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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)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2021**

The board (the “**Board**”) of directors (the “**Directors**”) of Cogobuy Group (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended June 30, 2021 (the “**Reporting Period**”) and comparison with the operating results for the corresponding period in 2020. These results were based on the unaudited consolidated interim financial information for the Reporting Period, which were prepared in compliance with the Hong Kong Accounting Standard (“**HKAS**”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

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

	Unaudited Six months ended		
	June 30, 2021	June 30, 2020	Year-on-year change
	<i>(Renminbi (“RMB”) in millions, unless specified)</i>		
Revenue	3,927.3	3,281.2	19.7%
Gross profit	344.6	254.6	35.3%
Profit for the period	172.4	118.6	45.4%
Profit attributable to equity shareholders of the Company	110.5	100.1	10.4%
Earnings per share (“EPS”) (RMB per share)			
— basic	0.079	0.072	9.7%
— diluted	0.079	0.071	11.3%

MANAGEMENT DISCUSSION AND ANALYSIS

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. The Group operates under a dual-platform model, Comtech (formerly Ingdan Innovations) (“Comtech”), a technology services platform for the chip industry, and Ingdan (formerly Ingfin Technologies) (“Ingdan”), a platform providing AIoT technology and services. Together, the two platforms form a closed loop of “chip-device-cloud” ecosystem along the AIoT value chain. Comtech focuses on the sales and promotion of IC chips to AIoT enterprises in China. Meanwhile, Ingdan 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. Following the series of strategic investments entered into between the Group and nineteen investors during 2020, the Group entered another subscription agreement with Guangdong Industrial Development Fund in June 2021, for an equity interest of 4.92% of Comtech. The investment supports Comtech’s 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 62.42% of Comtech, and Comtech will continue to be consolidated into the Group’s consolidated financial statements.

Comtech 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.

As the expansion of domestic 5G construction scale continues to accelerate, more industries are reliant on AI and IoT, which intensifies chip demand and drives the Group's revenue to attain significant growth and support during the Reporting Period. For the six months ended June 30, 2021, the Group generated a revenue of approximately RMB3,927.3 million, as compared to approximately RMB3,281.2 million for the corresponding period in 2020, representing an increase of approximately 19.7%. The Group registered an increase of 45.4% in net profit after tax compared to the corresponding period in 2020. Gross profit was approximately RMB344.6 million, representing an increase of approximately 35.3% period-on-period. As part of our strategy to increase our revenue and profitability, the Group will continue to penetrate deep into IC sales and modules for smart hardware markets, and further exploit the advantage of our proprietary products and technology to create a comprehensive AIoT "chip-device-cloud" industrial closed loop.

As the development of 5G and information technology continues to strengthen, in addition to the shortage of chips, professionals in the chip industry are also in urgent need. In order to increase the cultivation of chip application technology talents, IngDan Academy of the Group's Shenzhen IngDan Microelectronics Research Institute and Shenzhen Public Training Management Service Center for High-Skilled Talents have organized charity vocational skills training courses during the Reporting Period. IngDan Academy is founded on the Group's advantageous resourcefulness in the chip industry. By introducing world-leading technologies to trainees, IngDan Academy cultivates talents of chip application technology for the domestic chip industry. The Group will continue to promote the training of professionals in chips to facilitate the development of the chip application industry.

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 China Academy of Information and Communications Technology predicts that in 2025, 5G will drive approximately RMB1.2 trillion investment in telecom operators' networks, and the accumulated information consumption scale will exceed RMB8.3 trillion, directly driving the total economic output of approximately RMB10.1 trillion. With the further popularization of 5G driving demands of higher frequency and higher speed chips, we believe it will bring continuous growth in the market of our chip sales.

