

**TIMELESS SOFTWARE LTD:
WAS IT A FORCE MAJEURE SITUATION, CHAIRMAN CHENG KIN KWAN ?**

It is said that a fool and his money are soon parted.

Scanning the fortunes of [Timeless Software Ltd](#) (Code: 8028, The Growth Enterprise Market [The GEM] of The Stock Exchange of Hongkong Ltd) since it went public in the last quarter of 1999 appears to substantiate this proverb – and, then, some.

On July 11, 2005, last Monday week, the Chairman of Timeless, Mr Cheng Kin Kwan, announced the company's intention to sell its Central property at the price of \$HK158,556,000.

A buyer had been located, one was told, and a Provisional Agreement had been signed, with *'Formal documentation in relation to the Transaction is expected to be executed on or before 19 July 2005.'* (yesterday)

The sales price of \$HK158,556,000 will throw up a loss on the original purchase price of the property of about \$HK19,819,500, without taking into consideration such little things as interest payments, opportunity cost loss, commissions to agents, etc, etc, etc.

Timeless said, about the price of the property, that it would represent *'an approximately 31.15% premium to the book and carrying value of the Property in the Company's audited accounts for the year ended 31 March 2005.'*

The property, which has just been sold, is the Registered Office of Timeless and is located at:

The Center,
79th Floor,
Number 99, Queen's Road,
Central,
The Hongkong Special Administrative Region (HKSAR)
of the People's Republic of China (PRC).

This office was purchased within 38 days of Timeless, going public on The GEM, and cost the company about 40 percent of the every dollar that it garnered from its cash-raising exercise of the float.

There was no mention in the 1999 Prospectus of Timeless that it intended to spend \$HK178,375,500 out of the \$HK450 million, which it raised by Placing 150 million, 5-cent Shares at a Premium of \$HK3.25 per Share, on the purchase of a Central office unit.

That, it appears, was an afterthought.

The Placing Prospectus stated, only, that it wanted to raise the \$HK450 million for the following purposes:

1. \$HK45 million to be used for research and development;
2. \$HK45 million to be used for funding branch offices in Beijing, Shanghai and Taipei;
3. \$HK40 million to be used as further investments in the company's Zhuhai joint venture;
4. \$HK20 million to be used as promotional expenses;

5. \$HK100 million to be used for the purchase of other companies that, presumably, have some synergy with Timeless; and,
6. \$HK200 million to be used as Working Capital.

Timeless purchased the prestigious Central office from a company, thought to be beneficially owned by Mr Li Ka Shing, the Chairman of Cheung Kong (Holdings) Ltd (Code: 1, Main Board, The Stock Exchange of Hongkong Ltd).

The name of that ... [CLICK TO ORDER FULL ARTICLE](#)

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