

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



COGOBUY GROUP

科 通 芯 城 集 團

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

(Stock Code: 400)

DISCLOSEABLE TRANSACTION

ACQUISITION OF 51% INTEREST OF THE EZ ROBOT GROUP

The Board is pleased to announce that the Purchaser Group entered into the Agreement with the Vendor and the EZ Robot Group on 10 February 2021, pursuant to which the Purchaser Group agreed to purchase from the Vendor the Sale Shares at an aggregate consideration of HK\$180,000,000, representing 51% interest in the EZ Robot Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules), in respect of the Agreement, exceeded 5% but was not more than 25%, the entering into of the Agreement constituted a disclosable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Shareholders and potential investors should note that the Acquisition is subject to the satisfaction of certain conditions and, accordingly, the Acquisition may or may not materialise. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

THE AGREEMENT

Under the terms of the Agreement, the Purchaser Group agreed to acquire from the Vendor the Sale Shares, at an aggregate consideration of HK\$180,000,000, representing 51% interest in the EZ Robot Group.

The principal terms of the Agreement are as follows:

Date

- 10 February 2021

Parties

- the Purchaser Group;
- the Vendor; and
- the EZ Robot Group

Acquisition of Sale Shares

Under the terms of the Agreement, the Purchaser Group agreed to acquire from the Vendor 51% equity interest of the EZ Robot Group as follows:

- (1) Cogobuy Inc. agreed to acquire 51% equity interest in EZ Robot, Inc. Sale Shares;
- (2) ING DAN.com (Shenzhen) agreed to acquire the entire equity interest of EZ Robot (Shenzhen) Sale Shares; and
- (3) Gold Tech Holdings agreed to acquire the entire interests of Comtech Industrial (Hong Kong) Sale Shares.

Consideration

The aggregate amount of HK\$180,000,000 represents the consideration for the acquisition of 51% interest in the EZ Robot Group under the Agreement. The Purchaser Group shall transfer the relevant amount of consideration to a designated bank account of the Vendor on the date of Completion.

The basis of this consideration was determined after arm's length negotiations between the Purchaser Group, the Vendor and the EZ Robot Group on normal commercial terms with reference to, among others:

- (1) the valuation of the entire equity interest of the EZ Robot Group of approximately HK\$432.7 million as at 31 December 2020 (the "**Valuation**") prepared by the Valuer based on market-based approach, by which the Valuer performed trading multiple analysis of a number of comparable companies. For comparability in terms of business nature and share trading regulatory environment, the Valuer selected comparable companies which are primarily engaged in similar business of the EZ Robot Group and are currently listed on the Main Board of the Stock Exchange. The Valuer adopted the average of the price-to-earnings ratios of the comparable companies (the "**P/E Ratio Average**") as the indicator of the fair value of the comparable

companies. The appraised value of the EZ Robot Group was computed by multiplying the unaudited net profit after tax of approximately HK\$12.5 million for the twelve months ended 31 December 2020 with the P/E Ratio Average;

- (2) the Directors' anticipated operating performance of the EZ Robot Group, taking into account the operating performance of the EZ Robot Group for the two years ended 31 December 2019 and 2020, details of which are set out in the section headed "Information of the parties involved" in this announcement;
- (3) the assessment on the business development and future prospects of the EZ Robot Group by the Company's management; and
- (4) the benefits to be derived by the Group upon the completion of the Acquisition as described under the section headed "Reasons for and benefits of the Acquisition" in this announcement.

