, economic or financial conditions in the localities in which the Target Mines operate or intend to operate, which would adversely affect the revenues attributable to and the profitability of the Target Mines; and
- interest rates and exchange rates in the localities for the operation of the Target Mines will not differ materially from those presently prevailed.

Gold sales guarantee:

The Vendor irrevocably warrants and guarantees to the Purchaser that the total actual and completed sales of gold by Xinjiang Tianmu for the financial year ending 31 December 2012 shall not be less than 282 kilograms (the “**Guaranteed Sales**”).

If the total actual and completed sales of gold by Xinjiang Tianmu for the financial year ending 31 December 2012 (the “**Actual Sales**”) as shown in the guarantee certificate provided by auditors are less than the Guaranteed Sales, then the Vendor shall compensate and pay the Purchaser in cash on a dollar to dollar basis within five business days of the date of such auditors’ guarantee certificate in an amount calculated as follows:

$$A = (\text{Guaranteed Sales} - \text{Actual Sales}) \times 51\% \times 51\% \times \text{HK\$}124,000 / \text{kilogram}$$

where A is the amount the Vendor shall pay the Purchaser in cash on a dollar to dollar basis.

The amount of HK\$124,000 per kilogram has been arrived at after arm’s length negotiations among the parties to the Agreement with reference to the net profit per kilogram sale of gold of Xinjiang Tianmu for the year ended 31 December 2010 with an adjustment for an increase in the enterprise income tax rate in the PRC for the year ending 31 December 2012. The maximum amount payable by the Vendor under the gold sales guarantee is HK\$9,095,176.80.

Conditions precedent:

Completion is conditional upon and subject to:

- (i) the Purchaser being satisfied with the results of the due diligence review to be conducted on the Target Group;
- (ii) all necessary consents, licences (whereby the exploration and exploitation licences which shall be governed by condition (xii) hereunder) and approvals required to be obtained on the part of the Vendor and the Target Group in respect of the Agreement and the transactions contemplated thereunder having been obtained and remain in full force and effect;
- (iii) all necessary consents, licences and approvals required to be obtained on the part of the Purchaser in respect of the Agreement and the transactions contemplated thereunder having been obtained and remain in full force and effect;
- (iv) the obtaining of a legal opinion from a firm of PRC legal advisers appointed by the Purchaser in relation to the Agreement and transactions contemplated thereunder;
- (v) the obtaining of the Valuation Report showing the valuation of the Target Mines to be not less than HK\$400,000,000;
- (vi) the obtaining of the Competent Person's Report indicating that the Target Mines have an estimated resources portfolio of no less than:
 - 193,000 tonnes of measured and indicated gold ore resources;
 - 359,000 tonnes of measured and indicated iron ore resources; and
 - 823,000 tonnes of measured and indicated nickel and copper ore resources;
- (vii) the issue of a circular by the Company in relation to the Acquisition as required under the GEM Listing Rules;
- (viii) the passing by the Shareholders at the EGM to be convened and held of an ordinary resolution to approve the Agreement and the transactions contemplated thereunder, if so required under the GEM Listing Rules (including but not limited to the allotment and issue of the Consideration Shares and the issue of the Promissory Note);
- (ix) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Consideration Shares;

- (x) the warranties provided by the Vendor under the Agreement remaining true and accurate in all respects;
- (xi) the Purchaser being satisfied that there has not been any material adverse change in respect of any member of the Target Group since the date of the Agreement;
- (xii) exploration and exploitation licences in relation to the mines held by Xinjiang Tianmu being valid and subsisting and in full force and effect or applications for extension of the validity periods of the same having been duly filed with the relevant governmental authority.

The Purchaser may at its absolute discretion at any time waive in writing any of conditions (i), (iv) and (x) (to the extent it is capable of being waived) and such waiver may be made subject to such terms and conditions as are determined by the Purchaser. Conditions (ii), (v), (vi), (xi) and (xii) are incapable of being waived by the Purchaser. Conditions (iii), (vii), (viii) and (ix) are incapable of being waived by the Vendor. If the conditions set out above have not been satisfied (or as the case may be, waived) on or before 4:00 p.m. on 31 December 2011, or such later date as the Vendor and the Purchaser may agree, the Agreement shall cease and determine and neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms of the Agreement.

