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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 document 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)

PROPOSED REFRESHMENT OF SCHEME MANDATE LIMIT AND NOTICE OF EXTRAORDINARY GENERAL MEETING

The Notice of the Extraordinary General Meeting of Timeless Software Limited to be held in Hong Kong on Monday, 29 December 2003 at Board Room, 7/F., The Dynasty Club Limited, South West Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong or any adjournment thereof to approve the matters referred to in this circular is set out on pages 7 and 8 of this circular. 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 and return it to the registered office of the Company at 79th Floor, The Center, 99 Queen's Road Central, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or the adjourned meeting. Completion of the proxy form and its return will not preclude you from attending, and voting at, the Extraordinary 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.

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE

GEM has been established as a market designated 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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DEFINITIONS

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

“Board”	the board of Directors of the Company or a duly authorised committee thereof
“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 under the Companies Ordinance
“Directors”	the director(s) of the Company
“Eligible Participant”	any person or organisation who/which satisfies the eligibility criteria under the Share Option Scheme
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held in Hong Kong on Monday, 29 December 2003 at Board Room, 7/F., The Dynasty Club Limited, South West Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong or any adjournment thereof
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong for the time being
“Latest Practicable Date”	9 December 2003, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Notice of Extraordinary General Meeting”	the notice convening the Extraordinary General Meeting as set out on pages 7 and 8 of this circular
“Option(s)”	right(s) to subscribe for Share(s) granted pursuant to the Share Option Scheme
“Ordinary Resolution(s)”	the proposed ordinary resolution(s) as referred to in the Notice of Extraordinary General Meeting

DEFINITIONS

“other share option scheme(s)”	schemes involving the issue or grant of options or similar rights over Shares or other securities by the Company, other than the Share Option Scheme
“Scheme Mandate Limit”	shall have the meaning given to that term in the Share Option Scheme
“Share(s)”	fully paid shares of HK\$0.05 each of the Company (or such other nominal amount prevailing from time to time)
“Shareholders”	holders of the Shares
“Share Option Scheme”	the share option scheme adopted by the Company pursuant to an ordinary resolution of the Company passed on 28 April 2003
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Terminated Scheme”	the share option scheme of the Company adopted on 21 November 2000 and terminated pursuant to an ordinary resolution of the Company passed on 28 April 2003



TIMELESS SOFTWARE LIMITED

(incorporated in Hong Kong with limited liability)

Executive Directors:

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

Registered Office:

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

Independent Non-executive Directors:

Mr. CHONG, Siu Pui
Mr. NG, Kwok Tung
Ms. TSANG, Wai Chun Marianna

12 December 2003

To the Shareholders of the Company,

Dear Sir/Madam,

PROPOSED REFRESHMENT OF SCHEME MANDATE LIMIT AND NOTICE OF EXTRAORDINARY GENERAL MEETING

1. INTRODUCTION

The Board has proposed to refresh the Scheme Mandate Limit to permit the grant of further Options under the Share Option Scheme.

The principal purposes of this circular are to provide the Shareholders with details of such proposal and to give the Shareholders the Notice of the Extraordinary General Meeting.

2. REFRESHMENT OF SCHEME MANDATE LIMIT UNDER THE SHARE OPTION SCHEME

The Share Option Scheme was adopted and the Terminated Scheme was terminated pursuant to ordinary resolutions passed by Shareholders in an extraordinary general meeting on 28 April 2003.

LETTER FROM THE BOARD

Under the rules of the Share Option Scheme:

- (a) the maximum number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes (excluding those options that have already been granted by the Company prior to the date of approval of the Share Option Scheme) shall not, in aggregate, exceed the Scheme Mandate Limit; and
- (b) the maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes must not, in any event and in aggregate, exceed 30 per cent. of the Shares in issue from time to time.

