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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 PURCHASE OF INTEREST IN BRAEBURN

THE PURCHASE

The Board announces that on 31 December 2021 (after trading hours), the Buyer, a wholly-owned subsidiary of the Company, entered into a membership interest purchase agreement with Braeburn, the Sellers, the Sellers' Control Persons and the Sellers' Representative, pursuant to which, the Buyer purchased and the Sellers sold the Purchased Units at the Purchase Price.

At Closing, the Buyer paid a total of US\$10,069,169.92 (equivalent to HK\$78,539,525.38) (subject to adjustment), comprising (i) US\$9,569,169.92 to the Sellers, being the Purchase Price less the Transaction Adjustment Escrow Amount of US\$500,000; and (ii) the Transaction Adjustment Escrow Amount of US\$500,000 to the escrow agent.

The Purchased Units represent 62.9998% of the membership interests of Braeburn. Immediately after Closing, the Buyer held 90% of the membership interests of Braeburn, which became a subsidiary of the Company.

Braeburn is a limited liability company incorporated under the laws of Illinois and it is a brand, technology and product company focusing on energy saving technologies and smart HVAC controls and systems.

IMPLICATIONS UNDER THE LISTING RULES

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

BACKGROUND

The Board announces that on 31 December 2021 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, entered into a membership interest purchase agreement with Braeburn, the Sellers, the Sellers' Control Persons and the Sellers' Representative, pursuant to which, the Purchaser purchased and the Sellers sold the Purchased Units at the Purchase Price. The Purchased Units represent 62.9998% of the membership interests of Braeburn. Immediately after Closing, the Buyer held 90% of the membership interests of Braeburn.

THE PURCHASE AGREEMENT

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

- Date:** 31 December 2021
- Parties:**
- (1) the Purchaser;
 - (2) Braeburn;
 - (3) the Sellers i.e. the GAM Trust, the RLC Trust, the JK Trust and Jordan Miller;
 - (4) the Sellers' Control Persons; and
 - (5) the Sellers' Representative
- Purchase:** Pursuant to the Purchase Agreement, the Buyer purchased, and the Sellers sold, the Purchased Units to the Buyer at the Purchase Price, representing 62.9998% of the membership interests of Braeburn. Immediately after Closing, the Buyer held 90% of the membership interests of Braeburn.
- Consideration and adjustment mechanism:** The Purchase Price was the sum of:
- (i) US\$11,340,000; plus
 - (ii) the Sellers' good faith estimate of the cash and cash equivalents of Braeburn as at 31 December 2021 less the amounts of any outstanding checks, drafts and wire transfers payable to third parties (the "**Cash**"), multiplied by 62.9998%; minus
 - (iii) the amount by which the Sellers' good faith estimate of the net working capital of Braeburn (being all current assets minus Cash minus all current liabilities plus Debt plus accrued employee obligations) as at 31 December 2021 (the "**Net Working Capital**") is less than US\$2,500,000, multiplied by 62.9998%; minus

- (iv) the Debt of Braeburn as at 31 December 2021, multiplied by 62.9998%; minus
- (v) the transaction expenses; and minus
- (vi) the accrued employee obligations of Braeburn, multiplied by 62.9998%.

At Closing, the Buyer paid a total of US\$10,069,169.92 (equivalent to HK\$78,539,525.38) (subject to adjustment as described below), comprising (i) US\$9,569,169.92 (the “**Closing Cash Consideration**”) to the Sellers, being the Purchase Price less the Transaction Adjustment Escrow Amount; and (ii) the Transaction Adjustment Escrow Amount to the escrow agent.

Upon a date mutually agreed to by the Buyer and the Sellers’ Representative and following the Closing Date, the Sellers’ Representative will prepare and deliver to the Buyer a statement setting forth the Sellers’ Representative’s calculation of the Cash and the Net Working Capital (the “**Closing Statement**”). The Closing Statement will be prepared in accordance with the Purchase Agreement and based on a third party auditor’s confirmation of certain items. The Closing Statement shall be subject to the Buyer’s review. If the Buyer objects to the Closing Statement and the parties could not resolve any dispute thereto, the Cash and the Net Working Capital shall be determined by an independent firm of auditors, whose determination shall be final.