The development of 5G and AI technologies has promoted technological transformation in all walks of life. Application areas such as smart home, smart city, smart retail, and smart manufacturing have taken the lead in the development, driving the technological advancement of the AIoT industry and enriching application scenarios. Among them, chip upgrades and supply and demand trends are the most obvious. According to information from IC Insights, Inc., sales in the global chip market are expected to increase by 24% year-on-year in 2021, and exceed the historical high of US\$500 billion for the first time. Global IC revenue will exceed US\$600 billion for the first time in 2022. In addition, the demand for the derived technology integration iPaaS services has also surged. Million Insights predicts in a report that the global iPaaS market is expected to reach approximately US\$2.7 billion in 2024. The Group has always focused on the chip business, and in accordance with market trends, has continuously improved its strategic business development to fully cover the entire 5G construction industry chain, while providing iPaaS services for related network construction, IoT and AI applications and iPaaS Services, such as chip and technology integration solutions, marketing solutions, and distribution services. The Group has materialized the AIoT industry closed loop of “chip-device-cloud,” thereby bringing more momentum to the Group to drive the growth of our core business.

In order to further grasp the rapid development opportunities of 5G application popularization and the massive demand for AI in the market, the Group acquired 51% equity interest in EZ Robot, Inc. (“**EZ Robot**”) for HK\$180 million during the Reporting Period to further expand the Group’s AI and robotics business development and help improve company performance and enhance market competitiveness. EZ Robot is engaged in AI technology research, AI hardware production and robotics application platform, with proprietary intellectual property rights AI module as the core, providing total solutions and supply chain services for AI robotics. The Group believes that EZ Robot’s AI technology integration will help us build a comprehensive AIoT enterprise service platform. To enhance our business operations, the Group has had various acquisition projects to develop strategic partnerships in recent years. We will continue to seek opportunities to enhance our revenue base through acquisitions and strive to generate promising returns to our Shareholders.

Electric Vehicle (“**EV**”) and V2X is regarded as the most prominent segment within 5G vertical industry applications. The development trend of EV and autonomous driving will continue to promote the increase of in-car electronic equipment. According to EETimes, automotive semiconductors account for about 35% of the total vehicle cost in 2021, and it is expected to further increase to 50% by 2030. With the numerous application scenarios of the Internet of Vehicles, the Group is aware of the explosive growth and market advantages of the Internet of Vehicles. The Group has actively cooperated with different chip manufacturers, module suppliers, and automobile manufacturers to make strategic developments and invest in the Internet of Vehicles market, making EV a new growth driver while bringing tremendous market opportunities to the Group.

Future prospects

The Group's goal is to become the world's leading technology integration service platform for the AIoT smart hardware industry, using the Group's "Comtech + Ingdan" business model to form an AIoT "chip, device, cloud" closed loop of the smart hardware industry. The Group is uniquely able to serve China's growing AIoT market. We intend to pursue the following growth strategies to achieve our goal:

I. *Capturing opportunities from 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 Comtech 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. Combining its own advantages, Comtech focuses on the application section of the whole chip industry chain to capture the opportunities of 5G and the Internet of Everything development trajectory. In the post-epidemic era, society's dependence on and demand for the Internet is expected to evolve into a long-term trend. More industries use the Internet to pursue more precise, efficient and stable operation models, and to further promote the development of digitalization and intelligentization. The combination of 5G and emerging technologies will further promote the faster penetration of 5G applications into all walks of life, which will bring new opportunities to the entire technology industry. According to the Ministry of Industry and Information Technology, as of the end of March 2021, China has established nearly 820,000 5G base stations, accounting for more than 70% of the global total, and has formed the world's largest independent 5G network. It is expected that the penetration rate of 5G in China's large industrial enterprises will reach 35% in 2023. With the development and maturity of 5G technology, the future will enter the era of efficient cloud applications and the Internet of Everything led by AI. Equipment upgrades will drive the demand for IC and AIoT chip solutions. The Group will provide enterprises with chips and related chip solutions through Comtech's chip industry service platform, while using big data resources and AI technology to design the most comprehensive chip application solutions to capture the business opportunities of domestic 5G transformation.

II. *Enhanced revenue streams from Ingdan*

The Group intends to further strengthen Ingdan's revenue streams by developing the business into an important iPaaS technology integration platform service provider in the AIoT era, and technology provider serving the AIoT "chip-device-cloud" industry chain, while focusing on five AIoT smart hardware fields: smart cars, smart homes, robotics, smart manufacturing and smart medtech. As an enterprise service platform, the Group acquires a large number of customers, their purchasing demands and data on the online platforms, and provides powerful data analysis tools to provide enterprise services offline. The Group has created a "chip-device-cloud" industrial closed loop to meet the needs of the 5G industry chain. "Chip" — through the more comprehensive and specialized chip solutions provided by Comtech, suppliers' products and chips technology applications are effectively promoted and marketed. Ingdan focuses on "device" and "cloud" services. Using big data resource analysis and mature integration solutions, Ingdan provides

technical integration support from modules, terminals to the cloud, delivering tailor-made solutions for various emerging industries. This synergy will drive greater contributions from Ingdan to the Group in the future. As Ingdan's 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.