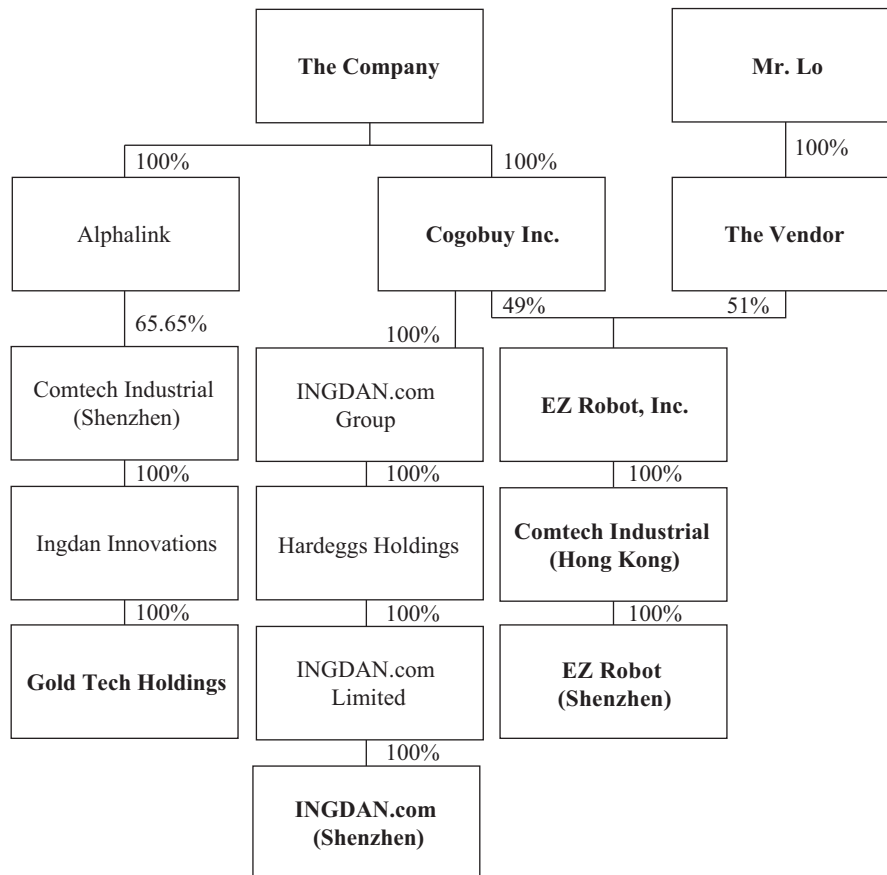
Condition precedent

Completion of the Agreement shall be conditional upon completion of the Reorganisation. Pursuant to the terms and conditions of the Agreement, the Reorganisation shall be achieved by:

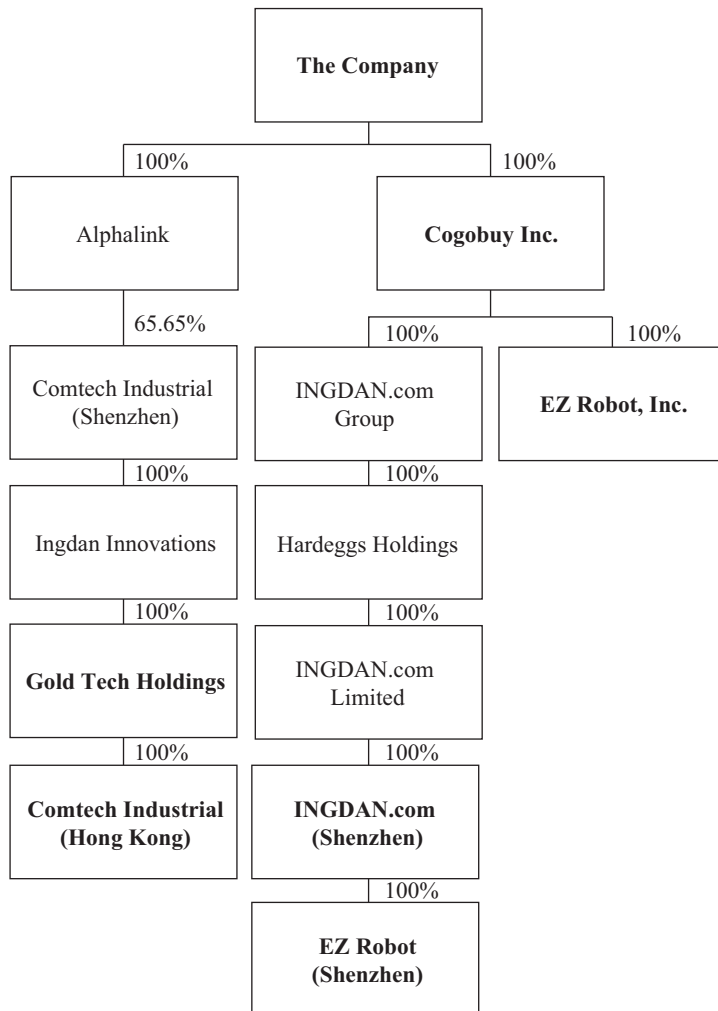
- (1) the transfer of Comtech Industrial (Hong Kong) Sale Shares to Gold Tech Holdings, after which Gold Tech Holdings would acquire the entire interests of Comtech (Industrial) Hong Kong; and
- (2) the transfer of EZ Robot (Shenzhen) Sale Shares to INGDAN.com (Shenzhen), after which INGDAN.com (Shenzhen) would acquire the entire interest of EZ Robot (Shenzhen).

As a result of the Reorganisation and Acquisition, both EZ Robot, Inc. and EZ Robot (Shenzhen) shall become indirect wholly-owned subsidiaries of the Company, and Comtech Industrial (Hong Kong) shall become an indirect non wholly-owned subsidiary of the Company.

