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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)*

## PROPOSAL FOR THE ADOPTION OF A SHARE OPTION SCHEME

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A notice convening an Extraordinary General Meeting of Timeless Software Limited (“the Company”) to be held at Grand Salon II, Grand Hyatt Hong Kong, 1 Harbour Road, Hong Kong, on Tuesday, 21 November 2000 at 3:00 p.m. is set out on page 7 of this circular.

Whether or not you are able to attend the meeting, please complete and return the accompanying 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 Extraordinary General Meeting.

*This Circular will remain on the GEM website ([www.hkgem.com](http://www.hkgem.com)) on the “Latest Company Announcements” page for 7 days from the date of its posting and on the Company’s website ([www.timeless.com.hk](http://www.timeless.com.hk)).*

6 November 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:*

“Company”	Timeless Software Limited
“Companies Ordinance”	Companies Ordinance (Chapter 32 of the Laws of Hong Kong) and any amendments thereto or re-enactment thereof for the time being in force
“Directors”	the board of directors of the Company or a duly authorised committee thereof
“EGM”	the Extraordinary General Meeting of the Company to be held at Grand Salon II, Grand Hyatt Hong Kong, 1 Harbour Road, Hong Kong on Tuesday, 21 November 2000 at 3:00 p.m.
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities GEM made by the Stock Exchange from time to time
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars
“Shares”	shares of HK\$0.05 each (or of such other nominal amount as shall result from a sub-division or a consolidation of such shares from time to time) of the Company and Share shall be construed accordingly
“Share Option Scheme”	the share option scheme proposed to be adopted by the Company, the principal terms of which are set out in this circular
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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LETTER FROM THE CHAIRMAN

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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

CHUNG Yiu Fai

LEUNG Mei Sheung, Eliza

KAN Siu Kei, Laurie\*

CHAN Vivien<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 Director*

*# Independent Non-executive Directors*

6 November 2000

*To the shareholders*

Dear Sir or Madam,

**PROPOSAL FOR THE ADOPTION OF A SHARE OPTION SCHEME**

**INTRODUCTION**

The Directors propose the adoption of a Share Option Scheme so that all full-time employees (including executive directors) of the Group are eligible for participating in this Share Option Scheme.

The purpose of this circular is to provide you with information relevant to the Share Option Scheme. This Circular also sets out a notice of the EGM to be convened to consider, and if thought fit, to approve the Share Option Scheme.

**SHARE OPTION SCHEME**

The Directors consider that it is in line with modern commercial practice that directors and employees should be able to be given incentives in the form of options to subscribe for Shares. The Directors realise that qualified and skilled persons are in demand and believe that having a share option scheme in place is one of the most attractive means to attract those persons to contribute to the continuous development of the Group. The Directors believe that in some instances, the granting of share options instead of cash consideration when recruiting such persons is more beneficial for the Group.

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## LETTER FROM THE CHAIRMAN

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A summary of the principal terms of the Share Option Scheme is set out in the Appendix to this circular.

Subject to the shareholders' approval, the Directors will have the right to grant to full-time employees (including executive directors) of the Group options to subscribe for Shares representing up to 10 per cent of the issued share capital of the Company from time to time, excluding any Shares issued on the exercise of options under the Share Option Scheme.

The Share Option Scheme is conditional upon the Stock Exchange granting the listing of and permission to deal in any Shares which may be issued pursuant to the Share Option Scheme. Application will be made to the Stock Exchange for granting the listing of and permission to deal in any Shares to be issued pursuant to the Share Option Scheme.

### EXTRAORDINARY GENERAL MEETING

A notice is enclosed with this circular convening the EGM to be held at Grand Salon II, Grand Hyatt Hong Kong, 1 Harbour Road, Hong Kong, on Tuesday, 21 November 2000 at 3:00 p.m. for the purpose of considering and, if thought fit, passing an ordinary resolution to approve the adoption of the Share Option Scheme.

A 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 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.

**Rule 23.02(1) of the GEM Listing Rules provides that any persons to whom or for whose benefit shares may be issued under a share option scheme shall abstain from voting at a shareholders' general meeting approving the same. Accordingly, the executive directors of the Group and their associates (as defined in the GEM Listing Rules) and the full-time employees of the Group who have shareholding interest in the Company should abstain from voting of the Share Option Scheme at the EGM.**

### RECOMMENDATION

The Directors believe that the proposed Share Option Scheme is in the best interests of the Company as well as its shareholders. Accordingly, the Directors recommend you to vote in favour of the resolution set out in the notice of the EGM.

