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Timeless Software Limited

(incorporated in Hong Kong with limited liability)

(Stock code: 8028)

PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent

平安證券有限公司
Ping An Securities Limited

On 3 December 2014 (after trading hours), the Vendor entered into (i) the Placing Agreement with the Placing Agent; and (ii) the Subscription Agreement with the Company. Pursuant to the Placing Agreement, the Placing Agent has agreed to place, on best efforts basis, to not less than six independent places for up to an aggregate of 270,000,000 Shares at a price of HK\$0.145 per Placing Share, for and on behalf of the Vendor. Pursuant to the Subscription Agreement, the Vendor has conditionally agreed to subscribe for such number of new Shares as is equal to the number of Placing Shares successfully placed by the Placing Agent at a price of HK\$0.145 per Subscription Share. The final number of Subscription Shares to be subscribed by and issued to the Vendor shall equal to the number of Shares held by it and successfully placed in the Placing.

The Placing is unconditional, but the completion of Subscription is subject to (i) the completion of the Placing; (ii) the GEM Listing Committee of the Stock Exchange granting or agreeing to grant the listing of and permission to deal in the Subscription Shares; and (iii) if applicable, granting of approval by any relevant regulatory authority. If such conditions are not fulfilled, the Subscription will not proceed.

The total number of 270,000,000 Placing Shares represents 16.43% of the entire issued share capital of the Company of 1,643,191,503 Shares as at the date of this announcement and approximately 14.11% of the Company's entire issued share capital as enlarged by the Subscription. The net proceeds from the Subscription of approximately HK\$38.5 million (assuming the Placing Shares are fully placed) will be used to reduce indebtedness and/or for general working capital of the Group.

THE PLACING AGREEMENT

- Date: 3 December 2014 (after trading hours).
- Vendor: Starmax Holdings Limited, which is beneficially owned as to 90.01% by Mr. Tan who also directly holds 5,062,000 Shares.
- Placing Agent: Ping An Securities Limited.
- Placees: The Placing Shares will be placed to not less than six placees (which will be independent individual, corporate and/or institutional investors) and their ultimate beneficial owners will be Independent Third Parties. It is expected that no placee will become a substantial Shareholder (as such term is defined in the GEM Listing Rules) immediately following completion of the Placing and the Subscription. If the number of placees shall be less than six, the Company will issue a further announcement in accordance with the GEM Listing Rules.
- Number of Placing Shares: Up to 270,000,000 Shares, to be placed by the Placing Agent on a best efforts basis. Assuming the Placing Shares are fully placed, the Placing Shares represents approximately 16.43% of the entire issued share capital of the Company of 1,643,191,503 Shares as at the date of this announcement and approximately 14.11% of the Company's entire issued share capital as enlarged by the Subscription.
- Placing Price: HK\$0.145 per Placing Share. The Placing Price was agreed after arm's length negotiations between the Company and the Placing Agent, with reference to, among other things, the recent trading price of the Shares on GEM. Assuming the Placing Shares are fully placed, the net price per Placing Share after the Placing Commission is approximately HK\$0.14. The Placing Price represents:
- (a) a discount of approximately 2% to the closing price of HK\$0.148 per Share as quoted on the GEM on 3 December 2014, being the date of the Placing Agreement; and
 - (b) a discount of approximately 2% to the average closing price of HK\$0.148 per Share as quoted on the GEM for the last 5 full trading days of the Shares immediately before the date of the Placing Agreement

- Placing Commission: The Placing Agent will receive a placing commission (inclusive of the Vendor's brokerage) of:
- i. 1% on the first HK\$25,000,000 (aggregate fully paid amount of the Placing Shares successfully taken by Placees); and
 - ii. 2.5% on any amount more than HK\$25,000,000 but less than HK\$ 39,150,000 (aggregate fully paid amount of the Placing Shares successfully taken by Placees).
- Completion of the Placing: The Placing is unconditional and completion of the Placing is expected to take place on or before 9 December 2014 (or such other date as the Vendor and the Placing Agent may agree in writing).

