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*This announcement, for which the directors of Timeless Software Limited collectively and individually accept 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.*

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



## **Timeless Software Limited**

*(incorporated in Hong Kong with limited liability)*

### **SHARE TRANSACTION**

The Company announces that on 20 April 2001, Timeless Strategy, a wholly owned subsidiary of the Company, has entered into the S&P Agreement with Mr. Hung Pan, pursuant to which Timeless Strategy agreed to acquire 700 Sale Shares of China Lake currently owned by Mr. Hung Pan, for a total consideration of HK\$16,744,000. The consideration is to be satisfied by the payment of HK\$1,000,000 in cash and HK\$15,744,000 by way of the issue and allotment of 16,000,000 Listing Shares to Mr. Hung Pan. Completion of the Asset Acquisition shall take place on or before 3 June 2001 and is conditional upon the obtaining of listing approval of the Listing Shares from the

Stock Exchange. The Listing Shares, to be issued at HK\$0.984 per Share, represent approximately 2.13% of the issued share capital of the Company prior to completion of the Asset Acquisition and approximately 2.08% of the issued share capital of the Company as enlarged by the new issue.

On completion of the Asset Acquisition, the Company will be indirectly interested in approximately 70% of the issued share capital of China Lake.

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

## **SALE AND PURCHASE AGREEMENT**

- Date : 20 April 2001
- Parties : (i) Mr. Hung Pan, an independent third party not connected with the Directors, chief executives, 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).
- (ii) Timeless Strategy Limited
- Assets to be acquired : 700 Sale Shares representing 70% of the issued share capital of China Lake.
- Consideration : HK\$16,744,000
- Payment Terms : The consideration is to be satisfied as to HK\$1,000,000 in cash out of the working capital of the Company on the date of signing the S&P Agreement and as to HK\$15,744,000 by the issue and allotment of the 16,000,000 Listing Shares to Mr. Hung Pan at HK\$0.984 per Share. The issue price of the Listing Shares represents (i) a premium of approximately

9.33% to the closing price of HK\$0.90 per Share on 19 April 2001 being the immediate trading day prior to the date of the S&P Agreement as quoted on the Stock Exchange; (ii) a premium of approximately 35.54 % to the average closing price of HK\$0.726 per Share for the last 5 consecutive trading days up to and including 19 April 2001 as quoted on the Stock Exchange; and (iii) a premium of approximately 50.69% to the average closing price of HK\$0.653 per Share for the last 10 consecutive trading days up to and including 19 April 2001 as quoted on the Stock Exchange. There is no lock-up in respect of the Listing Shares.

The Listing Shares represent approximately 2.13% of the issued share capital of the Company prior to completion of the Asset Acquisition and approximately 2.08% of the issued share capital of the Company as enlarged by the issue and allotment of the Listing Shares.

The Listing Shares are to be issued and credited as fully paid pursuant to the general mandate granted to the Directors at the extraordinary general meeting of the Company held on 7 July 2000.

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

Basis for  
Consideration :

The Consideration has been arrived at after arm's length negotiation between the Company and Mr. Hung Pan based on normal commercial terms with reference to a combination of factors including the future prospects and revenue generation potential of China Lake and its PRC JV. The Directors consider the consideration for the Asset Acquisition to be fair and reasonable.

Condition Precedent : The S&P Agreement is conditional upon the obtaining of listing approval of the Listing Shares from the Stock Exchange.

Completion : Completion of the Asset Acquisition is to take place on or before 3 June 2001.

## **INFORMATION ON CHINA LAKE**

China Lake was incorporated on 8 November 1999 and has remained dormant until it formed the PRC JV with JV Partner, a company which has close relationship with the Quizhou Government, on 23 February 2001. As at the date of the S&P Agreement, the net tangible asset of China Lake is approximately HK\$2,800,000 which represents its interests in the PRC JV.

