
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to the action to be taken, you should immediately 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 and the accompanying forms of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.



TIMELESS SOFTWARE LIMITED

(incorporated in Hong Kong with limited liability)

**AMENDMENT TO THE ARTICLES OF ASSOCIATION OF THE COMPANY,
INCREASE OF AUTHORISED CAPITAL OF THE COMPANY
AND
GENERAL MANDATE TO REPURCHASE AND ISSUE SHARES**

The Notice of the Annual General Meeting of Timeless Software Limited to be held in Hong Kong on Monday, 5 August 2002 at 3:30 p.m. is set out on pages 63 to 66 of the 2002 Annual Report of the Company. Whether or not you are able to attend the meeting, please complete and return the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting. Completion of the proxy form and its return will not preclude you from attending, and voting at, the Annual General Meeting if you so wish.

This circular will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of posting and on the Company's website at www.timeless.com.hk.

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board of Directors	
1. Introduction	3
2. Amendment to the Articles of Association of the Company	3
3. Increase of Authorised Capital	4
4. The Repurchase Mandate and the Share Issue Mandate	4
5. 2002 Annual Report and Annual General Meeting	5
6. Responsibility statement	5
7. Recommendation	6
Appendix — Repurchase Mandate explanatory statement	7

DEFINITIONS

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

“Annual General Meeting”	an annual general meeting of the Company to be held at Bowen Room, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Monday, 5 August 2002 at 3:30 p.m. or any adjournment thereof
“Articles of Association”	the articles of association from time to time adopted by the Company
“Associate”	shall have the meaning ascribed to it under the GEM Listing Rules
“Auditors”	the auditors for the time being of the Company
“Board”	the board of Directors of the Company or a duly authorised committee thereof
“Business Day”	shall have the meaning ascribed to it under the GEM Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended or supplemented from time to time
“Company”	Timeless Software Limited, a company incorporated in Hong Kong with limited liability
“Connected Person”	shall have the meaning ascribed to it under the GEM Listing Rules
“Corporate Communications”	any document issued or to be issued by the Company for the information or action of holders of any of its securities, including without limitation any Annual Report and Accounts, Financial Summary, interim report, notice of meeting and circular
“Directors”	the director(s) 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 as amended, supplemented or otherwise modified 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

DEFINITIONS

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong for the time being
“Latest Practicable Date”	25 June 2002, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Notice of Annual General Meeting”	the notice convening the Annual General Meeting as set out on pages 63 to 66 of the 2002 Annual Report of the Company
“Ordinary Resolution(s)”	the proposed ordinary resolution(s) as referred to in the Notice of Annual General Meeting
“Repurchase Mandate”	the proposed mandate to the Directors to repurchase Shares pursuant to Ordinary Resolution No.4(i) as set out in the Notice of Annual General Meeting in its present or any amended form
“Share(s)”	shares of HK\$0.05 each of the Company (or such other nominal amount prevailing from time to time)
“Share Issue Mandate”	the proposed mandate to the Directors to issue Shares pursuant to Ordinary Resolution No.4(ii) as set out in the Notice of Annual General Meeting in its present or any amended form
“Shareholders”	holders of the Shares
“Special Resolutions”	the proposed special resolutions as referred to in the Notice of Annual General Meeting
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	a subsidiary (within the meaning of the Companies Ordinance) for the time being and from time to time of the Company
“Substantial Shareholder”	shall have the meaning ascribed to it under the GEM Listing Rules;
“Takeover Code”	The Hong Kong Code on Takeovers and Mergers issued by the Hong Kong Securities and Futures Commission



TIMELESS SOFTWARE LIMITED

(incorporated in Hong Kong with limited liability)

Executive Directors:

Mr. CHENG Kin Kwan (*Chairman*)
Mr. LAW Kwai Lam
Mr. CHUNG Yiu Fai
Ms. LEUNG Mei Sheung, Eliza
Ms. SO Mi Ling, Winnie
Ms. WONG Wai Ping, Mandy

Registered Office:

79th Floor
The Center
99 Queen's Road Central
Hong Kong

Independent Non-executive Directors:

Dr. CHAN Shui Ying, Henry
Mr. CHONG Siu Pui

28 June 2002

To the shareholders of the Company,

Dear Sir/Madam,

1. INTRODUCTION

On 21 June 2002, the Directors announced that at the Annual General Meeting convened for Monday, 5 August 2002, resolutions will be proposed to amend the Articles of Association, to increase the Company's authorised capital and to grant the Directors with the Repurchase Mandate to exercise all powers of the Company to repurchase its issued Shares and the Share Issue Mandate to issue further Shares, subject to the limitation set out in the relevant resolutions. The purpose of this circular is to provide shareholders with details of the proposed amendments to the Articles of Association, the proposed increase of the Company's authorised capital, the Repurchase Mandate and the Share Issue Mandate to be dealt with at the Annual General Meeting.

