

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



TIMELESS SOFTWARE LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 8028)

**CONNECTED TRANSACTION IN RELATION TO
SUBSCRIPTION OF SHARES IN DRAGON SILVER HOLDINGS
LIMITED**

The Board is pleased to announce that on 29 December 2017 (after trading hours), the Target Company as issuer, the Subscriber, a wholly-owned subsidiary of the Company, and the Guarantor entered into the Subscription Agreement, pursuant to which the Subscriber has agreed to subscribe for the Subscription Shares at the consideration of HK\$7,800,000. Upon Completion, the Group held approximately 8.86% of the issued share capital of the Target Company as enlarged by the Subscription and the Investors' Subscription.

Pursuant to the Subscription Agreement, upon completion of the Subscription, the Subscriber, the Guarantor, the Investors and the Target Company entered into the Shareholders' Agreement in respect of the ownership, management and operations the Target Company upon Completion.

IMPLICATIONS UNDER THE GEM LISTING RULES

As at the date of this announcement, Mr. Felipe Tan, the Chairman and an executive Director of the Company, is also a director and a controlling shareholder of GobiMin Inc., which in turn owns the entire equity interests in GobiMin Investments, being one of the Investors. The Target Company is therefore deemed by the Stock Exchange as a connected person of the Company in respect of the Transaction pursuant to Rule 20.18(1) of the GEM Listing Rules and the Transaction shall constitute a connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

As one or more of the relevant percentage ratios (as defined in the GEM Listing Rules) in respect of the Transaction exceed 0.1% but all of them are less than 5% and the total consideration in respect of the Transaction exceeds HK\$3,000,000, the Transaction is subject to reporting and announcement requirements, but is exempt from the independent Shareholders' approval requirements under Rule 20.74(2) of the GEM Listing Rules.

THE SUBSCRIPTION

The Board is pleased to announce that on 29 December 2017 (after trading hours), the Target Company as issuer, the Subscriber, a wholly-owned subsidiary of the Company, and the Guarantor entered into the Subscription Agreement, pursuant to which the Subscriber has agreed to subscribe for the Subscription Shares at the consideration of HK\$7,800,000. Details of the Subscription Agreement are as follows:

THE SUBSCRIPTION AGREEMENT

Date: 29 December 2017 (after trading hours)

Parties: (i) Dragon Silver Holdings Limited as the issuer;
(ii) Dragon Ocean Holdings Limited, a wholly-owned subsidiary of the Company, as the Subscriber; and
(iii) Mr. Wu Donghai, as the Guarantor.

Subject matter

Pursuant to the Subscription Agreement, the Target Company shall allot and issue, and the Subscriber shall subscribe for or procure the subscription of the Subscription Shares. The Subscription Shares represented approximately 8.86% of the enlarged share capital of the Target Company immediately upon Completion.

Consideration

Pursuant to the Subscription Agreement, the consideration for the Subscription Shares shall be HK\$7,800,000, which shall be payable by way of cheque made payable to the Target Company upon Completion.

The consideration for the Subscription was arrived at after arm's length negotiations between the Company and the Target Company with reference to (i) the unaudited management accounts of the Target Company for the years ended 30 June 2016 and 30 June 2017 and for the four months ended 31 October 2017; and (ii) the Profit Guarantee (as defined below) and the Dividend Guarantee (as defined below) as set out below.

Completion

Completion took place immediately after the execution of the Subscription Agreement. Upon Completion, the Group held approximately 8.86% of the issued share capital of the Target Company as enlarged by the Subscription and the Investors' Subscription.

Profit Guarantee and the Dividend Guarantee

Pursuant to the Subscription Agreement, the Guarantor has irrevocably warranted and guaranteed to the Subscriber that:

- (i) the audited net profit after tax of the Target Company (excluding items which are one-off, non-operating in nature and not incur in the ordinary and usual courses of business) for each of the Relevant Years, shall not be less than HK\$15,000,000 (the "**Guaranteed Profit**"); and

- (ii) the amount of dividends declared and paid by the Target Company during each of the Relevant Years shall not be less than HK\$1.25 per share of the Target Company (the “**Guaranteed Dividend**”), where the Guaranteed Dividend for the Relevant Year shall be declared and paid within three months after the end of the Relevant Year (the “**Dividend Payment Deadline**”).

In the event the actual audited net profit after tax of the Target Company for any Relevant Year (the “**Actual Profit**”) is less than the Guaranteed Profit, the Guarantor shall compensate the Subscriber an amount calculated based on the following formula (the “**Profit Guarantee Compensation Amount**”):

$$\text{Profit Guarantee Compensation Amount} = (\text{Guaranteed Profit} - \text{Actual Profit for the Relevant Year}) \times 8.86\%$$

If, upon the expiry of the Dividend Payment Deadline, the dividend per share declared and paid by the Target Company for the Relevant Year (the “**Actual Dividend Paid**”) is less than the Guaranteed Dividend, the Guarantor shall compensate the Subscriber an amount calculated based on the following formula (the “**Dividend Compensation Amount**”) within five Business Days after the expiry of the relevant Dividend Payment Deadline:

$$\text{Dividend Compensation Amount} = (\text{Guaranteed Dividend} - \text{Actual Dividend Paid for the Relevant Year}) \times \text{Number of Subscription Shares (i.e. 600,000)}$$

The obligations and liabilities of the Guarantor for the Profit Guarantee Compensation Amount and the Dividend Compensation Amount are several and shall not offset each other. If the Target Company recorded a loss for any of the Relevant Years, for the purpose of calculating the compensation amount, the Actual Profit for the Relevant Year shall be regarded as zero.