For the due diligence purposes, the Group has reviewed (i) the draft legal opinion on Xinjiang Tianmu provided by the legal advisers of the Company as to PRC laws which covers, among other things, the establishment of Xinjiang Tianmu and all the exploration and exploitation licences held by Xinjiang Tianmu; (ii) the PRC audited financial information of Xinjiang Tianmu for the three years ended 31 December 2008, 2009 and 2010; (iii) the draft Valuation Report on the Target Mines prepared by Roma Appraisals; and (iv) the draft Competent Person's Report on the Target Mines prepared by Roma Technical.

Completion:

Completion shall take place on the date of falling two business days after the fulfilment (or waiver) of the conditions precedent to the Agreement, or such later date as the Vendor and the Purchaser may agree.

CONSIDERATION SHARES

The Consideration Shares represent (i) approximately 25.55% of the existing issued share capital of the Company; and (ii) approximately 20.35% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The Issue Price of HK\$0.15 represents:

- (i) a premium of 47.1% over the closing price of HK\$0.102 per Share as quoted on the Stock Exchange on 7 September 2011, being the last trading day immediately prior to the entering into of the Agreement;
- (ii) a premium of approximately 54.6% over the average closing price of HK\$0.097 per Share for the last five consecutive trading days up to and including 7 September 2011, being the last trading day immediately prior to the entering into of the Agreement;
- (iii) a premium of approximately 61.3% over the average closing price of approximately HK\$0.093 per Share for the last ten consecutive trading days up to and including 7 September 2011, being the last trading day immediately prior to the entering into of the Agreement;
- (iv) a premium of approximately 92.3% over the average closing price of approximately HK\$0.078 per Share for the last three months up to and including 7 September 2011, being the last trading day immediately prior to the entering into of the Agreement;
- (v) a premium of approximately 70.5% over the average closing price of approximately HK\$0.088 per Share for the last six months up to and including 7 September 2011, being the last trading day immediately prior to the entering into of the Agreement;
- (vi) a premium of approximately 61.3% over the average closing price of approximately HK\$0.093 per Share for the last 12 months up to and including 7 September 2011, being the last trading day immediately prior to the entering into of the Agreement; and
- (vii) a premium of approximately 81.8% over the net asset value attributable to the Shareholders per Share of approximately HK\$0.0825 based on the audited consolidated financial statements of the Company as at 31 March 2011 and the total number of issued Shares as at the date of this announcement.

The Consideration Shares will be allotted and issued pursuant to the specific mandate to be sought at the EGM and will be allotted and issued on the date of Completion. The Consideration Shares, when allotted and issued, shall rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Consideration Shares including the right to all dividends, distributions and other payments made or to be made, on the record date which falls on or after the date of such allotment and issue.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Non-disposal undertaking:

The Vendor irrevocably and unconditionally undertakes to the Purchaser, subject to Completion that without the prior written consent of the Purchaser, it will not dispose of any of the Consideration Shares or create or permit to subsist any encumbrance or other security interest whatsoever on or over or in respect of all or any of the Consideration Shares or otherwise purport to deal with the beneficial or economic interest therein (including but not limited to its voting rights) or any right relating thereto or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the Consideration Shares at any time during the period from and including the date of Completion up to the date falling six months after the date of Completion.

