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COMPUTIME GROUP LIMITED

金寶通集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 320)

CONNECTED TRANSACTION INVOLVING A TERMINATION AGREEMENT AND A CONSULTANCY AGREEMENT WITH A FORMER DIRECTOR

The resignation of Mr. Bernard Auyang as an Executive Director and Chief Executive Officer of the Company and from other related offices announced earlier took effect on 1 November 2009. To ensure smooth handover and transition of management of the Group and protect its business interests, the Company entered into (i) the Termination Agreement with Mr. Bernard Auyang and (ii) the Consultancy Agreement with the Adviser and Mr. Bernard Auyang on 31 October 2009.

TERMINATION AGREEMENT

On 31 October 2009, the Company entered into the Termination Agreement with Mr. Bernard Auyang to record administrative matters relating to the termination of his existing service agreement and also to include a Non-compete Undertaking in favour of the Company for a consideration of HK\$3,060,000 payable within seven (7) days after signing. The Non-compete Undertaking will expire on 30 April 2012.

CONSULTANCY AGREEMENT

On 31 October 2009, the Company entered into the Consultancy Agreement with the Adviser and Mr. Bernard Auyang for a period of one year from 1 November 2009 (subject to earlier termination as described below) as one of the measures of the Company to ensure smooth and orderly transition of his management role in the Company. The Adviser is wholly-owned by Mr. Bernard Auyang.

Under the Listing Rules, Mr. Bernard Auyang is and will remain for a period of 12 months after he ceases to be a director and chief executive of the Company and its subsidiaries, a connected person of the Company and transactions between him (or the Adviser, being his associate) and the Company will constitute connected transactions of the Company.

The percentage ratios (determined in accordance with the Listing Rules) based on the aggregate of the consideration payable for the Non-compete Undertaking and the maximum fees and benefits to which the Adviser is entitled under the Consultancy Agreement, which is on normal commercial terms, exceed the *de minimus* thresholds under Chapter 14A of the Listing Rules but are less than 2.5%. Accordingly, the Termination Agreement (including the Non-compete Undertaking) and Consultancy Agreement are subject to reporting and announcement requirements, and are exempt from independent shareholders' approval requirements of Chapter 14A of the Listing Rules.

BACKGROUND AND REASONS FOR THE TERMINATION AGREEMENT AND THE CONSULTANCY AGREEMENT

The Board refers to the Company's announcement dated 9 October 2009 of the resignation of Mr. Bernard Auyang as an Executive Director and Chief Executive Officer of the Company and from other related offices, which took effect on 1 November 2009.

The Company is an investment holding company and the Group is principally engaged in research and development, design, manufacture and trading of electronic control products. Given that Mr. Bernard Auyang has worked with the Group for approximately 18 years and has since listing been an Executive Director and the Chief Executive Officer of the Company, he has developed insight and expertise in the business of the Group and the industry (including the markets) that it operates.

Accordingly, to reduce the risk of loss of business in the event that Mr. Bernard Auyang should choose to engage in a competing enterprise after the expiry of the one year non-compete that is contained in his existing service agreement with the Company, the Company has secured the Non-compete Undertaking from Mr. Bernard Auyang in the Termination Agreement. The Company is expected to benefit from the covenants of Mr. Bernard Auyang under the Non-compete Undertaking which promotes a continued collaboration and alignment of his interests with those of the Group after the expiry of the one year non-compete that is contained in his existing service agreement with the Company.

Further, to ensure smooth handover and transition of management of the Group, Mr. Bernard Auyang has agreed through his wholly-owned company to provide advisory services to the Company pursuant to the terms of the Consultancy Agreement.

THE TERMINATION AGREEMENT

On 31 October 2009, the Company entered into the Termination Agreement with Mr. Bernard Auyang. The Termination Agreement records administrative matters relating to the termination of his existing service agreement on 31 October 2009, including a confirmation that Mr. Bernard Auyang will be paid (at the same time as other Executive Directors are paid) a discretionary year end bonus determined in accordance with the terms of his existing service agreement and pro rated for his seven months of service in the current financial year of the Company. His existing service agreement provides that the

aggregate amount of discretionary bonuses paid to all Executive Directors in respect of any financial year of the Company shall not exceed 10 percent of the audited consolidated net profit after taxation but before extraordinary items of the Group in that year.

The Termination Agreement also includes the Non-compete Undertaking in favour of the Company. The key terms of the Non-compete Undertaking can be summarised as follows:

Scope of Non-compete Undertaking: Mr. Bernard Auyang has undertaken not (without the Company's consent) to compete with the Group in Hong Kong Special Administrative Region, the People's Republic of China, United States of America, Canada, Europe (being the locations of the headquarters, research and development, manufacturing base or the principal markets of the Group) in the business of research and development, design, manufacture and/or trading of electronic control products and not to solicit staff and customers of the Group.

