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COGOBUY GROUP

科 通 芯 城 集 團

(a company incorporated under the laws of the Cayman Islands with limited liability)

(Stock Code: 400)

CONNECTED TRANSACTION

PROVISION OF FINANCIAL ASSISTANCE

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On 16 April 2021, the Lender, an indirect wholly owned subsidiary of the Company, entered into the Loan Agreement with the Borrower, pursuant to which the Lender agreed to provide the Borrower with a Loan Facility of up to RMB90,000,000.

The Lender also entered into loan agreements in an aggregate amount of RMB27,600,000 with other Employees on the same date and on similar terms.

IMPLICATIONS UNDER THE LISTING RULES

The Borrower is a director of Comtech Industrial (Shenzhen), an indirect non-wholly owned subsidiary of the Company, and a director of other indirect subsidiaries of the Company. Therefore, the Borrower is a connected person at the subsidiary level of the Company under Chapter 14A of the Listing Rules. Accordingly, the transaction under the Loan Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules exceed 1% but are less than 5%, the transaction under the Loan Agreement is subject to the reporting and announcement requirements but exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

Four of the other Employees are directors of other indirect subsidiaries of the Company only and they are therefore connected persons at the subsidiary level. The applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules for the loan agreements with the other Employees are less than 1%. The loan agreements entered into with the other Employees therefore constitute de minimus transactions under Rule 14A.76 of the Listing Rules and are not subject to reporting, announcement and shareholders' approval under Chapter 14A of the Listing Rules.

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PRINCIPAL TERMS OF THE LOAN AGREEMENT

Date	16 April 2021.
Parties	(1) Qianhai Cogobuy.com (Shenzhen) Limited* (前海科通芯城通信技術(深圳)有限公司), as lender; and (2) LI Honghui (李宏輝), as borrower.
Principal amount of the Loan Facility	RMB90,000,000.
Base Interest Rate	6% per annum, which shall be calculated on an actual/365-day basis.
Drawdown period of the Loan Facility	Six (6) months after the signing of the Loan Agreement.
Purpose	The Borrower shall transfer the principal amount of the Loan Facility to Shenzhen ING DAN Partnership, which in turn shall use this sum to pay for the Target Equity Interest it purchased from Optimum Profuse Technology.
Security	Prior to withdrawing any sums under the Loan Agreement, the Borrower shall enter in the Pledge Agreement with the Lender, the form and terms of which to must be approved by the Lender.
Repayment	(i) The principal amount of the Loan Facility shall be repaid no later than the Latest Repayment Date, unless both parties agree to a later date in writing. The Borrower can unilaterally decide to repay all or part of the principal amount on a date earlier than Latest Repayment Date; (ii) The interest shall be repaid together with the principal; and

- (iii) Any proceeds arising from the Borrower's transfer of his interest in Shenzhen ING DAN Partnership or from the transfer of the Target Equity Interest through Shenzhen ING DAN Partnership shall be applied in priority to repay the Loan Facility and its interests accrued.

Default Interest

- (i) If the Borrower fails to pay any sum payable to the Lender under the Loan Agreement when due, he shall pay interest on such sum from and including the due date up to and including the date of actual payment of all outstanding sums at the default rate of 130% of the base interest rate; and
- (ii) If the Borrower uses any sum borrowed under the Loan Agreement for a purpose other than that provided for in the Loan Agreement, he shall pay interest on such sum from and including the date on which the such sum was misused up to and including the date on which such sum was repaid at an interest rate of 200% of the base interest rate.

INFORMATION OF THE PARTIES INVOLVED

The Company

The Company is a technology services company serving the global IC chips industry and AIoT ecosystem in the PRC. The Group's two primary businesses focus on (i) the sales and promotion of IC chips to AIoT enterprises in China and (ii) the research and development and sales of proprietary products, the development of customized technical solutions, as well as providing financing services and seeking investment or acquisition and merger opportunities in high-quality start-ups within the Group's AIoT ecosystem.

The Lender

The Lender is principally engaged in software development, the development of electronic communication products and the provision of related technical consulting and services.

The Borrower

The Borrower is the executive partner of the Shenzhen ING DAN Partnership, holding 76.53% of the partnership interests. Through Shenzhen ING DAN Partnership, he indirectly owns equity interest in Comtech Industrial (Shenzhen). The Borrower is also a director of Comtech Industrial (Shenzhen) and other indirect subsidiaries of the Company.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LOAN AGREEMENT

The sums borrowed under the Loan Agreement will be applied by the Borrower to pay for the Target Equity Interest acquired by Shenzhen ING DAN Partnership which is ultimately controlled by the Borrower, following which the Borrower indirectly holds 4.29% of Comtech Industrial (Shenzhen). The Borrower is a director of Comtech Industrial (Shenzhen). The Group expects that the demand for chips from customers in the PRC will increase greatly as a result of the widespread adoption and rapid development of 5G. As the Group's chip sales are conducted primarily through Comtech Industrial (Shenzhen), a non-wholly owned subsidiary of the Company, the Company believes that allowing key employees to acquire an equity interest in Comtech Industrial (Shenzhen) is appropriate to incentivize key employees as it aligns employee interests with that of the Company, with a goal to retain and motivate critical employees to work towards the long-term goal, expansion and development of Comtech Industrial (Shenzhen). Extending the Loan Facility for the purpose of assisting the Borrower to acquire an equity interest in Comtech Industrial (Shenzhen) is therefore in the interest of the Group.