The Company may seek approval from the Shareholders in general meeting for refreshing the Scheme Mandate Limit so that the total number of Shares which may be issued upon the exercise of options granted under the Share Option Scheme and any other share option schemes shall be re-set at 10 per cent. of the Shares in issue as at the date of the approval of the refreshed Scheme Mandate Limit. In this connection, options previously granted under the Share Option Scheme or any other share option schemes (including those exercised, outstanding, cancelled or lapsed in accordance with the terms of the Share Option Scheme and any other share option schemes) will not be counted for the purpose of calculating the total number of Shares subject to the refreshed Scheme Mandate Limit.

Apart from the Share Option Scheme and the Terminated Scheme, the Company currently has no other share option scheme. The existing Scheme Mandate Limit is 94,885,550 Shares, being 10 per cent. of the Shares in issue as at the date of adoption of the Share Option Scheme.

As at the Latest Practicable Date, there remain 25,750,000 options outstanding and unexercised under the Terminated Scheme, which entitle their respective holders to subscribe for a total of 25,750,000 Shares (representing approximately 2.6 per cent. of the issued capital of the Company as at the Latest Practicable Date).

As at the Latest Practicable Date, excluding 300,000 Options that had lapsed in accordance with the terms of the Share Option Scheme, Options carrying the rights to subscribe for a total of 94,800,000 Shares (representing approximately 9.6 per cent. of the issued share capital of the Company as at the Latest Practicable Date and representing 99.91 per cent. of the existing Scheme Mandate Limit) were granted to Directors and employees of the Group on 5 September 2003, 15 September 2003, 26 November 2003 and 8 December 2003 respectively under the existing Scheme Mandate Limit in accordance with the terms and restrictions of the Share Option Scheme. Out of these 94,800,000 Options, 1,340,000 Options were exercised in accordance with the terms of the Share Option Scheme. As at the Latest Practicable Date, there are 93,460,000 outstanding and unexercised Options granted under the Share Option Scheme.

The Scheme Mandate Limit has substantially been utilized. Unless the Scheme Mandate Limit is refreshed, only up to 85,550 Options entitling the holder(s) thereof to subscribe for an aggregate of 85,550 Shares may be further granted under the Share Option Scheme.

LETTER FROM THE BOARD

The purpose of the Share Option Scheme is to recognise and acknowledge the contributions that Eligible Participants had made or may make to the Group. To allow greater flexibility for the Directors to achieve this, it is proposed that the Scheme Mandate Limit be refreshed. If the Scheme Mandate Limit is refreshed, on the basis of 987,061,503 Shares in issue as at the Latest Practicable Date and assuming that no Shares will be issued or repurchased by the Company prior to the Extraordinary General Meeting, the Company will be allowed to grant further options under the Share Option Scheme of the Company carrying the rights to subscribe for a maximum of 98,706,150 Shares. As a result, the aggregate number of Shares that could be issued pursuant to the full exercise of (a) 25,750,000 outstanding options granted under the Terminated Scheme; (b) 93,460,000 outstanding Options granted under the Share Option Scheme; and (c) the 98,706,150 Options that may be granted under the refreshed Scheme Mandate Limit, would therefore amount to 217,916,150 Shares representing approximately 22.08 per cent. of the Company's issued share capital as at the Latest Practicable Date. The Company will comply with Note 2 of Rule 23.03(3) of the GEM Listing Rules when granting further Options.

The Directors consider that it will be for the benefit of the Group and the Shareholders as a whole that the Eligible Participants are granted rights to obtain equity holdings of the Company through the grant of Options. This will motivate the Eligible Participants to contribute to the success of the Group. For these reasons, the Directors propose the passing of an ordinary resolution at the Extraordinary General Meeting for refreshing the Scheme Mandate Limit.

The proposed refreshment of the Scheme Mandate Limit will be conditional upon:

- (a) the passing of an ordinary resolution by the Shareholders to approve the refreshment of the Scheme Mandate Limit at the Extraordinary General Meeting; and
- (b) the Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, such number of Shares, representing 10 per cent. of the Shares in issue as at the date of the Extraordinary General Meeting, which may fall to be allotted and issued pursuant to the exercise of options granted under the refreshed Scheme Mandate Limit.

