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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.

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## **TIMELESS SOFTWARE LIMITED**

*(incorporated in Hong Kong with limited liability)*

Stock Code: 8028

**AMENDMENT TO THE ARTICLES OF ASSOCIATION OF THE COMPANY,  
PROPOSED REFRESHMENT OF SCHEME MANDATE LIMIT,  
RE-ELECTION OF DIRECTORS,  
GENERAL MANDATES TO REPURCHASE AND ISSUE SHARES  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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The Notice of the Annual General Meeting of Timeless Software Limited to be held in Hong Kong on 5 August 2004 at 3:30 p.m. is set out on pages 10 to 16. 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 Annual General Meeting if you so wish.

This circular will remain on the GEM website at [www.hkgem.com](http://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](http://www.timeless.com.hk).

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

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**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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# CONTENTS

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	<i>Page</i>
<b>Definitions</b> .....	1
<b>Letter from the Board of Directors</b>	
1. Introduction .....	3
2. Amendment to the Articles of Association of the Company .....	4
3. Refreshment of Scheme Mandate Limit under the Share Option Scheme .....	4
4. Re-election of Directors .....	6
5. Explanatory memorandum for the general mandate to repurchase shares .....	7
6. 2004 Annual Report and Annual General Meeting .....	8
7. Responsibility statement .....	9
8. Recommendation .....	9
<b>Notice of Annual General Meeting</b> .....	10
<b>Appendix I — Repurchase Mandate Explanatory Statement</b> .....	17
<b>Appendix II— Biographies of retiring and re-electing Directors</b> .....	20

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## DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be held in Hong Kong on Thursday, 5 August 2004 at Board Room, 7/F., The Dynasty Club Limited, South West Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong or any adjournment thereof
“Articles”	the articles of association of the Company, from time to time as adopted and as amended
“Associate”	shall have the meaning ascribed to it under the GEM Listing Rules
“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
“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”	24 June 2004, 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 10 to 16 of this circular

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## DEFINITIONS

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“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 Annual General Meeting
“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
“Repurchase Mandate”	the proposed mandate to the Directors to repurchase Shares pursuant to Ordinary Resolution No.5(i) as set out in the Notice of Annual General Meeting in its present or any amended form
“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 Issue Mandate”	the proposed mandate to the Directors to issue Shares pursuant to Ordinary Resolution No.5(ii) as set out in the Notice of Annual General Meeting in its present or any amended form
“Share Option Scheme”	the share option scheme adopted by the Company pursuant to an ordinary resolution of the Company passed on 28 April 2003
“Special Resolution”	the proposed special resolution 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
“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)*

Stock Code: 8028

*Executive Directors:*

Mr. CHENG, Kin Kwan (*Chairman*)  
Mr. CHUNG, Yiu Fai  
Mr. LAW, Kwai Lam  
Ms. LEUNG, Mei Sheung Eliza  
Mr. PUN, Chung Sang Trevor  
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

30 June 2004

*To the Shareholders of the Company,*

Dear Sir/Madam,

**AMENDMENT TO THE ARTICLES OF ASSOCIATION OF THE COMPANY,  
PROPOSED REFRESHMENT OF SCHEME MANDATE LIMIT,  
RE-ELECTION OF DIRECTORS,  
GENERAL MANDATES TO REPURCHASE AND ISSUE SHARES  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**1. INTRODUCTION**

At the Annual General Meeting convened for 5 August 2004, resolutions will be proposed:

- (a) that certain amendments be made to the Articles which would enable the Company to comply with recent changes to regulations;
- (b) that the Scheme Mandate Limit be refreshed to permit the grant of further Options under the Share Option Scheme;

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## LETTER FROM THE BOARD

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- (c) that certain Directors, who shall retire in accordance with the Articles and (being eligible) offer themselves for re-election, be re-elected; and
- (d) that the Directors be given the Repurchase Mandate and the Share Issue Mandate.

This circular sets out the information reasonably necessary to enable the shareholders of the Company to make an informed decision on whether to vote for or against the relevant resolutions in respect of the matters described above.

### **2. AMENDMENT TO THE ARTICLES OF ASSOCIATION OF THE COMPANY**

On 30 January 2004, the Stock Exchange announced certain amendments to the GEM Listing Rules which come into effect on 31 March 2004. As a result of such amendments, the Articles must be amended in order to conform with the relevant GEM Listing Rules.

