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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 (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) 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.

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



TIMELESS SOFTWARE LIMITED

(Incorporated in Hong Kong under the Companies Ordinance)

SHARE TRANSACTION

On 29th September, 2000, the Company entered into the Subscription Agreement with Asia-Steel, pursuant to which the Company agreed to subscribe, through its wholly-owned subsidiary Timeless Strategy, for 1,587,302 shares of Series B Preferred Stock of Asia-Steel to be allotted and issued to Timeless Strategy, for a total consideration of HK\$20,100,005. Completion of the Asset Acquisition will take place upon the obtaining of listing approval of the Consideration Shares. The consideration is to be satisfied by the payment of HK\$15,600,005 in cash and HK\$4,500,000 by way of the issue and allotment of 1,500,000 Consideration Shares to Asia-Steel. Asia-Steel is principally engaged in the operation of an Internet-based B2B exchange portal for the steel market. The Consideration Shares represent approximately 0.2% of the issued share capital of the Company prior to completion of the Asset Acquisition and approximately

0.2% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares. The issue price of the Consideration Shares represents a premium of about 109.8% to the closing price of HK\$1.43 per Share as quoted by the Stock Exchange on 28th September, 2000 and a premium of about 109.5% to the average closing price of HK\$1.432 per Share as quoted by the Stock Exchange for the 5 trading days ending on and including 28th September, 2000.

On completion of the Asset Acquisition, the Company is indirectly interested in approximately 42.5% of the issued Preferred Stock of Asia-Steel and 10% of the issued share capital of Asia-Steel on a fully diluted basis.

The Asset Acquisition constitutes a share transaction for the Company under the GEM Listing Rules.

SUBSCRIPTION AGREEMENT

Date : 29th September, 2000.

Parties : (i) Asia-Steel
(ii) The Company

Assets to be Acquired : 1,587,302 new shares of Series B Preferred Stock at HK\$12.663 representing approximately 42.5% of the issued Preferred Stock of Asia-Steel and 10% of the issued share capital of Asia-Steel on completion of the Asset Acquisition on a fully diluted basis and on the assumption that all of the issued Series A and Series B Preferred Stock would have been converted. There is no lock-up in respect of these shares.

At 29th September, 2000, 2,142,857 shares of Series A Preferred Stock are in issue representing 57.5% of the issued Preferred Stock of Asia-Steel. Series A and Series B Preferred Stocks are issued under substantially the same terms including the rights of conversion.

Consideration : HK\$20,100,005.

Payment Terms : The consideration was satisfied by the payment of HK\$15,600,005 in cash and funded by the portion of the placing proceeds raised in November last year set aside for acquisition purpose. The remaining HK\$4,500,000 has been satisfied by the issue and allotment of the Consideration Shares to Asia-Steel at HK\$3.00 per Consideration Share. The issue price of the Consideration Shares represents (i) a premium of approximately 109.8% to the closing price of HK\$1.43 per Share on 28th September, 2000 being the immediate trading day prior to the completion of the Asset Acquisition as quoted on the Stock Exchange; and (ii) a premium of approximately 109.5% to the average closing price of HK\$1.432 per Share for the last 5 consecutive trading days up to and including 28th September, 2000 as quoted on the Stock Exchange. There is no lock-up in respect of the Consideration Shares.

The Consideration Shares represent approximately 0.2% of the issued share capital of the Company prior to completion of the Asset Acquisition and approximately 0.2% of the issued share capital of the Company as enlarged by the issue and allotment of the Consideration Shares.

The Consideration Shares are to be issued, credited as fully paid, to Asia-Steel pursuant to the general mandate granted to the Directors at the extraordinary general meeting of the Company held on 7th July, 2000.

The Consideration Shares rank *pari passu* in all respects with the existing Shares in issue.

Basis for Consideration : The Consideration was arrived at after arm's length negotiation between the Company and Asia-Steel based on normal commercial terms with reference to a combination of factors including the present

performance and future prospects of Asia-Steel and the revenue generation potential of Asia-Steel. The Directors consider the consideration for the Asset Acquisition to be fair and reasonable.

Completion : Completion of the Asset Acquisition will take place upon the obtaining of listing approval of the Consideration Shares following the signing of the Subscription Agreement.

INFORMATION ON ASIA-STEEL

Asia-Steel is a company incorporated in the British Virgin Islands on 5th April, 2000. Asia-Steel is principally engaged in the operation of an Internet-based B2B exchange portal for the steel market (under URL www.asia-steel.com). Its current membership stands at 1,400 including many of the largest steel producers in China and well-known trading houses around the globe. Armed with a genuinely real-time online trading platform, Asia-Steel has successfully achieved fast scale-up since its launch in June 2000.

In addition to providing rich steel-related news, pricing and other information, Asia-Steel allows members to post offers and enquiries on its Exchange. Trading members may enter into a real-time online bi-directional counter-offer negotiation process to conclude transactions on its exchange platform. In respect of successful deals thus made, Asia-Steel charges either side a transaction fee between 0.25 and 0.20 % of the value of the transaction. In addition, Asia-Steel offers support services that are provided by its service members , e.g. shipping, inspection, insurance, banking, legal, etc. Asia-Steel receives rebates from such members in respect of any business channeled to them. Asia-Steel also earns advertising income from parties who wish to advertise their products or services to the steel community. In the month of August, Asia-Steel's trading platform recorded transactions of over half a million tonnes with a value of over US\$59 million.

