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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)**

### **DISCLOSEABLE TRANSACTION SUBSCRIPTION OF SHARES IN CLEARMOON**

#### **THE SUBSCRIPTION**

The Board announces that on 15 December 2020 (after trading hours), the Subscriber, a wholly-owned subsidiary of the Company, entered into a subscription agreement with Clearmoon and the Existing Shareholders, pursuant to which, the Subscriber agrees to subscribe for and Clearmoon agrees to allot and issue 300,000 Subscription Shares at a consideration of US\$1,000,000. Immediately after Completion, the Subscriber will hold approximately 13.04% of the enlarged share capital (as enlarged by the Subscription) of Clearmoon.

Clearmoon is a company incorporated under the laws of Hong Kong with limited liability and the Clearmoon Group is principally engaged in providing communication and wireless products for the consumer electronic segment in Hong Kong, the PRC and Malaysia.

#### **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Subscription are more than 5% but are all less than 25%, the Subscription constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements.

**As the Subscription is subject to the fulfillment of the Conditions Precedent, the Subscription may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.**

## **BACKGROUND**

The Board announces that on 15 December 2020 (after trading hours), the Subscriber, a wholly-owned subsidiary of the Company, entered into a subscription agreement with Clearmoon and the Existing Shareholders, pursuant to which, the Subscriber agrees to subscribe for and Clearmoon agrees to allot and issue 300,000 Subscription Shares at a consideration of US\$1,000,000. Immediately after Completion, the Subscriber will hold approximately 13.04% of the enlarged share capital (as enlarged by the Subscription) of Clearmoon.

## **THE SUBSCRIPTION AGREEMENT**

The principal terms of the Subscription Agreement are summarised as follows:

- Date:** 15 December 2020
- Parties:**
- (1) the Subscriber;
  - (2) Clearmoon; and
  - (3) the Existing Shareholders

As at the date of this announcement, to the best of the Directors' knowledge, information and belief after having made all reasonable enquires, Clearmoon and the Existing Shareholders (who are the ultimate beneficial owners of Clearmoon) are third parties independent of the Company and its connected persons.

**Subscription:** Pursuant to the Subscription Agreement, the Subscriber shall subscribe, and Clearmoon shall allot and issue, 300,000 Subscription Shares to the Subscriber at the aggregate subscription price of US\$1,000,000, representing approximately 13.04% of the enlarged share capital (as enlarged by the Subscription) of Clearmoon immediately after Completion.

**Consideration:** The aggregate subscription price is US\$1,000,000, which shall be settled in cash by the Subscriber. The consideration was determined between the parties to the Subscription Agreement after arm's length negotiations with reference to the consolidated profit after tax of Clearmoon Group and the current market conditions of the industry in which Clearmoon operates.

- Completion:** Subject to the satisfaction of the Conditions Precedent, Completion shall take place (i) at the offices of the Subscriber in Hong Kong at 4:00 p.m. (Hong Kong time) on the 7th Business Day after the date of notification of the satisfaction or waiver of the last of the Conditions Precedent or (ii) at any other time, date or place as agreed in writing between the Subscriber and Clearmoon.
- Conditions Precedent:** Completion is conditional upon the satisfaction or waiver of the following Conditions Precedent:
- (1) each of the Warranties shall have been true and complete when made as of the date of the Subscription Agreement and shall be true and complete as of the date of Completion with the same effect as though the Warranties had been made on and as of the date of Completion, except in either case for those Warranties that address matters only as of a particular date, which representations will have been true and complete as of such particular date; and
  - (2) the completion of due diligence on the Clearmoon Group to the satisfaction of the Subscriber (including but not limited to obtaining and reviewing relevant audited financial statements and statutory documents in respect of the Clearmoon Group Companies as requested by the Subscriber).
- Ranking of Subscription Shares:** The Subscription Shares, when issued as fully-paid shares, will rank pari passu in all respects with all other shares of Clearmoon in issue.
- Indemnification:** Upon Completion, Clearmoon shall indemnify and hold the Subscriber and its affiliates and their respective successors and assigns, and each of such person's employees, officers and agents harmless from and against all losses, costs, expenses and damages incurred or sustained by any of the above parties arising from any breach of the Warranties, covenants, obligations or agreements under the Subscription Agreement.
- Guarantee:** Each of the Existing Shareholders guarantees to the Subscriber the due and punctual performance of all obligations of Clearmoon under the Subscription Agreement.
- Termination:** The Subscription Agreement may be terminated prior to Completion (i) by mutual written consent of the parties to the Subscription Agreement or (ii) if any of the Conditions Precedent are not (or do not remain) satisfied on or before the Longstop Date and the Subscriber has given a notice to Clearmoon at any time before Completion.