The proposed amendments to the Articles can be summarised as follows:

- (a) a change to reflect the requirement that the minimum seven-day period for lodgement by shareholders of the notice to nominate a Director shall commence no earlier than the day after the despatch of the notice of meeting appointed for such election and end no later than seven days before the date of such meeting;
- (b) Directors shall abstain from voting at the board meeting on any matter in which any of his Associates has a material interest and in such event are not to be counted towards the quorum of the relevant board meeting; and
- (c) where any shareholder is, under the GEM Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

A Special Resolution (the particulars of which are set out in the Notice of the Annual General Meeting) to amend the relevant provisions of the Articles will be proposed at the Annual General Meeting.

### **3. REFRESHMENT OF SCHEME MANDATE LIMIT UNDER THE SHARE OPTION SCHEME**

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

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 and those Options that have lapsed in accordance with the terms of the Share Option Scheme) shall not, in aggregate, exceed the Scheme Mandate Limit; and

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## LETTER FROM THE BOARD

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- (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 original Scheme Mandate Limit of 94,885,550 Shares (the “Original Scheme Mandate Limit”) (being 10 per cent. of the Shares in issue as at the date of adoption of the Share Option Scheme) was refreshed by shareholders on 29 December 2003 to 98,706,150 Shares (the “Current Scheme Mandate Limit”) (being 10 per cent. of the Shares in issue as at the date of shareholders’ approval of such refreshment).

As at the Latest Practicable Date, there remain 23,660,000 options outstanding and unexercised under the Terminated Scheme, which entitle their respective holders to subscribe for a total of 23,660,000 Shares (representing approximately 2.39 per cent. of the issued capital of the Company as at the Latest Practicable Date).

A total of 94,700,000 Options was granted to Directors and employees of the Group under the Original Scheme Mandate Limit on 5 September 2003, 15 September 2003, 26 November 2003 and 8 December 2003 respectively, out of which 4,400,000 Options have lapsed in accordance with the terms of the Share Option Scheme and 2,040,000 Options have been exercised as at the Latest Practicable Date. Out of these 94,700,000 Options, there remain therefore a total of 88,260,000 outstanding and unexercised Options (representing approximately 8.90 per cent. of the issued capital of the Company as at the Latest Practicable Date) that were granted under the Original Scheme Mandate Limit.

As at the Latest Practicable Date, a total of 84,450,000 Options was granted to Directors and employees of the Group under the Current Scheme Mandate Limit on 9 January 2004, 25 February 2004 and 19 April 2004 respectively, out of which 2,300,000 Options have lapsed in accordance with the terms of the Share Option Scheme, 3,424,000 Options have been exercised, and 78,726,000 Options (representing approximately 7.94 per cent. of the issued capital of the Company as at the Latest Practicable Date) remain outstanding and unexercised. Accordingly, approximately 83.23 per cent. of the Current Scheme Mandate Limit has been utilized.

As at the Latest Practicable Date, there remain therefore a combined total of 166,986,000 outstanding and unexercised Options (representing approximately 16.85 per cent. of the issued capital of the Company as at the Latest Practicable Date) that were granted under the Share Option Scheme.



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## LETTER FROM THE BOARD

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The Current Scheme Mandate Limit has substantially been utilized. Unless the Scheme Mandate Limit is refreshed, only up to 16,556,150 Options entitling the holder(s) thereof to subscribe for an aggregate of 16,556,150 Shares may be further granted under the Share Option Scheme.

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 Current Scheme Mandate Limit be refreshed. If the Current Scheme Mandate Limit is refreshed, on the basis of 991,185,503 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 Annual 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 99,118,550 Shares.

The aggregate number of Shares that could be issued pursuant to the full exercise of (a) 23,660,000 outstanding options granted under the Terminated Scheme; and (b) 166,986,000 outstanding Options granted under the Share Option Scheme, amount to 190,646,000 Shares representing approximately 19.23 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 Annual General Meeting for refreshing the Scheme Mandate Limit.

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

- (a) the passing of an ordinary resolution by the Shareholders to approve the refreshment of the Current Scheme Mandate Limit at the Annual 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 Annual General Meeting, which may fall to be allotted and issued pursuant to the exercise of options granted under the refreshed Current 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 to be granted under the Share Option Scheme within the refreshed Current Scheme Mandate Limit.

