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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)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED DECEMBER 31, 2020**

The board (the “**Board**”) of directors (the “**Directors**”) of Cogobuy Group (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended December 31, 2020 (the “**Reporting Period**”) and comparison with the operating results for the year ended December 31, 2019.

In this announcement “we”, “us” and “our” refer to the Company (as defined above) and where the context otherwise requires, the Group (as defined above).

FINANCIAL PERFORMANCE HIGHLIGHTS

	Year ended		
	December 31, 2020	December 31, 2019	Year-on-year change
	<i>(Renminbi (“RMB”) in millions, unless specified)</i>		
Revenue	6,185.1	5,854.2	5.7%
Gross profit	698.6	565.6	23.5%
Profit for the year	187.4	145.0	29.2%
Profit attributable to equity shareholders of the Company	123.2	110.1	11.9%
Earnings per share (“EPS”) (RMB per share)			
— basic	0.089	0.077	15.6%
— diluted	0.088	0.076	15.8%

BUSINESS REVIEW AND OUTLOOK

Overall Business and Financial Performance of the Group

We are a technology services company serving the global integrated circuits (“IC”) chips industry and artificial intelligence (“AI”) and Internet of Things (“IoT”, together “AIoT”) ecosystem in China. Following a business restructuring completed in early 2020, the Group launched a new “*Ingdan Innovations + Ingfin Technologies*” dual business model. Focusing on the sales and promotion of IC chips to AIoT enterprises in China, Ingdan Innovations (“**Ingdan Innovations**”) is the combination of the Group’s Cogobuy.com IC components sales and marketing platform and our ING DAN.com AIoT platform. Ingfin Technologies (“**Ingfin Technologies**”), formerly Ingfin Services, focuses on the research and development (“**R&D**”) and sales of proprietary products, as well as the development of customized technical solutions for the Vehicle-to-Everything (“**V2X**”) and 5G applications industries. Additionally, Ingfin Technologies also provides financing services and seeks investment or mergers and acquisitions opportunities in high-quality startups within the Group’s AIoT ecosystem to improve our overall strategic position and generate investment income. In early 2020, the Company held 75% of Ingdan Innovations and 100% of Ingfin Technologies, which also operates certain non-wholly owned subsidiaries and retains certain investments with less than 100% interests strategically. Thereafter, Ingdan Innovations entered into a series of investment agreements with a total of nineteen strategic investors in 2020. The investment supports Ingdan Innovations’ rapid development in the trillion-RMB domestic chip market, and will help the Group’s core business resume its high growth trajectory. Upon completion, the Group holds approximately 65.65% of Ingdan Innovations, and Ingdan Innovations will continue to be consolidated into the Group’s financial statements.

Ingdan Innovations is the Group's technical service platform engaged in chips application development solutions and sales services. The platform maintains agency agreements with over 50% of the world's top high-end IC suppliers and many leading domestic chip companies, allowing it to connect hundreds of global high-end chip suppliers upstream, and thousands of AIoT companies downstream, while providing them with chips application development solutions and sales services.

A substantial portion of our revenue is generated through direct sales of IC and other electronic components. The Group's core business has made and continues to make significant contributions to China's next-generation IT industry. During the Reporting Period, the Shenzhen National Development and Reform Commission inducted the Company's Ingdan Innovations chips and artificial intelligence industrial base project into the "Shenzhen Major Project Plan 2020".

For the year ended December 31, 2020, the Group generated a revenue of RMB6,185.1 million, as compared to RMB5,854.2 million for the corresponding period in 2019, representing an increase of approximately 5.7%. The growth in revenue is supported by the demand for high-end chips with the large-scale domestic expansion of 5G, AI, IoT, and other new technology infrastructure. The Group registered an increase of 29.2% in net profit after tax compared to the corresponding period in 2019. Gross profit was approximately RMB698.6 million, representing an increase of approximately 23.5% year-on-year. As part of our strategy to increase our profitability and revenue, the Group will continue to penetrate deep into IC sales and modules for smart hardware markets, and further invest in developing proprietary products and technology.

The Group is expected to benefit from the booming development of China's new 5G infrastructure. The growing accessibility and applications of 5G technology have boosted the chip industry as well as the Group's chip sales. The "5G Economic and Social Impact White Paper" (5G經濟社會影響白皮書) recently published by the China Academy of Information and Communications Technology ("CAICT") predicts China will build the world's largest 5G commercial network. As of October 2020, China has built a total of over 700,000 5G base stations. China's three major telecom operators have rolled out nearly RMB100 billion 5G equipment contracts, with base stations accounting for RMB69.8 billion.

The growing availability of 5G has driven increased demand and integration of technological transformation in various industries. This trend is reflected in the growing chip market. According to information from IC Insights, Inc., China's semiconductor chip market in 2020 is estimated to be worth approximately USD143.4 billion, and the output value of semiconductor chips produced in China worth approximately USD22.7 billion, accounting for approximately 15.9% of the market, and an increase of 5.6 percentage points compared to 2010. According to Forward Industry Research Institute, by 2030, analysts estimate the Chinese 5G industry's direct economic output will reach approximately RMB6.3 trillion, and its indirect economic output will reach approximately RMB10.6 trillion. Closely following the development of 5G and AIoT technologies to inform its business strategies, the Group covers the entire 5G infrastructure value chain, providing chips, technical support and solutions to network infrastructure and AIoT application related industries. We believe this will drive strong growth within our core business.

Electric Vehicle (“EV”) and V2X is regarded as the most prominent segment within 5G vertical industry applications. It is an important field of next generation information and communication technologies, such as 5G and artificial intelligence, in automotive and transportation industrial applications. According to Topology Research Institute, by 2021, global automotive chip production is expected to reach approximately USD21 billion, with an annual growth rate of approximately 12.5%. The increase will largely be driven by the accelerating global V2X development, with semiconductor components for networking, safety and autonomous driving increasing nearly 4 to 5 times in a car content. Recognizing EV and V2X’s potential and market opportunities, we have already invested in and established an EV and V2X value-chain alliance with chip manufacturers, module suppliers, and car manufacturers. We believe this will create significant market opportunities and become a new source of growth momentum for the Group. During the Reporting Period, Ingfin Technologies’ V2X application solution received its first order. Using AI to analyze data collected from terminal devices, Ingfin Technologies provides one-stop solution for precise vehicle rescue, service tracking, driving analysis, remote accident identification, and fast claims settlement in the China market.