As of the date of this announcement, a simplified shareholding structure of the Group and the EZ Robot Group is as follows:



Upon Completion, the shareholding structure of the Group and the EZ Robot Group would be as follows:



In connection with the Reorganisation, completion of the Agreement shall also be conditional upon two payments by the Purchaser Group as follows:

- (1) the consideration of HK\$67,760,000 (or the equivalent value in other currencies), representing the fair value of the entire interest of Comtech Industrial (Hong Kong) Sale Shares owned by EZ Robot, Inc., to be transferred to a designated bank account of EZ Robot, Inc.; and
- (2) the consideration of RMB1,000,000 (or the equivalent value in other currencies), representing the entire interest of EZ Robot (Shenzhen) Sale Shares owned by Comtech Industrial (Hong Kong), to be transferred to a designated bank account of Comtech Industrial (Hong Kong).

Non-competition

Upon Completion, the Vendor shall ensure that:

- (1) its founder Mr. Lo and the core team formed for the operation of the Intel agency line business (collectively referred to as the “**core team**”) are working in Comtech Industrial (Hong Kong);
- (2) the core team will continue to invest all the technology, manpower and customer resources that it possesses related to the Intel agency line business in Comtech Industrial (Hong Kong);
- (3) if any members of the core team resign, they shall not engage in any business or work that competes with the Intel agency line business or recruit Comtech Industrial (Hong Kong) employees or customers in any form within 4 years after their resignation;
- (4) the core team members shall maintain strict confidence of the trade secrets of the EZ Robot Group and the Intel agency line business and shall not use such trade secrets for other purposes outside the scope of their work duties;
- (5) any intellectual property rights generated by the core team members during their employment shall be owned by and transferred to the EZ Robot Group, in particular, the intellectual property rights (if any) in relation to Intel agency line business shall be owned by and transferred to Comtech Industrial (Hong Kong);
- (6) the core team members shall not directly or indirectly invest in entities that directly or indirectly compete with the Intel agency line business, or provide consulting or advisory services for such entities in any form, or hold any positions in such entities or provide any technical, management or similar services; and
- (7) if requested by the Purchaser Group, the core team members shall sign an agreement containing confidentiality clauses, non-competition clauses and intellectual property transfer clauses.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group expects that the demand for electronic components, including applications in the artificial intelligence and robotics areas, from customers in China will increase greatly as a result of the widespread adoption and rapid development of 5G. The acquisition of 51% interest in the EZ Robot Group will further expand the Group’s business development and increase its market share in the industry.

The Directors believe that the terms of the Agreement are fair and reasonable and in the interests of the shareholders as a whole.

INFORMATION OF THE PARTIES INVOLVED

The Company

The Company is a technology service company focusing on servicing global IC chips industry and AIoT ecosystem in China. 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, as well as developing customized technical solutions, providing financing services and seeking investment or acquisition and merger opportunities in high-quality startups within the Group's AIoT ecosystem.

Cogobuy Inc.

Cogobuy Group, Inc. is a company incorporated in the British Virgin Islands and a directly wholly-owned subsidiary of the Company.

INGDAN.com (Shenzhen)

INGDAN.com (Shenzhen) is a company established in the PRC and an indirect wholly-owned subsidiary of the Company.

Gold Tech Holdings

Gold Tech Holdings Limited, a company incorporated in the British Virgin Islands, is an indirect owned subsidiary by the Company as to approximately 65.65%.

The Vendor

The Vendor is a company incorporated under the laws of the British Virgin Islands and is wholly and ultimately owned by Mr. Lo. The Vendor carries on a business of investment in tech companies based in Hong Kong and China. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor and Mr. Lo are third parties independent of, and not connected with, the Company and its connected persons.

EZ Robot, Inc.

EZ Robot, Inc. is a company incorporated under the laws of the British Virgin Islands on 12 December 2007. EZ Robot, Inc. is an investment holding company currently holding the entire issued capital of Comtech Industrial (Hong Kong).

Set out below is the summary financial information of the EZ Robot, Inc. (which has combined the results of its subsidiaries Comtech Industrial (Hong Kong) and EZ Robot (Shenzhen)) for the two years ended 31 December 2020 based on its unaudited combined accounts:

	For the year ended 31 December 2019 (HKD' million) (Unaudited)	For the year ended 31 December 2020 (HKD' million) (Unaudited)
Net profit before tax	54.3	14.6
Net profit after tax	44.0	12.5

As at 31 December 2020, EZ Robot, Inc. had net assets of approximately HK\$151.2 million, based on its unaudited combined accounts.

Comtech Industrial (Hong Kong)

Comtech Industrial (Hong Kong) is a company incorporated in Hong Kong and principally engaged in the business of direct sales of electronic components, including applications in the artificial intelligence and robotics areas. Comtech Industrial (Hong Kong) currently holds the entire issued capital of EZ Robot (Shenzhen).

EZ Robot (Shenzhen)

EZ Robot (Shenzhen) is a company established in the PRC and principally engaged in the business of manufacturing electronic components in the robotics industry.