#### 4. RE-ELECTION OF DIRECTORS

The Board currently consists of 11 members, namely the following executive Directors:

- (a) Mr. CHENG, Kin Kwan (*Chairman*)
- (b) Mr. CHUNG, Yiu Fai

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## LETTER FROM THE BOARD

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- (c) Mr. LAW, Kwai Lam
- (d) Ms. LEUNG, Mei Sheung Eliza
- (e) Mr. PUN, Chung Sang Trevor
- (f) Ms. SO, Mi Ling Winnie
- (g) Ms. WONG, Wai Ping Mandy
- (h) Ms. ZHENG, Ying Yu

and the following independent non-executive Directors:

- (i) Mr. CHONG, Siu Pui
- (j) Mr. NG, Kwok Tung
- (k) Ms. TSANG, Wai Chun Marianna

In accordance with Article 105(A) of the Articles, Mr. LAW Kwai Lam, Mr. CHUNG Yiu Fai and Mr. CHONG Siu Pui shall retire at the conclusion of the Annual General Meeting and, being eligible, shall offer themselves for re-election.

In accordance with Article 96 of the Articles, Mr. PUN Chung Sang, Trevor and Ms. TSANG Wai Chun, Marianna shall retire at the conclusion of the Annual General Meeting and, being eligible, shall offer themselves for re-election.

Biographies of the above retiring and re-electing Directors are set out in Appendix II to this circular. At the Annual General Meeting, ordinary resolutions will be proposed to approve their re-election.

### **5. EXPLANATORY MEMORANDUM FOR THE GENERAL MANDATE TO REPURCHASE SHARES**

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 conclusion of the next annual general meeting of the Company or an earlier date as referred to in paragraph (c) of the Resolution set out in Item 5(i) of the Notice of the Annual General Meeting.

An ordinary resolution will also be proposed at the Annual General Meeting to authorise the extension of the general mandate to issue new Shares by adding to the mandate the number of Shares to be repurchased by the Company under the Repurchase Mandate in the terms set out in ordinary resolution no. 5(iii) of the Notice of Annual General Meeting.

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## LETTER FROM THE BOARD

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An explanatory statement as required under Rule 13.08 of the GEM Listing Rules to provide the requisite information of the Repurchase Mandate is set out in the Appendix hereto.

### 6. 2004 ANNUAL REPORT AND ANNUAL GENERAL MEETING

A copy of the Annual Report of the Company for the year ended 31 March 2004 is enclosed for your review. A copy of the Notice of Annual General Meeting, to be held in Hong Kong at Board Room, 7/F., The Dynasty Club Limited, South West Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong at 3:30 p.m. on 5 August 2004 is set out on pages 10 to 16.

The Ordinary Resolutions to approve the re-election of Directors, the granting of the Repurchase Mandate and the Share Issue Mandate, and the refreshment of the Scheme Mandate Limit will be proposed at such meeting.

The Special Resolution will also be proposed at the Annual General Meeting to approve the amendments to the Articles.

In accordance with the Company's Articles of Association, resolutions proposed at the Annual General Meeting shall be decided on a show of hand unless a poll is (before or on the declaration of the result of the show of hands) demanded:

- (a) by the Chairman; or
- (b) by at least 3 members present in person or by proxy and entitled to vote at the Annual General Meeting; or
- (c) by any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the Annual General Meeting.

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 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.

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## LETTER FROM THE BOARD

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### 7. 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.

### 8. RECOMMENDATION

The Directors believe that approvals for the re-election of Directors, for the granting of the Repurchase Mandate and the Share Issue Mandate, and for the refreshment of the Scheme Mandate Limit are 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 are necessary to enable Company to comply with the GEM Listing Rules, and so recommend you to vote in favour of the Special Resolution 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 Resolution.