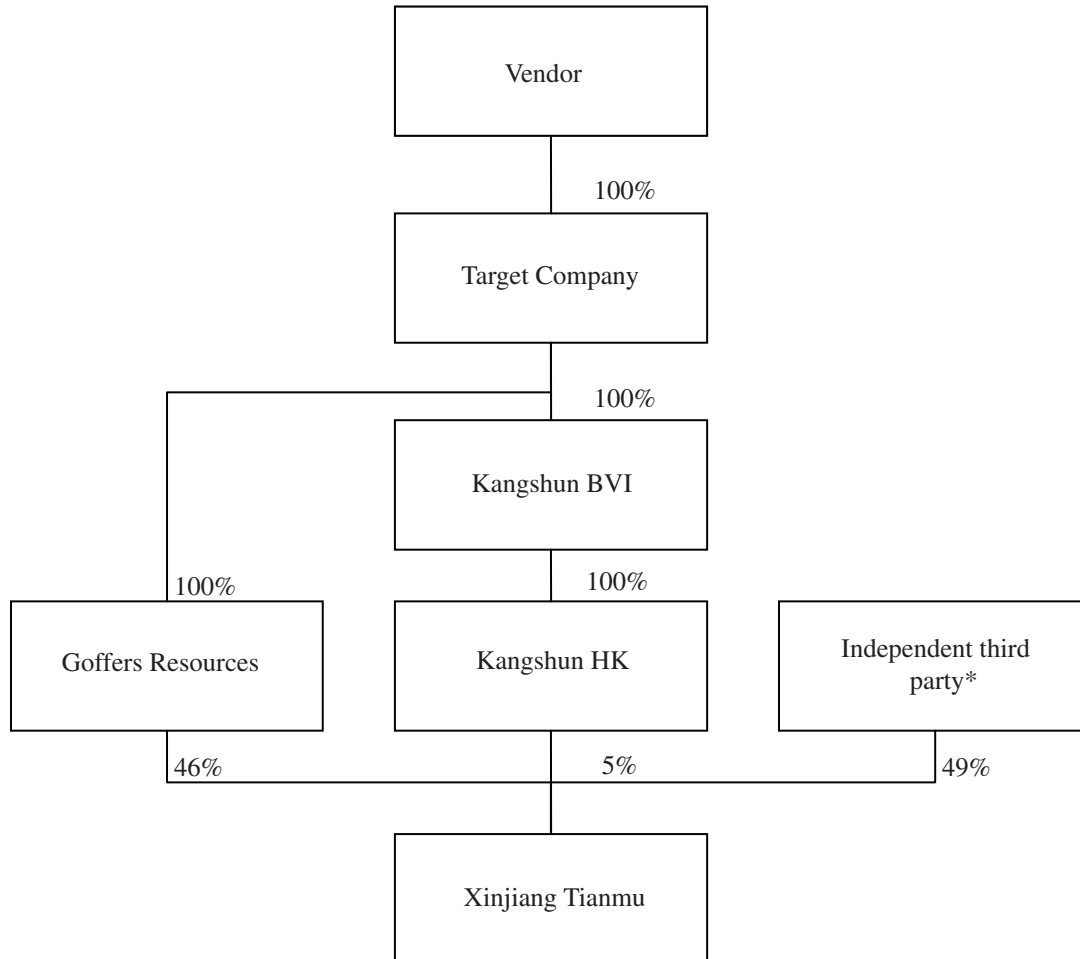
PROMISSORY NOTE

The Promissory Note in the principal amount of HK\$60,000,000 is repayable in six equal instalments on each anniversary of the date of issue. The Promissory Note bears interest at 3% per annum payable on each anniversary of the date of issue. In the event the Purchaser defaults on repayment of the principal or the interest under the terms of the Promissory Note, the amount outstanding shall bear interest at the rate of 7% per annum. Such interest shall be accrued on the actual number of days elapsed and on the basis of a 365-day year. The Purchaser has the right to redeem in whole or in part the Promissory Note prior to its maturity. The Promissory Note may, with prior consent of the Purchaser, be freely transferable and assignable by the Vendor to any party other than a connected person of the Company provided that the Vendor has discharged in full its obligations under the adjustment mechanism relating to the Consideration as set out in the section headed “The Agreement — Gold sales guarantee” in this announcement.