THE SUBSCRIPTION AGREEMENT

- Date: 3 December 2014 (after trading hours).
- Subscribers: The Vendor.
- Number of Subscription Shares: The Company will issue such number of new Shares to the Vendor as is equal to the number of Placing Shares successfully placed by the Placing Agent pursuant to the Placing Agreement. Assuming the Placing Shares are fully placed, the Company will issue 270,000,000 Subscription Shares to the Vendor, representing approximately 16.43% of the entire issued share capital of the Company of 1,643,191,503 Shares as at the date of this announcement and approximately 14.11% of the Company's entire issued share capital as enlarged by the Subscription. The final number of the Subscription Shares to be subscribed by and issued to the Vendor shall equal to the number of Shares held by it and successfully placed in the Placing.
- Subscription Price: HK\$0.145 per Subscription Share. The Company will bear the costs and expenses in connection with the Placing and the net proceeds from the Subscription is estimated to be approximately HK\$38.5 million (assuming the Placing Shares are fully placed). As a result, the net price per Subscription Share will be approximately HK\$0.14.
- General Mandate: The Subscription Shares will be issued pursuant to

the General Mandate. Pursuant to the General Mandate, the maximum number of new Shares that the Company is authorized to allot and issue is 326,990,300 Shares. From the conclusion of the annual general meeting of the Company on 25 September 2014 to the date of this announcement, no new Shares have been allotted and issued by the Company under the General Mandate. As a result, the issue of the Subscription Shares is not subject to further Shareholders' approval.

Ranking of Subscription Shares:

The Subscription Shares, when issued and fully paid, will rank pari passu among themselves and with Shares in issue at the time of issue and allotment of the Subscription Shares.

Conditions to the Subscription:

The Subscription is conditional upon the following conditions:

(a) completion of the Placing having occurred pursuant to the terms of the Placing Agreement;

(b) the approval for listing of and permission to deal in all the Subscription Shares being granted by the Listing Committee of the Stock Exchange (and such permission and listing not subsequently being revoked prior to the delivery of the definitive Share certificate(s) representing the Subscription Shares); and

(c) if applicable, granting of approval by any relevant regulatory authority in relation to the allotment and issue of the Subscription Shares.

Application will be made by the Company to the Listing Committee of the Stock Exchange to grant approval for the listing of, and permission to deal in, the Subscription Shares.

Completion of the Subscription:

Subject to the satisfaction of all the conditions set out above, the Subscription is expected to be completed within fourteen days from the date of the Placing Agreement (i.e. 17 December 2014) or such later time and/or such other date as the Vendor and the Company may agree in writing.

If the Subscription is to be completed after 17 December 2014, it will constitute a connected transaction under the GEM Listing Rules and require compliance with all the relevant requirements under

Chapter 20 of the GEM Listing Rules, including but not limited to the issue of a separate announcement and approval of the independent Shareholders.

EFFECT OF THE PLACING AND THE SUBSCRIPTION ON SHAREHOLDING

The shareholdings in the Company at the date of this announcement, immediately after completion of the Placing but before completion of the Subscription, and immediately after completion of both the Placing and the Subscription, assuming the Placing Shares are fully placed, are and will be as follows:

Shareholders	As at the date of this announcement		Immediately after completion of the Placing but before completion of the Subscription		After completion of both the Placing and the Subscription	
	Shares	%	Shares	%	Shares	%
Vendor	304,912,000	18.56%	34,912,000	2.12%	304,912,000	15.94%
Mr. Tan	5,062,000	0.31%	5,062,000	0.31%	5,062,000	0.26%
	<u>309,974,000</u>	<u>18.86%</u>	<u>39,974,000</u>	<u>2.43%</u>	<u>309,974,000</u>	<u>16.20%</u>
Other substantial shareholder:						
Educational Information Technology (HK) Company Limited (<i>note 1</i>)	108,057,374	6.58%	108,057,374	6.58%	108,057,374	5.65%
Other Directors:						
Mr. Cheng Kin Kwan (<i>Chairman</i>)	223,800,000	13.62%	223,800,000	13.62%	223,800,000	11.70%
Mr. Law Kwai Lam (<i>note 2</i>)	38,325,000	2.33%	38,325,000	2.33%	38,325,000	2.00%
Ms. Leung Mei Sheung, Eliza	26,592,000	1.62%	26,592,000	1.62%	26,592,000	1.39%
Mr. Fung Chun Pong, Louis	488,000	0.03%	488,000	0.03%	488,000	0.03%
Mr. Liao Yun	11,800,000	0.72%	11,800,000	0.72%	11,800,000	0.62%
Mr. Zhang Ming	75,500,000	4.59%	75,500,000	4.59%	75,500,000	3.95%
Sub-total for other directors	<u>376,505,000</u>	<u>22.91%</u>	<u>376,505,000</u>	<u>22.91%</u>	<u>376,505,000</u>	<u>19.68%</u>
Total non-public shareholders	<u>794,536,374</u>	<u>48.35%</u>	<u>524,536,374</u>	<u>31.92%</u>	<u>794,536,374</u>	<u>41.53%</u>
Places	-	0.00%	270,000,000	16.43%	270,000,000	14.11%
Other Public Shareholders	<u>848,655,129</u>	<u>51.65%</u>	<u>848,655,129</u>	<u>51.65%</u>	<u>848,655,129</u>	<u>44.36%</u>
Total	<u>1,643,191,503</u>	<u>100.00%</u>	<u>1,643,191,503</u>	<u>100.00%</u>	<u>1,913,191,503</u>	<u>100.00%</u>