Yours faithfully,  
**CHENG Kin Kwan**  
*Chairman & Chief Executive Officer*

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# NOTICE OF ANNUAL GENERAL MEETING

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## **TIMELESS SOFTWARE LIMITED**

*(incorporated in Hong Kong with limited liability)*

Stock Code: 8028

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Timeless Software Limited (the “Company”) will be held at Board Room, 7/F., The Dynasty Club Limited, South West Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong on Thursday, 5 August 2004, at 3:30 p.m. to consider and, if thought fit, pass the following ordinary and special resolutions of the Company:

### **AS ORDINARY RESOLUTIONS:**

- (1) To receive and consider the audited financial statements together with the reports of the Directors and auditors for the year ended 31 March 2004;
- (2) To re-elect the following Directors of the Company as a single resolution;
  - (i) Mr. Law Kwai Lam;
  - (ii) Mr. Chung Yiu Fai;
  - (iii) Mr. Chong Siu Pui;
  - (iv) Mr. Pun Chung Sang, Trevor; and
  - (v) Ms. Tsang Wai Chun, Marianna;
- (3) To appoint auditors and to authorise the directors to fix their remuneration;
- (4) As special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

“**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:

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## NOTICE OF ANNUAL GENERAL MEETING

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- (i) 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
  - (ii) the Directors or a duly authorised committee thereof be and they are hereby authorised (a) 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 (b) 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.”
- (5) As special business, to consider and, if thought fit, pass the following resolutions as ordinary resolutions of the Company:
- (i) **“THAT**
    - (a) the exercise by the Directors during the Relevant Period of all powers of the Company to purchase shares in the capital of the Company be and is hereby generally and unconditionally approved;
    - (b) the respective aggregate amounts of shares which may be purchased on the Stock Exchange or any other stock exchange recognised for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange pursuant to paragraph (a) of this Resolution during the Relevant Period shall be no more than 10 per cent. of the aggregate nominal amount of the issued share capital at the date of passing of this Resolution;
    - (c) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

      - (A) the conclusion of the next annual general meeting of the Company;
      - (B) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and

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## NOTICE OF ANNUAL GENERAL MEETING

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(C) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders of the Company in general meeting.”

(ii) **“THAT**

- (a) subject to the limitation mentioned in paragraph (c) of this Resolution, the exercise by the Directors during the Relevant Period of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options, which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options, which might require the exercise of such powers 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 pursuant to the approval in paragraph (a) above, otherwise than pursuant to (A) a Rights Issue, (B) the exercise of options granted under any share option scheme adopted by the Company from time to time and (C) any scrip dividend or similar scheme, shall not exceed the aggregate of (i) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution plus (ii) (if the Directors are so authorised by separate ordinary resolution of the Company) the nominal amount of share capital repurchased by the Company subsequent to the passing of this Resolution (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the issued share capital of the Company at the date of passing this Resolution) and the said approval shall be limited accordingly; and
- (d) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

- (A) the conclusion of the next annual general meeting of the Company;
- (B) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
- (C) the revocation or variation of the authority given by this Resolution by ordinary resolution of the shareholders of the Company in general meeting; and

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## NOTICE OF ANNUAL GENERAL MEETING

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“Rights Issue” means an offer of shares open for a period fixed by the Company or by the Directors to holders of shares on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements 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 outside Hong Kong).”

- (iii) **“THAT** the Directors of the Company be and they are hereby authorised to exercise the powers of the Company referred to in paragraph (a) of the Resolution set out as Resolution 5(ii) in the Notice of this Meeting in respect of the share capital of the Company referred to in sub-paragraph (ii) of paragraph (c) of such Resolution.”

### AS SPECIAL RESOLUTION:

- (6) As special business, to consider and, if thought fit, pass the following resolution as a special resolution of the Company:

**“THAT** the Articles of Association of the Company be amended by:

- (i) adding the definition of “associates” in Article 2 of the Company as follows:

““associates” shall have the meaning as ascribed to it from time to time under the rules of the stock exchange on which shares of the Company are listed or dealt’;

- (ii) amending the definition of “Clearing House” in Article 2 of the Company as follows:

““Clearing House” shall have the meaning as ascribed to it under Schedule 1 of the Securities and Futures Ordinance’;

- (iii) amending Article 85 of the Company by adding the following sub-paragraph:

‘(C) Where any member is, under the rules of any stock exchange on which shares of the Company are listed or dealt, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.’;

- (iv) deleting Article 104(B)(i) and substituting it with the following:

‘(i) A Director who and/or whose associate(s) to his knowledge is/are in any way, directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of such interest at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows such interest then exists, or in any other case at the first meeting of the Board after



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## NOTICE OF ANNUAL GENERAL MEETING