2. AMENDMENT TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

Until recent changes to the Companies Ordinance and the GEM Listing Rules, it was necessary for the Company to send each shareholder printed copies of its Corporate Communications. The new regulations allow the Company to offer shareholders the opportunity to choose not to receive a printed copy of any Corporate Communications from the Company and to rely instead on the versions of those Corporate Communications that will be published on the Company's website.

LETTER FROM THE BOARD

The costs of sending printed copies of the Company's Corporate Communications to its shareholders have also been significant in the past years. The Company wishes both to save costs for the benefit of its shareholders and to reinforce its commitment to environmentally friendly methods of carrying out its business. Significant cost savings could be enjoyed by the Company by virtue of the new regulations. By allowing the Company's shareholders to choose the manner in which they wish to receive the Corporate Communications, the unnecessary wastage of the Company's resources in the exercise could also be reduced or avoided.

In its present form, the Articles of Association prevent any shareholder from relying on the Company's website or electronic communications in preference to receiving a printed copy of its Corporate Communications. Appropriate amendments will therefore need to be made to the Articles of Association to allow the shareholders to choose to receive Corporate Communications by electronic means. Consequently, Special Resolutions (the particulars of which are set out in the Notice of the Annual General Meeting) to amend these provisions of the Articles of Association will be proposed at the Annual General Meeting.

If these Special Resolutions are passed and in compliance with legislation and the GEM Listing Rules, the Company will be able to offer its shareholders the chance to receive and rely on versions of any Corporate Communications that will be published on the Company's website or by electronic means rather than receiving a printed copy of such Corporate Communications, in accordance with the revised Companies Ordinance and GEM Listing Rules.

3. INCREASE OF AUTHORISED CAPITAL

As at the Latest Practicable Date, the Company's authorised capital is HK\$50,000,000 divided into 1,000,000,000 Shares, out of which 948,855,503 Shares have been fully paid, issued and allotted. In order to prepare the Company for future growth as and when the Directors shall consider appropriate subject to the consent of the shareholders, the Directors believe that it would be in the interests of the shareholders and the Company as a whole that the Company's authorised capital be increased to HK\$125,000,000 divided into 2,500,000,000 Shares.

4. THE REPURCHASE MANDATE AND THE SHARE ISSUE MANDATE

To provide flexibility to the Directors, an ordinary resolution will be proposed at the Annual General Meeting that the Directors be given the Repurchase Mandate to exercise all powers of the Company to purchase issued Shares of the Company subject to the limitation set out in the Resolution. In particular, shareholders should note that the maximum number of Shares that may be repurchased pursuant to the Repurchase Mandate will be such number of Shares as represents 10 per cent. of the share capital of the Company in issue outstanding on the date of the resolution. In addition, shareholders should note that the Repurchase Mandate will continue in force until the the earlier 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 revocation or variation of the Repurchase Mandate by ordinary resolution of the shareholders of the Company in general meeting, as referred to in paragraph (c) of the Resolution set out in Item 4(i) of the Notice of the Annual General Meeting.

LETTER FROM THE BOARD

An ordinary resolution will also be proposed at the Annual General Meeting to authorise the extension of the Share Issue Mandate, initially of up to 20 per cent. of the total Shares in issue as at the date of approving the Share Issue Mandate, by adding to the Share Issue Mandate the number of Shares to be repurchased by the Company under the Repurchase Mandate in the terms set out in ordinary resolution no. 4(ii)(c) of the Notice of Annual General Meeting.

An explanatory statement as required under the Share Repurchase Rules to provide the requisite information of the Repurchase Mandate is set out in Appendix hereto.

5. 2002 ANNUAL REPORT AND ANNUAL GENERAL MEETING

A copy of the Annual Report of the Company for the year ended 31 March 2002 is enclosed for your review. A copy of the Notice of Annual General Meeting, to be held in Hong Kong at Bowen Room, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong at 3:30 p.m. on 5 August 2002 is set out on pages 63 to 66 of the 2002 Annual Report of the Company.

The Ordinary Resolutions to approve the granting of the Repurchase Mandate and the Share Issue Mandate will be proposed at such meeting.

The Special Resolutions will also be proposed at the Annual General Meeting to approve the increase of the Company's authorised capital and the amendments to the Articles of Association.

A form of proxy for use at the Annual General Meeting is enclosed. **Whether or not you are able to attend the meeting, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Registered Office of the Company in Hong Kong at 79th Floor, The Center, 99 Queen's Road Central, Hong Kong as soon as possible and, in any event, so as to be received not less than 48 hours before the time appointed for the holding of the meeting.** Completion and delivery of the form of proxy will not prevent you from attending and voting at the meeting if you so wish.