First half of 2021 compared to first half of 2020

The following table sets forth the comparative figures for the first half of 2021 and the first half of 2020:

	Unaudited	
	Six months ended	
	June 30, 2021	June 30, 2020
	<i>(RMB in millions)</i>	
Revenue	3,927.3	3,281.2
Cost of sales	<u>(3,582.7)</u>	<u>(3,026.6)</u>
Gross profit	344.6	254.6
Other income	4.8	66.4
Selling and distribution expenses	(31.8)	(32.3)
Research and development expenses	(61.0)	(80.0)
Administrative and other operating expenses	<u>(84.2)</u>	<u>(82.8)</u>
Profit from operations	172.4	125.9
Finance costs	(23.2)	(5.3)
Gain on deemed disposal of associates	32.1	—
Gain on disposal of subsidiaries	4.3	—
Share of results of associates	<u>5.4</u>	<u>6.3</u>
Profit before tax	191.0	126.9
Income tax expenses	<u>(18.6)</u>	<u>(8.3)</u>
Profit for the period	<u>172.4</u>	<u>118.6</u>
Profit for the period attributable to:		
Owners of the Company	110.5	100.1
Non-controlling interests	<u>61.9</u>	<u>18.5</u>
Profit for the period	<u>172.4</u>	<u>118.6</u>

1. Overview

For the Reporting Period, profit of the Group increased significantly and amounted to approximately RMB172.4 million, representing an increase of approximately RMB53.8 million as compared with approximately RMB118.6 million for the corresponding period of 2020. Profit attributable to equity shareholders of the Company amounted to approximately RMB110.5 million, representing an increase of approximately RMB10.4 million compared with approximately RMB100.1 million for the corresponding period of 2020.

2. Revenue

For the Reporting Period, revenue of the Group amounted to approximately RMB3,927.3 million, representing an increase of approximately RMB646.1 million or approximately 19.7% as compared with approximately RMB3,281.2 million for the corresponding period of 2020. 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.

3. Cost of Sales

Cost of sales for the Reporting Period was approximately RMB3,582.7 million, representing an increase of approximately 18.4% from approximately RMB3,026.6 million for the six months ended June 30, 2020. The increase was due to an increase in revenue described under the paragraph headed “Revenue”.

4. Gross Profit

Gross profit for the Reporting Period was approximately RMB344.6 million, representing an increase of approximately 35.3% from approximately RMB254.6 million for the six months ended June 30, 2020. 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 Ingdan, and revenue from development of customized technical solutions for V2X and 5G applications, etc. had a relatively higher gross profit margin than those of traditional IC components.

5. Other Income

For the Reporting Period, other income of the Group amounted to approximately RMB4.8 million, representing a decrease of approximately RMB61.6 million or approximately 92.8% as compared with approximately RMB66.4 million for the corresponding period of 2020. This was primarily due to a net foreign exchange gain of nil recorded for the Reporting Period as compared to approximately RMB35.6 million recorded in the corresponding period of 2020 and the reversal of loss allowance of trade receivables of nil and approximately RMB24.0 million recorded for the Reporting Period and the corresponding period of 2020 respectively.

6. Selling and Distribution Expenses

Selling and distribution expenses of the Group for the Reporting Period amounted to approximately RMB31.8 million, representing a decrease of approximately RMB0.5 million or approximately 1.5% from approximately RMB32.3 million over the corresponding period of 2020.

7. Research and Development Expenses

For the Reporting Period, research and development expenses of the Group amounted to approximately RMB61.0 million, representing a decrease of approximately RMB19.0 million or approximately 23.8% from approximately RMB80.0 million over the corresponding period of 2020. This was primarily due to less expenses spent on the research and development of AI products and technologies for Ingdan Labs in the first half of 2021 as compared to the same period of 2020.