The Group is well-positioned to offer more value-added services. We commenced our supply chain financing business in 2014 whereby we earn interest income for providing certain financial services to third-party manufacturers, including the provision of working capital financing programs. In 2016, we extended our supply chain financing business and established a new business unit, IngFin Financing Services. Upon completion of the business restructuring, IngFin Financing Services became an arm of Ingfin Technologies and continues to concentrate its investments in enterprise financing, including loans for investment initiatives and other enterprise financing services. IngFin Financing Services exemplifies our ability to generate new revenue streams by providing additional services based on existing platforms. As at December 31, 2020, the outstanding loan balance of our IngFin Financing Services was approximately RMB326.1 million.

Future prospects

Our goal is to become a leading AIoT ecosystem company with an AIoT technology supply chain as the core. Under our *Ingdan Innovations + Ingfin Technologies dual* business model, the Group is uniquely able to serve China's growing IoT market. We intend to pursue the following growth strategies to achieve our goal:

I. *Capturing opportunities from the deployment of new 5G technologies*

The 5G industry is set to grow rapidly in the coming years, and demand for IC and modules from the industry's upstream and downstream is expected to increase. Our Ingdan Innovations plans to penetrate the entire 5G industry chain and accommodate the strong market demand created by new 5G infrastructure and device production in the future. To meet this demand, the Group has built a "Chips-Devices-Cloud" industry ecosystem. "Chips" represents the provision of comprehensive and professional chip solutions to upstream chip suppliers by promoting and marketing their products and technologies' applications. "Devices" represents the provision of a variety of quality and high-end chip products to tens of thousands of smart hardware companies in the upstream and downstream of the industry. "Cloud" represents the offer of customized solutions to different emerging industries with mature chip solutions. Although the COVID-19 outbreak has had a severe impact on the world's economy, it has also pushed many industries towards relying on the internet and technology in order to pursue efficient and stable operating models, accelerating digitization and intelligentization. Additionally, the accelerating integration of 5G and emerging technology is creating new opportunities to the entire TMT (technology, media, and telecom) industry.

According to the Ministry of Industry and Information Technology, cumulative investments in China's 5G network infrastructure have already exceeded RMB260 billion as of February 2021, providing important funding to 5G network infrastructure, AI, IoT, big data, and new energy automotives, and creating tremendous opportunities for the Chinese 5G and AIoT industries. 5G technology's development and maturation will bring a new era for AI, high-performance cloud applications, and the Internet of Everything. The need for device upgrades will also drive greater demand for IC and AIoT chip solutions. Through the Ingdan Innovations enterprise service platform's "Chip-Devices-Cloud" big data ecosystem, we will provide enterprises with chip and relevant solutions to capture business opportunities from China's 5G transformation.

II. *Enhanced revenue streams from Ingfin Technologies*

The Group intends to further strengthen Ingfin Technologies' revenue streams by developing the business into a R&D innovation and AIoT product financing and corporate services platform for the AIoT era. As an enterprise service platform, the Group has acquired a myriad of customers, demands, and data online, and provides a powerful data analysis tool to offer enterprise services offline. This synergy will drive greater contributions from Ingfin Technologies to the Group in the future. As Ingfin Technologies' R&D projects becoming more sophisticated, our proprietary products will contribute even more momentum to the Group's performance. We plan to further

enhance the Group's performance through value-added services, including but not limited to the provision of corporate and technology services, as well as investment services such as incubation programs.

III. *Developing an ecosystem for the electronics manufacturing value chain*

The Group plans to develop an open, collaborative, and prosperous electronic manufacturing industry ecosystem that will benefit the business operations of our customers and suppliers. We believe this will also drive our own long-term business growth. We intend to broaden our platforms' value-added services by extending into related businesses that serve the electronics manufacturing value chain, such as supply chain financing, insurance, and cloud computing services. Additionally, the Group plans to monetize the vast amount of data we collect from our customers and suppliers, and offer data driven services, which will include marketing and advertising planning, merchandising, product customization, fulfilment management, and third-party data services. We believe these complementary services will become natural extensions of the Group's service mix, and will help attract and retain customers.

IV. *Further enhance customer loyalty and increase purchases per customer*

The Group plans to continue to enhance its customer loyalty and generate more sales from existing customers. We intend to leverage our advanced market analytics tools to make our online and offline platforms more efficient and useful to our customers. By continuously collecting and analyzing our customers' and suppliers' data, the Group will gain a better understanding of their needs, and can deliver customized products according to market trends.

We will also continue to enhance customized content on our platforms and develop new tools for customers based on their business needs. We plan to continue to develop new complementary services aiming to offer a complete range of products and solutions, as well as to expand our investment in customer services to further strengthen the effectiveness of our platforms, order fulfilment and delivery capabilities in order to enhance our service reliability and shorten our customer response time. We plan to increase the repeat purchase rates of newly acquired customers, and we will continue to provide the key procurement personnel of our new customers with powerful online tools, enterprise resource planning, and other complementary services. These services will enable us to maintain constant interactive communications with key personnel, which in turn will allow us to better understand customers' demands and their product development. Accordingly, we will be able to create customized marketing plans targeting new customers, while cross-selling other products.

V. *Pursuing strategic partnerships and acquisition opportunities*

In addition to growing our business through internal initiatives, we continue to look across different segments to enhance our business operations through strategic partnerships and acquisitions. Such partnerships will help us expand our user and revenue base, widen our geographic coverage, enhance our product and service offerings, improve our technology infrastructure, as well as strengthen our talent pool and business advantages. The Group also plans to leverage our market position and business model to seek attractive cross-selling, cross-marketing, and licensing opportunities to enhance the sales ability and seize the market opportunities brought by 5G technology.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

For the year ended December 31, 2020, profit of the Group amounted to approximately RMB187.4 million, representing an increase of approximately RMB42.4 million as compared with approximately RMB145.0 million in 2019. Profit attributable to equity shareholders of the Company amounted to approximately RMB123.2 million, representing an increase of approximately RMB13.1 million compared with approximately RMB110.1 million in 2019.

