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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)**

## **CLARIFICATION ANNOUNCEMENT**

Reference is made to the announcement of the Company dated 17 December 2019 (“**Announcement**”) in relation to the discloseable and connected transactions in respect of the acquisition of the remaining 30% equity interest in Hardeggs by ING DAN and the subscription by Optimum of shares representing 25% of the issued share capital of Comtech Industrial SZ. Unless otherwise stated, terms used herein shall have the same meanings as defined in the Announcement.

### **NON-COMPETITION UNDERTAKING**

The Board would like to clarify that the paragraph under the heading “Letter of Intent — Subject matter — Non-competition” on page 5 of the Announcement should be replaced by the following in its entirety (with amendments underlined) (the “**Non-Competition Undertaking**”):

“For a period of three years from the completion of the later of the Acquisition or the Subscription, Optimum shall, and shall procure its direct and indirect subsidiaries to, refrain from conducting businesses in competition with those of the members of the Target Group.”

Accordingly, it is Optimum (as opposed to the Company) that is subject to the Non-Competition Undertaking. The purpose of the Non-Competition Undertaking is to restrain Optimum from conducting any businesses in competition with those of the members of the Target Group.

The Board considers that Optimum being subject to the Non-Competition Undertaking would be in the interest of the Company and its shareholders as a whole, given Optimum will cease to be a shareholder of Hardeggs upon completion of the Acquisition. As a result of the Non-Competition Undertaking, Optimum shall refrain from conducting businesses relating to the Artificial Intelligence of Things, which is the combination of artificial intelligence with the Internet of Things (“**IoT**”) infrastructure to achieve more efficient IoT operations, improve human-machine interactions and enhance data management and analytics with applications for the home appliances and automobile industries, all of which are in competition with those of the members of the Target Group.

## **RATIONALE FOR CERTAIN CONDITIONS PRECEDENT TO THE EXECUTION OF THE SUBSCRIPTION AGREEMENT**

As disclosed in the Announcement, the purpose of the Acquisition and the Subscription is to group companies carrying out similar businesses under one direct wholly-owned subsidiary of the Company (the “**Purpose**”). Although Shenzhen ING DAN and Comtech Industrial SZ carry out similar businesses, due to the relevant provisions under PRC law set out below, it would not be possible to restructure Shenzhen ING DAN as a direct wholly-owned subsidiary of Comtech Industrial SZ:

- (1) Shenzhen ING DAN is a private non-enterprise entity (民辦非企業單位) incorporated under the laws of the PRC;
- (2) Shenzhen ING DAN is not an education institution or school;
- (3) ING DAN Shenzhen (i.e. the sole capital contributor of Shenzhen ING DAN) is registered with relevant PRC government bodies as the organizer (舉辦者) and capital contributor (出資者) of Shenzhen ING DAN; and
- (4) relevant PRC government bodies will not process the registration of any change in the organizer (舉辦者) and capital contributor (出資者) of any private non-enterprise entity unless such entity is a private education institution or school.

The trust agreement pursuant to which Comtech Industrial SZ will be entrusted with the rights of the organizer (舉辦者) and capital contributor (出資者) of Shenzhen ING DAN has the effect of enabling Comtech Industrial SZ to nominate directors and supervisor of Shenzhen ING DAN.

The principal businesses of ING DAN Shenzhen, Cogobuy.com E-commerce and Shenzhen Ingdan Information are as follows:

- ING DAN Shenzhen — sale of electronics components and related products;
- Cogobuy.com E-commerce — development of ecommerce software technology and provision of e-commerce service; and
- Shenzhen Ingdan Information — research and development and sale of electronics components and related products.