Upon determination of the final Cash and Net Working Capital, the Closing Cash Consideration shall be recalculated (the Closing Cash Consideration so recalculated, the “**Adjusted Cash Consideration**”).

If the Adjusted Cash Consideration exceeds the Closing Cash Consideration, the Buyer shall pay the surplus to the Sellers and the entire Transaction Adjustment Escrow Amount shall be distributed to the Sellers.

If the Adjusted Cash Consideration is less than the Closing Cash Consideration, the deficit shall be settled by returning an amount equivalent to the deficit from the Transaction Adjustment Escrow Amount to the Buyer, and the remainder of the Transaction Adjustment Escrow Amount shall be distributed to the Sellers. If the deficit exceeds the Transaction Adjustment Escrow Amount, the Sellers shall pay the Buyer such amount.

If the Adjusted Cash Consideration is the same as the Closing Cash Consideration, the entire Transaction Adjustment Escrow Amount shall be distributed to the Sellers.

The Purchase Price was determined between the parties to the Purchase Agreement after arm's length negotiations with reference to the profit after tax of Braeburn and the current market conditions of the industry in which Braeburn operates.

Closing:

Upon satisfaction of the Conditions Precedent, Closing has taken place remotely on 31 December 2021 (after trading hours).

Conditions Precedent:

Closing was conditional upon the satisfaction or waiver of the following Conditions Precedent:

- (1) the representations and warranties given by each of the Buyer and the Sellers shall be true and correct in all material respects on the date of the Purchase Agreement and as of the Closing Date, as if made at and as of such date (except to the extent that any such representation or warranty speaks as of an earlier date, in which case such representation or warranty shall be true and correct as of such earlier date), except where the failure of such representations and warranties given by the Sellers to be so true and correct, individually or in the aggregate, has not had, and could not reasonably be expected to have, a material adverse effect;

- (2) each of the Buyer and the Sellers shall have performed in all material respects all obligations required to be performed by it under the Purchase Agreement at or prior to the Closing Date;
- (3) no statute, rule, regulation, executive order, decree, temporary restraining order, preliminary or permanent injunction or other order enacted, entered, promulgated, enforced or issued by any government entity, or other legal restraint or prohibition, shall be in effect preventing the consummation of the Purchase and the transactions contemplated by the Purchase Agreement and the transaction documents;
- (4) the Buyer, the Sellers and the Sellers' Representative shall have received all applicable closing deliveries; and
- (5) the Buyer shall pay the Closing Cash Consideration upon Closing.

Indemnification:

The Sellers and their respective Sellers' Control Persons shall jointly and severally indemnify, defend and hold harmless the Buyer, Braeburn and their respective affiliates, officers, directors, managers, employees, agents and representatives from and against any damages that any of the above parties incur to the extent as a result of (a) the breach or inaccuracy of any of the representations and warranties made by any Seller in the Purchase Agreement; (b) the breach of any covenant made by the Sellers in the Purchase Agreement; (c) any debt of Braeburn as of the Closing Date, any transaction expenses or any accrued employee obligations, in each case to the extent not fully paid on or before the Closing Date or not deducted from the Purchase Price as part of the Purchase Price calculation, but with respect to any debt or accrued employee obligations, not to exceed the amount of such items multiplied by 62.9998%; (d) any indemnified taxes; or (e) the PPP Loan.

The Buyer shall indemnify the Sellers and each of their respective affiliates, agents and representatives from and against any damages that any of the above parties incur to the extent as a result of (a) the breach or inaccuracy of any of the representations and warranties made by Buyer in the Purchase Agreement, or (b) the breach of any covenant made by Buyer in the Purchase Agreement.

The indemnification amount shall be capped at 25% of the Purchase Price with respect to any breaches of representations and warranties.

