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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)**

**CONTINUING CONNECTED TRANSACTIONS  
PROPERTY LEASING AND COMPLEMENTARY SERVICES  
FRAMEWORK AGREEMENT**

On 23 December 2019, the Company and Comtech China entered into the Property Leasing and Complementary Services Framework Agreement, pursuant to which Comtech China has agreed, and will procure its subsidiaries to agree, to provide property leasing and complementary property management services to the Group.

Comtech China is indirectly wholly-owned by Mr. KANG Jingwei, Jeffrey, the Chairman, Chief Executive Officer and Executive Director of the Company and the Company's controlling shareholder. Comtech China is therefore an associate of a connected person of the Company. Pursuant to Chapter 14A of the Listing Rules, the transactions contemplated under the Property Leasing and Complementary Services Framework Agreement will constitute continuing connected transactions of the Company.

Given that the highest applicable percentage ratios in respect of the proposed Annual Caps under the Property Leasing and Complementary Services Framework Agreement exceed 0.1% but are less than 5%, the Transactions are subject to the reporting, announcement and annual review requirements but are exempt from the circular and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **BACKGROUND INFORMATION**

On 23 December 2019, the Company and Comtech China entered into the Property Leasing and Complementary Services Framework Agreement, pursuant to which Comtech China has agreed, and will procure its subsidiaries to agree, to provide property leasing and complementary property management services to the Group.

## **PROPERTY LEASING AND COMPLEMENTARY SERVICES FRAMEWORK AGREEMENT**

The principal terms of the Property Leasing and Complementary Services Framework Agreement are set out below:

Date: 23 December 2019

Parties: The Company and Comtech China

Nature of transaction: Comtech China agrees, and will procure its subsidiaries to agree, to provide property leasing and complementary property management services to the Group during the term of the Property Leasing and Complementary Services Framework Agreement, in accordance with the terms and conditions of the Property Leasing and Complementary Services Framework Agreement and the reasonable demands of the Group from time to time.

Term: 1 January 2020 to 31 December 2022

Upon expiry of such initial term, subject to the fulfillment of the relevant requirements of the Listing Rules, its term shall automatically be extended for further terms of three years each, unless a written notice of termination is served by one party to the other at least one month prior to the expiry of each such term.

Individual Contracts: In compliance with the provisions and conditions of the Property Leasing and Complementary Services Framework Agreement, Comtech China and/or its subsidiaries shall enter into separate contracts, specific to the provision of property leasing and property management services (the “**Individual Contracts**”) with the Company and/or its subsidiaries. The terms and conditions of the Individual Contracts shall be determined by the signing parties through negotiation based on the principle of fairness and reasonableness.

The term of each of the Individual Contracts cannot be beyond 31 December 2022.

Pricing: Unless otherwise provided in the Property Leasing and Complementary Services Framework Agreement, the Company and/or its subsidiaries shall pay to Comtech China and/or its subsidiaries fees for rent and complementary services in accordance with the Property Leasing and Complementary Services Framework Agreement and the Individual Contracts.

The amount of fees for rent and complementary services and the payment method will be set out in each of the Individual Contracts, but the pricing principles below shall be followed:

The fees for rent and complementary services shall be determined under the principle of fairness and reasonableness and on normal commercial terms. The monthly fee for rent shall be RMB200 per sq.m. for offices and RMB210 per sq.m. for the showroom, and monthly fee for complementary property management service shall be RMB18 per sq.m.

The Company currently expects the Group to enter into leases amounting to an estimated GFA of approximately 4,000 to 6,000 sq.m. in 2020.

## **HISTORICAL AMOUNTS**

The Company has entered into an agreement with Comtech China on 20 March 2018 in respect of the provision of property leasing and property management services, access to car parking and other facilities, car services, and other miscellaneous services by Comtech China and its subsidiary to the Group (the “**2018 Agreement**”), which will expire on 31 December 2019. The historical amount payable by the Group pursuant to the transactions contemplated under the 2018 Agreement for each of the two years ended 31 December 2019 were approximately RMB3.0 million and RMB4.2 million respectively. Given that the highest applicable percentage ratios in respect of the proposed annual caps under the 2018 Agreement did not exceed 0.1%, the transactions were exempt from the reporting, announcement, annual review, circular and independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

## **ANNUAL CAPS FOR THE THREE YEARS ENDING 31 DECEMBER 2022**

The Annual Caps, being the total rent and complementary services fees payable by the Group to Comtech China and/or its subsidiaries under the Property Leasing and Complementary Services Framework and Complementary Agreement, for each of the three years ending 31 December 2022 is RMB15.0 million.