The Company shall engage an auditor jointly designated by the Company and the Subscriber to prepare and to provide them with the audited financial statements of the Target Company for each of the Relevant Years in accordance with Hong Kong Financial Reporting Standards.

Shareholders’ Agreement

Pursuant to the Subscription Agreement, upon completion of the Subscription, the Subscriber, the Guarantor, the Investors and the Target Company entered into the Shareholders’ Agreement in respect of the ownership, management and operations the Target Company upon Completion.

Board composition

The Shareholders’ Agreement provides that the board of directors of the Target Company shall comprise three directors, two of them shall be appointed and removed at the request of the Guarantor and one of them shall be appointed and removed at the request of the Subscriber.

The quorum for a meeting of the board of directors of the Target Company shall be three (3) directors.

Pre-emption right

Any transfer of the shares in the Target Company by a shareholder to a third party will be subject to the right of first refusal of the other shareholders of the Target Company (the “**Target Shareholders**”). The Target Shareholders shall have a pre-emption right with respect to any future issue of shares or convertible securities by the Target Company or shareholders’ loans, provided that the issue price of new shares or the conversion price of the convertible securities shall not be less than HK\$13 per share of the Target Company.

In the event a transferring shareholder proposes to transfer not less than 30% of the issued shares of the Target Company to a third party and the non-transferring shareholder(s) elects not to exercise its right of first refusal, the non-transferring shareholder(s) shall have a tag-along right to sell its shares simultaneously on terms and conditions that are no less favourable than those specified in the transfer notice.

Put Option Deed

Pursuant to the Subscription Agreement, the Guarantor and the Subscriber have entered into the Put Option Deed at Completion, pursuant to which the Guarantor has granted to the Subscriber the Put Option to sell all but not part of the Subscription Shares to the Guarantor at the consideration of HK\$7,800,000 within the period commencing from the fourth anniversary of the date of the Put Option Deed to the date falling five years from the date of the Put Option Deed (or such other period as agreed by the Subscriber and the Guarantor).

INFORMATION OF THE TARGET COMPANY AND THE INVESTORS

The Target Company is a company incorporated in Hong Kong on 14 August 2014 with limited liability. The Target Company is principally engaged in trading, production, processing and investment in precious metals and non-ferrous metals and related products. Equipped with self-developed testing facility, it has the capacity of producing 1,500 tonnes of tin ingots per month. The Target Company commenced tin processing and trading in July 2017 and achieved a net profit before tax of about HK\$16,011,000 after operation of four months. The Target Company targets to be recognised as a LME-approved brand of tin ingots producer by 2018-9. As an approved brand, it can secure better source of supply, sale channel and price which in turn will further increase profitability. Prior to the date of this announcement, the Guarantor was the sole shareholder and the sole director of the Target Company.

On 29 December 2017, each of Grand Max and GobiMin Investments respectively subscribed for 500,000 new shares and 670,000 new shares of the Target Company at the consideration of HK\$6,500,000 and HK\$8,710,000 respectively (the “**Investors’ Subscription**”). Completion of the Investors’ Subscription took place simultaneously with the Subscription. Immediately upon completion of the Subscription and the Investors’ Subscription, the Target Company is owned as to 73.85% by the Guarantor, 8.86% by the Subscriber, 7.39% by Grand Max and 9.90% by GobiMin Investments.

Each of Grand Max and GobiMin Investments is principally engaged in investment holding. Grand Max is a company incorporated in Hong Kong with limited liability. GobiMin Investments is a company incorporated in BVI with limited liability. As at the

date of this announcement, GobiMin Investments is a wholly-owned subsidiary of GobiMin Inc., the issued shares of which are listed on The TSX Venture Exchange. Mr. Felipe Tan, the Chairman and an executive Director of the Company, directly and indirectly owned approximately 69.37% equity interests in GobiMin Inc. as at the date of this announcement. GobiMin Investments is therefore an associate of Mr. Felipe Tan and a connected person of the Company under Chapter 20 of the GEM Listing Rules.

Apart from GobiMin Investments and save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Target Company, Grand Max and their respective ultimate beneficial owner(s) is a third party independent of the Company and its connected persons.

