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Timeless Software Limited

(incorporated in Hong Kong with limited liability)

(Stock Code: 8028)

DISCLOSEABLE TRANSACTION IN RELATION TO DISPOSAL OF TIMELESS CHINA LIMITED

The Board announced that on 31 July 2015 (after trading hours), the Company and the Purchaser entered into the Agreement pursuant to which the Company agreed to sell and the Purchaser agreed to acquire the Sale Shares, representing the entire issued share capital of Timeless China, for a total consideration of HK\$7,500,000. Upon Completion, the Target Group ceased to be subsidiaries of the Company.

As one or more of the relevant percentage ratios calculated in accordance with the GEM Listing Rules in respect of the Disposal exceeds 5% but all of them are less than 25%, the Disposal constitutes a discloseable transaction on the part of the Company and is only subject to the report and announcement requirements under Chapter 19 of the GEM Listing Rules.

THE DISPOSAL

On 31 July 2015 (after trading hours), the Company and the Purchaser entered into the Agreement pursuant to which the Company agreed to sell, and the Purchaser agreed to acquire the Sale Shares, representing the entire issued share capital in Timeless China, for a total consideration of HK\$7,500,000. Details of the Agreement are as follows:

The Agreement

Date: 31 July 2015 (after trading hours)

Parties: (i) The Company as vendor; and
(ii) Keyhard Software Limited as purchaser.

The Purchaser is a company incorporated in Hong Kong with limited liability and is principally engaged in Internet platform development. As at the date of this announcement, Mr. He Zhen Yu, the sole beneficial owner of the Purchaser, is employed by a subsidiary of Timeless China as marketing and sales manager and is responsible for sales planning and implementation.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are not connected persons of the Company.

Assets to be disposed

Pursuant to the Agreement, the Company has agreed to sell and the Purchaser has agreed to acquire the Sale Shares, representing the entire issued share capital of Timeless China.

As at the date of this announcement, the Company is the sole beneficial owner of Timeless China.

Consideration

Pursuant to the Agreement, the consideration for the Sale Shares shall be HK\$7,500,000, which shall be satisfied by the Purchaser in the following manner:

- (i) a first instalment of HK\$3,750,000 has been paid by the Purchaser to the Company in cash upon Completion; and
- (ii) the balance of HK\$3,750,000 shall be payable by the Purchaser to the Company in cash within six months after the Completion Date.

The consideration for the Disposal was arrived at after arm's length negotiations between the Company and the Purchaser with reference to the net assets value and the net loss position of the Target Group.

Security for the balance of the consideration

As security for the payment of the balance of the consideration, the Purchaser and its nominee Mr. He Zhen Yu have created a Share Charge over the Sale Shares in favour of the Company.

Completion

Completion took place on immediately after the execution of the Agreement. At Completion, the Sale Shares were transferred to the Purchaser and its nominee Mr. He Zhen Yu.

Upon Completion, the Target Group ceased to be subsidiaries of the Company.

INFORMATION ON THE TARGET GROUP

Timeless China is a company incorporated in Hong Kong with limited liability and is a direct wholly-owned subsidiary of the Company. The Target Group is principally engaged in provision of computer consultancy services, e-commerce software development and information technology services, retail and wholesale of computer, software, hardware and ironware, as well as supply chain management, storage and corporate management consultancy services in the PRC.

Set out below is a summary of the key financial data of the Target Group based on the unaudited consolidated management accounts of the Target Group for the years ended 31 March 2014 and 31 March 2015 and for the three months ended 30 June 2015 which were prepared in accordance with the generally accepted accounting principles in Hong Kong:

	For the year ended 31 March 2014 (unaudited) HK\$'000	For the year ended 31 March 2015 (unaudited) HK\$'000	For the three months ended 30 June 2015 (unaudited) HK\$'000
Revenue	27,798	10,798	2,841
Net loss before and after taxation	14,657	4,530	940

The unaudited consolidated net assets value of the Target Group as at 31 March 2014 and 31 March 2015 were approximately HK\$18,182,000 and HK\$12,272,000 respectively and the unaudited consolidated net assets value of the Target Group as at 30 June 2015 was approximately HK\$12,576,000.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the provision of computer consultancy and software maintenance services, software development and sales of computer hardware and software, and the exploration and exploitation of various mines in Xinjiang, the PRC.

It is estimated that the Group will record a gain of approximately HK\$200,000 as a result of the Disposal, which is arrived at after taking into consideration the difference between (i) the consideration for the Sale Shares; and (ii) the anticipated consolidated net assets value and the realization of the exchange reserve of the Target Group as at Completion. Subject to audit, the actual amount of the gain/loss on the Disposal to be recognised by the Group will depend on the actual net assets value of the Target Group as at Completion and therefore may be different from the amount mentioned above. The proceeds from the Disposal will be applied towards the general working capital of the Group.

The Board considers that the Disposal can facilitate the Company to realise its investment in the Target Group, streamline its businesses and to direct its focus to concentrate more on its core businesses segments. Taking into account the unsatisfactory performance of the Target Group and the opportunity to reallocate financial resources after the Disposal, the Directors consider that the terms and conditions of the Disposal are fair and reasonable and on normal commercial terms and are in the interests of the Company and Shareholders as a whole.

To the best of the Directors' knowledge, information and belief after making all reasonable enquiries, none of the Directors has a material interest in the Disposal contemplated under the Agreement as at the date of this announcement.

IMPLICATIONS UNDER THE GEM LISTING RULES

As one or more of the relevant percentage ratios calculated in accordance with the GEM Listing Rules in respect of the Disposal exceeds 5% but all of them are less than 25%, the Disposal constitutes a discloseable transaction on the part of the Company and is only subject to the report and announcement requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Agreement”	the sale and purchase agreement dated 31 July 2015 entered into between the Company and the Purchaser in relation to the Disposal
“Board”	the board of Directors
“Company”	Timeless Software Limited, a company incorporated in Hong Kong with limited liability and the issued shares of which are listed on GEM
“Completion”	completion of the Disposal in accordance with terms and conditions of the Agreement
“Completion Date”	the date of signing the Agreement
“connected person”	has the meaning ascribed to it in the GEM Listing Rules
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Shares subject to the terms of the Agreement
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Keyhard Software Limited, a company incorporated in Hong Kong with limited liability

“Sale Shares”	two shares in Timeless China, representing the entire issued share capital of Timeless China
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Share Charge”	A share charge created by the Purchaser and its nominee Mr. He Zhen Yu as chargors on 31 July 2015 in favour of the Company as chargee whereby the Purchaser and its nominee Mr. He Zhen Yu charged the Sale Shares (representing the entire issued share capital of Timeless China) to the Company as security for, among others, the Purchaser’s payment obligations for the balance of the consideration under the Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Group”	Timeless China and its subsidiaries
“Timeless China”	Timeless China Limited, a company incorporated in Hong Kong with limited liability
“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, 31 July 2015

As at the date hereof, Mr. Cheng Kin Kwan (Chairman), Mr. Law Kwai Lam, Ms. Leung Mei Sheung Eliza, Mr. Liao Yun, Mr. Felipe Tan, Mr. Zhang Ming and Ms. Lau Yun Fong Carman are executive directors of the Company; Mr. Lam Kai Ling Vincent is a non-executive director 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 of the Company 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 of the Company, 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.