Revenue

For the year ended December 31, 2020, revenue of the Group amounted to approximately RMB6,185.1 million, representing an increase of approximately RMB330.9 million or approximately 5.7% as compared with approximately RMB5,854.2 million in 2019. The Group's revenue comprised approximately RMB6,128.9 million of direct sales revenue, approximately RMB6.4 million of services revenue from software licensing, approximately RMB11.1 million of revenue from the Group's marketplace revenue and approximately RMB38.7 million of revenue from IngFin Financing Services. The increase was primarily due to a strong demand for high-end chips with the large-scale domestic expansion of 5G, AI, IoT, and other technology infrastructure.

Cost of Revenue

Cost of revenue for the year ended December 31, 2020 was approximately RMB5,486.5 million, representing an increase of approximately 3.7% from approximately RMB5,288.6 million for the year ended December 31, 2019. The increase in cost of revenue was due to an increase in revenue described under the paragraph headed "Revenue".

Gross Profit

Gross profit for the year ended December 31, 2020 was approximately RMB698.6 million, representing an increase of approximately 23.5% from approximately RMB565.6 million compared with the figures in 2019. The increase was primarily driven by the results of revenue and cost of sales for the reasons described under the paragraph headed "Revenue". The increase in gross profit was also contributed by change in sales mix in which sales of proprietary products in Ingfin Technologies, and revenue from development of customized technical solutions for V2X and 5G applications, etc. had a relatively higher gross margin than those of traditional IC components.

Other Income

For the year ended December 31, 2020, other revenue of the Group amounted to approximately RMB11.9 million, representing a decrease of approximately RMB27.9 million or approximately 70.1% as compared with approximately RMB39.8 million in 2019. This was primarily due to a net foreign exchange gain of approximately RMB16.2 million and gain on disposal of financial assets at fair value

through profit or loss and fair value through other comprehensive income of approximately RMB7.4 million recorded for the year of 2019 as compared to nil and RMB0.01 million recorded respectively for the year of 2020.

Selling and Distribution Expenses

Selling and distribution expenses for the year ended December 31, 2020 amounted to approximately RMB79.8 million, representing a decrease of approximately RMB12.7 million or 13.7% from approximately RMB92.5 million in 2019. This was primarily due to a decrease in selling expenses as a result of reduced marketing costs driven by adjustments in marketing strategies.

Research and Development Expenses

Research and development expenses for the year ended December 31, 2020 amounted to approximately RMB194.6 million, representing an increase of approximately RMB59.0 million or approximately 43.5% from approximately RMB135.6 million in 2019. This was primarily due to more expenses spent on the research and development of AIoT products and technologies as well as customized technical solutions for proprietary products such as V2X and 5G applications.

Administrative and Other Operating Expenses

During the year ended December 31, 2020, administrative and other operating expenses amounted to approximately RMB214.5 million, representing an increase of approximately RMB24.6 million or approximately 13.0% from approximately RMB189.9 million in 2019, which was primarily due to net exchange loss of approximately RMB32.3 million recorded for the year ended 31 December 2020 as compared to net exchange gain of approximately RMB16.2 million recorded in the corresponding period of 2019.

Income Tax

Our income tax decreased by approximately 1.7% from approximately RMB17.8 million for the year ended December 31, 2019 to approximately RMB17.5 million for the year ended December 31, 2020. The effective tax rate for the year ended December 31, 2020 was 8.5%, as compared to 10.9% for the year ended December 31, 2019. The decrease was mainly due to increased profits of Hong Kong subsidiaries and decreased profits of PRC subsidiaries. The Profits Tax rate in Hong Kong is 16.5% while the income tax rate in the PRC is 25%.

Profit Attributable to Equity Shareholders of the Company for the Reporting Period

For the year ended December 31, 2020, profit attributable to equity shareholders of the Company amounted to approximately RMB123.2 million, representing an increase of approximately RMB13.1 million or approximately 11.9% as compared to approximately RMB110.1 million in 2019. The increase was primarily due to an increase in profit from operations as a result of increased revenue and gross profit.

Liquidity and Source of Funding

As of December 31, 2020, the current assets of the Group amounted to approximately RMB3,003.3 million, which mainly comprised cash and bank balances (including restricted bank deposit and pledged bank deposits), inventories and trade and other receivables, in the amount of approximately RMB554.4 million, RMB513.3 million and approximately RMB1,585.2 million, respectively. Current liabilities of the Group amounted to approximately RMB836.1 million, of which approximately RMB138.9 million was bank loans and approximately RMB653.7 million was trade and other payables. As of December 31, 2020, the current ratio (the current assets to current liabilities ratio) of the Group was 3.59, representing an increase of approximately 21.3% as compared with 2.96 as of December 31, 2019. The change in the current ratio was primarily due to the increase in net cash position as a result of proceeds received from subscription of equity interest in a subsidiary during 2020.

The Group does not have other debt financing obligations as of December 31, 2020 or the date of this annual results announcement and does not have any breaches of financial covenants.

Capital Expenditure

For the year ended December 31, 2020, the capital expenditure of the Group amounted to approximately RMB335.3 million, representing a decrease of approximately RMB417.5 million or approximately 55.5% compared with approximately RMB752.8 million in 2019. The decrease in the capital expenditure was primarily due to a decrease in purchases of intangible assets for R&D of proprietary products.

Net Gearing Ratio

As of December 31, 2020, the net gearing ratio of the Group, which was calculated by dividing net debt (total lease liabilities, bank loans and other financial liabilities minus cash and cash equivalents, restricted bank deposit and pledged bank deposits) by the sum of net debt and total equity was approximately -0.6% as compared with approximately -1.7% as of December 31, 2019. The increase was primarily due to the increase in other financial liabilities as a result of subscription of equity interest in a subsidiary during 2020.

Significant Investments

The Group did not make or hold any material investments (including any investment in an investee company with a value of 5 per cent or more of the Company's total assets as at December 31, 2020) for the year ended December 31, 2020.

