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## THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION

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

**If you are in doubt** as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold** all your shares in Timeless Software Limited you should at once hand this circular to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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## TIMELESS SOFTWARE LIMITED

天時軟件有限公司

*(Incorporated in Hong Kong with limited liability)*

### PROPOSALS FOR GENERAL MANDATES TO REPURCHASE ITS OWN SHARES AND TO ISSUE SHARES

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The notice convening an Extraordinary General Meeting of Timeless Software Limited (“the Company”) to be held at Grand Salon III, Grand Hyatt Hong Kong, 1 Harbour Road, Hong Kong, on Friday, 7 July 2000 at 3:10 p.m. (or so soon thereafter as the Annual General Meeting of the Company to be convened for the same day and place shall have been concluded or adjourned) is set out on pages 8 to 10 of this circular.

Whether or not you are able to attend the meeting, please complete and return the accompanying blue form of proxy as therein instructed as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting.

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

13 June 2000

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## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED**

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**GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

**The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.**

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This circular, 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 circular 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 circular misleading; and (3) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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## DEFINITIONS

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In this circular, unless the context requires otherwise, the following expressions have the following meanings:

“AGM”	the Annual General Meeting of the Company to be held at Grand Salon III, Grand Hyatt Hong Kong, 1 Harbour Road, Hong Kong on Friday, 7 July 2000 at 3:00 p.m.
“Commission”	Securities and Futures Commission
“Company”	Timeless Software Limited
“Companies Ordinance”	Companies Ordinance, Chapter 32 of the Laws of Hong Kong
“Directors”	directors of the Company
“EGM”	the Extraordinary General Meeting of the Company to be held at Grand Salon III, Grand Hyatt Hong Kong, 1 Harbour Road, Hong Kong on Friday, 7 July 2000 at 3:10 p.m. (or so soon thereafter as the AGM to be convened for the same day and place shall have been concluded or adjourned), the notice of which is enclosed with this circular
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on The Growth Enterprise Market of the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Share(s)”	share(s) of nominal value of HK\$0.05 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeover Code”	the Code on Takeovers and Mergers approved by the Securities and Futures Commission as amended from time to time

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## LETTER FROM THE BOARD

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### TIMELESS SOFTWARE LIMITED

天時軟件有限公司

(Incorporated in Hong Kong with limited liability)

*Directors:*

CHENG Kin Kwan

*(Chairman and Chief Executive Officer)*

CHENG Wan Cheung, Danny

LAW Kwai Lam

KAN Siu Kei, Laurie\*

LAU Yee Wan, Yvonne\*

HO Man Kee, Jeffrey\*

Vivien Chan<sup>#</sup>

CHENG Kam Chiu, Stewart<sup>#</sup>

POON Cho Yiu, Ronald<sup>#</sup>

*Registered office and*

*principal place of business:*

22nd Floor

China Resources Building

26 Harbour Road

Wanchai

Hong Kong

\* *Non-executive Directors*

<sup>#</sup> *Independent Non-executive Directors*

13 June 2000

*To the shareholders*

Dear Sir or Madam,

### **PROPOSALS FOR GENERAL MANDATES TO REPURCHASE ITS OWN SHARES AND TO ISSUE SHARES**

#### **INTRODUCTION**

At the extraordinary general meeting of the Company held on 16 November 1999, resolutions were passed giving general mandates to the Directors to issue and allot Shares and to exercise the powers of the Company to repurchase its own Shares in accordance with the GEM Listing Rules. These general mandates will lapse at the conclusion of the AGM. It is therefore proposed to renew the general mandates to issue and allot Shares and to repurchase Shares at the EGM.

The purpose of this Circular is to provide you with information regarding the proposed renewal of the general mandates to issue and allot Shares and to repurchase Shares and to seek your approval of the ordinary resolutions relating to these matters at the EGM.

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## LETTER FROM THE BOARD

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### GENERAL MANDATE TO REPURCHASE SHARES

An ordinary resolution will be proposed at the EGM to grant to the Directors a general mandate to exercise the powers of the Company to repurchase Shares (“Buyback Mandate”), details of which are set out in ordinary resolution no.1 in the notice of EGM. The Shares which may be repurchased pursuant to the Buyback Mandate is limited to a maximum of 10 per cent. of the issued share capital of the Company at the date of passing of the resolution approving the Buyback Mandate.

