

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of this announcement.

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 Consideration Shares.



Timeless Software Limited

(incorporated in Hong Kong with limited liability)

SHARE TRANSACTION

On 17 June 2001, the Company entered into a subscription agreement with a PRC independent third party, West China, pursuant to which the Company agreed to subscribe for 7,035,000 new shares of West China, representing 23.08% of the enlarged registered capital of West China on completion, for a consideration of RMB70,350,000 (equivalent to approximately HK\$66,199,000). The consideration is to be satisfied by the payment of RMB21,105,000 (equivalent to approximately HK\$19,860,000) in cash and RMB49,245,000 (equivalent to approximately HK\$46,339,000) by way of the issue and allotment of 44,429,094 Consideration Shares. The Consideration Shares represent approximately 5.67 % of the issued share capital of the Company prior to completion of the Asset Acquisition and approximately 5.37% of the issued share capital of the Company as enlarged by the issue and allotment of the Consideration Shares. Completion of the Asset Acquisition will take place on or about 16 July 2001.

The Company has also entered into four technical contracts with West China totaling RMB460 million (equivalent to approximately HK\$433 million) for the construction of informatisation infrastructure, an Internet Data Centre, West China Electronic Business Platform and West China Electronic Business (Ningxia) Certification Centre.

The Asset Acquisition constitutes a share transaction for the Company under the GEM Listing Rules. Completion is conditional upon the obtaining of listing approval of the Consideration Shares from the Stock Exchange.

Trading in the Shares has been suspended since 10:00 a.m. on 18 June 2001 and application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 10:00 a.m. on 19 June 2001.

SUBSCRIPTION AGREEMENT

Date : 17 June 2001

Parties : (i) West China Electronic Business Co., Ltd., 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) The Company

Assets to be acquired: 7,035,000 new shares in the registered capital of West China, representing 23.08% of the enlarged registered capital of West China on completion of the Asset Acquisition.

Consideration : RMB70,350,000 (equivalent to approximately HK\$66,199,000)

Payment Terms : The consideration is to be satisfied by the payment of RMB21,105,000 (equivalent to approximately HK\$19,860,000) in cash out of the working capital of the Company within 30 calendar days following 17 June 2001, the remaining RMB49,245,000 (equivalent to approximately HK\$46,339,000) by the issue and allotment of the Consideration Shares. The issue price of the Consideration Shares shall be HK\$1.043 per Share being the average closing price as quoted by the Stock Exchange for the 30 trading days preceding 17 June 2001. There is no lock-up in respect of the Consideration Shares.

The issue price of the Consideration Shares represents (i) a discount of approximately 3.43% to the closing price of HK\$1.08 per Share on 15 June 2001 being the immediate trading day prior to the signing of the Subscription Agreement as quoted on the Stock Exchange; and (ii) a discount of approximately 12.72 % to the average closing price of HK\$1.195 per Share for the last 10 consecutive trading days up to and including 15 June 2001 as quoted on the Stock Exchange.

The Consideration Shares represent approximately 5.67% of the issued share capital of the Company prior to completion of the Asset Acquisition and approximately 5.37% 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 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 Consideration 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 West China, based on normal commercial terms with reference to a combination of factors including the future prospects and revenue generation potential of West China. The Directors consider the consideration for the Asset Acquisition to be fair and reasonable.
Condition precedent		The Subscription Agreement is conditional upon the obtaining of listing approval of the Consideration Shares from the Stock Exchange.
Completion	:	Completion of the Asset Acquisition will take place on or about 16 July 2001.