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he knows that he and/or any of his associates is or has become so interested. For the purposes of this Article, a general notice to the Board by a Director to the effect that (a) he and/or any of his associates is a member of a specified company or firm and is to be regarded as interested in any contract or arrangement which may after the date of the notice be made with that company or firm or (b) he and/or any of his associates is to be regarded as interested in any contract or arrangement which may after the date of the notice be made with a specified person who is connected with him, shall be deemed to be a sufficient declaration of interest under this Article in relation to any such contract or arrangement; provided that no such notice shall be effective unless either it is given at a meeting of the Board or the Director takes reasonable steps to secure that it is brought up and read at the next Board meeting after it is given.’;

(v) deleting Article 104(B)(ii) be deleted and substituting it with the following:

‘(ii) Save as otherwise provided by these Articles, a Director shall not vote (nor be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his associates is to his knowledge materially interested, and if he shall do so his vote shall not be counted, but this prohibition shall not apply to any of the following matters namely:

- (i) any contract or arrangement for the giving of any security or indemnity to the Director and/or any of his associates in respect of money lent or obligations undertaken by him and/or any of his associates for the benefit of the Company;
- (ii) any contract or arrangement for the giving of any security to a third party in respect of a debt or obligation of the Company which the Director and/or any of his associates has himself guaranteed or secured in whole or in part;
- (iii) any contract or arrangement by a Director and/or any of his associates to subscribe for shares or debentures or other securities of the Company to be issued pursuant to any offer or invitation to the members or debenture holders or to the public which does not provide the Director and/or any of his associates with any privilege not accorded to any other members or debenture holders or to the public;
- (iv) any contract or arrangement concerning an offer of the shares or debentures or other securities of or by the Company for subscription or purchase where the Director and/or any of his associates is or is to be interested as a participant in the underwriting or sub-underwriting of the offer;

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## NOTICE OF ANNUAL GENERAL MEETING

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- (v) any contract or arrangement in which the Director and/or any of his associates is interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his interest in shares or debentures or other securities of the Company;
  - (vi) any contract or arrangement concerning any company in which he and/or any of his associates is interested directly or indirectly whether as an officer or a shareholder other than a company in which the Director together with any of his associates owns five (5) per cent. or more of the issued shares or voting rights of any class of shares of the company;
  - (vii) any proposal or arrangement for the benefit of employees of the Company or its subsidiaries including a pension fund or retirement, death or disability benefit scheme which relates both to Directors (and/or their respective associates) and employees of the Company or of any of its subsidiaries and does not give the Director and/or any of his associates any privilege not accorded to the employees to whom such scheme or fund relates; and
  - (viii) any proposal concerning the adoption, modification or operation of any share scheme involving the issue or grant of options over shares or other securities by the Company to, or for the benefit of the employees of the Company or its subsidiaries under which the director and/or any of his associates may benefit.’;
- (vi) deleting Article 104(B)(iii) and substituting it with the following:
- ‘(iii) If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director or his associates (other than the chairman of the meeting) or as to the entitlement of any Director (other than such chairman) to vote or be counted in the quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, such question shall be referred to the chairman of the meeting and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director (or his associates) concerned as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting, such question shall be decided by a resolution of the Board (for which purpose such chairman shall not be counted in the quorum and shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman (or his associates) as known to such chairman has not been fairly disclosed to the Board.’;

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## NOTICE OF ANNUAL GENERAL MEETING

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(vii) deleting Article 109 and substituting it with the following:

‘109.No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless a notice signed by a member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged with the Board at the Company’s registered office during the period commencing the day after dispatch of the notice of the meeting appointed for such election (inclusive of such day) and ending seven (7) days prior to the date of such general meeting (inclusive of such day).’”

By Order of the Board

**CHENG Kin Kwan**

*Chairman & Chief Executive Officer*

Hong Kong, 30 June 2004

*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.

## **APPENDIX I                      REPURCHASE MANDATE EXPLANATORY STATEMENT**

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This appendix serves as an explanatory statement, as required by Rule 13.08 of the GEM Listing 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 24 June 2004, the Latest Practicable Date for determining such figure, the number of Shares in issue were 991,185,503 Shares. On the basis of such figures (and assuming no new Shares will be issued and no Shares will be repurchased after 24 June 2004, and up to the date of passing such resolutions), the Directors would be authorised to repurchase Shares up to a limit of 99,118,550 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 (as defined under the GEM Listing Rules) has any present intention, in the event that the repurchase mandate is granted by shareholders, to sell Shares to the Company.