Notes:

1. 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 which is owned as to 25.035% by the Group.
2. Of these 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 PLACING AND SUBSCRIPTION AND USE OF THE PROCEEDS

The Group is principally engaged in two business lines, namely (i) the provision of computer consultancy and software maintenance services, software development, sales of computer hardware and software and e-Commerce services; and (ii) the exploration and exploitation of mines.

In view of the current market conditions, the Directors consider that the Placing and the Subscription represent a good opportunity to broaden the shareholder base and capital base of the Company and to raise capital for the Company for its future potential business developments. The Directors consider the terms of the Placing Agreement and the Subscription Agreement to be fair and reasonable and in the interest of the Group and the Shareholders as a whole.

The Company will bear all costs and expenses of approximately HK\$0.7 million in connection with the Placing and the Subscription. Assuming the Placing Shares are fully placed, the net proceeds of approximately HK\$38.5 million from the Subscription will be used to reduce indebtedness and/or for general working capital of the Group.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities for the 12 months immediately before the date of this announcement.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and phrases have the following meanings:

“acting in concert”	has the meaning ascribed thereto under the Takeover Code and Code on Share Repurchases;
“Board”	board of Directors;
“Company”	Timeless Software Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on GEM;
“Director(s)”	director(s) of the Company;
“Group”	the Company and its subsidiaries;
“GEM”	the Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM;

“General Mandate”	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the Company’s annual general meeting held on 25 September 2014 to allot and issue new Shares in the Company up to 326,990,300 Shares, representing 20% of the total number of Shares in issue of the Company at the date of passing of the ordinary resolution;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	an independent third party, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, who is independent of, and not connected with the Company, its associates (as defined under the GEM Listing Rules) and its connected persons (as defined under the GEM Listing Rules) and who are independent of, and not connected with, nor acting in concert with the Vendor or any of their concert parties;
“Mr. Tan”	Mr. Felipe Tan, an executive Director and a substantial shareholder of the Company;
“Placing”	the placing of the Placing Shares by the Vendor, through the Placing Agent, pursuant to the Placing Agreement;
“Placing Agent”	Ping An Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO;
“Placing Agreement”	the placing agreement entered into between the Vendor and the Placing Agent dated 3 December 2014 (after trading hours) in relation to the Placing;
“Placing Price”	HK\$0.145 per Placing Share;
“Placing Share(s)”	up to an aggregate of 270,000,000 Shares beneficially owned by the Vendor and to be placed pursuant to the Placing Agreement;
“PRC”	the People’s Republic of China;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong);
“Share(s)”	ordinary share(s) in the issued capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription”	the subscription for the Subscription Shares by the Vendor pursuant to the Subscription Agreement;
“Subscription Agreement”	the conditional subscription agreement entered into between the Company and the Vendor dated 3 December 2014 (after trading hours) in relation to the Subscription;
“Subscription Price”	HK\$0.145 per Subscription Share;
“Subscription Share(s)”	Share(s) to be subscribed by the Vendor pursuant to the Subscription Agreement;
“Takeover Code”	the Hong Kong Code on Takeovers and Mergers;
“Vendor”	Starmax Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, which is beneficially owned as to 90.01% by Mr. Tan who also directly holds 5,062,000 Shares.
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“%”	per cent.

By Order of the Board
Timeless Software Limited
Cheng Kin Kwan
Chairman & Chief Executive Officer

Hong Kong, 3 December 2014

As at the date hereof, Mr. Cheng Kin Kwan (Chairman), Mr. Law Kwai Lam, Ms. Leung Mei Sheung Eliza, Mr. Fung Chun Pong Louis, Mr. Liao Yun, Mr. Felipe Tan, Mr. Zhang Ming and Ms. Lau Yun Fong Carman are executive directors of the Company; and Ms. Tsang Wai Chun Marianna, Mr. Chan Mei Ying Spencer, Mr. Lam Kwai Yan and Ms. Chan Choi Ling are independent non-executive directors of the Company.

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 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.

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