FINANCIAL INFORMATION ON THE TARGET GROUP

Set out below is a summary of the key financial data of the Target Company based on the unaudited management accounts of the Target Company for the years ended 30 June 2016 and 30 June 2017 and for the four months ended 31 October 2017 which were prepared in accordance with the generally accepted accounting principles in Hong Kong:

	For the year ended 30 June 2016 (unaudited) HK\$'000	For the year ended 30 June 2017 (unaudited) HK\$'000	For the four months ended 31 October 2017 (unaudited) HK\$'000
Revenue	-	-	341,749
Net profit (loss) before taxation	(43)	(2,841)	16,011
Net profit (loss) after taxation	(43)	(2,841)	13,845

The unaudited consolidated net asset value of the Target Company as at 31 October 2017 was approximately HK\$15,957,000.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Group is principally engaged in the provision of consultancy and software maintenance services, software development, sales of computer hardware and software and e-Commerce services; and the exploration and exploitation of mines.

The Company expects the tin market to be bullish due to its wide-range of applications in manufacturing of electronics and chemicals, as well as in soldering which is used in a range of industries. Furthermore, growth in demand for consumer electronics will support tin price. With a promising tin business, the Target Company will have a strong financial performance which also enhance its good dividend payment capability and the potential capital gain to the Company.

In view of the above, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Subscription are fair and reasonable and on normal commercial terms and are in the interests of the Company and Shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

As at the date of this announcement, Mr. Felipe Tan, the Chairman and an executive Director of the Company, is also a director and a controlling shareholder of GobiMin Inc., which in turn owns the entire equity interests in GobiMin Investments, being one of the Investors. The Target Company is therefore deemed by the Stock Exchange as a connected person of the Company in respect of the Transaction pursuant to Rule 20.18(1) of the GEM Listing Rules and the Transaction shall constitute a connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

As one or more of the relevant percentage ratios (as defined in the GEM Listing Rules) in respect of the Transaction exceed 0.1% but all of them are less than 5% and the total consideration in respect of the Transaction exceeds HK\$3,000,000, the Transaction is subject to reporting and announcement requirements, but is exempt from the independent Shareholders' approval requirements under Rule 20.74(2) of the GEM Listing Rules.

Mr. Felipe Tan, the Chairman and an executive Director of the Company, has abstained from voting on the relevant board resolution(s) approving the Transaction. Save as stated above, none of the Directors had any material interest in the Transaction, and hence no other Director has abstained from voting on the relevant board resolution(s).

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (excluding Saturday, Sunday and public holiday) on which banks in Hong Kong are open for business
“BVI”	the British Virgin Islands
“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 Subscription in accordance with terms and conditions of the Subscription Agreement
“connected person”	has the meaning ascribed to it in the GEM Listing Rules
“Director(s)”	director(s) of the Company
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM

“GobiMin Investments”	GobiMin Investments Limited, a company incorporated in BVI with limited liability and a wholly-owned subsidiary of GobiMin Inc.
“Grand Max”	Grand Max Enterprises Limited, a company incorporated in Hong Kong with limited liability
“Group”	the Company and its subsidiaries
“Guarantor”	Mr. Wu Donghai
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Investors”	collectively, Grand Max and GobiMin Investments
“Investors’ Subscription”	the subscription by Grand Max and GobiMin Investments of 500,000 new shares and 670,000 new shares of the Target Company respectively, which took place simultaneously with the Subscription
“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
“Put Option”	the right to be granted by the Guarantor to the Subscriber to sell all but not part of the Subscription Shares to the Guarantor within a period commencing from the fourth anniversary of the date of the Put Option Deed to the date falling five years from the date of the Put Option Deed (or such other period as agreed by the Subscriber and the Guarantor)
“Put Option Deed”	the option deed 29 December 2017 in respect of the grant of the Put Option by the Guarantor to the Subscriber
“Relevant Year(s)”	any of the following financial years: (i) the year ended 30 June 2018; (ii) the year ended 30 June 2019; (iii) the year ended 30 June 2020; (iv) the year ended 30 June 2021; or (v) the year ended 30 June 2022
“Shareholder(s)”	holder(s) of the issued ordinary share(s) in the share capital of the Company
“Shareholders’ Agreement”	the shareholders’ agreement dated 29 December 2017 and entered into between the Company, the Guarantor, the Subscriber and the Investors with respect to the ownership, management and operations of the Target Company upon Completion

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Dragon Ocean Holdings Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Subscription”	the subscription by the Subscriber of the Subscription Shares pursuant to the Subscription Agreement
“Subscription Shares”	600,000 ordinary shares of the Target Company, representing approximately 8.86% of the enlarged issued share capital of the Target Company upon Completion
“Target Company”	Dragon Silver Holdings Limited, a company incorporated in Hong Kong with limited liability
“Transaction”	the transactions contemplated under the Subscription Agreement and other documents referred thereto
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board
TIMELESS SOFTWARE LIMITED
Felipe Tan
Chairman

Hong Kong, 29 December 2017

Executive Directors:

Mr. Felipe Tan (Chairman)
Ms. Lau Yun Fong Carman

Independent non-executive Directors:

Ms. Chan Choi Ling
Mr. Chan Mei Ying Spencer
Mr. Lam Kwai Yan
Ms. Tsang Wai Chun Marianna

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.