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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)**

**DISCLOSEABLE TRANSACTION  
DISPOSAL OF 70% INTEREST OF COMLINK HOLDINGS LIMITED**

**THE DISPOSAL**

On March 31, 2022, Cogobuy Inc. (a directly wholly-owned subsidiary of the Company) entered into the Share Purchase Agreement with the Purchaser under which Cogobuy Inc. agreed to sell the Sale Shares, representing 70% of the entire issued shares of the Target Company, to the Purchaser for an aggregate consideration of US\$4.0 million.

The Target Company is principally engaged in the development of AIoT solutions. Upon Completion of the Disposal, the Group will no longer have any interest in the Target Company and the Target Company will cease to be accounted as a subsidiary of the Group.

**IMPLICATIONS UNDER THE LISTING RULES**

As the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **THE SHARE PURCHASE AGREEMENT**

On March 31, 2022, Cogobuy Inc. and the Purchaser entered into the Share Purchase Agreement in relation to the Disposal. The salient terms of the Share Purchase Agreement are summarized below:

### **PRINCIPAL TERMS OF THE SHARE PURCHASE AGREEMENT**

**Date:** March 31, 2022

**Parties:** (a) Cogobuy Inc.  
(b) The Purchaser, an independent third party

#### **Assets to be disposed of**

Pursuant to the Share Purchase Agreement, the Purchaser has conditionally agreed to acquire and Cogobuy Inc. has conditionally agreed to sell, the Sale Shares, representing the 70% issued shares of the Target Company.

#### **Consideration and payment terms**

The consideration for the Sale Shares shall be in the sum of US\$4.0 million.

The Consideration shall be paid in the following manner: (i) the sum of US\$800,000 shall be settled upon the date of Completion; and (ii) the remaining balance of the Consideration in the sum of US\$3,200,000 shall be payable by bank transfer to the bank account designated by Cogobuy Inc. in the Share Purchase Agreement within three months from the date of Completion. Any banking service charges incurred as a result of payment shall be paid by the party who incur such charges.

## **Basis for determination of the Consideration**

The Consideration was arrived at arm's length negotiation between Cogobuy Inc. and the Purchaser with reference to, among other things: the valuation of the total equity interest and asset and liabilities of the Target Company as at December 31, 2021.

The basis of the Consideration was determined after arm's length negotiations between the Company and the Purchaser on normal commercial terms with reference to, among others, the valuation of the entire equity interest of the Target Company of approximately RMB27.6 million as at December 31, 2021 (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 Target Company 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 Target Company was computed by multiplying the unaudited net profit after tax of approximately RMB3.6 million for the twelve months ended December 31, 2021 with the P/E Ratio Average.

The Directors consider that the Consideration is fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **Completion**

Pursuant to the terms of the Share Purchase Agreement, the Completion will take place at a place, time and date mutually agreed in written form by Cogobuy Inc. and Purchaser. Immediately after the Completion, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will no longer be consolidated into the financial statements of the Group.

## **INFORMATION ON THE TARGET COMPANY**

The Target Company is a limited liability company incorporated in the British Virgin Islands in November 2017 and is an investment holding company of two entities incorporated in Hong Kong, which are principally engaged in the development of AIoT solutions.

The unaudited negative net asset value of the Target Company was approximately RMB19.2 million as at December 31, 2021. The unaudited financial results of the Target Company for the two years ended December 31, 2021 are as follows:

	<b>For the year ended</b>	
	<b>December 31,</b>	
	<b>2020</b>	<b>2021</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Net profit before income tax	4,179	4,351
Net profit after income tax	3,485	3,629

Based on the unaudited management accounts of the Target Company for the financial year ended December 31, 2021, it is expected that the Group will realise a gain on disposal of approximately RMB15.9 million, which is calculated by reference to the unaudited carrying value of the Target Company as at December 31, 2021. The actual gain or loss from the completion of the Disposal shall be subject to relevant recognition under applicable accounting standards and shall be subject to audit to be performed by the Company's independent auditors.

Upon completion of the Disposal, (i) the Group will no longer have any interest in the Target Company; (ii) the Target Company will cease to be recognised as a subsidiary of the Group; and (iii) the Target Company's financial results will no longer be consolidated into the consolidated financial statements of the Group.

## **INFORMATION OF THE PARTIES**

### **The Company**

The Company is a limited liability company incorporated in the Cayman Islands and its shares have been listed on the Main Board of the Stock Exchange. The Company, together with its subsidiaries, is principally engaged in operating an enterprise service platform that trades IC and related products and provides services to AIoT sectors 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.

## **The Purchaser**

The Purchaser is a limited liability company incorporated in the British Virgin Islands principally engaged in investment holding.

To the best knowledge of the Directors, having made reasonable enquiry, the Purchaser and its ultimate beneficial owners are independent of and not connected with the Company and its connected persons.

## **REASONS FOR THE DISPOSAL**

The Target Company is principally engaged in the development of AIoT solutions. The Board is of the view that the Disposal represents a strategic opportunity for the Group to optimize its business portfolio and it can utilize the substantial value realized from the Disposal to reposition the Group in combating the issue of global chips shortage and to explore other new business opportunities. The net proceeds (after deducting other expenses in relation thereto) arising from the Disposal will be used as general working capital for Company.

As the Disposal is being carried out after arm's length negotiation and on normal commercial terms, the Directors are of the view that the Disposal is in the interests of the Company and the Shareholders as a whole and the terms of the Share Purchase Agreement were fair and reasonable and on normal commercial terms.

## **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

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

“AIoT”	Artificial Intelligence and Internet of Things
“Cogobuy Inc.”	Cogobuy Group, Inc., a limited liability company established in British Virgin Islands and a directly wholly-owned subsidiary of the Company
“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
“Completion”	Completion of the Disposal pursuant to the Share Purchase Agreement
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules

“Consideration”	the total consideration of US\$4.0 million payable under the Disposal pursuant to the Share Purchase Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	The sale of the Sale Shares by the Company to the Purchaser
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“IC”	integrated circuits
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	LIWAN GROUP LIMITED (力萬集團有限公司) a limited liability company established in British Virgin Islands
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sale Shares”	70% of the issued shares of the Target Company
“Share Purchase Agreement”	the share purchase agreement dated March 31, 2022 entered into between the Company and the Purchaser in relation to the Disposal
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Target Company”	COMLINK HOLDINGS LIMITED, a limited liability company established in British Virgin Islands and a direct non-wholly owned subsidiary of the Company as to 70% as at the date of the Share Purchase Agreement
US\$	United States dollars, the lawful currency of the United States
“Valuer”	an independent third-party valuer
“%”	per cent.

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

Hong Kong, March 31, 2022

*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.*