Material Acquisitions and Disposals

On August 6, 2020, the Company, Comtech Industrial Technology (Shenzhen) Company Limited (“**Comtech Industrial**”), an indirect non-wholly owned subsidiary of the Company, and Guangdong Yuecai Emerging Industry Equity Investment Fund Partnership Enterprise (Limited Partnership) and Guangzhou Chuangying Jianke Investment Partnership Enterprise (Limited Partnership) (the “**August**

Investors”), among others, entered into subscription agreements, pursuant to which the August Investors agreed to inject capital into Comtech Industrial in the amount of up to RMB50,000,000, for an aggregate equity interest of up to 1.95% of Comtech Industrial.

On September 10, 2020, the Company, Comtech Industrial and Zhongtai Venture Capital (Shenzhen) Co., Ltd., Guangzhou Yimi Kaide Industrial Investment Fund Partnership (Limited Partnership), Guangdong Yimi Venture Capital Partnership Enterprise (Limited Partnership), Shenzhen Investment Holding Donghai Small, Medium and Micro Venture Capital Enterprise (Limited Partnership) and Homwon Capital Management Co., Ltd. (the “**September Investors**”), among others, entered into subscription agreements, pursuant to which the September Investors agreed to inject capital into Comtech Industrial in the amount of up to RMB115,800,000, for an aggregate equity interest of up to 4.51% of Comtech Industrial.

On September 25, 2020, the Company and Comtech Industrial, among others, entered into subscription agreements with Shenzhen Bay Pan-cultural Venture Capital Partnership (Limited Partnership), Shenzhen Shenbao Yiben Culture Equity Investment Fund Partnership (Limited Partnership), Shenzhen S&M CG Venture Investment Co., Ltd., Liuzhou Shengdong Investment Center (Limited Partnership) and Guangzhou Changsheng Jiuliang High-end Manufacturing Investment Partnership (Limited Partnership) (the “**September Further Investors**”), pursuant to which the September Further Investors agreed to inject capital into Comtech Industrial in the aggregate amount of up to RMB118,000,000, for an aggregate equity interest of up to 4.4% of Comtech Industrial.

On October 16, 2020, the Company and Comtech Industrial, among others, entered into subscription agreements with Zhuzhou Jushidai Private Equity Fund Partnership (Limited Partnership), Shenzhen CATIC Pingshan Integrated Circuit Venture Capital Partnership (Limited Partnership), Gongqingcheng Kaisheng No. 3 Equity Investment Partnership (Limited Partnership), Chaoshang ASEAN Investment Fund Management Co., Ltd., Homwon Capital Management Co., Ltd., Liuzhou Woshun Investment Center (Limited Partnership) and Anbaike (Shanghai) Business Information Consulting Co., Ltd. (the “**October Investors**”), pursuant to which the October Investors agreed to inject capital into Comtech Industrial in the aggregate amount of up to RMB77,000,000 for an aggregate equity interest of up to 2.81% of Comtech Industrial.

(collectively, the “**Subscription Agreements**”)

Pursuant to the Subscription Agreements, on an aggregated basis, the Company’s shareholding in Comtech Industrial will decrease from 75% to 65.65%, as such, the subscriptions constitute a deemed disposal of 9.35% of the Company’s equity interest in Comtech Industrial. Comtech Industrial will continue to be a subsidiary of the Company and the financial results of Comtech Industrial will continue to be consolidated into those of the Group.

Further details of the Subscription Agreements are set out in the announcements of the Company dated September 10, 2020, September 25, 2020 and October 16, 2020.

Save as disclosed, the Group did not have any material acquisitions and disposals for the year ended December 31, 2020.

Future Plans for Material Investments and Capital Assets

As of December 31, 2020, we did not have other plans for material investments and capital assets.

Pledge of Assets

Except for the pledged bank deposits of approximately RMB142.5 million and approximately RMB159.9 million as of December 31, 2020 and December 31, 2019, respectively, the Group did not pledge any assets for the year ended December 31, 2020. The pledged bank deposits were placed as security for credit facilities granted by several banks in Hong Kong.

Contingent Liabilities

Neither the Group nor the Company had any significant contingent liabilities as of December 31, 2020.

Foreign Exchange Exposure

Foreign currency transactions during the year ended December 31, 2020 are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling as at December 31, 2020. Exchange gains and losses are recognized as profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates when the fair value was determined.

The results of operations with functional currency other than Renminbi (“**RMB**”) are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of transactions. Consolidated statements of financial position items are translated into RMB at the closing foreign exchange rates as at December 31, 2020. The resulting exchange differences are recognized in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of an operation with functional currency other than RMB, the cumulative amount of the exchange differences relating to that operation with functional currency other than RMB is reclassified from equity to profit or loss when the profit or loss on disposal is recognized.

We did not use any derivative contracts to hedge against our exposure to currency risk during the year ended December 31, 2020. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Events After the Reporting Period

On February 10, 2021, Cogobuy Group, Inc. (a directly wholly-owned subsidiary of the Company) (“**Cogobuy Inc.**”), Gold Tech Holdings Limited (an indirectly owned subsidiary of the Company) and ING DAN.com (Shenzhen) Limited (an indirect wholly-owned subsidiary of Cogobuy Inc.) (the “**Purchaser Group**”) entered into an acquisition agreement (the “**Acquisition Agreement**”) with Rich Wisdom Ventures Limited (the “**Vendor**”) and EZ Robot, Inc., Comtech Industrial (Hong Kong) Limited and EZ Robot (Shenzhen) Company Limited, (the “**EZ Robot Group**”), pursuant to which the Purchaser Group agreed to purchase from the Vendor the aggregate equity interest of 36,429 ordinary shares of EZ Robot, Inc., 10,000 ordinary shares of Comtech Industrial (Hong Kong) Limited and the entire equity interest of EZ Robot (Shenzhen) Company Limited at an aggregate consideration of HK\$180,000,000, representing 51% interest in the EZ Robot Group, subject to the satisfaction of certain conditions.

Further details of the Acquisition Agreement are set out in the announcement of the Company dated February 10, 2021.

Save as disclosed in this announcement, there were no other significant events that might affect the Group after the year ended December 31, 2020.

FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

		2020	2019
	Notes	RMB'000	RMB'000
Revenue	3	6,185,100	5,854,247
Cost of sales		<u>(5,486,470)</u>	<u>(5,288,607)</u>
Gross profit		698,630	565,640
Other income	5	11,875	39,808
Selling and distribution expenses		(79,814)	(92,471)
Research and development expenses		(194,574)	(135,560)
Administrative and other operating expenses		(214,463)	(189,875)
Finance costs	6	(8,965)	(55,885)
Loss on disposal of a joint venture		—	(23)
Share of results of associates		<u>(7,792)</u>	<u>31,153</u>
Profit before tax		204,897	162,787
Income tax expenses	7	<u>(17,469)</u>	<u>(17,802)</u>
Profit for the year		<u><u>187,428</u></u>	<u><u>144,985</u></u>
Profit for the year attributable to:			
Owners of the Company		123,200	110,067
Non-controlling interests		<u>64,228</u>	<u>34,918</u>
		<u><u>187,428</u></u>	<u><u>144,985</u></u>

	<i>Note</i>	2020 RMB'000	2019 RMB'000
Other comprehensive (expense) income			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of financial statements from functional currency to presentation currency		(122,232)	33,550
Net change in fair value of equity investments at fair value through other comprehensive income		<u>(129,834)</u>	<u>3,869</u>
		<u>(252,066)</u>	<u>37,419</u>
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of financial statements of foreign operations		<u>(12,251)</u>	<u>—</u>
		<u>(12,251)</u>	<u>—</u>
Other comprehensive (expense) income for the year		<u>(264,317)</u>	<u>37,419</u>
Total comprehensive (expense) income for the year		<u><u>(76,889)</u></u>	<u><u>182,404</u></u>
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		(132,993)	146,711
Non-controlling interests		<u>56,104</u>	<u>35,693</u>
		<u><u>(76,889)</u></u>	<u><u>182,404</u></u>
EARNINGS PER SHARE			
	9		
Basic (RMB)		<u><u>0.089</u></u>	<u><u>0.077</u></u>
Diluted (RMB)		<u><u>0.088</u></u>	<u><u>0.076</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

		2020	2019
	<i>Notes</i>	RMB'000	RMB'000
Non-current assets			
Plant and equipment		7,256	7,765
Right-of-use assets		48,793	24,546
Intangible assets		1,147,531	1,084,030
Goodwill		452,467	452,467
Financial assets at fair value through other comprehensive income		352,328	360,532
Loans receivables	<i>11</i>	303,509	155,847
Interests in associates		176,984	185,650
Interest in a joint venture		<u>—</u>	<u>—</u>
		<u>2,488,868</u>	<u>2,270,837</u>
Current assets			
Inventories		513,294	319,974
Trade, bills and other receivables	<i>10</i>	1,585,192	1,567,488
Loans receivables	<i>11</i>	22,584	663,096
Amounts due from associates		302,819	330,654
Financial asset at fair value through profit or loss		25,000	—
Restricted bank deposit		8,177	—
Pledged bank deposits		142,531	159,858
Cash and cash equivalents		<u>403,700</u>	<u>119,865</u>
		<u>3,003,297</u>	<u>3,160,935</u>
Current liabilities			
Trade and other payables	<i>12</i>	653,687	854,316
Lease liabilities		15,968	11,490
Contract liabilities		11,276	3,978
Income tax payables		16,232	16,397
Bank loans		<u>138,930</u>	<u>180,676</u>
		<u>836,093</u>	<u>1,066,857</u>
Net current assets		<u>2,167,204</u>	<u>2,094,078</u>
Total assets less current liabilities		<u>4,656,072</u>	<u>4,364,915</u>
Non-current liabilities			
Deferred tax liabilities		45,042	51,609
Other financial liabilities		341,900	—
Contract liabilities		11,413	—
Lease liabilities		<u>34,131</u>	<u>13,297</u>
		<u>432,486</u>	<u>64,906</u>
Net assets		<u><u>4,223,586</u></u>	<u><u>4,300,009</u></u>

		2020	2019
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Capital and reserves			
Share capital	<i>13</i>	1	1
Reserves		<u>3,940,102</u>	<u>4,114,883</u>
		3,940,103	4,114,884
Non-controlling interests		<u>283,483</u>	<u>185,125</u>
Total equity		<u><u>4,223,586</u></u>	<u><u>4,300,009</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS(s)**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss that are measured at fair values at the end of each reporting period.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS(s)

In the current year, the Group has applied, for the first time, the Amendments to References to the Conceptual Framework in HKFRSs and the following amendments to HKFRSs, which include HKFRSs, Hong Kong Accounting Standards (“**HKAS(s)**”), amendments and interpretations, issued by the HKICPA which are effective for the Group’s financial year beginning 1 January 2020:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in HKFRSs and the amendments to HKFRSs in the current year has had no material effect on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and related Amendments ⁵
Amendments to HKFRS 3	Reference to Conceptual Framework ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ⁵
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use ³
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ³
Amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2 ¹
Amendments to HKFRS 16	COVID-19-Related Rent Concessions ⁴
Amendment to HKFRSs	Annual Improvements to HKFRSs 2018–2020 cycle ³

¹ Effective for annual periods beginning on or after 1 January 2021.

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or after 1 January 2022.

⁴ Effective for annual periods beginning on or after 1 June 2020.

⁵ Effective for annual periods beginning on or after 1 January 2023.