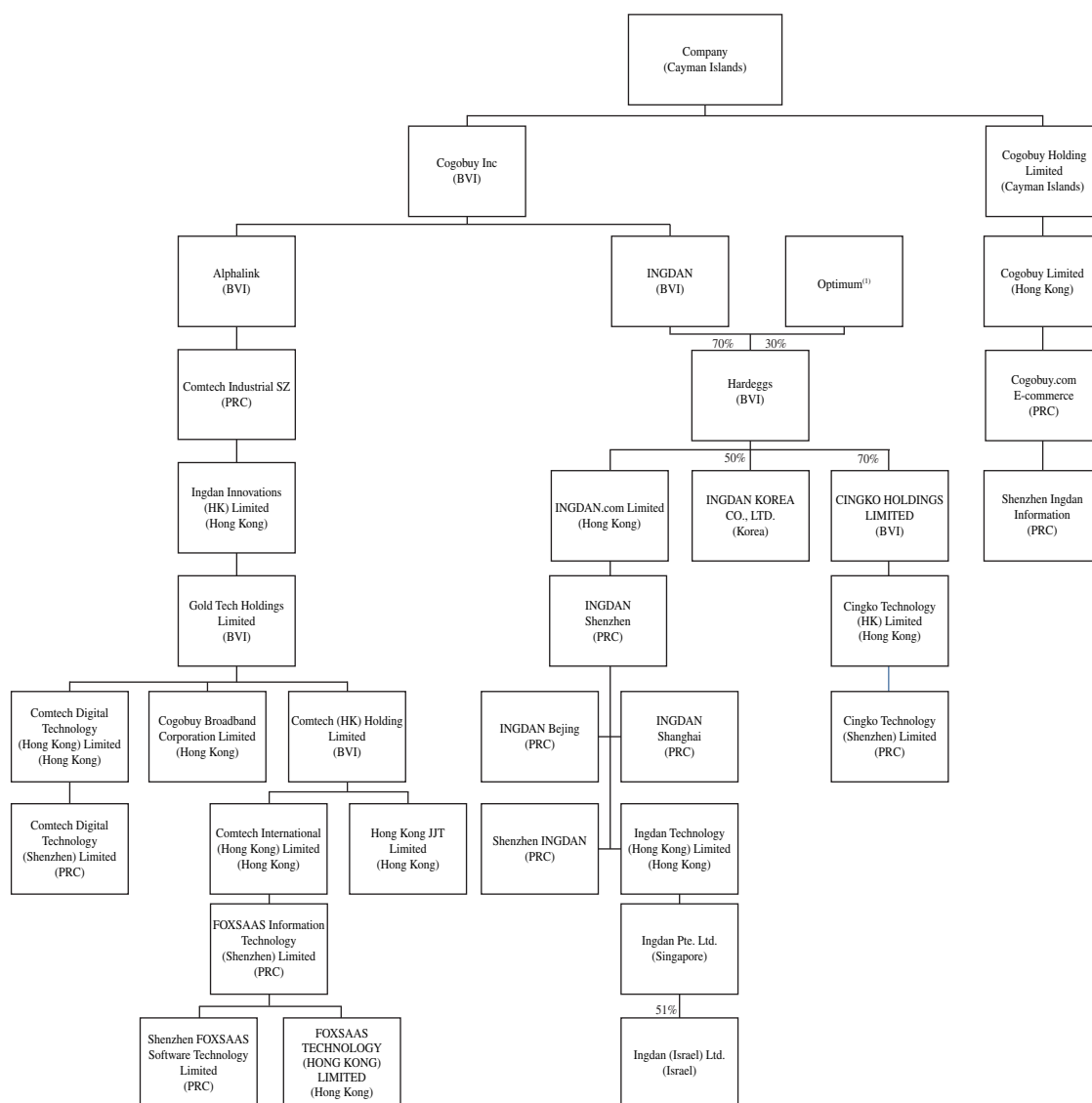
With a view to achieving the Purpose and given only some of the non-principal businesses of ING DAN Shenzhen, Cogobuy.com E-commerce and Shenzhen Ingdan Information are similar to the business of Comtech Industrial SZ, the Board considers that the business rights, intellectual property rights and/or internet services, as the case may be, relating to such similar businesses ought to be transferred to Comtech Industrial SZ or its designated nominee(s) such that there would be a clear delineation in the Group structure. Given that the businesses to be transferred comprise a small proportion of the businesses of ING DAN Shenzhen, Cogobuy.com E-commerce and Shenzhen Ingdan Information, the

Group did not consider that achieving the Purpose through the acquisition of the shareholding of ING DAN Shenzhen, Cogobuy.com E-commerce and Shenzhen Ingdan Information by Comtech Industrial SZ or its designated nominee(s) would be appropriate.

## SIMPLIFIED SHAREHOLDING STRUCTURE OF THE GROUP BEFORE AND AFTER COMPLETION OF THE TRANSACTIONS CONTEMPLATED UNDER THE SALE AND PURCHASE AGREEMENT AND THE SUBSCRIPTION AGREEMENT (“COMPLETION”)

The shareholding structure of all entities referred to in the Announcement before and after Completion is set out below.