Internet technology is the backbone of Asia-Steel's operation as an exchange for steel. Most of its internet technology requirements are outsourced to the Company. The Company has been its Internet technology provider since February 2000 and has been involved in the provision of technical know-how and design to Asia-Steel, and in the development of Asia-Steel's portals in various countries. It is expected that as Asia-Steel's business grows, its demand for the Company's services will continue.

The shares of the common stock of Asia-Steel are owned by four private individuals whilst the shares of Series A Preferred Stock are owned by four corporate shareholders. All the holders of common stock and Preferred Stock of Asia-Steel are independent third parties not connected with the Directors, chief executive, management shareholders or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates (as defined in the GEM Listing Rules). There is no board representation of Asia-Steel in the Company. As such, the continuing business relationships with Asia-Steel do not constitute as connected transaction (as defined in the GEM Listing Rules).

PRINCIPAL TERMS OF THE PREFERRED STOCK

Income : The holders of Preferred Stock will be entitled to receive noncumulative dividends at the rate of 5% per annum when and if declared by the board of directors of Asia-Steel from funds legally available. No dividend shall be paid on the common stock of Asia-Steel at a rate greater than the rate at which dividends are paid on any series of Preferred Stock (based on the number of shares of common stock into which the Preferred Stock are convertible on the date the dividend is declared).

Capital : In the event of any liquidation or winding up of Asia-Steel, the holders of Preferred Stock will be entitled to receive, in preference to holders of common stock, an amount equal to the original purchase price of the Preferred Stock plus declared but unpaid dividends on the Preferred Stock. After such payment, proceeds shall be shared pro rata by the holders of common stock and Preferred Stock (on an as-converted basis) until such time as the holders of Preferred Stock shall have received a total distribution (including the initial preference and declared dividend) of one time the original purchase price. All remaining proceeds thereafter shall be shared pro rata by the holders of the common stock. A consolidation or merger of Asia-Steel or sale of all or substantially all of its assets

or of a majority of its issued share capital shall be deemed to be a liquidation or winding up for purposes of the liquidation preference.

- Redemption Rights : The Preferred Stock is nonredeemable.
- Conversion Rights : Preferred Stock may be converted into common stock at any time at the option of the holder. The initial conversion price shall be the original purchase price per Preferred Stock. Additionally, the Preferred Stock will be automatically converted into common stock in the event of (i) an underwritten public offering of Asia-Steel's common stock with gross proceeds to the Company of at least US\$10,000,000 (including underwriting discounts and commissions) or (ii) the conversion of more than 50% of the originally issued Preferred Stock. The conversion price at which the Preferred Stock may be converted into common stock will also be subject to adjustment on the occurrence of certain other events. Such events include division and combination, reorganization, merger, consolidation or sale of assets, and dividend having been declared but not yet paid.
- Voting : On a show of hands and on a poll every holder of Preferred Stock present in person or by proxy shall have one vote for every share of common stock issuable upon conversion of the Preferred Stock held by that holder (on an as-if-converted basis).

REASONS FOR THE ASSET ACQUISITION

The Group is principally engaged in providing a full range of computer software services with an established and growing presence in the market for Internet technology services in Hong Kong and the People's Republic of China. The Asset Acquisition is in line with the Group's broad objective to grow through strategic acquisitions of technology companies providing services that complement the business of the Group, in particular companies with expertise in Internet related technologies and applications that are well suited to e-commerce. The Directors consider that the investment in Asia-Steel

is in line with the Company's business strategy to establish itself as a world leader in corporate software services with a dominant position in the Greater China region and will complement and enhance the existing business of the Group including Internet technology and related services. The Directors believe that the terms of the Asset Acquisition are fair and reasonable and in the interests of the shareholders of the Company as a whole.

GENERAL

The Asset Acquisition constitutes a share transaction for the Company under the GEM Listing Rules. Completion of the Asset Acquisition is conditional on the approval by the Stock Exchange for the listing of and permission to deal in the Consideration Shares. Application will be made to the Stock Exchange for the listing of and permission to deal in the Consideration Shares.

DEFINITIONS

“Asset Acquisition”	the acquisition by the Company through Timeless Strategy of 1,587,302 shares of Series B Preferred Stock at the subscription price of HK\$12.663 per share representing approximately 42.5% of the issued Preferred Stock of Asia-Steel and 10% of the issued share capital of Asia-Steel on completion of the asset acquisition
“Asia-Steel”	Asia-Steel.Com Holdings Limited, a company incorporated in the British Virgin Islands
“Company”	Timeless Software Limited, a company incorporated in Hong Kong whose shares are listed on the Stock Exchange
“Consideration Shares”	1,500,000 Shares to be issued at HK\$3.00 per Share
“Directors”	the directors of the Company
“GEM Listing Rules”	The Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollars
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Series B Preferred Stock”	shares of US\$0.01 par value series B preferred stock of Asia-Steel
“Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Stock Exchange”	The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the Series B Preferred Stock subscription agreement dated 29th September, 2000 entered into between the Company and Asia-Steel relating to the Asset Acquisition
“Timeless Strategy”	Timeless Strategy Limited, a company incorporated in Hong Kong which is a wholly-owned subsidiary of the Company
“US\$”	United States dollars

By Order of the Board
Cheng Kin Kwan
Chairman

Hong Kong, 30th September, 2000

This announcement will remain on the GEM website (www.hkgem.com) on the “Latest Company Announcement” page for 7 days from the day of posting and on the Company/s website (www.timeless.com.hk).