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*This announcement, for which the directors of Timeless Software Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Timeless Software Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:— (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*



## **Timeless Software Limited**

*(Incorporated in Hong Kong with limited liability)*

### **COMPLETION OF THE PURCHASE OF OFFICE SPACE AND ISSUE OF CONVERTIBLE NOTE TO CHEUNG KONG**

Further to the announcement dated 30 June 2000 in respect of a sale and purchase agreement (as supplemented by a supplemental agreement dated 31 March 2000 and a second supplemental agreement dated 30 June 2000) (the “S/P Agreement”) for the acquisition of office space at 79/F, The Center (the “Premises”), Timeless Software Limited (the “Company”) announces that (1) the Company has completed the acquisition of the Premises on 13 July 2000; and (2) the Company has issued and Spectacular Trading Limited (the “Subscriber”), a wholly owned subsidiary of Cheung Kong (Holdings) Limited (“Cheung Kong”), has subscribed and paid for a HK\$35,675,100 convertible note (the “Note”) for cash at par on 13 July 2000, carrying a right to convert into shares of HK\$0.05 each in the Company (“Shares”) at a price of HK\$3.4125 per share, subject to adjustment (the “Conversion Price”). The Company has issued the Note so as to establish a co-operative relationship with Cheung Kong and to finance the completion of its purchase of the Premises on 13 July 2000.

Cheung Kong, its subsidiaries and the Subscriber currently do not hold any Shares. The issue of the Note constitutes a share transaction of the Company for the purpose of the Rules Governing the Listing of Securities on The Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”).

### **Completion of purchase and issue of a HK\$35,675,100 convertible note**

Further to the announcement dated 30 June 2000 in respect of the S/P Agreement for the acquisition of the Premises, the Company announces that (1) the Company has completed the acquisition of the Premises on 13 July 2000; and (2) the Company has issued the Note to the Subscriber for cash at par on 13 July 2000, carrying a right to convert into Shares at the Conversion Price. The proceeds from the issue of the Note have been applied for completing the acquisition of the Premises on 13 July 2000.

The issue of the Note constitutes a share transaction of the Company for the purpose of the GEM Listing Rules.

Cheung Kong, its subsidiaries and the Subscriber currently do not hold any Share and is an independent third party from the Company. Upon full conversion of the Note at the present Conversion Price, the Subscriber would hold 10,454,241 Shares, representing approximately 1.4% of the enlarged issued share capital of the Company. The Shares to be issued upon conversion will be issued pursuant to the general mandate granted to the Directors of the Company on 7 July 2000.

### **Principal terms of the Note**

The principal terms of the Note are summarised below:—

#### *Principal amount*

HK\$35,675,100.

#### *Interest*

The Note will bear interest from the date of issue of the Note to 12 January 2002 (the “Maturity Date”) at the rate per annum from time to time quoted by The Hongkong and Shanghai Banking Corporation Limited as its prime rate in Hong Kong for lending Hong Kong dollars, which will be payable monthly in arrears at the end of each month in each year.

### *Conversion right*

The holder of the Note shall have the right at any time, from the date of issue of the Note up to and including the Maturity Date, to convert all or part(s) of the Note up to the principal amount of the Note outstanding at any time into Shares at HK\$3.4125 per Share (subject to adjustment). The Conversion Price has been determined as the sum calculated as the average closing price of the Share for the ten trading days immediately preceding the date of issue of the Note.

### *Conversion shares*

Shares issued on conversion (the “Conversion Shares”) will rank *pari passu* in all respects with the existing Shares outstanding at the date on which the conversion notice is served on the Company. Application for listing on GEM of the Conversion Shares will be made to the Stock Exchange.

### *Repayment*

The Company shall on the business day immediately following the Maturity Date repay (to the extent not previously converted) such principal outstanding under the Note and interest accrued thereon up to and including the date of repayment.

### *Other rights*

Whilst any part of the Note remains outstanding, if a general offer or proposal is made to shareholders of the Company to acquire or cancel the whole or any part of the issued share capital of the Company, the Company will use its best endeavours to procure that a similar offer is made within a period of 21 days to the holder of the Note on the basis that the Note had been converted in full on the day immediately preceding the date on which the offer or proposal was made.

### *Voting*

The holder of the Note will not be entitled to attend or vote at general meetings of the Company.

### *Transferability*

The Note will be transferable in whole or in part subject to the approval of the board of Directors provided always that the Subscriber shall be permitted to transfer the Note to a wholly-owned subsidiary of Cheung Kong. The Directors undertake to not approve any transfers to any connected parties of the Company or their associates.

## *Form*

The Note is in registered form.

## *Status of the Note*

The obligations of the Company under the Note are secured by a first legal charge over the Premises executed by the Company in favour of the Subscriber on completion of the acquisition of the Premises, which was arrived at following arm's length negotiations.

## *Alterations*

Any alterations to the terms of the Note are subject to the approval of both the Company and the Subscriber, and, as required under the GEM Listing Rules, the approval of the Stock Exchange of Hong Kong Limited.

## *Governing Law*

Hong Kong law.

## *Reason for the Issue of the Note*

The Company has issued the Note so as to establish a co-operative relationship with Cheung Kong with opportunities to provide IT and Internet related services to the Cheung Kong Group of companies and to finance the completion of its purchase of the Premises on 13 July 2000. The Directors believe that the issue of the Note enables the Company to maintain flexibility to its capital structure. The Company is principally engaged in the provision of computer software services, including Internet technology and related services and enterprise resource planning and consulting services. The Cheung Kong Group of companies has substantial reach in various industries in Hong Kong. Because of the size and scope of these companies, there is significant potential on further IT development and Web technologies where the Company can add value. The Directors, including one independent non-executive Director, believe that the terms of the Note are fair and reasonable and in the interests of the shareholders as a whole. Two of the Company's independent non-executive Directors were out of town and unable to attend the board meeting to approve the issue of the Note.

*General*

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for Shares.

No application will be made for the listing of, and permission to deal in, the Note on the Stock Exchange. Application will be made to the GEM Listing Committee of the Stock Exchange of Hong Kong Limited for the listing of, and permission to deal in, Shares which may be issued under the Note.

By Order of the Board  
**Law Kwai Lam**  
*Company Secretary*

Hong Kong, 13 July 2000

*This announcement will remain on the GEM website on the “Latest Company Announcements” page for 7 days from the date of its posting and on the Company’s website.*