An explanatory statement as required under the GEM Listing Rules, giving certain information regarding the Buyback Mandate, is set out in the appendix hereto.

### GENERAL MANDATE TO ISSUE SHARES

An ordinary resolution will be proposed at the EGM to grant to the Directors a general mandate to allot, issue and deal with (“Issue Mandate”) Shares not exceeding 20 per cent. of the issued share capital of the Company as at the date of passing of the resolution approving the Issue Mandate. In addition, an ordinary resolution will also be proposed to authorise an extension of the Issue Mandate by adding to the aggregate number of Shares which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to the Issue Mandate the number of Shares purchased under the Buyback Mandate, if granted.

Details of the aforesaid two ordinary resolutions are set out in ordinary resolutions no.2 and no.3 in the notice of EGM.

### EXTRAORDINARY GENERAL MEETING

Set out on pages 8 to 10 of this circular is a notice convening the EGM at which ordinary resolutions will be proposed to approve the Buyback Mandate, the Issue Mandate and the extension of the Issue Mandate.

A blue form of proxy for use at the EGM is enclosed. Whether or not you intend to be present at the EGM, you are requested to complete the blue form of proxy and return it to the registered office of the Company in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the EGM.

### RECOMMENDATION

The Directors believe that the Buyback Mandate, the Issue Mandate and the extension of the Issue Mandate are in the best interests of the Company as well as its shareholders. Accordingly, the Directors recommend that all shareholders of the Company should vote in favour of all the resolutions set out in the notice of EGM.

By order of the Board  
**Cheng Kin Kwan**  
*Chairman*

This appendix serves as an explanatory statement, as required by the GEM Listing Rules, to provide you with requisite information for your consideration of the Buyback Mandate and also constitutes the Memorandum required under Section 49BA of the Companies Ordinance. Reference in this appendix to “Share(s)” means share(s) of HK\$0.05 each in the share capital of the Company.

## **1. PROVISIONS OF THE GEM LISTING RULES**

The GEM Listing Rules permit a company with a primary listing on GEM to repurchase its own securities on GEM or on any other stock exchange recognised for this purpose by the Commission and the Stock Exchange subject to certain restrictions, the most important of which are summarised below:—

### **(a) Shareholders’ approval**

The GEM Listing Rules provide that all proposed repurchase of securities by a company with a primary listing on GEM must be approved in advance by an ordinary resolution of shareholders, either by way of general mandate or by specific approval of a particular transaction.

### **(b) Source of funds**

Repurchase must be funded out of funds legally available for the purpose in accordance with the company’s constitutive documents and the laws of the jurisdiction in which the company is incorporated or otherwise established.

### **(c) Trading restrictions**

The shares proposed to be repurchased by a company must be fully paid up. A maximum of 10 per cent. of the existing issued share capital may be repurchased on GEM. A company may not issue or announce an issue of new shares for a period of 30 days immediately following a repurchase whether on GEM or otherwise (other than an issue of securities pursuant to an exercise of share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. The GEM Listing Rules also prohibit a company from repurchasing its own securities on GEM if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange.

The GEM Listing Rules further provide that a company shall not repurchase its own securities on GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

### **(d) Status of repurchased securities**

The GEM Listing Rules provide that the listing of all repurchased securities is automatically cancelled and the certificates for those securities must be cancelled and destroyed.

**(e) Suspension of repurchases**

The GEM Listing Rules require any securities buyback programme to be suspended after a price sensitive development has occurred or has been the subject of a decision until such time the price sensitive information is made publicly available. In particular, during the period of one month immediately preceding either the preliminary announcement of a company's annual results or the publication of a company's half-yearly report or quarterly report, a company may not purchase its own securities on GEM, unless the circumstances are exceptional. In addition, the Stock Exchange reserves the right to suspend a securities buyback programme on GEM if the Stock Exchange considers that a company has committed a breach of the GEM Listing Rules.