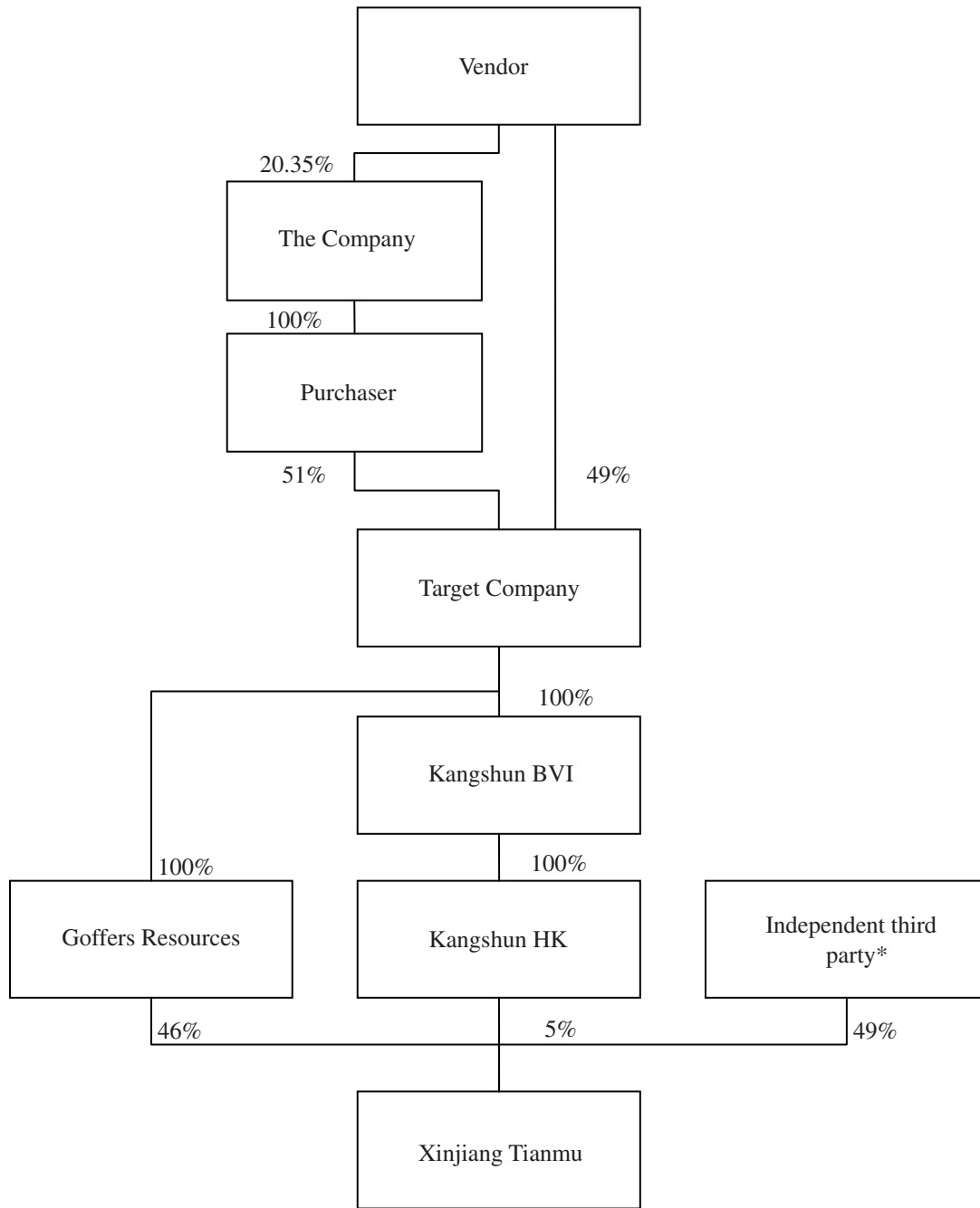
In order to secure the payment obligations of the Purchaser under the Promissory Note, the Purchaser shall execute and deliver a share charge over the Sale Shares in favour of the Vendor at Completion pursuant to which a first fixed charge over the Sale Shares will be created by the Purchaser in favour of the Vendor. The share charge will be released by the Vendor by executing and delivering a deed of release and the ancillary documents under the share charge to the Purchaser when the payment obligations of the Purchaser under the Promissory Note have been fully discharged.

INFORMATION ON THE TARGET GROUP

Shareholding structure of the Target Group as at the date of this announcement:



Shareholding structure of the Target Group upon Completion:



* 哈密六合資源開發有限責任公司 (Hami Liuhe Resources Development Company Limited), a PRC state-owned enterprise.

The Target Group

The Target Company is an investment holding company and has (i) three wholly-owned subsidiaries, namely Goffers Resources, Kangshun BVI and Kangshun HK, and (ii) a 51% owned subsidiary, namely Xinjiang Tianmu. Goffers Resources, Kangshun BVI and Kangshun HK are investment holding companies, and together with the Target Company, have no major assets other than their interests in Xinjiang Tianmu.

