

*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**

**天時軟件有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock code: 8028)**

**UPDATE ON THE PROFIT GUARANTEE AND  
THE DIVIDEND GUARANTEE  
IN RELATION TO  
THE SUBSCRIPTION OF SHARES IN  
DRAGON SILVER HOLDINGS LIMITED**

Reference is made to (i) the announcement (the “**Announcement**”) of Timeless Software Limited (the “**Company**”) dated 29 December 2017 in relation to, among others, the subscription of approximately 8.86% of the issued share capital in Dragon Silver Holdings Limited; (ii) the annual report (the “**2018/19 Annual Report**”) of the Company for the year ended 31 March 2019; and (iii) the interim report (the “**2019/20 Interim Report**”) of the Company for the six months ended 30 September 2019. Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

As disclosed in the Announcement, 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**”):-

Profit Guarantee Compensation Amount = (Guaranteed Profit – Actual Profit for the Relevant Year) x 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:-

Dividend Compensation Amount = (Guaranteed Dividend – Actual Dividend Paid for the Relevant Year) x Number of Subscription Shares (i.e. 600,000)

As disclosed in the 2018/19 Annual Report, the Group received dividend income of HK\$750,000 from the Target Company (representing HK\$1.25 per share of the Target Company) during the year ended 31 March 2019. As such, the payment obligation for the Guaranteed Dividend for the financial year ended 30 June 2018 (“**FY2018**”) was fulfilled.

As disclosed in the 2019/20 Interim Report, the Group received dividend income of HK\$750,000 from the Target Company (representing HK\$1.25 per share of the Target Company) during the six months ended 30 September 2019. As such, the payment obligation for the Guaranteed Dividend for the financial year ended 30 June 2019 (“**FY2019**”) was also fulfilled.

Based on the audited financial statements of the Target Company prepared by an auditor jointly designated by the Target Company and the Subscriber in accordance with Hong Kong Financial Reporting Standards for FY2018 and FY2019 respectively:-

- (i) the Actual Profit for FY2018 was HK\$16,925,915; and
- (ii) the Actual Profit for FY2019 was HK\$6,354,023.

As the Actual Profit for FY2018 exceeded HK\$15,000,000, the Guaranteed Profit for FY2018 was fulfilled.

As the Actual Profit for FY2019 was less than HK\$15,000,000, the Guaranteed Profit for FY2019 was not fulfilled. Pursuant to the terms of the Subscription Agreement, the Guarantor shall pay the Profit Guarantee Compensation Amount for FY2019 in the amount of HK\$766,034 (the “**Compensation Amount**”) to the Subscriber. As such, on 25 February 2020, the Subscriber issued a debit note to request the Guarantor to pay the Compensation Amount which is pending the settlement by the Guarantor. The Subscriber has been informed by the Guarantor that the Guarantor is currently away from Hong Kong and he is expected to settle the Compensation Amount upon his return. As such, the Board considers that the obligation of the Guarantor in respect of the Guaranteed Profit for FY2019 has yet to be fulfilled.

Further announcement will be made by the Company as and when appropriate in respect of the payment of the Compensation Amount by the Guarantor.

By Order of the Board  
**TIMELESS SOFTWARE LIMITED**  
**Chan Mei Ying Spencer**  
*Executive Director and Chief Executive Officer*

Hong Kong, 2 March 2020

*Executive Directors:*

Mr. Chan Mei Ying Spencer (Chief Executive Officer)

Mr. Lam Kai Ling Vincent

Ms. Lau Yun Fong Carman

Mr. Ronald Tan

*Independent non-executive Directors:*

Ms. Chan Choi Ling

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, 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](http://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](http://www.timeless.com.hk).*