Guarantee:

The Sellers jointly and severally guarantee the timely payment, performance and reimbursement to the Buyer of the following:

- (a) collection of all accounts receivable of Braeburn within six months after the Closing Date, as to all accounts receivables balances existing as of the fiscal year ended as of the Closing Date and following reconciliation of the same in connection with the finalisation of the Closing Statement;
- (b) the payment of all transaction expenses which have not been accrued or accounted for in connection with the finalisation of the Closing Statement;
- (c) payment for the remaining balance of inventory of Braeburn existing as of the fiscal year ending as of the Closing Date and following reconciliation of the same in connection with the finalisation of the Closing Statement and which Braeburn is unable to sell within 18 months following the Closing Date; and

- (d) any claims, damages, penalties, third-party claims, or expenses of any kind, including without limitation, reasonable attorney's fees, incurred by the Buyer, Braeburn, or any of the Buyer's directors, managers, officers, shareholders, employees or agents in connection with (i) any violation of bank covenants by any act of Braeburn or Braeburn's agents or representatives and occurring prior to the Closing Date; and/or (ii) any violation of any applicable law, including without limitations, tax laws), by any act of Braeburn or Braeburn's agents or representatives and occurring prior to the Closing Date.

REASONS FOR AND BENEFITS OF THE PURCHASE

Upon Closing, Braeburn became a non-wholly owned subsidiary of the Company and its accounts will be consolidated into that of the Group.

The Company aims to best leverage the substantial synergies with our branded business SALUS to create a global brand, technology and product company focusing on energy saving technologies and smart HVAC controls and systems.

The Board is of the view that the terms and conditions of the Purchase 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 Purchase Agreement.

INFORMATION OF THE COMPANY, THE GROUP AND THE BUYER

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 brand distribution of electronic control products.

The Buyer, a wholly-owned subsidiary of the Company, is a company incorporated under the laws of Hong Kong with limited liability and is principally engaged in investment holding.

INFORMATION OF BRAEBURN

Braeburn is a limited liability company incorporated under the laws of Illinois and it is a brand, technology and product company focusing on energy saving technologies and smart HVAC controls and systems.

Based on the financial statements of Braeburn, its unaudited net asset value was approximately US\$2,567,535 as at 31 December 2020. The financial information of Braeburn for the two financial years ended 31 December 2019 and 2020 are set out below:

	For the financial year ended 31 December	
	2019	2020
	(unaudited)	(unaudited)
Profit before taxation	US\$1,382,703	US\$1,637,811
Profit after taxation	US\$1,350,867	US\$1,615,335

INFORMATION OF THE SELLERS, THE SELLERS' CONTROL PERSONS AND THE SELLERS' REPRESENTATIVE

The GAM Trust is a revocable grantor trust set up on 26 May 2006 by Glenn A. Moore. Its trustee is Glenn A. Moore (who is also the Sellers' Representative), an individual and resident of the State of Arizona, and the sole beneficiary is Glenn A. Moore.

The RLC Trust is a revocable grantor trust set up on 22 March 2006 by Robert L. Carter. Its trustee is Robert L. Carter, an individual and resident of the State of Illinois, and the sole beneficiary is Robert L. Carter.

The JK Trust is a revocable grantor trust set up on 15 January 2019 by John Kezios. Its trustee is John Kezios, an individual and resident of the State of Illinois, and the sole beneficiary is John Kezios.

Jordan Miller is an individual and resident of the State of Illinois.

Prior to Closing, the Company held approximately 27% of the membership interests of Braeburn and to the best of the Directors' knowledge, information and belief after having made all reasonable enquires, Braeburn, the GAM Trust, the RLC Trust and the JK Trust and their respective trustees and beneficiaries, Jordan Miller and the Sellers' Representative were third parties independent of the Company and its connected persons.

Upon Closing, the Company and the GAM Trust held 90% and 10%, respectively, of the membership interests of Braeburn.

