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## **Timeless Software Limited**

*(incorporated in Hong Kong with limited liability)*

**(Stock code: 8028)**

### **SUPPLEMENTAL AGREEMENT FOR THE VERY SUBSTANTIAL ACQUISITION IN RELATION TO A 51% EQUITY INTEREST IN GOFFERS MANAGEMENT LIMITED**

**Financial adviser to Timeless Software Limited**



**Shenyin Wanguo Capital (H.K.) Limited**

The Board announces that on 10 April 2012, the Vendor, the Purchaser and the Guarantor entered into the Supplemental Agreement after arm's length negotiations to amend certain terms and conditions of the Agreement, details of which are set out in this announcement.

Reference is made to the announcements (the “**Announcements**”) issued by Timeless Software Limited (the “**Company**”) dated 7 September 2011, 31 October 2011 and 29 December 2011 in relation to, among other things, the Acquisition. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as defined in the Announcements.

On 7 September 2011, the Board announced that on even date 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), which shall be satisfied at Completion by the Purchaser procuring the Company to issue the Consideration Shares to the Vendor at the Issue Price of HK\$0.15 each to the Vendor and by the Purchaser issuing the Promissory Note to the Vendor.

On 29 December 2011, the Vendor, the Purchaser and the Guarantor agreed in writing to extend the latest date for the fulfillment of the conditions for Completion to 30 June 2012.

Xinjiang Tianmu is principally engaged in the exploration and exploitation of gold, iron and nickel-copper mines in Xinjiang, PRC and the processing and sale of the outputs from the mines.

The Board considers that the Acquisition represents a strategic move providing the Group with an opportunity to enter the mining industry in the PRC, which is expected to broaden the Group's revenue base and create value for the Shareholders.

It is the intention of both the Group and the Vendor that they will co-operate with each other in order for the Group to concurrently develop its existing business, namely the provision of computer consultancy and software maintenance services, software development and sales of computer hardware and software, and the new business line, namely the exploration and exploitation of various mines in Xinjiang, PRC.

At present, the Board considers that the Acquisition will not undermine the Group's current business strategy to continue to operate as a software developer.

## **THE SUPPLEMENTAL SALE AND PURCHASE AGREEMENT**

In view of the update on the Valuation Report and the Competent Person's Report and the postponement of Completion, on 10 April 2012 (after trading hours), the Vendor, the Purchaser and the Guarantor entered into a supplemental sale and purchase agreement (the "**Supplemental Agreement**") after arm's length negotiations to amend certain terms and conditions of the Agreement as follows:

### **(a) Change in conditions precedent to Completion**

Conditions precedent (v) and (vi) as set out in the section headed "The Agreement — conditions precedent" in the Announcement dated 7 September 2011 shall be amended as follows:

"(v) the obtaining of the Valuation Report showing the valuation of the Target Mines to be not less than HK\$366,000,000;

(vi) the obtaining of the Competent Person's Report indicating that the Target Mines have an estimated resources portfolio of no less than:

- 150,000 tonnes of measured and indicated gold ore resources;

- 329,000 tonnes of measured and indicated iron ore resources; and
- 823,000 tonnes of measured and indicated nickel and copper ore resources;”

**(b) Change in the maximum amount of the dividends**

As mentioned in the section headed “Information on the Target Group — Financial information of Xinjiang Tianmu” in the Announcement dated 7 September 2011, 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 minority shareholder of Xinjiang Tianmu shall not exceed RMB30 million after the date of the Agreement. The RMB30 million limit has been changed to RMB60.5 million under the Supplemental Agreement.

Pursuant to the Supplemental Agreement, the aggregate amount of the dividends declared by the Target Company to the Vendor and by Xinjiang Tianmu to the minority shareholder of Xinjiang Tianmu shall not exceed RMB60.5 million after the date of the Agreement. The RMB60.5 million represents the aggregate amount of the dividends declared or to be declared and paid by the Target Company to the Vendor and by Xinjiang Tianmu to the minority shareholder of Xinjiang Tianmu for the years ended 31 December 2010 and 31 December 2011.

**(c) Change in the settlement arrangement of the Consideration**

Pursuant to the Supplemental Agreement, the Consideration of HK\$103,500,000 shall be satisfied at Completion in the following manner:

- (i) as to HK\$40,500,000 by the Purchaser procuring the Company to allot and issue 270,000,000 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\$63,000,000 by the Purchaser issuing the Promissory Note in the principal amount of HK\$63,000,000 to the Vendor.

The number of the Consideration Shares has been reduced from 290,000,000 to 270,000,000 while the principal amount of the Promissory Note has been increased from HK\$60,000,000 to HK\$63,000,000.

The 270,000,000 Consideration Shares represent (i) approximately 20.67% of the existing issued share capital of the Company; and (ii) approximately 17.13% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

**(d) Change in the repayment terms of the Promissory Note**

The principal amount of HK\$63,000,000 of the Promissory Note shall be repayable as to HK\$3,000,000 on the date falling three months from the date of issue and as to HK\$60,000,000 in six equal instalments on each anniversary of the date of issue.

**(e) Change in the period covered for the gold sales guarantee**

Pursuant to the Supplemental Agreement, the period covered for the gold sales guarantee shall be changed from the financial year ending 31 December 2012 to the 12 months ending 30 June 2013.

Save as disclosed above, all other terms and conditions of the Agreement remain in full force and effect.

Further details relating to the Supplemental Agreement will be included in the circular in connection with the Acquisition to be despatched to the Shareholders.

**PROSPECTS AND OUTLOOK**

After Completion, the enlarged Group will be principally engaged in two business lines, namely (i) the provision of computer consultancy and software maintenance services, software development and sales of computer hardware and software; and (ii) the exploration and exploitation of various mines in Xinjiang, PRC. The financial statements of the Target Group will be consolidated into the financial statements of the Company after Completion.

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 e.g. the e-Logistics web with various internet retail platforms in the PRC. The Company's management considers that these projects would bring long term income to the Group and the Shareholders.

The Group has been seeking other growth opportunities. The Board believes the outlook of the mining industry in the PRC is positive and views the Acquisition as a growth opportunity for the Group which will be enhancing value for the Shareholders.

Further details relating to the Acquisition will be included in the circular in connection therewith to be despatched to the Shareholders.

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

Hong Kong, 10 April 2012

*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>.*