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

The following is a summary of the principal terms of the rules of the Share Option Scheme to be adopted at the EGM:

- (a) The Directors may, at their discretion, invite any full-time employee (including executive directors) of the Group (“the Employee”) to take up options at HK\$1.00 per option to subscribe for Shares at a price calculated in accordance with sub-paragraph (b) below.
- (b) The subscription price for Shares under the Share Option Scheme shall be a price determined at the discretion of the Directors and notified to each grantee and will be the highest of:—
  - (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date on which the option is granted (“Offer Date”), which must be a business day;
  - (ii) the average of the closing prices of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five business days upon which dealings in Shares are made immediately preceding the Offer Date; and
  - (iii) the nominal value of a Share.
- (c) The total number of Shares in respect of which options may be granted is 75,150,000 Shares which is equivalent to approximately 10% of the issued Shares at the date of this circular. The total number of Shares subject to the Share Option Scheme and any other schemes which may be approved and adopted in the future must not, in aggregate, exceed 10% of the Shares in issue from time to time (excluding (i) Shares issued upon the exercise of options granted pursuant to the Share Option Scheme and any other schemes; and (ii) any pro rata entitlements to further Shares issued in respect of the Shares as mentioned in (i)) during a period of 10 consecutive years commencing 21 November 2000 (“10-year period”).
- (d) No option may be granted to any Employee which if exercised in full would result in such Employee becoming entitled to subscribe for such number of Shares as, when aggregated with the total number of Shares already issued and issuable to him or her under the Share Option Scheme, would exceed 25% of the aggregate number of Shares for the time being issued and issuable under the Share Option Scheme.
- (e) An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined by the Directors and notified to each grantee and in any event such period of time shall not exceed a period of 5 years commencing on the expiry of 1 year after the Offer Date.
- (f) An option may not be transferred, assigned or otherwise encumbered, charged, mortgaged and is personal to the grantee and shall not be assignable.
- (g) If the grantee of an option ceases to be an Employee by reason of death, his or her legal personal representative(s) may exercise the option up to the entitlement of such grantee at the date of death (to the extent not already exercised) within a period of 3 months or such longer period not exceeding 12 months from the date of death, failing which the option will lapse.

- (h) An option shall lapse automatically (to the extent not already exercised) on the date of cessation of employment by reason either of voluntary resignation, retirement or expiry of employment contract, or of dismissal on the grounds that, but not limited to, he or she has been guilty of serious misconduct or has committed any act of bankruptcy or has become insolvent or has made any arrangements or compositions with his or her creditors generally or has been convicted of any criminal offence involving his or her integrity or honesty.
- (i) In the event of an effective resolution being passed for the voluntary winding-up of the Company, the grantee (or his or her legal personal representative(s)), may by notice in writing to the Company within 21 days after the date of such resolution elect to be treated as if the option had been exercised immediately before the passing of such resolution either to its full extent or to the extent specified in such notice and shall accordingly be entitled to receive out of the assets available in the liquidation *pari passu* with the holders of Shares such sum as would have been received in respect of the Shares the subject of such election reduced by an amount equal to the subscription price which would otherwise have been payable in respect thereof. Subject to the above, an option will lapse automatically (to the extent not already exercised) on the date of commencement of the winding-up of the Company.
- (j) The Shares to be allotted upon the exercise of an option will be subject to all provisions of the bye-laws of the Company for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in the Company in issue on the date of exercise of the option and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of exercise of the option other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date of exercise of the option.
- (k) In the event of a capitalisation issue, rights issue, sub-division or consolidation of shares or reduction of capital of the Company while any option remains exercisable, corresponding alterations (if any) will be made to (i) the number of Shares subject to any option so far as such option remains unexercised and/or (ii) the subscription price, provided that any such alterations shall be made on the basis that the grantee shall have the same proportion of the issued share capital of the Company as that to which he or she was entitled before such adjustments and the aggregate subscription price payable by the grantee on the full exercise of any option shall remain as nearly as possible the same as (but not greater than) it was before such event, but so that no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value.
- (l) In respect of any adjustments required by reason as mentioned in paragraph (k) above, other than any made on a capitalisation issue, an independent financial advisor or the Company's auditors must confirm to the Directors in writing that the adjustments would give a grantee the same proportion of the issued share capital of the Company as that to which he or she was entitled before such adjustments.
- (m) The Share Option Scheme will remain in force for a period of 10 years commencing 21 November 2000 being the date on which it is to be adopted by the resolution of the Company in general meeting. However, options which are granted during the life of the Share Option Scheme may continue to be exercisable in accordance with their terms of issue (see paragraph (e) above) after the end of the 10-year period.