8. Administrative and Other Operating Expenses

Administrative and other operating expenses for the Reporting Period were approximately RMB84.2 million, representing an increase of approximately RMB1.4 million or approximately 1.7% from approximately RMB82.8 million over the corresponding period of 2020.

9. Income Tax Expenses

Our income tax expenses increased by approximately RMB10.3 million or 124.1% from approximately RMB8.3 million for the six months ended June 30, 2020 to approximately RMB18.6 million for the Reporting Period, primarily due to an increase in profit from operations as a result of the increased revenue and gross profit. The effective tax rate for the Reporting Period was approximately 9.7%, as compared to approximately 6.5% for the six months ended June 30, 2020. The increase was mainly due to increased ratio of profits contributed by both Hong Kong and PRC subsidiaries to profits contributed by PRC subsidiaries with tax exemptions. The profits tax rate in Hong Kong is 16.5% while the income tax rate in the PRC is 25%.

10. Profit Attributable to Owners of the Company for the Reporting Period

For the Reporting Period, profit attributable to owners of the Company amounted to approximately RMB110.5 million, representing an increase of approximately RMB10.4 million or approximately 10.4% as compared to approximately RMB100.1 million for the corresponding period of 2020. The increase was primarily due to an increase in profit from operations as a result of increased revenue and gross profit, and offset in part by an increase in non-controlling interests of approximately RMB43.4 million recorded in the first half of 2021 as compared to the corresponding period of 2020.

11. Liquidity and Source of Funding

As at June 30, 2021, the current assets of the Group amounted to approximately RMB3,815.8 million, which mainly comprised cash and bank balances (including restricted bank deposits and pledged bank deposits), inventories, loan receivables and trade and other receivables, in the amount of approximately RMB659.5 million, RMB1,340.6 million, RMB350.1 million and RMB1,465.7 million, respectively. Current liabilities of the Group amounted to approximately RMB1,352.4 million, of which approximately RMB187.5 million was bank loans and approximately RMB1,027.5 million was trade and other payables. As at June 30, 2021, the current ratio (the current assets to current liabilities ratio) of the Group was 2.82 representing a decrease of approximately 21.4% as compared with 3.59 as at December 31, 2020. The change in the current ratio was primarily due to an increase in trade and other payables, offset by an increase in inventories. The increase in both inventories and trade and other payables was resulted from more purchases of goods made in the second quarter of 2021 to cope with expected sales demand in the second half of this year.

Pursuant to the subscriptions described under paragraph headed “Material Acquisitions and Disposals”, a redemption right is granted by the Group to each investor. The redemption right constituted a contract that contains an obligation for the Group to repurchase the equity instruments of the subsidiaries of the Group and gives rise to a redemption financial liability recognised at the present value of the redemption price, being RMB512.2 million, and subsequently measured at amortised cost.

The Group does not have other debt financing obligations as at June 30, 2021 or the date of this interim results announcement and does not have any breaches of financial covenants.

12. Capital Expenditure

For the Reporting Period, the capital expenditure of the Group amounted to approximately RMB137.7 million, representing a decrease of approximately RMB22.1 million or approximately 13.8% compared with approximately RMB159.8 million for the corresponding period in 2020. Capital expenditure for the Reporting Period and the corresponding period in 2020 primarily purchases of intangible assets, which were related to research and development for different AIoT industries, including the Internet of Vehicles robotics.

13. Net Gearing Ratio

As of June 30, 2021, the net gearing ratio of the Group, which was calculated by dividing net debt (total bank loans, lease liabilities and other financial liabilities minus cash and cash equivalents, restricted bank deposits and pledged bank deposits) by total equity was approximately 2.2% as compared with -0.6% as at December 31, 2020. The increase was primarily due to the increase in other financial liabilities as a result of subscription of equity interest in a subsidiary during the Reporting Period.

14. 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 June 30, 2021) during the Reporting Period.

15. Material Acquisitions and Disposals

- (a) 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.

- (b) On June 29, 2021, the Company and Shenzhen Comtech Limited ("**Shenzhen Comtech**"), among others, entered into a subscription agreement (the "**2021 Subscription Agreement**") with Guangdong Industrial Development Fund (the "**June 2021 Investor**"), pursuant to which the June 2021 Investor agreed to inject capital into Shenzhen Comtech in the aggregate amount of up to RMB149,999,977, for an aggregate equity interest of up to 4.92% of Shenzhen Comtech.