Application will be made to the Stock Exchange for granting the listing of, and the permission to deal in, the Shares to be issued pursuant to the exercise of the Options granted under the Share Option Scheme.

3. EXTRAORDINARY GENERAL MEETING

The Notice of Extraordinary General Meeting is set out on pages 7 and 8 of this circular. At the Extraordinary General Meeting, an ordinary resolution will be proposed to approve the refreshment of the Scheme Mandate Limit.

A form of proxy for use by the Shareholders at the Extraordinary General Meeting is enclosed with this circular. **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 at 79th Floor, The Center, 99 Queen's Road Central,**

LETTER FROM THE BOARD

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 or the adjourned meeting. Completion and delivery of the form of proxy will not prevent you from attending and voting at the meeting if you so wish.

4. RESPONSIBILITY STATEMENT

This circular, for which the Directors 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 made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

- (a) the information contained in this circular is accurate and complete in all material respects and not misleading;
- (b) there are no other matters the omission of which would make any such statement in this circular misleading; and
- (c) 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.

5. RECOMMENDATION

The Directors consider that it will be for the benefit of the Group and the Shareholders as a whole that the Board has the ability to grant Options to selective Eligible Participants as a motivation for their continuing contribution towards the success of the Group. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolution set out in the Notice of Extraordinary General Meeting to approve the refreshment of the Scheme Mandate Limit.

Yours faithfully,
CHENG Kin Kwan
Chairman & Chief Executive Officer



TIMELESS SOFTWARE LIMITED

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NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting of Timeless Software Limited will be held at Board Room, 7/F., The Dynasty Club Limited, South West Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong on Monday, 29 December 2003, at 3:30 p.m. to consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

- (1) **“THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting the listing of, and permission to deal in, such number of fully paid shares of HK\$0.05 each of the Company (“Shares”) which may fall to be allotted and issued pursuant to the exercise of the options which may be granted under the share option scheme adopted by the Company on 28 April 2003 (the “Share Option Scheme”) and any other share option scheme of the Company, representing 10 per cent. of the issued share capital of the Company as at the day on which this resolution is passed, pursuant to Clause 10.2 of the Share Option Scheme:
- (a) approval be and is hereby granted for refreshing the 10 per cent. scheme mandate limit under the Share Option Scheme (the “Refreshed Scheme Mandate Limit”) provided that the total number of Shares which may be allotted and issued upon the exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company under the Refreshed Scheme Mandate Limit shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the day on which this resolution is passed (options previously granted under the Share Option Scheme and any other share option schemes of the Company (including options outstanding, cancelled, lapsed or exercised in accordance with the terms of the Share Option Scheme or any other share option scheme of the Company) shall not be counted for the purpose of calculating the Refreshed Scheme Mandate Limit); and
- (b) the Directors or a duly authorised committee thereof be and they are hereby authorised (i) at their absolute discretion, to grant options to subscribe for Shares within the Refreshed Scheme Mandate Limit in accordance with the terms of the Share Option Scheme, and (ii) to allot, issue and deal with Shares pursuant to the exercise of options granted under the Share Option Scheme within the Refreshed Scheme Mandate Limit.”

By Order of the Board
CHENG Kin Kwan
Chairman & Chief Executive Officer

Hong Kong, 12 December 2003

NOTICE OF EXTRAORDINARY GENERAL MEETING

Registered Office:

79th Floor

The Center

99 Queen's Road Central

Hong Kong

Notes:

1. A member entitled to attend and vote at the meeting convened by the above notice may appoint one or more proxies to attend the meeting and vote on a poll instead of him. A proxy need not be a member of the Company.
2. To be valid, a form of proxy and the power of authority (if any) under which it is signed or a notarially certified copy of such power of authority must be deposited at the registered office of the Company in Hong Kong at 79th Floor, The Center, 99 Queen's Road Central, Hong Kong not less than 48 hours before the time appointed for holding the meeting or the adjourned meeting.