The directors of the Company anticipate that the application of the above new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

3. REVENUE

Revenue represents revenue arising on sales of IC, other electronic components, AIoT products and proprietary and semi-conductor products, service revenue from software licensing, marketplace income and interest income generated from IngFin Financing Services. An analysis of the Group's revenue for the year is as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Revenue from contracts with customers within the scope of HKFRS 15:		
— Sales of IC, other electronic components, AIoT products and proprietary and semi-conductor products	6,128,880	5,790,399
— Service revenue from software licensing	6,423	—
— Marketplace income	<u>11,057</u>	<u>16,346</u>
	6,146,360	5,806,745
Revenue from other sources:		
— Interest income from Ingfin Financing Services	<u>38,740</u>	<u>47,502</u>
	<u>6,185,100</u>	<u>5,854,247</u>

Set out below is the disaggregation of the Group's revenue from contracts with customers by (i) timing of recognition; and (ii) geographical markets, arising from different reporting segments:

	Ingdan Innovations RMB'000	Ingfin Technologies RMB'000	Total RMB'000
For the year ended 31 December 2020			
Revenue from goods and services:			
— Sales of IC, other electronic components, AIoT products and proprietary and semi-conductor products	3,740,764	2,388,116	6,128,880
— Service revenue from software licensing	—	6,423	6,423
— Marketplace income	—	11,057	11,057
	<u>3,740,764</u>	<u>2,405,596</u>	<u>6,146,360</u>
Timing of revenue recognition:			
— At a point in time	3,740,764	2,399,173	6,139,937
— Over time	—	6,423	6,423
	<u>3,740,764</u>	<u>2,405,596</u>	<u>6,146,360</u>
Geographical markets:			
— The People's Republic of China (the "PRC") (including Hong Kong)	3,740,764	2,138,739	5,879,503
— Southeast Asia	—	266,857	266,857
	<u>3,740,764</u>	<u>2,405,596</u>	<u>6,146,360</u>
	Ingdan Innovations RMB'000 (Restated)	Ingfin Technologies RMB'000 (Restated)	Total RMB'000
For the year ended 31 December 2019			
Revenue from goods and services:			
— Sales of IC, other electronic components, AIoT products and proprietary and semi-conductor products	3,609,438	2,180,961	5,790,399
— Marketplace income	—	16,346	16,346
	<u>3,609,438</u>	<u>2,197,307</u>	<u>5,806,745</u>
Timing of revenue recognition:			
— At a point in time	<u>3,609,438</u>	<u>2,197,307</u>	<u>5,806,745</u>
Geographical markets:			
— The PRC (including Hong Kong)	3,609,438	1,894,930	5,504,368
— Southeast Asia	—	302,377	302,377
	<u>3,609,438</u>	<u>2,197,307</u>	<u>5,806,745</u>

4. SEGMENT INFORMATION

Information reported to the executive Directors of the Company, being the chief operating decision maker (the “CODM”), for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services provided. The executive directors of the Company have chosen to organise the Group around differences in products and services.

In a manner consistent with the way in which information is reported internally to the Group’s CODM for the purposes of resource allocation and performance assessment, the Group has identified two reportable segments:

Ingdan Innovations: Sales of IC, other electronic components and AIoT products

Ingfin Technologies: Sales of proprietary and semi-conductor products, Ingfin Financing Services, marketplace income and incubator business

Operating segments in Ingdan Innovations and Ingfin Technologies, as identified by the CODM, have been aggregated in arriving at reportable segments of the Group.

During the year ended 31 December 2020, as a result of the completion of the internal re-organisation of the Group, the structure of the Group’s internal organisation has been changed such that the CODM commenced to review the Group’s business by types of products or services, namely Ingdan Innovations and Ingfin Technologies. The (i) sales of IC and other electronic components; and (ii) sales of AIoT products originally included in Ingdan Services have been merged into “Ingdan Innovations”, while (i) the marketplace income originally included in sales of IC and other electronic components and marketplace operation; and (ii) the remaining business of Ingdan Services are included as “Ingfin Technologies”. The CODM considers that such internal re-organisation could better reflect the financial performance of each business and enhance operational efficiency by aggregating similar businesses (i.e. sales of IC and other electronic components and sales of AIoT products) into one reporting segment “Ingdan Innovations”.

In order to align the restructured internal management and reporting structure reviewed by the CODM during the year ended 31 December 2020, the segment information of comparative period has been restated to conform with current year’s presentation.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segments.

For the year ended 31 December 2020

	Ingdan Innovations RMB'000	Ingfin Technologies RMB'000	Total RMB'000
Segment revenue			
— External sales	4,376,925	2,475,525	6,852,450
— Inter-segment sales	<u>(636,161)</u>	<u>(31,189)</u>	<u>(667,350)</u>
Segment revenue	<u>3,740,764</u>	<u>2,444,336</u>	<u>6,185,100</u>
Segment profit	<u>234,044</u>	<u>125,532</u>	359,576
Unallocated income			11,875
Unallocated corporate expenses			(149,797)
Unallocated finance costs			(8,965)
Share of results of associates			<u>(7,792)</u>
Profit before tax			<u>204,897</u>

For the year ended 31 December 2019

	Ingdan Innovations RMB'000 (Restated)	Ingfin Technologies RMB'000 (Restated)	Total RMB'000 (Restated)
Segment revenue			
— External sales	4,151,491	2,445,752	6,597,243
— Inter-segment sales	<u>(542,053)</u>	<u>(200,943)</u>	<u>(742,996)</u>
Segment revenue	<u>3,609,438</u>	<u>2,244,809</u>	<u>5,854,247</u>
Segment profit	<u>153,485</u>	<u>77,667</u>	231,152
Unallocated income			39,808
Unallocated corporate expenses			(83,418)
Unallocated finance costs			(55,885)
Loss on disposal of a joint venture			(23)
Share of results of associates			<u>31,153</u>
Profit before tax			<u>162,787</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of central administrative and other operating expenses, certain other income, finance costs, loss on disposal of a joint venture and share of results of associates. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

Segment assets

	2020 RMB'000	2019 <i>RMB'000</i> (Restated)
Ingdan Innovations	1,210,192	1,086,705
Ingfin Technologies	<u>3,465,173</u>	<u>3,840,893</u>
Total segment assets	4,675,365	4,927,598
Interests in associates	176,984	185,650
Interest in a joint venture	—	—
Financial asset at fair value through profit or loss	25,000	—
Corporate and other assets	<u>614,816</u>	<u>318,524</u>
Total assets	<u><u>5,492,165</u></u>	<u><u>5,431,772</u></u>

Segment liabilities

	2020 RMB'000	2019 <i>RMB'000</i> (Restated)
Ingdan Innovations	389,985	39,181
Ingfin Technologies	<u>193,415</u>	<u>759,373</u>
Total segment liabilities	583,400	798,554
Corporate and other liabilities	<u>685,179</u>	<u>333,209</u>
Total liabilities	<u><u>1,268,579</u></u>	<u><u>1,131,763</u></u>

For the purpose of monitoring segment performance and allocating resources between segments:

- All assets are allocated to operating segments, other than right-of-use assets, interests in associates and a joint venture, financial assets at fair value through profit or loss, certain other receivables, restricted bank deposit, pledged bank deposits, cash and cash equivalents and other corporate assets; and

— All liabilities are allocated to operating segments, other than other payables and accruals, lease liabilities, income tax payables, bank loans and deferred tax liabilities.