Pursuant to the 2021 Subscription Agreement and the subscription agreements entered into on September 10, 2020, September 25, 2020 and October 16, 2020 (together, the "**Subscriptions**"), on an aggregated basis, the Company's shareholding in Shenzhen Comtech will decrease from 75% to 62.42%, as such, the Subscriptions constitute a deemed disposal of 12.58% of the Company's equity interest in Shenzhen Comtech. Shenzhen Comtech will continue to be a subsidiary of the Company and the financial results of Shenzhen Comtech will continue to be consolidated into those of the Group.

Further details of the Subscriptions are set out in the announcements of the Company dated September 10, 2020, September 25, 2020, October 16, 2020 and June 29, 2021.

Save as disclosed, the Group did not have any material acquisitions and disposals during the Reporting Period.

16. Future plans for material investments and capital assets

As at June 30, 2021, we did not have other plans for material investments and capital assets.

17. Pledge of Assets

Except for the pledged bank deposits of approximately RMB137.3 million and approximately RMB142.5 million as at June 30, 2021 and December 31, 2020, respectively, the Group did not pledge any assets for the Reporting Period. The pledged bank deposits were placed as security for credit facilities granted by several banks in Hong Kong and PRC.

18. Contingent Liabilities

Neither the Group nor the Company had any significant contingent liabilities as at June 30, 2021.

19. Foreign Exchange Exposure

Foreign currency transactions during the Reporting Period 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 at the end of the Reporting Period. Exchange gains and losses are recognized in 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 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. Condensed consolidated statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the Reporting Period. 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.

During the Reporting Period, the Group did not use any derivative financial instruments to hedge against the volatility associated with foreign currency transactions and other financial assets and liabilities arising in the ordinary course of business. The Group’s management monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise.

20. Events after the Reporting Period

There were no other significant events that might affect the Group since the end of the six months ended June 30, 2021.

INTERIM FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

		Six months ended 30 June	
		2021	2020
	Notes	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	4	3,927,305	3,281,205
Cost of sales		<u>(3,582,662)</u>	<u>(3,026,652)</u>
Gross profit		344,643	254,553
Other income		4,772	66,410
Selling and distribution expenses		(31,826)	(32,312)
Research and development expenses		(61,043)	(80,022)
Administrative and other operating expenses		(84,181)	(82,727)
Finance costs		(23,148)	(5,328)
Gain on deemed disposal of associates		32,119	—
Gain on disposal of subsidiaries		4,275	—
Share of results of associates		<u>5,388</u>	<u>6,263</u>
Profit before tax		190,999	126,837
Income tax expenses	6	<u>(18,553)</u>	<u>(8,278)</u>
Profit for the period		<u><u>172,446</u></u>	<u><u>118,559</u></u>
Profit for the period attributable to:			
Owners of the Company		110,464	100,077
Non-controlling interests		<u>61,982</u>	<u>18,482</u>
		<u><u>172,446</u></u>	<u><u>118,559</u></u>