Term: 18 months after 31 October 2010 (being the date on which the non-competition undertakings contained in Mr. Bernard Auyang's existing service agreement will expire). This means that the Non-compete Undertaking will expire on 30 April 2012.

Consideration: HK\$3,060,000 payable in cash within seven (7) days after the signing of the Termination Agreement.

The consideration has been determined after arm's length negotiations, after taking into account the loss of potential income by Mr. Bernard Auyang as the effect of the Non-compete Undertaking would be to deprive him substantially of his ability to capitalise on his accumulated insight and expertise in the electronic control industry, and his remuneration package with the Company prior to his resignation.

The Directors (including the Independent Directors) consider the Termination Agreement (including the Non-compete Undertaking and the consideration payable for it) to be on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

THE CONSULTANCY AGREEMENT

On 31 October 2009, the Company entered into the Consultancy Agreement with the Adviser (as adviser to provide the services described below) and Mr. Bernard Auyang (as the Adviser's sole representative for the purposes of the Consultancy Agreement). The Adviser is an investment holding company wholly-owned by Mr. Bernard Auyang.

The terms of the Consultancy Agreement

The Consultancy Agreement contains terms to the following effect, amongst others:

Scope of services: The Adviser is to advise the Company and assist it to develop and implement plans for the following purposes:

- (i) the smooth and orderly transition of the management of the Group's business;
- (ii) the retention of existing customer accounts and development of new customers; and
- (iii) appropriate public relation efforts by the Group to maintain confidence within the investment community in the continued operations, business strategy and prospects of the Group.

Fees and benefits: A fixed retainer fee of HK\$170,000 is payable monthly in arrears in cash during the term of the Consultancy Agreement.

The Adviser will be reimbursed for expenses incurred for the provision of those services and Mr. Bernard Auyang (as the Adviser's representative) will be entitled to participate in the medical insurance scheme of the Group.

The fixed retainer fee was determined by reference to the scope and nature of services that is to be provided by the Adviser and expected time commitment required to deliver those services, relevant experience and expertise of Mr. Bernard Auyang in the business of the Group and his remuneration as Chief Executive Officer of the Company (which more than doubles the monthly retainer fee).

Term: The Consultancy Agreement is for a term of one year, but can be terminated by either party on giving three months' prior notice (or payment in lieu of notice) or without notice for unremedied breaches by the other party.

The Company may also terminate the Consultancy Agreement without notice if Mr. Bernard Auyang ceases to be a director or the sole shareholder of the Adviser (or the Adviser failing to produce evidence of the same on request by the Company).

The Directors (including the Independent Directors) consider the Consultancy Agreement and the amount of fee and benefits thereunder to be on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

Listing Rules Implications

Under the Listing Rules, Mr. Bernard Auyang is and will remain for a period of 12 months after he ceases to be a director and chief executive of the Company and its subsidiaries, a connected person of the Company and transactions between him (or the Adviser, being his associate) and the Company will constitute connected transactions of the Company.

The percentage ratios (determined in accordance with the Listing Rules) based on the aggregate of the consideration payable for the Non-compete Undertaking and the maximum fees and benefits to which to the Adviser is entitled under the Consultancy Agreement, which is on normal commercial terms, exceed the *de minimus* thresholds under Chapter 14A of the Listing Rules but are less than 2.5%. Accordingly, the Termination Agreement (including the Non-compete Undertaking) and the Consultancy Agreement are subject to reporting and announcement requirements, and are exempt from independent shareholders' approval requirements of Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, the following terms have the meanings set opposite them:

“Adviser”	Whalley Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Mr. Bernard Auyang
“associate”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Company”	Computime Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on The Stock Exchange of Hong Kong Limited
“Consultancy Agreement”	an agreement dated 31 October 2009 between the Company, the Adviser and Mr. Bernard Auyang in respect of services to be provided by the Adviser to the Company
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Independent Directors”	Independent non-executive Directors

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Bernard Auyang”	Mr. Auyang Pak Hong, Bernard
“Non-compete Undertaking”	the undertaking not to compete with the Group contained in the Termination Agreement, as described more fully in this announcement
“Termination Agreement”	an agreement dated 31 October 2009 between the Company and Mr. Bernard Auyang in respect of the termination of the existing service agreement between them and the Non-compete Undertaking

By Order of the Board
Computime Group Limited
Auyang Ho
Chairman

Hong Kong, 2 November 2009

As at the date of this announcement, the Directors are:

Executive Directors:

Mr. Auyang Ho (*Chairman and Acting Chief Executive Officer*)
Ms. Choi Po Yee, Alice

Non-executive Directors:

Mr. Kam Chi Chiu, Anthony
Mr. Arvind Amratlal Patel
Mr. Wong Chun Kong

Independent Non-executive Directors:

Mr. Luk Koon Hoo
Mr. Patrick Thomas Siewert
Mr. Steven Julien Feniger

* *For identification purposes only*