**Put Option:**

Clearmoon grants to the Subscriber a put option upon Completion.

The put option will become exercisable by the Subscriber at any time before the IPO of Clearmoon:

- (1) if the Clearmoon Group fails to achieve the agreed threshold of net profit after tax of HK\$12,500,000 in any Financial Year until the date of the IPO;
- (2) if any disclosure and/or notes in the Financial Statements is untrue or inaccurate or misleading and the Financial Statements do not present a true and fair view of the financial position of the Clearmoon Group or Clearmoon is unable to publish Financial Statements with an unqualified opinion from the auditors; or
- (3) upon any change in the share capital of Clearmoon or any Clearmoon Group Company, the issuance of any shares of Clearmoon or any Clearmoon Group Company, or the creation or grant of any option, warrant, right or other interest to subscribe for, acquire, or convert any security into, any share or other securities or any share capital, of Clearmoon or any Clearmoon Group Company, which would increase the issued and outstanding share capital of Clearmoon or any Clearmoon Group Company as at the date of the Subscription Agreement by more than 10%.

**Veto Rights:**

At any time from Completion to the date of the IPO, none of the actions below shall be taken by Clearmoon, any Clearmoon Group Company or any Clearmoon Shareholder and the Clearmoon Shareholders shall not vote in favour of any resolution in respect of any of such actions, without the approval of the Subscriber.

The Subscriber shall have the right to veto any of the below actions by Clearmoon, any Clearmoon Group Company or any Clearmoon Shareholder, except where any of such actions are related to the IPO process (the “**Veto Right**”):

- (1) the entering into any agreement, arrangement or transaction by Clearmoon or any Clearmoon Group Company where any of the percentage ratios (as defined in Chapter 14 of the Listing Rules) in respect of such agreement, arrangement or transaction exceeds 5%;
- (2) the provision of any corporate guarantee by Clearmoon or any Clearmoon Group Company to any persons;

- (3) the pledge or transfer of shares by any Clearmoon Shareholder; and
- (4) the declaration or payment of any dividends or other distributions by Clearmoon or any Clearmoon Group Company.

**Right of Co-sale:**

If the Subscriber has not exercised its Veto Right in respect of a proposed transfer of shares by any Clearmoon Shareholder to a third party, the Subscriber shall have the right to participate in such transfer at the same price and subject to the same material terms and conditions.

**Information Rights:**

Clearmoon shall inform the Subscriber in writing as soon as practicable upon:

- (1) approving any change in the share capital of Clearmoon or any Clearmoon Group Company, the issuance of any shares of Clearmoon or any Clearmoon Group Company, or the creation or grant of any option, warrant, right or other interest to subscribe for, acquire, or convert any security into, any share or other securities or any share capital, of Clearmoon or any Clearmoon Group Company;
- (2) any change of directors and/or auditor of Clearmoon;
- (3) the creation of any mortgage, charge, debenture, pledge, lien or other encumbrance or security interest over any of the assets, property or undertaking of Clearmoon or any Clearmoon Group Company; or
- (4) the selection of any independent financial adviser by Clearmoon, including but not limited to sponsor and underwriter in connection with the IPO.

**REASONS FOR AND BENEFITS OF THE SUBSCRIPTION**

By entering into the Subscription Agreement with Clearmoon, the Company aims to leverage the expertise of Clearmoon in engineering and design of radio frequency communication products through future collaborations in the design and manufacturing of products and solutions.

The Board is of the view that the terms and conditions of the Subscription Agreement are negotiated at arm's length basis and on normal commercial terms and are fair and reasonable and that it is in the interest of the Company and the Shareholders as a whole to enter into the Subscription Agreement.

## **INFORMATION OF THE COMPANY, THE GROUP AND THE SUBSCRIBER**

The Company is a company incorporated under the laws of the Cayman Islands with limited liability and is principally engaged in investment holding.