INFORMATION ON WEST CHINA

West China, a company established in the PRC in September 2000, was designated by the government of Ningxia Hui Autonomous Region to be the key high-tech enterprise to take part in the local government's goal to promote and develop the Region into the center of information technology, electronic commerce and networking solution services serving the adjacent 14 provinces, cities and autonomous regions radiating from Ningxia. West China is and will be the prime participant in IT projects for the building and development of the Yinchuan Economic Development Zone, which is designated to become the multi-tiered, multi-functional e-commerce network platform between the western China and the world through the technological infrastructure that encourages the interactive flow and exchange of information on capital, commodities and commerce. The government projects include (1) the construction of an informatisation infrastructure; and the development of (2) an Internet Data Centre; (3) the West China Electronic Business Platform; and (4) West China Electronic Business (Ningxia) Certification Centre. The gross amount of these four projects totals RMB460 million (equivalent to approximately HK\$433 million). According to its management accounts at 31 May 2001, the net asset value of West China was approximately RMB24 million (equivalent to approximately HK\$23 million), and a profit of approximately RMB466,000 (equivalent to approximately HK\$440,000) for the period from September 2000 to May 2001. Upon completion, the Company shall be entitled to appoint two directors to the board of seven of West China.

The Informatisation Infrastructure Project, involves the overall design and development of an Internet based information exchange system which will

provide the backbone and environment for business and government agencies in the region to develop their own net-based systems. The Internet Data Centre Project involves the construction and operation of a data centre with networking infrastructure ready to provide systems, web, and software application hosting services. The West China Electronic Business (Ningxia) Certification Centre Project involves the implementation of a logical centre providing security and identification verifications in Internet-based transactions for businesses in the great western regions. The West China Electronic Business Platform Project involves the design and development of an e-transaction based system or platform for e-commerce businesses.

At 17 June 2001, West China has a registered and paid-up capital of RMB23,450,000 (equivalent to approximately HK\$22,000,000). On completion of the subscription the Company will become the single largest shareholder of West China. West China is a high technology company formed by various PRC companies: GuangXia (YinChuan) Industry Co. Ltd., Wuzhong Instrument Co., Ltd., NingXia Orient Tantalom Industry Co., Ltd., YinChuan XinHua Department Store Co., Ltd., NingXia Islamic International Trust & Investment Corporation, NingXia Zhong Tian Technology Innovation Engineering Co., Ltd. and NingXia Telecom TianBo Industry Co., Ltd. All of them are companies limited by shares and are established in the PRC who 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).

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, to be financed out of the working capital of the Company, 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, and through its participation in the PRC in local and regional efforts to informatise or modernise traditional enterprises through innovative technologies. Through the Asset Acquisition, the Company will be directly taking part in the construction and implementation of the consolidated information network services system in Ningxia Hui Autonomous Region in northwest China. The Company has signed four contracts relating to the provision of Internet technology platform products and software development worth RMB460 million (equivalent to approximately HK\$433 million) on 17

June 2001. The four government projects depending on its size and complexity will be expected to take six months to three years to complete and will generate a continuous stream of revenue based on the percentage of completion for the Group. And the Group will be the prime provider and developer of technology and infrastructure of similar projects in Ningxia and adjacent regions. The Directors consider that the Asset Acquisition is in line with the Company's business strategy to establish itself in the western part of the PRC with a dominant position in the provision of Internet technology and related services to businesses and government agencies in that region. 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.

Trading in the Shares of the Company on the Stock Exchange was suspended with effect from 10:00 a.m. on 18 June 2001 at the request of the Company and an application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 10:00 a.m. on 19 June 2001.

DEFINITIONS

“Asset Acquisition”	the subscription by the Company of 7,035,000 new shares of West China at a consideration of RMB70,350,000 (equivalent to approximately HK\$66,199,000), representing 23.08% of the enlarged registered capital of West China on completion of the Asset Acquisition
“Company”	Timeless Software Limited, a company incorporated in Hong Kong whose shares are listed on the Stock Exchange
“Consideration Shares”	44,429,094 new Shares to be issued at HK\$1.043 per Share as part consideration for the Asset Acquisition

“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
“PRC”	the People’s Republic of China
“RMB”	Renminbi
“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
“West China”	West China Electronic Business Co., Ltd., a company limited by shares and established in the PRC which is 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)

By Order of the Board
Law Kwai Lam
Secretary

Hong Kong, 18 June 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).