**(f) Reporting requirements**

Under the GEM Listing Rules, repurchases of securities on GEM or otherwise must be reported in the prescribed form to the Stock Exchange not later than 9:30 a.m. (Hong Kong time) on the following business day. In addition, a company's annual report is required to disclose details regarding securities repurchases made during the year, including in respect of the number of securities repurchased each month, the purchase price per share or the highest and lowest price paid for such purchases, where relevant, and the aggregate prices paid and the reasons of the directors of the company for making such repurchases. A company shall procure that any broker appointed by the Company to effect the repurchase of securities shall disclose to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may request.

**(g) Connected parties**

The GEM Listing Rules prohibit a company from knowingly repurchasing securities on GEM from a "connected person", that is, a director, chief executive, substantial shareholder or management shareholder of the company or any of its subsidiaries or any of their respective associates (as defined in the GEM Listing Rules) and a connected person is prohibited from knowingly selling his/her shares to the company.

**2. SHARE CAPITAL**

As at 12 June 2000, being the latest practicable date prior to the printing of this circular ("Latest Practicable Date"), the issued share capital of the Company comprised 750,000,000 Shares.

Subject to the passing of the ordinary resolution no.1 set out in the notice of EGM and on the basis that no further Shares are issued or repurchased prior to the EGM, the Company would be allowed under the Buyback Mandate to repurchase a maximum of 75,000,000 Shares.

### 3. REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and its shareholders to have a general authority from shareholders to enable the Directors to repurchase Shares on GEM. Such repurchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and its earnings per Share and will only be made when and to the extent that the Directors believe that such repurchases will benefit the Company and its shareholders.

### 4. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may apply only funds legally available for such purpose in accordance with its Articles of Association, the GEM Listing Rules and the applicable laws of Hong Kong. It is proposed that repurchase of Shares under the Buyback Mandate in these circumstances would be financed from available cash flow or working capital facilities of the Company and its subsidiaries.

The Companies Ordinance provides that the amount of capital repaid in connection with a share repurchase may only be paid from the distributable profits of the company or from the proceeds of a new issue of shares made for the purpose. The Companies Ordinance further provides that the amount of premium payable on repurchases may only be made out of the distributable profits of the company. Where the repurchased shares were issued at a premium, any premium payable on repurchase may be paid out of the proceeds of a fresh issue of shares made for the purpose of the share repurchase up to certain limits specified by the Companies Ordinance.

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the Annual Report for the year ended 31 March 2000) in the event that the proposed repurchase of Shares was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Buyback Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

### 5. SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange in the six months since 25 November 1999 (date of listing) were as follows:—

	Shares	
	Highest HK\$	Lowest HK\$
November 25-30, 1999	7.70	4.40
December 1999	6.50	3.55
January 2000	5.40	2.60
February 2000	8.50	4.85
March 2000	6.10	4.00
April 2000	5.00	3.50
May 2000	5.20	3.55



**6. GENERAL**

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make share repurchases pursuant to the proposed ordinary resolution no.1 set out in the notice of EGM in accordance with the GEM Listing Rules and the applicable laws of Hong Kong.

If as a result of the share repurchases, a shareholder's proportionate interest in the voting rights of the Company increases, such interest will be treated as an acquisition for the purposes of the Takeover Code. As a result, a shareholder, or group of shareholders acting in concert, depending on the level of increase of shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeover Code.

As at the Latest Practicable Date, Crimson Asia Capital Limited, L.P. was interested in 144,786,580 Shares, representing approximately 19.30 per cent. of the issued share capital of the Company. Based on such shareholding, and in the event that the Directors exercised in full the Buyback Mandate, the beneficial interests of Crimson Asia Capital Limited, L.P. in the issued share capital of the Company would be increased to approximately 21.45 per cent. of the issued share capital of the Company. The directors are not aware of any consequences which may arise under the Takeover Code as a consequence of any purchases made under the Buyback Mandate.

None of the Directors nor, to the best of their knowledge, having made all reasonable enquiries, any of their associates (as defined in the GEM Listing Rules), has any present intention, if the Buyback Mandate is approved by the shareholders of the Company, to sell any securities to the Company or its subsidiaries.