### Shareholding structure before Completion:

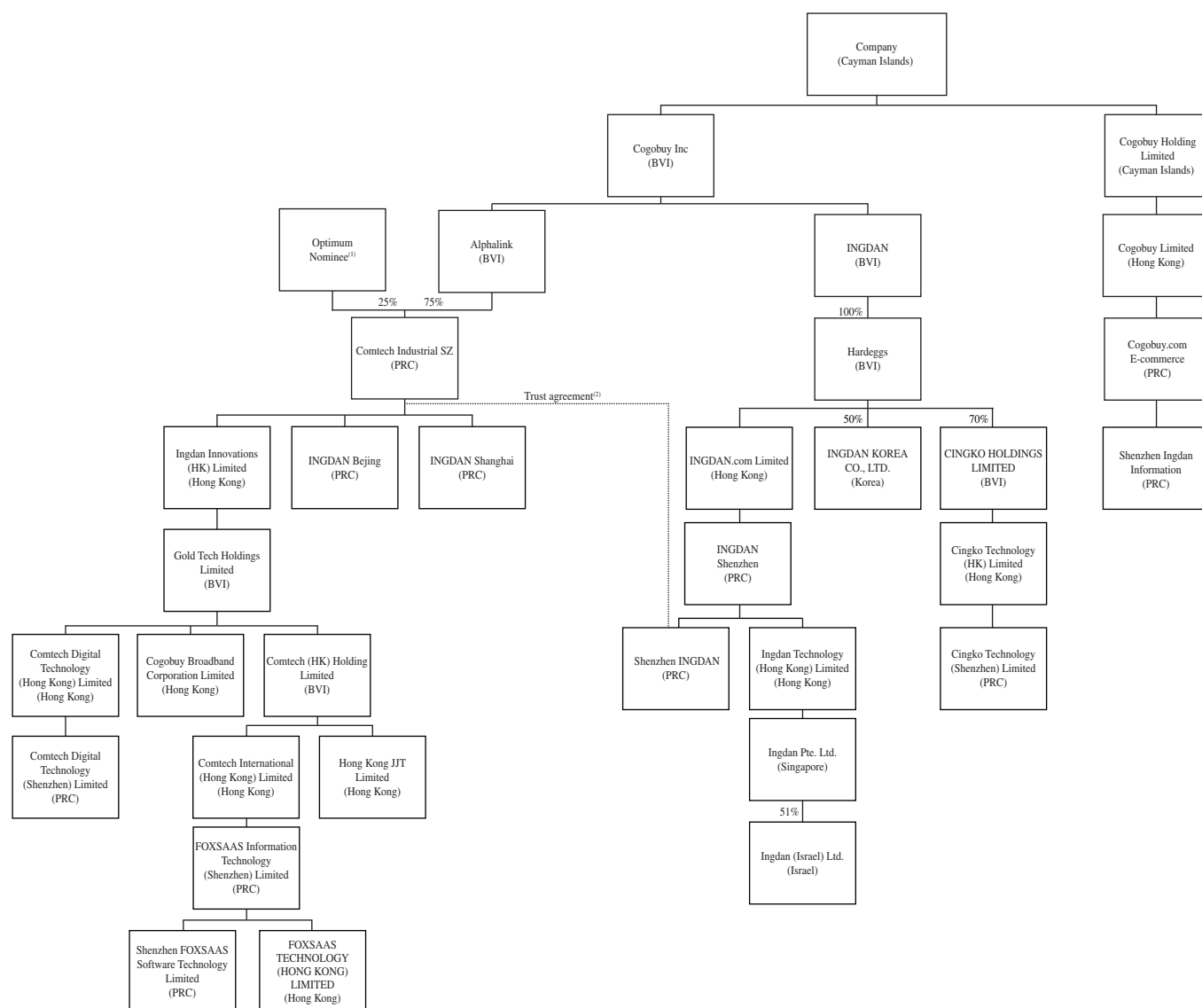


Notes:

(1) Not a member of the Group.

(2) 100% unless noted.

## Shareholding structure after Completion:



**Notes:**

- (1) Not a member of the Group.  
 (2) Comtech Industrial SZ is entrusted with the rights of the organizer (舉辦者) and capital contributor (出資者) of Shenzhen ING DAN pursuant to the trust agreement, and hence is able to nominate directors and supervisor of Shenzhen ING DAN.  
 (3) 100% unless noted.

Save as disclosed above, all other information in the Announcement remains unchanged.

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

Hong Kong, 13 January 2020

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.