The Group is principally engaged in research and development, design, manufacture and trading of electronic control products.

The Subscriber, a wholly-owned subsidiary of the Company, is a company incorporated under the laws of the British Virgin Islands with limited liability and is principally engaged in investment holding.

## **INFORMATION OF CLEARMOON**

Clearmoon is a company incorporated under the laws of Hong Kong with limited liability and the Clearmoon Group is principally engaged in providing communication and wireless products for the consumer electronic segment in Hong Kong, the PRC and Malaysia.

Based on the consolidated financial statements of Clearmoon, the audited net asset value of Clearmoon Group was approximately HK\$2,086,000 as at 31 March 2020. The consolidated financial information of Clearmoon Group for the two financial years ended 31 March 2019 and 31 March 2020 are set out below:

	<b>For the financial year ended 31 March</b>	
	<b>2019</b>	<b>2020</b>
	<b>(audited)</b>	<b>(audited)</b>
Profit before taxation	HK\$897,000	HK\$13,726,000
Profit after taxation	HK\$897,000	HK\$12,706,000

## **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Subscription are more than 5% but are all less than 25%, the Subscription constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements.

**As the Subscription is subject to the fulfillment of the Conditions Precedent, the Subscription may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	the board of Directors
“Business Day”	any day on which commercial banks in Hong Kong are open for business excluding Saturdays, Sundays and public holidays in Hong Kong
“Clearmoon”	Clearmoon International Limited, a company incorporated under the laws of Hong Kong with limited liability and its registered office is situate at Unit 22, 16/F, Corporation Park, 11 On Lai Street, Shatin, Hong Kong
“Clearmoon Group”	Clearmoon and its subsidiaries from time to time and “Clearmoon Group Company” means any of them
“Clearmoon Shareholder”	a person who is recorded in the register of members of Clearmoon as the holder of one or more shares of Clearmoon
“Company”	Computime Group Limited (stock code: 320), a company incorporated under the laws of Cayman Islands with limited liability the shares of which are listed on the Stock Exchange
“Completion”	completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement
“Conditions Precedent”	the conditions precedent to the Subscription under the Subscription Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Existing Shareholders”	YIP Chun Kwan, CHEANG Chee Ming and HSU Wing Sang, the existing shareholders of Clearmoon which as at the date of the announcement together hold 100% of the issued share capital of Clearmoon
“Financial Statements”	the consolidated financial statements of the Clearmoon Group to be prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants for each Financial Year

“Financial Year”	the period commencing on 1 April in any year and ending on 31 March in the next calendar year or such other accounting period as may be adopted by Clearmoon
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IPO”	a firmly underwritten initial public offering by Clearmoon of its ordinary shares on the Main Board or GEM of the Stock Exchange or other stock exchanges
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Longstop Date”	the day falling six months from the date of the Subscription Agreement
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Terastone Investments Limited, a wholly-owned subsidiary of the Company and a company incorporated under the laws of the British Virgin Islands with limited liability and its registered office is situated at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands
“Subscription”	the subscription of 300,000 ordinary shares of Clearmoon by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 15 December 2020 entered into between the Subscriber, Clearmoon and the Existing Shareholders in respect of, among other things, the Subscription
“Subscription Share(s)”	new share(s) of Clearmoon to be allotted and issued by Clearmoon to the Subscriber pursuant to the terms of the Subscription Agreement

“US\$”	United States dollar(s), the lawful currency of the United States of America
“Warranties”	the warranties given by Clearmoon to the Subscriber under the Subscription Agreement
“%”	per cent.

By order of the Board  
**Computime Group Limited**  
**AUYANG Ho**  
*Chairman*

Hong Kong, 15 December 2020

As at the date of this announcement, the directors of the Company are:

*Executive Directors:*

Mr. AUYANG Ho (*Chairman*)

Mr. AUYANG Pak Hong Bernard (*Chief Executive Officer*)

Mr. WONG Wah Shun

*Non-executive Directors:*

Mr. KAM Chi Chiu, Anthony

Mr. WONG Chun Kong

*Independent Non-executive Directors:*

Mr. LUK Koon Hoo

Mr. Patrick Thomas SIEWERT

Mr. HO Pak Chuen Patrick

Mr. Roy KUAN

\* *For identification purposes only*