Xinjiang Tianmu

Xinjiang Tianmu is principally engaged in the exploration and exploitation of 12 gold, iron and nickel-copper mines in Xinjiang, PRC and the processing and sale of the outputs from the mines. Xinjiang Tianmu holds exploration licences for five gold mines and one nickel-copper mine, namely Baishiquan (白石泉) nickel-copper mine, and exploitation licences for another five gold mines and one iron mine in Xinjiang, PRC. Among the five gold mines and one iron mine for which Xinjiang Tianmu has exploitation licences, two gold mines and one iron mine, namely Heishiliang (黑石梁) gold mine, Hongshannan (紅山南) gold mine and Tuchushan (突出山) iron mine, are operating and generating revenue whereas the remaining three gold mines are at the stage of pre-production exploration meaning that they are not in production and are yet to generate revenue.

Xinjiang Tianmu commenced the exploitation of the gold mines in 2004. Due to the weather condition in Xinjiang, PRC, Xinjiang Tianmu normally carries out the mining work throughout the year except winter during which the work is temporarily suspended. In 2010, the total production of gold was about 277 kilograms. In 2011, Xinjiang Tianmu commenced the production of iron ores. Currently, Xinjiang Tianmu has about 130 employees.

The Target Group shall maintain the existing directors and management who will continue to run the business and operations of the Target Group after Completion.

The legal advisers of the Company as to PRC laws have advised that the 12 exploration and exploitation licences held by Xinjiang Tianmu are valid and Xinjiang Tianmu is the sole legal and actual owner of such licences. The terms of validity of the 12 exploration and exploitation licences are as follows:

Mine	Type of licence	Effective date	Expiry date
<i>Target Mines</i>			
Heishiliang (黑石梁) gold mine	Exploitation	March 2003	March 2013
Hongshannan (紅山南) gold mine	Exploitation	29 November 2010	27 September 2012
Tuchushan (突出山) iron mine	Exploitation	30 December 2010	30 August 2019
Baishiquan (白石泉) nickel-copper mine	Exploration	19 May 2011	19 May 2014
<i>Other mines</i>			
Hongdong (紅東) gold mine	Exploration	4 November 2009	3 November 2011
Dananhu (大南湖) gold mine	Exploration	4 November 2009	3 November 2011
Nangebi (南戈壁) gold mine	Exploration	4 November 2009	3 November 2011
Honghu (紅湖) gold mine	Exploration	4 November 2009	3 November 2011
Tianmunan (天木南) gold mine	Exploration	4 November 2009	3 November 2011
Hongling (紅嶺) gold mine	Exploitation	March 2003	March 2013
Tianxing (天星) gold mine	Exploitation	March 2003	March 2013
Tianmudong (天木東) gold mine	Exploitation	March 2003	March 2013

According to the relevant PRC regulations, Xinjiang Tianmu may file an application for an extension of the validity periods of the exploration or exploitation licences 30 days prior to the expiry date of the relevant licences. The legal advisers of the Company as to PRC laws have advised that if Xinjiang Tianmu submits the application and the relevant materials no later than 30 days prior to the expiry date

of the relevant licences, there will be no legal obstacles for the extension of the validity periods of the exploration licences and the exploitation licences. According to Xinjiang Tianmu, it is expected that it will file applications in time for extension of the validity periods of the exploration and exploitation licences of the Target Mines when such licences are due to expire.

The Target Mines

Set out below are the resources estimates as at 30 June 2011 provided by Roma Technical in accordance with the JORC Code:

Gold mine	Category of resource	Ore tonnage (tonnes)	Average grade (gram/tonne)	Metal content (kilogram)
Heishiliang (黑石梁)	Measured	/	/	/
	Indicated	51,271	3.78	193.80
	Inferred	98,251	3.14	308.43
	Total	149,522		502.23
Hongshannan (紅山南)	Measured	132,761	5.65	750.10
	Indicated	9,085	2.98	27.07
	Inferred	11,381	3.51	39.95
	Total	153,227		817.12

Iron mine	Category of resource	Ore tonnage (tonnes)	Average grade (%)	Metal content (tonnes)
Tuchushan (突出山)	Measured	/	/	/
	Indicated	359,851	38.23	137,571
	Inferred	994,300	40.61	403,785
	Total	1,354,151		541,356

Nickel-copper mine	Category of resource	Ore tonnage (tonnes)	Average grade (%)		Metal content (tonnes)	
			Copper	Nickel	Copper	Nickel
Baishiquan (白石泉)	Measured	/	/	/	/	/
	Indicated	823,812	0.36	0.61	2,956	4,988
	Inferred	503,347	0.36	0.59	1,831	2,970
	Total	1,327,159			4,787	7,958