5. OTHER INCOME

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Exchange gain, net	—	16,194
Bank interest income	2,919	3,736
Commission income	—	3,949
Gain on disposal of financial assets at fair value through profit or loss	11	3,774
Gain on disposal of a financial asset at fair value through other comprehensive income	—	3,600
Government grants (<i>note</i>)	8,945	8,555
	11,875	39,808

6. FINANCE COSTS

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Interests on bank loans	3,411	39,667
Interests on lease liabilities	3,476	953
Factoring costs	2,078	15,265
	8,965	55,885

7. INCOME TAX EXPENSES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Current tax:		
PRC Enterprises Income Tax	960	9,713
Hong Kong Profits Tax	21,781	14,102
Singapore Corporate Income Tax	1,295	1,820
	24,036	25,635
Deferred tax	(6,567)	(7,833)
	17,469	17,802

8. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2020, nor has any dividend been proposed since the end of the reporting period (2019: nil).

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following:

	2020 RMB'000	2019 RMB'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share, representing profit for the year attributable to owners of the Company	<u>123,200</u>	<u>110,067</u>
	2020 '000	2019 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,386,783	1,430,088
Effect of dilutive potential ordinary shares:		
Deemed issue of shares under the Company's RSU scheme for nil consideration	<u>9,765</u>	<u>13,839</u>
Weighted average number of ordinary shares for the purpose of dilutive earnings per share	<u>1,396,548</u>	<u>1,443,927</u>

10. TRADE, BILLS AND OTHER RECEIVABLES

	2020 RMB'000	2019 RMB'000
Receivables at amortised cost comprise:		
— Trade receivables	1,488,826	1,311,719
— Bills receivables	<u>10,778</u>	<u>10,935</u>
Trade and bills receivables	1,499,604	1,322,654
Less: loss allowance on trade receivables	<u>(95,284)</u>	<u>(77,911)</u>
	1,404,320	1,244,743
Loan interest receivables	51,372	45,190
Trade deposits and prepayments	117,885	263,300
Other receivables	<u>11,615</u>	<u>14,255</u>
	<u>1,585,192</u>	<u>1,567,488</u>

The Group allows credit period ranging from 30 to 120 days (2019: 30 to 90 days) from the date of billing. The following is an ageing analysis of trade and bills receivables, net of loss allowance on trade receivables, presented based on the dates of delivery of goods or rendering services, which approximates the respective revenue recognition dates, at the end of the reporting period.

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Within 1 month	455,110	502,709
1 to 2 months	334,613	261,250
2 to 3 months	314,113	233,717
Over 3 months	300,484	247,067
	<u>1,404,320</u>	<u>1,244,743</u>

11. LOANS RECEIVABLES

The following is an ageing analysis of loan receivables, presented based on the drawdown dates:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Within 3 months	—	155,847
3 to 6 months	39,412	77,289
6 months to 1 year	37,990	324,485
Over 1 year	248,691	261,322
	<u>326,093</u>	<u>818,943</u>

12. TRADE AND OTHER PAYABLES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Trade payables	560,711	794,576
Accrued staff costs	41,428	16,119
Other payables	51,548	43,621
	<u>653,687</u>	<u>854,316</u>

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2020 RMB'000	2019 <i>RMB'000</i>
Within 1 month	453,699	395,550
1 to 3 months	55,630	240,305
Over 3 months	<u>51,382</u>	<u>158,721</u>
	<u>560,711</u>	<u>794,576</u>

The average credit period granted to the Group is 30 days (2019: 30 days). The Group has financial risk management in place to ensure that all payables are settled within the credit timeframe.

13. SHARE CAPITAL

	Number of shares	Amount in original currency <i>US\$</i>	Shown in the consolidated financial statements <i>RMB'000</i>
Ordinary shares of US\$0.0000001 each			
<i>Authorised:</i>			
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	<u>500,000,000,000</u>	<u>50,000</u>	<u>N/A</u>
Issued and fully paid:			
At 1 January 2019	1,477,140,732	148	1
Issue of new shares (<i>note (i)</i>)	14,000,000	1	—
Cancellation of repurchased shares (<i>note (ii)</i>)	<u>(63,808,000)</u>	<u>(6)</u>	<u>—</u>
At 31 December 2019 and 1 January 2020	1,427,332,732	143	1
Cancellation of repurchased shares (<i>note (iv)</i>)	<u>(11,148,000)</u>	<u>(1)</u>	<u>—</u>
At 31 December 2020	<u>1,416,184,732</u>	<u>142</u>	<u>1</u>

Notes:

- (i) On 3 September 2019, additional 14,000,000 new shares of HK\$1.41 (equivalent to RMB1.24) per share were issued by the Company for the RSU Scheme in order to satisfy the grant of shares under the RSU Scheme.

There was no issue of new shares of the Company for the RSU Scheme during the year ended 31 December 2020.

- (ii) During the year ended 31 December 2019, the Company repurchased its own shares through the Stock Exchange as follows:

Month	Number of ordinary shares of US\$0.0000001 each	Price per share		Aggregate amount paid HK\$'000
		Lowest HK\$	Highest HK\$	
March 2019	451,000	2.86	2.91	1,300
April 2019	20,984,000	2.75	3.09	62,670
May 2019	5,778,000	2.30	2.72	14,413
June 2019	977,000	2.04	2.11	2,027
July 2019	24,229,000	2.14	2.24	53,089
September 2019	<u>11,158,000</u>	1.37	1.48	<u>15,900</u>
	<u>63,577,000</u>			<u>149,399</u>

All of the above shares, together with 231,000 shares which were repurchased during the year ended 31 December 2018, were cancelled during the year ended 31 December 2019. The issued share capital of the Company was reduced by the nominal value of US\$6.38. Pursuant to section 37(4) of the Companies Law of the Cayman Islands, the nominal value of the shares cancelled of US\$6.38 (equivalent to RMB43.9) was transferred from the share capital to the share premium. The premium paid on the repurchase of the shares of HK\$149,399,000, equivalent to approximately RMB131,723,000, was charged to share premium.