6. RESPONSIBILITY STATEMENT

This circular, for which the directors of the Company 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 all reasonable enquiries, confirm that, to the best of their knowledge and belief (i) the information contained in this circular 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 circular misleading; and (iii) 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.

LETTER FROM THE BOARD

7. RECOMMENDATION

The Directors believe that the granting of the Repurchase Mandate and the Share Issue Mandate is in the best interests of the Company and its shareholders and so recommend you to vote in favour of the Ordinary Resolutions at the Annual General Meeting. The Directors also believe that the amendments to the Articles of Association would offer greater flexibility to the shareholders and significant cost savings to the Company and that the increase of the Company's authorized capital would foster future growth of the Company, and so recommend you to vote in favour of the Special Resolutions at the Annual General Meeting. Shareholders should note that the Directors will exercise their voting rights in respect of all of their shareholdings (if any) in favour of the Ordinary Resolutions and Special Resolutions.

Yours faithfully,
CHENG Kin Kwan
Chairman

This appendix serves as an explanatory statement, as required by the Share Repurchase Rules, to provide requisite information to you for your consideration of the proposal to permit the repurchase of Shares up to a maximum of 10 per cent. of the issued share capital of the Company as at the date of approval for the Repurchase Mandate.

MAXIMUM NUMBER OF SHARES TO BE REPURCHASED

A maximum of 10 per cent. of the aggregate nominal amount of the issued Share capital at the date of the proposed resolutions may be repurchased on the Stock Exchange. As at 25 June 2002, the Latest Practicable Date for determining such figure, the number of Shares in issue were 948,855,503 Shares. On the basis of such figures (and assuming no new Shares will be issued and no Shares will be repurchased after 25 June 2002, and up to the date of passing such resolutions), the Directors would be authorised to repurchase Shares up to a limit of 94,885,550 Shares.

REASONS FOR THE REPURCHASE MANDATE

The Directors have no present intention to repurchase any Shares. It is not possible to anticipate in advance those circumstances in which the Directors might consider it appropriate to repurchase Shares, but Shares would only be purchased in circumstances where the Directors consider that the purchase would be in the best interests of the Company and its shareholders. Such purchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of net assets and/or earnings per Share.

SOURCE OF FUNDS

It is expected that the funds required for repurchases of Shares under the Repurchase Mandate would be derived from the capital paid up on the Shares being repurchased (if applicable) and from the distributable profits of the Company, which will be funds legally available for the purchase under Hong Kong law.

MATERIAL ADVERSE IMPACT

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in its most recent published audited financial statements) in the event that authorised repurchases of Shares is carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the general 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.

DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS

None of the Directors nor, to the best of their knowledge and belief having made all reasonable enquiries, any of their associates has any present intention, in the event that the repurchase mandate is granted by shareholders, to sell Shares to the Company.

No connected person of the Company as defined in the GEM Listing Rules has notified the Company that any such person has a present intention to sell any Shares to the Company nor has he/she undertaken not to sell any of the Shares held by him/her to the Company in the event that the Company is authorised to make purchases of Shares.

EFFECT OF TAKEOVER CODE

The Directors are not aware of any consequences which will arise under the Takeover Code as a result of any purchases made under the Repurchase Mandate.

In the event that the Directors exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the Ordinary Resolution (4)(i), then (based on the present shareholdings as at the Latest Practicable Date) the shareholdings of Crimson Asia Capital Limited, L.P. and China West Educational Investment Ltd. would be increased from approximately 11.31 per cent. and 11.39 per cent. to approximately 12.56 per cent and 12.65 per cent. respectively. In the opinion of the Directors, such increase would not give rise to an obligation to make a mandatory offer under Rules 26 and 32 the Takeover Code. However, the Directors have no present intention to exercise the repurchase of Shares to an extent that would result in such takeover obligations.

SHARE PRICES

During each of the 12 months preceding the Latest Practicable Date, the highest and lowest traded prices per Share on the Stock Exchange were as follows:

Year	Month	Highest HK\$	Lowest HK\$
2001	June	1.400	0.880
	July	0.930	0.660
	August	0.740	0.560
	September	0.600	0.350
	October	0.640	0.435
	November	0.710	0.600
	December	0.720	0.440
2002	January	0.620	0.475
	February	0.530	0.480
	March	0.540	0.480
	April	0.480	0.410
	May	0.500	0.410

SHARES PURCHASED BY THE COMPANY

The Company has not purchased any of its Shares (whether on the Stock Exchange or otherwise) during the six months prior to the date of this circular.

UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make purchases pursuant to the Repurchase Mandate in accordance with the GEM Listing Rules and the applicable laws of Hong Kong, and in accordance with the regulations set out in the Memorandum and Articles of Association of the Company.