No connected person (as defined in the GEM Listing Rules) has notified the Company that he has a present intention to sell Shares to the Company, or has undertaken not to do so, if the Buyback Mandate is approved by the shareholders.

**7. SHARES REPURCHASED BY THE COMPANY**

The Company had not purchased any of the Shares (whether on GEM or otherwise) in the six months preceding the date of this circular.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### Timeless Software Limited

天時軟件有限公司

*(incorporated in Hong Kong with limited liability)*

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting of the Company will be held at Grand Salon III, Grand Hyatt Hong Kong, 1 Harbour Road, Hong Kong on Friday, 7 July 2000 at 3:10 p.m. (or so soon thereafter as the Annual General Meeting of the Company to be convened for the same day and place shall have been concluded or adjourned) for the purpose of considering and, if thought fit, passing the following resolutions, with or without modification, as the Ordinary Resolutions of the Company, namely:—

#### ORDINARY RESOLUTIONS

(1) “THAT:—

- (A) subject to paragraph (B) below, the exercise by the directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares in the capital of the Company on The Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (“Stock Exchange”) or on any other stock exchange on which the shares of the Company may be listed and recognised for this purpose by the Securities and Futures Commission and the Stock Exchange in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (as amended from time to time) or of any other stock exchange, be and is hereby generally and unconditionally approved;
- (B) the aggregate nominal amount of ordinary shares of the Company to be repurchased by the Company pursuant to the approval in paragraph (A) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution and the said approval shall be limited accordingly; and
- (C) for the purposes of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of
  - (i) the conclusion of the next Annual General Meeting of the Company;
  - (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held; and
  - (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting of the Company.”

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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(2) "THAT:—

- (A) subject to paragraph (C) below, the exercise by the directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make and grant offers, agreements and options (including warrants, bonds, debentures, notes and other securities which carry rights to subscribe for or are convertible into shares of the Company) which would or might require shares to be allotted be and is hereby generally and unconditionally approved;
- (B) the approval in paragraph (A) above shall authorise the directors of the Company during the Relevant Period to make and grant offers, agreements and options (including warrants, bonds, debentures, notes and other securities which carry rights to subscribe for or are convertible into shares of the Company) which would or might require shares to be allotted after the end of the Relevant Period;
- (C) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (A) above, otherwise than pursuant to (a) a Rights Issue (as hereinafter defined); or (b) an issue of shares upon the exercise of subscription rights under any option scheme or similar arrangement for the grant or issue to officers or employees of the Company and/or its subsidiaries of shares or rights to acquire shares of the Company; or (c) any issue of shares pursuant to the exercise of rights of subscription or conversion under the terms of any existing warrants, bonds, debentures, notes and other securities of the Company; or (d) an issue of shares pursuant to any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of the dividend on shares of the Company in accordance with the Articles of Association of the Company, shall not exceed 20% of the aggregate nominal amount of the ordinary share capital of the Company in issue at the date of passing this Resolution and the said approval shall be limited accordingly; and
- (D) for the purposes of this Resolution:—

"Relevant Period" means the period from the passing of this Resolution until whichever is the earliest of

- (i) the conclusion of the next Annual General Meeting of the Company;
- (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held; and
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting of the Company.

"Rights Issue" means an offer of shares of the Company or issue of option, warrants or other securities giving the right to subscribe for shares of the Company, open for a period fixed by the directors of the Company to holders of shares, or any class of shares, whose names appear on the register of members of the Company (and,

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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where appropriate, to holders of other securities of the Company entitled to the offer) on a fixed record date in proportion to their holdings of such shares (or, where appropriate, such other securities) as at that date (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

- (3) “THAT the general mandate granted to the directors of the Company to exercise the powers of the Company to allot, issue and deal with any additional shares of the Company pursuant to Resolution (2) set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to Resolution (1) set out in the notice convening this meeting, provided that such extended amount shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution.”

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

Hong Kong, 13 June 2000

**Notes:**

1. A member of the Company entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
2. In order to be valid, the form of proxy together with any power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or attorney, must be deposited at the registered office of the Company at 22/F, China Resources Building, 26 Harbour Road, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.