IMPLICATIONS UNDER THE LISTING RULES

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

DEFINITIONS

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

“Board”	the board of Directors
“Braeburn”	Braeburn Systems LLC, a limited liability company incorporated under the laws of Illinois and its registered office is situated at 2215 Cornell Ave., Montgomery, Illinois 60538, United States of America
“Buyer”	HVAC Controls Limited, a wholly-owned subsidiary of the Company and a company incorporated under the laws of Hong Kong with limited liability and its registered office is situated at 6/F, Building 20E, Phase 3, Hong Kong Science Park, 20 Science Park East Avenue, Shatin, New Territories, Hong Kong
“Closing”	completion of the Purchase in accordance with the terms and conditions of the Purchase Agreement
“Closing Date”	31 December 2021
“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
“Conditions Precedent”	the conditions precedent to the Purchase under the Purchase Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“Debt”	<p>without duplication, all liabilities in respect of the following: (i) indebtedness for borrowed money, (ii) indebtedness secured by any lien on property owned whether or not the indebtedness secured has been assumed, (iii) indebtedness evidenced by notes, bonds, debentures, or similar instruments, (iv) financing or capital leases and all obligations related thereto, (v) letters of credit, (vi) interest rate swaps or caps, hedging arrangements or similar obligations, (vii) earnouts and similar payment obligations (including amounts payable to former owners in prior acquisitions), (viii) the deferred purchase price of assets or services that GAAP would require to be included as a balance sheet liability (other than trade payables), (ix) declared dividends or distributions that remain outstanding as of the Closing, (x) obligations for the repurchase or redemption of all or any portion of any membership interests, SBA Loan No. 9517437009 or other ownership interests of Braeburn, (xi) contingent reimbursement obligations, (xii) customer deposits (xiii) deferred revenue, (xiv) accrued taxes, (xv) deferred rent obligations, (xvi) bank overdrafts, (xvii) guarantees with respect to liabilities of a type described in any of clauses (i) through (xvi) above, and (xvii) interest, penalties, premiums, fees, and expenses related to any of the foregoing. Notwithstanding the foregoing, “Debt” shall not include (a) any accounts payables, trade payables, taxes or other liabilities to the extent such item(s) are included as current liabilities in the net working capital hereunder, (b) indebtedness incurred by, on behalf of, or at the direction of Buyer, the Company or their affiliates, (c) any amounts payable with respect to the Braeburn’s credit cards for business expenses, or (d) accrued employee obligations</p>
“Director(s)”	director(s) of the Company
“GAAP”	United States of America generally accepted accounting principles as in effect from time to time
“GAM Trust”	The Glenn A. Moore Trust dated 26 May 2006
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HVAC”	heat, ventilation, and air-conditioning
“JK Trust”	The John Kezios Living Trust dated 15 January 2019
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PPP Loan”	the unsecured bank loan in the principal amount of US\$505,600.00, made by CIBC Bank USA, SBA Loan No. 9517437009, on 9 April 2020 to Braeburn under the “Paycheck Protection Program” of the Coronavirus Aid, Relief, and Economic Security Act of 2020, which was fully forgiven as of 16 December 2020
“Purchase”	the purchase of the Purchased Units by the Buyer pursuant to the Purchase Agreement
“Purchase Agreement”	the membership interest purchase agreement dated 31 December 2021 entered into between the Buyer, Braeburn, the Sellers, the Sellers’ Control Persons and the Sellers’ Representative in respect of, among other things, the Purchase
“Purchase Price”	the consideration for the Purchased Units under the terms of Purchase Agreement, subject to adjustment and details of which are set out in the section headed “The Purchase Agreement” in this announcement
“Purchased Units”	the 776.72 Units to be purchased by the Buyer from the Sellers pursuant to the terms of the Purchase Agreement
“RLC Trust”	The Robert L. Carter Declaration of Trust dated 22 March 2006
“Sellers’ Control Persons”	Glenn A. Moore, trustee of the GAM Trust, Robert L. Carter, trustee of the RLC Trust and John Kezios, trustee of the JK Trust

“Sellers’ Representative”	Glenn A. Moore, who has been appointed by the Sellers and Braeburn as agent and attorney-in-fact for each Seller (and, prior to Closing, Braeburn) with respect to the Purchase
“Sellers”	GAM Trust, RLC Trust, JK Trust and Jordan Miller, which, immediately prior to Closing, together held approximately 73% of the membership interests of Braeburn
“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
“Transaction Adjustment Escrow Amount”	US\$500,000, being delivered by the Buyer to an escrow agent at Closing for the purpose of settling any adjustment to the Purchase Price
“Unit(s)”	Unit(s) in the membership interests of Braeburn
“US\$”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent.

The exchange rate used for reference purpose in this announcement is US\$1.00 to HK\$7.80.

By order of the Board
Computime Group Limited
AUYANG Ho
Chairman

Hong Kong, 31 December 2021

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*