### **Basis of the Annual Caps**

The Annual Caps for the transactions contemplated under the Property Leasing and Complementary Services Framework Agreement were determined by the Directors with reference to expected increases in the GFA leased to accommodate the business growth of the Group during the three years ending 31 December 2022.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE PROPERTY LEASING AND COMPLEMENTARY SERVICES FRAMEWORK AGREEMENT**

By entering into the Property Leasing and Complementary Services Framework Agreement, the Group will secure a stable source of properties for the operation and growth of the Group while improving its corporate image and Comtech China will better utilise its assets, creating an additional source of income that will increase its revenue and enhance its profitability.

The terms of the Property Leasing and Complementary Services Framework Agreement, including the monthly rent and management fees payable by the Group, are arrived at after arm’s length negotiations between the parties involved, taking into account the market rent and management fees of comparable properties in Shenzhen, China.

By virtue of his ownership of Comtech China, Mr. KANG Jingwei, Jeffrey is considered to have a material interest in the entering into of the Property Leasing and Complementary Services Framework Agreement, and has abstained from voting on the resolutions approving the Property Leasing and Complementary Services Framework Agreement. Save as disclosed above, none of the Directors has a material interest in the transactions contemplated under the Property Leasing and Complementary Services Framework Agreement.

## **INFORMATION ABOUT THE PARTIES**

The Company is principally engaged in operating an e-commerce platform to serve the electronics manufacturing industry in China. The Company provides customers with comprehensive online and offline services across pre-sale, sale and post-sale stages through its e-commerce platform, including a direct sales platform, an online marketplace and a dedicated team of technical consultants and professional sales representatives. The Company also engages in the provision of financial services.

Comtech China is principally engaged in investment, property development and related businesses and its ultimate beneficial owner is Mr. KANG Jingwei, Jeffrey.

## **CONFIRMATION FROM THE DIRECTORS**

The terms of the Property Leasing and Complementary Services Framework Agreement were agreed upon after arm's length negotiations between the Company and Comtech China. The Directors (including independent non-executive Directors) consider that the terms of the Property Leasing and Complementary Services Framework Agreement and the Annual Caps are fair and reasonable, that the Property Leasing and Complementary Services Framework Agreement was entered into on normal commercial terms or better and in the ordinary and usual course of business of the Company, and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Comtech China is indirectly wholly-owned by Mr. KANG Jingwei, Jeffrey, the Chairman, Chief Executive Office and Executive Director of the Company and the Company's controlling shareholder. Comtech China is therefore a connected person of the Company. Pursuant to Chapter 14A of the Listing Rules, the transactions contemplated under the Property Leasing and Complementary Services Framework Agreement will constitute continuing connected transactions of the Company. Given that the highest applicable percentage ratios in respect of the proposed Annual Caps under the Property Leasing and Complementary Services Framework Agreement exceed 0.1% but are less than 5%, the Transactions are subject to the reporting, announcement and annual review requirements but are exempt from the circular and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## DEFINITIONS

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

“Annual Caps”	maximum aggregate annual value of the Property Leasing and Complementary Services Framework Agreement projected for each of the three years ending 31 December 2022
“Board”	the board of Directors
“BVI”	British Virgin Islands
“China” or “PRC”	The People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Company”	Cogobuy Group, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Comtech China”	Comtech (China) Holding Ltd., a company incorporated in the BVI on 27 May 2002 and a connected person of the Company
“connected person”	has the meaning ascribed to it by the Listing Rules
“controlling shareholder”	has the meaning ascribed to it by the Listing Rules
“Directors”	the directors of the Company
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“percentage ratios”	has the meaning ascribed to it by the Listing Rules

“Property Leasing and Complementary Services Framework Agreement”	the property leasing and complementary services framework agreement dated 23 December 2019 entered into between the Company and Comtech China in relation to the provision of property leasing and property management services by Comtech China and its subsidiaries to the Group
“RMB”	Renminbi, the lawful currency of China
“Shareholder(s)”	holder(s) of shares in the Company
“sq.m.”	square meters
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it by the Listing Rules
“Transactions”	the transactions contemplated under the Property Leasing and Complementary Services Framework Agreement
“%”	per cent

By Order of the Board  
**COGOBUY GROUP**  
**KANG Jingwei, Jeffrey**  
*Chairman, Executive Director and  
Chief Executive Officer*

Hong Kong, 23 December 2019

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