Heishiliang (黑石梁) gold mine

Heishiliang gold mine is an operating mine around 164 kilometres on the east of Hami City (哈密市) of the Xinjiang Uygur Autonomous Region (新疆維吾爾自治區). There is a 220 kilometres asphalt road from Hami City to Jingerquan (鏡兒泉) via National Highway 312 and Xiaohuangshan-Tulaergen Road (小黃山 — 圖拉爾根公路). From Jingerquan to the mine, there is a 20 kilometres gravel road which vehicles can pass through. There is about 160 kilometres (120 kilometres displacement) from the west of the mining area to Shankou Station (山口站) of Lanzhou-Xinjiang Railway (蘭新鐵路).

Hongshannan (紅山南) gold mine

Hongshannan gold mine is an operating mine located about 80 kilometres southwest of Hami City of the Xinjiang Uygur Autonomous Region. Access to Hongshannan gold mine is partially through paved roads. The terrain is mostly of rocky desert, making off-road driving possible. The mining area is located about 50 kilometres south of Dananhuxiang (大南湖鄉). Dananhuxiang is 30 kilometres away from Hami City and linked by the level 3 highway between Hami and Luoja (哈密 — 羅鉀).

Tuchushan (突出山) iron mine

Tuchushan iron mine is an operating mine located about 130 kilometres southwest of Hami City. There is no major blockage of traffic for the mining area. There are several ways connecting Tuchushan iron mine and Hami City. There is a connected sideway from the mining area to Hami City at the northwest via the Tuwu Copper Mine (土屋銅礦). To the east of the mining area, there is another sideway connecting to Yamansu Town (雅滿蘇鎮). The distance between Yamansu Town and Hami City, which are connected by National Highway 312 is about 160 kilometres.

Baishiquan (白石泉) nickel-copper mine

Baishiquan nickel-copper mine is about 170 kilometres southeast of Hami City of the Xinjiang Uygur Autonomous Region. The mining area is reasonably accessible with paved road passing within a few kilometres with additional exploration roads built throughout the area. Baishiquan nickel-copper mine is not yet in production.

Other mines

Other than the Target Mines, Xinjiang Tianmu holds exploration licences for five gold mines and exploitation licences for three gold mines. The latter three are at the stage of pre-production exploration meaning that they are not in production and are yet to generate revenue. The resources estimation in accordance with the JORC Code regarding these eight mines cannot be ascertained before further exploration works are completed.

Financial information of Xinjiang Tianmu

Set out below is a summary of the PRC audited financial information of Xinjiang Tianmu for the three years ended 31 December 2008, 2009 and 2010:

	Year ended 31 December		
	2008	2009	2010
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Turnover	32,596	49,537	92,941
Profits before tax	10,430	16,515	53,826
Profits after tax	8,865	14,045	45,752

As at 31 December 2010, the net asset value of Xinjiang Tianmu was approximately RMB87.3 million.

Xinjiang Tianmu intends to declare a dividend of not more than RMB30 million to its shareholders on record as at 31 December 2010 and the Target Company will distribute the dividend indirectly from Xinjiang Tianmu to the Vendor after the date of the Agreement. Pursuant to the terms of the Agreement, the aggregate amount of the dividends declared by the Target Company to the Vendor and by Xinjiang Tianmu to the independent shareholder of Xinjiang Tianmu shall not exceed RMB30 million after the date of the Agreement. Such dividend distribution is expected to reduce Xinjiang Tianmu's net asset value and net profit by the same amount and Xinjiang Tianmu is expected to maintain a positive financial position of not less than RMB57.3 million given its net asset value of approximately RMB87.3 million as at 31 December 2010.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) upon Completion:

	As at the date of this announcement		Upon Completion	
	Number of Shares	Approx. %	Number of Shares	Approx. %
Mr. Cheng Kin Kwan (Chairman)	221,440,000	19.51%	221,440,000	15.54%
Mr. Law Kwai Lam*	38,325,000	3.38%	38,325,000	2.69%
Ms. Leung Mei Sheung, Eliza	13,000,000	1.15%	13,000,000	0.91%
Ms. Zheng Ying Yu	4,900,000	0.43%	4,900,000	0.34%
Mr. Fung Chun Pong, Louis	688,000	0.06%	688,000	0.05%
Mr. Liao Yun	<u>4,510,000</u>	<u>0.40%</u>	<u>4,510,000</u>	<u>0.32%</u>
All executive Directors	282,863,000	24.93%	282,863,000	19.85%
Mr. Tan	6,806,000	0.60%	6,806,000	0.48%
The Vendor	<u>—</u>	<u>—</u>	<u>290,000,000</u>	<u>20.35%</u>
Sub-total	6,806,000	0.60%	296,806,000	20.83%
Public shareholders	<u>845,142,503</u>	<u>74.47%</u>	<u>845,142,503</u>	<u>59.32%</u>
Total	<u><u>1,134,811,503</u></u>	<u><u>100.00%</u></u>	<u><u>1,424,811,503</u></u>	<u><u>100.00%</u></u>

* Of the 38,325,000 Shares, 28,325,000 Shares are held by a private company which is wholly-owned by Mr. Law Kwai Lam.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the provision of computer consultancy and software maintenance services, software development and sales of computer hardware and software.

The Company's management holds the belief — “Technology Education to revitalize our country” and “Brain Power to strengthen our country”. Over the years, the Group has been actively developing its core business. The Group's years of effort spent on cultural market informatization projects are gaining popular recognitions. On web-logistics, the Group has established foundations. The Group is actively crafting a grand plan, striving to maximize the interests of the Shareholders through participation in various aspects of China informatization nationwide. The Company's management considers that these projects would bring long term income to the Group and the Shareholders.

In order to further create value for the Shareholders, the Group has been seeking other growth opportunities. The Board considers that the Acquisition represents a strategic move providing the Group with an opportunity to enter the mining industry in the PRC. Based on the draft Valuation Report prepared by Roma Appraisals and the draft Competent Person's Report prepared by Roma Technical, the mining industry outlook is positive and Xinjiang Tianmu has exploration and exploitation licences as well as proven production history for various gold and iron mines in Xinjiang, PRC. Further, the Target Mines are located in areas accessible by transportation for delivery of outputs. Based on the PRC audited financial information, Xinjiang Tianmu demonstrates that it has delivered satisfactory financial performance in the past. Upon Completion, the Target Company together with its subsidiaries will be consolidated into the Group in respect of their financial statements.

The Consideration shall be satisfied at Completion by a combination of the allotment and issue of the Consideration Shares and the issue of the Promissory Note which is considered appropriate as it is fast and relatively straightforward and does not require immediate cash outlays of the Group. It is expected that the repayment of the Promissory Note will be financed by the internally generated funds of the Group and/or funds raised by the Group through equity and/or debt financing. As at the date of this announcement, the Company has no specific fund raising plans in this connection. The Issue Price has been arrived at after arm's length negotiations among the parties to the Agreement primarily with reference to the Consideration and the shareholding of the Vendor in the Company on a diluted basis as a result of the allotment and issue of the Consideration Shares.

As at the date of this announcement, the Board does not have any agreement, arrangement, understanding, intention and negotiation (concluded or otherwise) about any disposal, termination or scaling-down of the Company's existing businesses. Further, the Company and the Vendor (and its ultimate beneficial owners) have no intention to change the Board composition and the management team of the Company upon Completion.

The Directors (including the independent non-executive Directors) consider that the terms of the Acquisition (including the Issue Price) are fair and reasonable as far as the Shareholders are concerned, and that the Acquisition is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

The Acquisition constitutes a very substantial acquisition for the Company under Chapter 19 of the GEM Listing Rules. The EGM will be convened and held to seek approval from the Shareholders for the Agreement and the transactions contemplated thereunder. Given that Mr. Tan is a Shareholder directly interested in approximately 0.6% of the issued share capital of the Company, Mr. Tan and his associates are required to abstain from voting on the resolution(s) to be proposed at the EGM in respect of the Agreement and the transactions contemplated thereunder.