The PRC JV is a sino-foreign co-operative joint venture. The registered capital of the PRC JV is RMB3,200,000 (approximately HK\$2,963,000), out of which RMB3,000,000 (approximately HK\$2,778,000) has been contributed by China Lake payable on or before 26 July 2001 and the remaining RMB200,000 (approximately HK\$185,000) has been contributed by the JV Partner. According to the Articles of Association of the PRC JV, profits generated by the PRC JV will first be used to pay back the RMB3,000,000 contributed by China Lake. Profits and losses generated subsequently will then be shared by China Lake and the JV Partner on a 45:55 basis.

The PRC JV will engage in the enterprise portal business in Quizhou in the PRC and a portal of such will be constructed by Timeless Guangzhou. A service contract of RMB7,000,000 has also been signed between the PRC JV and Timeless Guangzhou on 7 March 2001. The enterprise portal business to be engaged by the PRC JV will include services such as database centre, public information database, eCommerce, industry and commerce administration management system and office automation. Licence fees will be earned from the enterprises that enjoy the above-mentioned services provided by this portal. The Directors believe that the revenue generating potential of the PRC JV will be substantial as based on close relationship of the JV Partner with the Quizhou

Government and the support of the Quizhou Government. It is envisaged that 3,000 to 6,000 enterprises in Quizhou province will be introduced to use the services provided by this portal in the first year. It is planned that this portal will be completed within one year.

Upon completion, the board of China Lake will comprise 4 directors: Mr. Hung Pan and 3 directors nominated by Timeless Strategy. According to Articles of Association of the PRC JV, China Lake and the JV Partner will nominate 2 and 3 persons respectively to the board of directors of the PRC JV.

## **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 PRC. The Asset Acquisition is in line with the Group's broad objective to grow through strategic partnership with technology companies providing services that complement the business of the Group, in particular companies with expertise in Internet related technologies. The Directors consider that the investment in China Lake is in line with the Company's business strategy to establish itself as a world leader in corporate software services. In particular, the participation by the Company in the PRC JV opens up the opportunity for the Company to satisfy the immense demand for Internet technology and related services by business enterprises in Quizhou province and the Southwestern territories in China. Upon completion, China Lake will be treated as a subsidiary of the Company with Mr. Hung Pan becoming the minority shareholder holding 30% of China Lake. 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 Listing Shares. Application will be made to the Stock Exchange for the listing of and permission to deal in the Listing Shares.

## DEFINITIONS

“Asset Acquisition”	the acquisition by Timeless Strategy of 700 shares of China Lake for a total consideration of HK\$16,744,000 representing 70% of the issued share capital of China Lake on completion of the asset acquisition
“China Lake”	China Lake International Limited, a company incorporated under the laws of British Virgin Islands and wholly owned by Mr. Hung Pan
“Company”	Timeless Software Limited, a company incorporated in Hong Kong whose shares are listed on the Stock Exchange
“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
“JV Partner”	貴陽集瑞信息產業有限公司, a company established in the PRC, the three individual beneficial owners of which are independent third parties not connected with the Directors, chief executives, 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)
“Listing Shares”	16,000,000 Shares to be issued at HK\$0.984 per Share
“PRC”	The People’s Republic of China

“PRC JV”	貴州中湖計算機科技有限公司， a Sino-Foreign Co-operative Joint Venture established in the PRC
“RMB”	Renminbi
“Sale Shares”	700 shares of US\$1.00 each in the capital of China Lake
“Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company
“S&P Agreement”	the sale and purchase agreement dated 20 April 2001 entered into between Mr. Hung Pan and Timeless Strategy relating to the Asset Acquisition
“Stock Exchange”	The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
“Timeless Guangzhou”	Timeless Software (Guangzhou) Limited, a company established in the PRC which is a wholly owned subsidiary of the Company
“Timeless Strategy”	Timeless Strategy Limited, a company incorporated in Hong Kong which is a wholly owned subsidiary of the Company

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

Hong Kong, 20 April 2001

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