		Six months ended 30 June	
		2021	2020
Note		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Other comprehensive (expense) income for the period			
<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	(44,799)	57,105
	Net change in fair value of financial assets at fair value through other comprehensive income	<u>(79,551)</u>	<u>(48,005)</u>
		<u>(124,350)</u>	<u>9,100</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>(4,050)</u>	<u>13,082</u>
		<u>(4,050)</u>	<u>13,082</u>
	Other comprehensive (expense) income for the period	<u>(128,400)</u>	<u>22,182</u>
	Total comprehensive income for the period	<u><u>44,046</u></u>	<u><u>140,741</u></u>
Total comprehensive (expense) income for the period attributable to:			
	Owners of the Company	(15,860)	121,683
	Non-controlling interests	<u>59,906</u>	<u>19,058</u>
		<u><u>44,046</u></u>	<u><u>140,741</u></u>
EARNINGS PER SHARE			
	8		
	Basic (RMB)	<u><u>0.079</u></u>	<u><u>0.072</u></u>
	Diluted (RMB)	<u><u>0.079</u></u>	<u><u>0.071</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
	Notes		
Non-current assets			
Plant and equipment		7,005	7,256
Right-of-use assets		45,136	48,793
Intangible assets		1,285,709	1,147,531
Goodwill		626,139	452,467
Financial assets at fair value through other comprehensive income		269,678	352,328
Loans receivables	9	117,600	303,509
Interests in associates		30,103	176,984
Interest in a joint venture		—	—
		<u>2,381,370</u>	<u>2,488,868</u>
Current assets			
Inventories		1,340,560	513,294
Trade, bills and other receivables	10	1,465,651	1,585,192
Loans receivables	9	350,083	22,584
Amounts due from associates		—	302,819
Financial assets at fair value through profit or loss		—	25,000
Restricted bank deposits		8,177	8,177
Pledged bank deposits		137,295	142,531
Cash and cash equivalents		513,995	403,700
		<u>3,815,761</u>	<u>3,003,297</u>
Current liabilities			
Trade and other payables	11	1,027,526	653,687
Lease liabilities		16,827	15,968
Contract liabilities		97,340	11,276
Income tax payables		23,198	16,232
Bank loans		187,512	138,930
		<u>1,352,403</u>	<u>836,093</u>
Net current assets		<u>2,463,358</u>	<u>2,167,204</u>
Total assets less current liabilities		<u>4,844,728</u>	<u>4,656,072</u>

		As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
	<i>Note</i>		
Non-current liabilities			
Deferred tax liabilities		41,775	45,042
Other financial liabilities		512,190	341,900
Contract liabilities		7,006	11,413
Lease liabilities		<u>29,786</u>	<u>34,131</u>
		<u>590,757</u>	<u>432,486</u>
Net assets		<u><u>4,253,971</u></u>	<u><u>4,223,586</u></u>
Capital and reserves			
Share capital	12	1	1
Reserves		<u>3,912,219</u>	<u>3,940,102</u>
		3,912,220	3,940,103
Non-controlling interests		<u>341,751</u>	<u>283,483</u>
		<u><u>4,253,971</u></u>	<u><u>4,223,586</u></u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

Cogobuy Group (the “Company”) is a limited company incorporated on 1 February 2012 in the Cayman Islands under the Companies Law, (Chapter 22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 18 July 2014.

The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of the principal place of business of the Company is 11/F., Microsoft Comtech Tower, No. 55 Gaoxin South 9th Road, Nanshan District, Shenzhen, the PRC.

In the opinion of the directors of the Company, the immediate holding company and the ultimate holding company of the Company are Envision Global Investments Limited, which was incorporated in the British Virgin Islands (the “BVI”).

The Group was principally engaged in (i) the sales of integrated circuits (“IC”), other electronic components, Artificial Intelligence and Internet of Things (“AIoT”) products and proprietary and semi-conductor products; (ii) commission fees charged to third-party merchants for using the e-commerce marketplaces (“marketplace income”); (iii) provision of software licensing services; and (iv) the provision of supply chain financing services (“IngFin Financing Services”).

The functional currency of the Company and its subsidiaries (collectively referred to as the “Group”) incorporated in Hong Kong is United States dollars (“US\$”) while the functional currency of the subsidiaries established in the PRC are Renminbi (“RMB”). The condensed consolidated interim financial information are presented in RMB for the convenience of users of the condensed consolidated interim financial information as the central management of the Group was located in the PRC.

2. BASIS OF PREPARATION

The condensed consolidated interim financial information of the Group for the six months ended 30 June 2021 have been prepared in accordance with the applicable disclosure provisions of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated interim financial information have been prepared on the historical cost basis except for financial assets at fair value through other comprehensive income and at fair value through profit or loss (“FVTPL”), which are measured at fair value.

The accounting policies used in the condensed consolidated interim financial information are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2020 except as described below.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA which are effective for the Group’s financial year beginning on 1 January 2021.

Amendments to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated interim financial information.