GENERAL

A circular containing, among other things, (i) further details on the Acquisition; (ii) the financial information of the Group and the Target Group; (iii) the Valuation Report on the Target Mines prepared by Roma Appraisals; (iv) the Competent Person's Report on the Target Mines prepared by Roma Technical; (v) a valuation report on the properties of the enlarged Group; and (vi) a notice of the EGM is expected to be despatched by the Company to the Shareholders on or before 31 October 2011 (exceeding 15 business days after the publication of this announcement due to additional time expected to be required to complete various reports and information (including the accountants' report on the Target Group and the Valuation Report and the Competent Person's Report on the Target Mines)) in accordance with the relevant requirements of the GEM Listing Rules.

DEFINITIONS

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

“Acquisition”	the proposed acquisition of the Sale Shares by the Purchaser pursuant to the Agreement
“Agreement”	the sale and purchase agreement entered into among the Purchaser, the Vendor and the Guarantor on 7 September 2011 (after trading hours) in relation to the Acquisition
“associates”	has the same meaning ascribed thereto in the GEM Listing Rules
“Board”	the board of Directors

“Company”	Timeless Software Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on GEM
“Competent Person’s Report”	the technical report on the Target Mines prepared by Roma Technical in accordance with the JORC Code and in compliance with the requirements under Chapter 18A of the GEM Listing Rules
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Agreement
“connected persons”	has the same meaning ascribed thereto in the GEM Listing Rules
“Consideration”	HK\$103,500,000 (subject to adjustment) payable in the manner as set out in the Agreement
“Consideration Shares”	290,000,000 new Shares to be allotted and issued pursuant to the Agreement
“Directors”	directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the Agreement and the transactions contemplated thereunder (including, but not limited to, the allotment and issue of the Consideration Shares and the issue of the Promissory Note)
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Goffers Resources”	Goffers Resources Limited (高富資源有限公司), a company incorporated in Hong Kong with limited liability
“Group”	the Company and its subsidiaries
“Guarantor”	Mr. Tan, who irrevocably and unconditionally guarantees to the Purchaser the due and punctual performance of the Vendor’s obligations under the Agreement

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue Price”	the issue price of HK\$0.15 per Consideration Share
“Kangshun BVI”	Kangshun Investments Limited, a company incorporated in the British Virgin Islands with limited liability
“Kangshun HK”	Kangshun HK Limited (康順香港有限公司), a company incorporated in Hong Kong with limited liability
“Mr. Tan”	Mr. Felipe Tan (陳奕輝先生), the major shareholder of the Vendor and a Shareholder directly interested in approximately 0.6% of the issued share capital of the Company as at the date of this announcement
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Promissory Note”	the interest bearing promissory note in the principal amount of HK\$60,000,000 secured by a share charge over the Sale Shares in favour of the Vendor and repayable in six equal instalments on each anniversary of the date of issue to be issued by the Purchaser for the purpose of settling part of the Consideration
“Purchaser”	Time Kingdom Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Roma Appraisals”	Roma Appraisals Limited, being a competent evaluator that satisfies Rule 18A.23 of the GEM Listing Rules
“Roma Technical”	Roma Oil and Mining Associates Limited, being a competent person that satisfies Rules 18A.21 and 18A.22 of the GEM Listing Rules
“Sale Shares”	102 shares of US\$1.00 each in the Target Company, representing 51% of the entire issued share capital of the Target Company

“Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Goffers Management Limited, a company incorporated in the British Virgin Islands with limited liability and directly and wholly owned by the Vendor as at the date of this announcement
“Target Group”	the Target Company and its subsidiaries
“Target Mines”	collectively, Heishiliang (黑石梁) gold mine, Hongshannan (紅山南) gold mine, Tuchushan (突出山) iron mine and Baishiquan (白石泉) nickel-copper mine as referred to in the sections headed “Information on the Target Group — Xinjiang Tianmu” and “Information on the Target Group — The Target Mines” in this announcement
“US\$”	United States dollars, the lawful currency of the United States of America
“Valuation Report”	the valuation report on the Target Mines prepared by Roma Appraisals in accordance with the VALMIN Code and in compliance with the requirements under Chapter 18A of the GEM Listing Rules
“Vendor”	Starmax Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“Xinjiang Tianmu”	新疆天目礦業資源開發有限公司 (Xinjiang Tianmu Mineral Resources Development Co. Ltd.), a company established in the PRC with limited liability
“%”	per cent.

By Order of the Board
Timeless Software Limited
Cheng Kin Kwan
Chairman

Hong Kong, 7 September 2011

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 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 in this announcement misleading.

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>.