## **APPENDIX I                      REPURCHASE MANDATE EXPLANATORY STATEMENT**

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 (5)(i), then (based on the present shareholdings as at the Latest Practicable Date) the shareholdings of Mr. Cheng Kin Kwan, Educational Information Technology (H.K.) Company Ltd. and Crimson Asia Capital Limited, L.P. would be increased from approximately 11.00 per cent., 10.90 per cent. and 10.61 per cent. to approximately 12.22 per cent., 12.11 per cent. and 11.79 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 of 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:

<b>Year</b>	<b>Month</b>	<b>Highest HK\$</b>	<b>Lowest HK\$</b>
2003	June	0.165	0.135
	July	0.173	0.136
	August	0.180	0.142
	September	0.300	0.165
	October	0.243	0.210
	November	0.265	0.200
	December	0.220	0.178
2004	January	0.280	0.168
	February	0.243	0.205
	March	0.232	0.184
	April	0.240	0.118
	May	0.196	0.168

**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 document.

**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 in accordance with the regulations set out in the Memorandum of Association and Articles of the Company.

**Mr. Law Kwai Lam**, aged 57, is the Corporate Affairs Director and the Company Secretary of the Company. Mr. Law has been with the Group since its establishment, and has since been responsible for the Company's and the Group's administrative, legal and secretarial matters. Mr. Law holds a Bachelor degree in Biochemistry from the University of Kansas. Prior to joining the Group, Mr. Law was the Company Secretary of a listed company in Hong Kong for 10 years.

**Mr. Chung Yiu Fai**, aged 40, joined the Group in February 1998. Mr. Chung became the Chief Information Officer since February 2001 and assists the CEO to strategize and execute the Group's business directions and IT strategies. He has over 12 years of IT experience and substantial experience in project management in Hong Kong and China. He obtained a Bachelor of Science degree in Computer Information Science from Ohio State University and gained the Engineering Honour Student Award.

**Mr. Chong Siu Pui**, aged 34, is the General Manager of Commonwill Catering Management Company Limited and has been in the catering management business for over ten years. Mr. Chong holds a Bachelor degree in Accountancy from The Hong Kong Polytechnic University and a Master degree in Business Administration from The University of Sydney. He is a fellow of the ACCA, an associate of the Hong Kong Society of Accountants as well as an associate of the Australia Society of Accountants. Mr. Chong was appointed as an independent non-executive director in January 2002.

**Mr. Pun Chung Sang, Trevor**, aged 35, is the Qualified Accountant of the Group. Before he joined the Group in October 2000, he was a senior audit manager of an international accounting firm. He holds a Bachelor of Arts degree in Accountancy from the Hong Kong Polytechnic University and is a fellow of the ACCA as well as an associate of the Hong Kong Society of Accountants.

**Ms. Tsang Wai Chun, Marianna**, aged 49, is a director of Chan & Wat, Certified Public Accountants. She is a member of the Institute of Chartered Secretaries and Administrators, the Hong Kong Institute of Company Secretaries and the Association of Professionals in Business Management. Ms. Tsang has around 20 years of company secretarial, corporate affairs, and related legal working experience in major commercial corporations and in professional firms. She has an MBA and a postgraduate certificate in Advanced Taxation. She was appointed as an independent non-executive director in October 2003.



# TIMELESS SOFTWARE LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 8028)

## Form of proxy for Annual 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 Annual General Meeting (or at any adjournment thereof) of the Company to be held at Board Room, 7/F., The Dynasty Club Limited, South West Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong on Thursday, 5 August 2004 at 3:30 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
1. To receive and consider the audited financial statements together with the reports of the directors and auditors for the year ended 31 March 2004.		
2. To re-elect the following directors of the Company as a single resolution: (i) Mr. Law Kwai Lam; (ii) Mr. Chung Yiu Fai; (iii) Mr. Chong Siu Pui; (iv) Mr. Pun Chung Sang, Trevor; and (v) Ms. Tsang Wai Chun, Marianna.		
3. To appoint auditors and authorise the directors to fix their remuneration.		
4. Ordinary resolution no. (4)		
5. Ordinary resolution no. (5)(i)		
6. Ordinary resolution no. (5)(ii)		
7. Ordinary resolution no. (5)(iii)		
8. Special resolution no. (6)		

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

Dated the \_\_\_\_\_ day of \_\_\_\_\_ 2004.

### 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.