The interest rate under the Loan Agreement has been determined by reference to the prevailing market interest rates as well as the financial background and repayment ability of the Borrower. The Loan Agreement is expected to generate a stable interest income for the Lender, which will indirectly benefit the Company.

IMPLICATIONS UNDER THE LISTING RULES

The Borrower is a director of Comtech Industrial (Shenzhen), an indirect non-wholly owned subsidiary of the Company, and a director of other indirect subsidiaries of the Company. Therefore, the Borrower is a connected person at the subsidiary level of the Company under Chapter 14A of the Listing Rules. Accordingly, the transaction under the Loan Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules exceed 1% but are less than 5%, the transaction under the Loan Agreement is subject to the reporting and announcement requirements but exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

Four of the other Employees are directors of other indirect subsidiaries of the Company only and they are therefore connected persons at the subsidiary level. The applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules for the loan agreements with the other Employees are less than 1%. The loan agreements entered into with the other Employees therefore constitute de minimus transactions under Rule 14A.76 of the Listing Rules and are not subject to reporting, announcement and shareholders' approval under Chapter 14A of the Listing Rules.

None of the Directors has any material interest in the Loan Agreement, and no Directors are required to abstain from voting on the relevant board resolutions.

The Directors (including the independent non-executive Directors) consider that the terms of the Loan Agreement (including the granting of the Loan Facility) were arrived at after arm's length negotiation between the Lender and Borrower in the ordinary and usual course of business of the Company; and have been entered into on normal commercial terms and the terms thereof are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the meanings set out below:

“AIoT”	AI and Internet of Things
“Borrower”	LI Honghui (李宏輝), a director and indirect shareholder of Comtech Industrial (Shenzhen), and the executive partner of Shenzhen ING DAN Partnership
“Company”	Cogobuy Group 科通芯城集團, a limited liability company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange
“Comtech Industrial (Shenzhen)”	Comtech Industrial Technology (Shenzhen) Company Limited* (科通工業技術(深圳)有限公司), a company established under the laws of the PRC and an indirect non-wholly owned subsidiary of the Company as to approximately 65.65%
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
Employees	Seven individuals, four of them are directors of other indirect subsidiaries of the Company and each a partner holding an interest in Shenzhen ING DAN Partnership with whom the Lender has entered into loan agreements on similar terms and on the same date as the Loan Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“IC”	integrated circuits
“Latest Repayment Date”	16 April 2024

“Lender”	Qianhai Cogobuy.com (Shenzhen) Limited* (前海科通芯城通信技術(深圳)有限公司), a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement”	the loan agreement dated 16 April 2021 entered into between the Borrower and the Lender in respect of the provision of the Loan Facility
“Loan Facility”	a loan facility in the principal amount of RMB90,000,000 to be granted by the Lender to the Borrower under the Loan Agreement
“Optimum Profuse Technology”	Optimum Profuse Technology (HK) Limited (優車易購(香港)有限公司), a limited liability company incorporated in Hong Kong, one of the shareholders of Comtech Industrial (Shenzhen) as to approximately 4.65%
“Pledge Agreement”	the pledge agreement to be entered into between the Borrower and the Lender (《合夥企業財產份額質押協議》) before the Borrower withdraws any sums under the Loan Agreement, pursuant to which the Borrower will agree to (i) pledge his interest in the property of Shenzhen ING DAN Partnership to the Lender and (ii) register the pledge as soon as practicable
“PRC”	the People’s Republic of China excluding, for the purposes of this announcement only, Hong Kong, Macao and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shenzhen ING DAN Partnership”	Shenzhen ING DAN Innovation Consulting Partnership* (深圳市硬蛋創新諮詢合夥企業(有限合夥)), a partnership established under the laws of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Target Equity Interest”	Equity interest in Comtech Industrial (Shenzhen) that Shenzhen ING DAN Partnership purchased from Optimum Profuse Technology, amounting to approximately 4.29% of the total equity interest in Comtech Industrial (Shenzhen)

“%”

per cent.

By order of the Board
Cogobuy Group
KANG Jingwei, Jeffrey
Chairman, Executive Director
and Chief Executive Officer

Hong Kong, 16 April 2021

As at the date of this announcement, the executive Directors are Mr. KANG Jingwei, Jeffrey and Mr. WU Lun Cheung Allen; the non-executive Director is Ms. NI Hong, Hope; and the independent non-executive Directors are Mr. YE Xin, Dr. MA, Qiyuan and Mr. HAO Chunyi, Charlie.

** For identification purposes only*