LISTING RULES IMPLICATIONS

Pursuant to Rule 14.22 of the Listing Rules, as the highest applicable percentage ratio in respect of the Agreement exceeds 5% but is less than 25%, the entering into of the Agreement constitutes a discloseable transaction of the Company and are therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Shareholders and potential investors should note that the Acquisition is subject to the satisfaction of certain conditions and, accordingly, the Acquisition may or may not materialise. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Acquisition”	the acquisition of 51% interest of the EZ Robot Group pursuant to the Agreement
“Agreement”	the acquisition agreement entered into on 10 February 2021 between the Purchaser Group, the Vendor and the EZ Robot Group regarding the Acquisition
“AIoT”	artificial intelligence and Internet of Things
“Alphalink”	Alphalink Global Limited, a wholly owned subsidiary of the Company
“Board”	the board of Directors
“Cogobuy Inc.”	Cogobuy Group, Inc., a company incorporated under the laws of the British Virgin Islands and a directly wholly-owned subsidiary of the Company
“Company”	Cogobuy Group, a company incorporated under the laws of the Cayman Islands with limited liability, the ordinary shares of which are listed on the Main Board of the Stock Exchange
“Completion”	Completion of the Acquisition in accordance with the terms and conditions of the Agreement
“Comtech Industrial (Hong Kong)”	Comtech Industrial (Hong Kong) Limited (曼誠技術(香港)有限公司), a company incorporated under the laws of Hong Kong
“Comtech Industrial (Hong Kong) Sale Shares”	10,000 ordinary shares of Comtech Industrial (Hong Kong), legally and beneficially owned by EZ Robot, Inc. and to be transferred to Gold Tech Holdings in accordance with the terms and conditions of the Agreement
“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%
“Conditions Precedent”	the conditions precedent under the Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

“EZ Robot Group”	EZ Robot, Inc. and its two wholly-owned subsidiaries, namely Comtech Industrial (Hong Kong) and EZ Robot (Shenzhen) prior to completion of the Acquisition
“EZ Robot, Inc.”	EZ Robot, Inc., a company incorporated under the laws of the British Virgin Islands, and owned by the Company as to approximately 49%
“EZ Robot, Inc. Sale Shares”	36,429 ordinary shares of EZ Robot, Inc., legally and beneficially owned by the Vendor and to be transferred to Cogobuy Inc. in accordance with the terms and conditions of the Agreement
“EZ Robot (Shenzhen)”	EZ Robot (Shenzhen) Company Limited* (易造機器人(深圳)有限公司), a company established under the laws of the PRC
“EZ Robot (Shenzhen) Sale Shares”	the entire equity interest of EZ Robot (Shenzhen), legally and beneficially owned by Comtech Industrial (Hong Kong) and to be transferred to ING DAN.com (Shenzhen) in accordance with the terms and conditions of the Agreement
“Gold Tech Holdings”	Gold Tech Holdings Limited, a company incorporated under the laws of the British Virgin Islands, and an indirectly owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hardeggs Holdings”	Hardeggs Holdings Limited, a company incorporated under the laws of the British Virgin Islands
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“IC”	integrated circuits
“ING DAN.com Group”	ING DAN.com Group, Inc., a company incorporated under the laws of the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of Cogobuy Inc.
“ING DAN.com Limited”	ING DAN.com Limited (硬蛋有限公司), a company incorporated under the laws of Hong Kong and an indirect wholly-owned subsidiary of Cogobuy Inc.
“ING DAN.com (Shenzhen)”	ING DAN.com (Shenzhen) Limited* (硬蛋科技(深圳)有限公司), a company established under the laws of the PRC and an indirect wholly-owned subsidiary of Cogobuy Inc.
“Ingdan Innovations”	Ingdan Innovations (HK) Limited (硬蛋創新(香港)有限公司), a company incorporated under the laws of Hong Kong and an indirectly owned subsidiary of the Company

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Lo”	LO, Man Fu
“PRC”	the People’s Republic of China excluding, for the purposes of this announcement only, Hong Kong, Macao and Taiwan
“Purchaser Group”	Cogobuy Inc., Gold Tech Holdings and ING DAN.com (Shenzhen)
“Reorganisation”	the reorganisation of Comtech Industrial (Hong Kong) and EZ Robot (Shenzhen), the details of which is set out under the section headed “Condition precedent” of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	the aggregate equity interest of EZ Robot, Inc Sale Shares, Comtech Industrial (Hong Kong) Sale Shares and EZ Robot (Shenzhen) Sale Shares
“Shareholder(s)”	holder(s) of the ordinary shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Valuer”	a third-party valuer
“Vendor”	Rich Wisdom Ventures Limited, a company incorporated under the laws of the British Virgin Islands

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

Hong Kong, 10 February 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 Director are Mr. YE Xin, Dr. MA, Qiyuan and Mr. HAO Chunyi, Charlie.

* *For identification purposes only*