- (iii) No share was repurchased for the RSU Scheme during the years ended 31 December 2020 and 2019.
- (iv) During the year ended 31 December 2020, the Company repurchased its own shares through the Stock Exchange as follows:

Month	Number of ordinary shares of US\$0.0000001 each	Price per share		Aggregate amount paid HK\$'000
		Lowest HK\$	Highest HK\$	
April 2020	7,234,000	0.78	0.94	6,228
May 2020	2,682,000	0.79	0.84	2,183
October 2020	<u>1,232,000</u>	1.49	1.54	<u>1,867</u>
	<u>11,148,000</u>			<u>10,278</u>

All of the above shares were cancelled during the year ended 31 December 2020. The issued share capital of the Company was reduced by the nominal value of US\$1.11. Pursuant to section 37(4) of the Companies Law of the Cayman Islands, the nominal value of the shares cancelled of US\$1.11 (equivalent to RMB7.66) was transferred from the share capital to the share premium. The premium paid on the repurchase of the shares of HK\$10,278,000, equivalent to approximately RMB9,140,000, was charged to share premium.

- (v) For the year ended 31 December 2020, 4,496,680 units of RSUs (2019: 6,176,674 units) were vested to the beneficiaries, and approximately RMB11,460,000 (2019: RMB26,118,000) were credited to the shares held for RSU scheme.

The remaining shares are held on trust by the RSU Scheme trustee until their release to the beneficiaries upon the vesting of the RSUs.

14. COMPARATIVE FIGURES

As a result of the internal re-organisation of the Group as disclosed in note 4, the comparative figures as disclosed in notes 3 and 4 have been reclassified under Indgan Innovations segment and Ingfin Services segment to confirm to current year's presentation. As there is no impact on the consolidated statement of financial position, no presentation of the consolidated statement of financial position as at 1 January 2019 was being made.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended December 31, 2020, the Company repurchased an aggregate of 11,148,000 shares (2019: 63,577,000 shares) of its own issued ordinary share capital through the Stock Exchange at an aggregate consideration of approximately HK\$10.3 million (2019: HK\$149.4 million) (equivalent to RMB9.1 million (2019: RMB131.7 million)).

All the shares repurchased were cancelled, of which 7,234,000 shares were cancelled on May 11, 2020, 2,682,000 shares were cancelled on June 19, 2020, and 1,232,000 shares were cancelled on November 4, 2020.

The repurchases were effected by the Directors for the benefit of the Company and to create value to its shareholders.

Save for the aforesaid, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange during the year ended December 31, 2020.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures and to enhance the transparency and accountability of the Board to all shareholders. The Board is of the opinion that, save as disclosed below, throughout the year ended December 31, 2020, the Company has complied with all applicable code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules.

Code provision A.2.1 requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company does not have a separate chairman and chief executive officer and Mr. Kang Jingwei, Jeffrey currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company at a time if it is considered appropriate by taking into account the circumstances of the Group as a whole.

Pursuant to code provision C.1.2 of the CG Code, management should provide all members of the board with monthly updates, giving a balanced and understandable assessment of the issuer's performance, position, and prospects in sufficient details to enable the board as a whole and each director to discharge their duties. During the Reporting Period, although the management of the Company did not provide a regular monthly update to the members of the Board, the management has

provided to the Board on quarterly basis and when appropriate, the updated business information of the Group to keep all Directors abreast of the performance, position and prospects of the Group and to enable them to discharge their duties.

Further information concerning the corporate governance practices of the Company will be set out in the corporate governance report in the annual report of the Company for the year ended December 31, 2020.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and to maintain a high standard of corporate governance practices of the Company.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the code of conduct regarding the Directors’ dealings in the securities of the Company. Having made specific enquiry of all the Directors and the relevant employees of the Company, all the Directors confirmed that they have strictly complied with the required standards set out in the Model Code for the year ended December 31, 2020 and up to the date of this announcement.

The Board has also adopted the Model Code to regulate all dealings by relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of securities in the Company as referred to in code provision A.6.4 of the CG Code. No incident of non-compliance with the Model Code by the Company’s relevant employees for the Reporting Period was noted by the Company after making reasonable enquiry.

AUDIT COMMITTEE

The Company established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the CG Code. As at the date of the announcement, the Audit Committee comprises three members, namely, Mr. Hao Chunyi, Charlie, Mr. Ye Xin and Dr. Ma Qiyuan, all being independent non-executive Directors. Mr. Hao Chunyi, Charlie is the chairman of the Audit Committee.

The Audit Committee has reviewed the annual results of the Group for the year ended December 31, 2020. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members and the external auditor of the Company, SHINEWING (HK) CPA Limited (“**SHINEWING**”).

SCOPE OF WORK OF SHINEWING

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2020 as set out in the results announcement have been agreed by the Company’s

auditor, SHINEWING, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2020. The work performed by SHINEWING in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by SHINEWING on the results announcement.

FINAL DIVIDEND

The Board does not recommend the distribution of a final dividend for the year ended December 31, 2020.

ANNUAL GENERAL MEETING AND PERIOD OF CLOSURE OF REGISTER OF MEMBERS

The Company will arrange the time of convening the annual general meeting (the "AGM") as soon as practicable. A notice convening the AGM will be published and dispatched to the shareholders of the Company in a manner required by the Listing Rules. Once the date of the AGM is finalized, the Company will publish the period of closure of register of members of the Company in a separate announcement and in the notice of the AGM.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.cogobuygroup.com. The annual report of the Company for the year ended December 31, 2020 will be published on the aforesaid websites and will be dispatched to the Company's shareholders in due course.

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

Hong Kong, March 31, 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.