- (n) Any alterations to the terms and conditions of the Share Option Scheme, which are of a material nature, must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of the Share Option Scheme.
- (o) The provisions relating to the matters contained in the Share Option Scheme pursuant to GEM Listing Rule 23.03 cannot be altered to the advantage of participants without the prior approval of shareholders in general meeting, with grantee and their associates abstaining from voting.
- (p) If a general offer by way of take-over is made to all the holders of Shares in the Company (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror), with the terms of the offer having been approved by the holders of not less than 90 per cent in value of the Shares in the Company comprised in the offer within four months after the making of the offer and the offeror thereafter gives a notice pursuant to Section 168 of the Companies Ordinance to acquire the remaining Shares, the grantee (or his or her legal personal representative(s)) may by notice in writing to the Company within 21 days of the offeror's notice exercise the option to its full extent or to the extent specified in the grantee's notice.
- (q) If a general offer by way of a scheme of arrangement is made to all the shareholders with the scheme having been approved by the necessary number of shareholders at the requisite meetings, the grantee (or his or her legal personal representative(s)) may thereafter within a period to be notified by the Company by notice in writing to the Company exercise the option to its full extent or to the extent specified in such notice.
- (r) Any grant of options must not be made after a price sensitive development has occurred or a price sensitive matter has been the subject of a decision, until such price sensitive information has been announced pursuant to the requirements under GEM Listing Rules Chapter 16. In particular, during the period of one month immediately preceding the preliminary announcement of annual results or the publication of interim results, no option should be granted until such information has been announced pursuant to the GEM Listing Rules Chapter 16.
- (s) The Share Option Scheme would be administered by a committee including the independent non-executive directors of the Company.
- (t) Any cancellation of options granted but not exercised must be approved by shareholders of the Company in general meeting, with participants and their associates abstaining from voting. Any vote taken at the meeting to approve such cancellation must be taken by poll.
- (u) The Company by resolution in general meeting or the Directors may at any time terminate the operation of the Share Option Scheme and in such event no further options shall be offered but in all other respects the provisions of the Share Option Scheme shall remain in force. Details of options granted, including options exercised or outstanding, under the Share Option Scheme, and (if applicable) options that become invalid and non-exercisable as a result of the termination, must be disclosed in the circular to shareholders seeking approval of the first new scheme established thereafter.
- (v) Unless the Shares subject to the Share Option Scheme are identical with other Shares, they must be separately distinguished.



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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 II, Grand Hyatt Hong Kong, 1 Harbour Road, Hong Kong on Tuesday, 21 November 2000 at 3:00 p.m. for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as the ordinary resolution of the Company:—

#### **ORDINARY RESOLUTION**

“THAT the Rules of the Share Option Scheme for the employees of the Company and its subsidiaries as described in the Summary of the Principal Terms of the Rules of the Share Option Scheme attached herewith be hereby approved and adopted by the Company and the directors of the Company be and are hereby authorised to grant options to subscribe for shares thereunder and to allot and issue shares pursuant to the exercise of any options which may be granted under the Share Option Scheme, and THAT the directors be and are hereby authorised to do such things and act as the directors consider necessary, and appropriate to effect the same.”

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

Hong Kong, 6 November 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. Completion and return of the form of proxy will not preclude a member from attending and voting in person.



# TIMELESS SOFTWARE LIMITED

## 天時軟件有限公司

(incorporated in Hong Kong with limited liability)

### Form of proxy for Extraordinary General Meeting

I/We <sup>(note 1)</sup> \_\_\_\_\_  
of \_\_\_\_\_  
being the registered holder(s) of <sup>(note 2)</sup> \_\_\_\_\_  
shares of HK\$0.05 each in the capital of the above named Company, hereby appoint the Chairman of  
the meeting or <sup>(note 3)</sup> of \_\_\_\_\_  
to act as my/our proxy at the Extraordinary General Meeting (or at any adjournment thereof) of the  
Company to be held at Grand Salon II, Grand Hyatt Hong Kong, 1 Harbour Road, Hong Kong on  
Tuesday, 21 November 2000 at 3:00 p.m. and to vote on my/our behalf as directed below.

Please indicate with a “√” in the spaces provided how you wish your vote(s) to be cast on a poll.

	FOR	AGAINST
Ordinary Resolution		

Shareholder's Signature <sup>(notes 4 & 5)</sup> \_\_\_\_\_

Dated the \_\_\_\_\_ day of \_\_\_\_\_ 2000.

Registered Office:  
22/F China Resources Building,  
26 Harbour Road,  
Wanchai,  
Hong Kong

#### Notes:

1. Full name(s) and address(es) to be inserted in BLOCK CAPITALS.
2. Please insert the number of shares registered in your name(s); if no number is inserted, this form of proxy will be deemed to relate to all the shares in the capital of the Company registered in your name(s).
3. A member may appoint a proxy of his choice who need not be a member of the Company. If such an appointment is made, delete the words “the Chairman of the meeting or” and insert the name and address of the person appointed proxy in the space provided.
4. This form of proxy must be signed by you or your attorney duly authorised in writing or, in the case of a corporation, must be either under its common seal or under the hand of any officer or attorney so authorised.
5. In the case of joint holders this form of proxy must be signed by the member whose name stands first on the register of members.
6. If this form is returned duly signed but without a specific direction, the proxy will vote or abstain at his discretion.
7. In order to be valid, this 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 such power or authority, must be deposited at the Company's registered office not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
8. Any alteration made in this form should be initialled.