4. REVENUE

Revenue represents (i) the sales of IC, other electronic components, AIoT products and proprietary and semi-conductor products; (ii) marketplace income; (iii) service revenue from software licensing; and (iv) interest income generated from IngFin Financing Services. An analysis of the Group’s revenue for the period is as follows:

	Six months ended 30 June	
	2021	2020
	RMB’000	RMB’000
	(Unaudited)	(Unaudited)
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	3,908,685	3,222,404
— Marketplace income	5,220	30,543
— Service revenue from software licensing	4,301	—
	<u>3,918,206</u>	<u>3,252,947</u>
Revenue from other sources		
— Interest income from IngFin Financing Services	9,099	28,258
	<u>3,927,305</u>	<u>3,281,205</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:

	Comtech RMB'000	Ingdan RMB'000	Total RMB'000
For the six months ended 30 June 2021 (unaudited)			
Revenue from goods and services:			
— Sales of IC, other electronic components, AIoT products and proprietary and semi-conductor products	3,022,548	886,137	3,908,685
— Marketplace income	—	5,220	5,220
— Service revenue from software licensing	—	4,301	4,301
	<u>3,022,548</u>	<u>895,658</u>	<u>3,918,206</u>
Timing of revenue recognition:			
— At a point in time	3,022,548	891,357	3,913,905
— Overtime	—	4,301	4,301
	<u>3,022,548</u>	<u>895,658</u>	<u>3,918,206</u>
Geographical markets:			
— The PRC (including Hong Kong)	3,022,548	788,427	3,810,975
— Southeast Asia	—	107,231	107,231
	<u>3,022,548</u>	<u>895,658</u>	<u>3,918,206</u>
	Comtech RMB'000	Ingdan RMB'000	Total RMB'000
For the six months ended 30 June 2020 (unaudited)			
Revenue from goods and services:			
— Sales of IC, other electronic components, AIoT products and proprietary and semi-conductor products	1,784,453	1,437,951	3,222,404
— Marketplace income	—	30,543	30,543
	<u>1,784,453</u>	<u>1,468,494</u>	<u>3,252,947</u>
Timing of revenue recognition:			
— At a point in time	<u>1,784,453</u>	<u>1,468,494</u>	<u>3,252,947</u>
Geographical markets:			
— The PRC (including Hong Kong)	1,784,453	1,305,366	3,089,819
— Southeast Asia	—	163,128	163,128
	<u>1,784,453</u>	<u>1,468,494</u>	<u>3,252,947</u>

5. 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:

- Comtech: Sales of IC, other electronic components and AIoT products
- Ingdan: Sales of proprietary and semi-conductor products, Ingfin Financing Services, marketplace income and incubator business

To better distinguish the business nature and align with the trade name of each reporting segment, the reporting segment “Ingdan Innovations” has been renamed as “Comtech” while “Ingfin Technologies” has been renamed as “Ingdan”.

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

Segment revenues and results

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

For the six months ended 30 June 2021

	Comtech <i>RMB’000</i> (Unaudited)	Ingdan <i>RMB’000</i> (Unaudited)	Total <i>RMB’000</i> (Unaudited)
Revenue			
— External revenue	3,022,548	904,757	3,927,305
— Inter-segment revenue	<u>233,108</u>	<u>15,446</u>	<u>248,554</u>
Segment revenue	<u><u>3,255,656</u></u>	<u><u>920,203</u></u>	4,175,859
Eliminations			<u>(248,554)</u>
Group revenue			<u><u>3,927,305</u></u>
Segment profit	<u><u>190,904</u></u>	<u><u>37,393</u></u>	228,297
Unallocated income			4,772
Unallocated corporate expenses			(56,429)
Unallocated finance costs			(23,148)
Gain on deemed disposal of associates			32,119
Share of results of associates			<u>5,388</u>
Profit before tax			<u><u>190,999</u></u>

For the six months ended 30 June 2020

	Comtech <i>RMB'000</i> (Unaudited)	Ingdan <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Revenue			
— External revenue	1,784,453	1,496,752	3,281,205
— Inter-segment revenue	<u>158,460</u>	<u>31,423</u>	<u>189,883</u>
Segment revenue	<u>1,942,913</u>	<u>1,528,175</u>	3,471,088
Eliminations			<u>(189,883)</u>
Group revenue			<u>3,281,205</u>
Segment profit	<u>80,832</u>	<u>54,140</u>	134,972
Unallocated income			42,406
Unallocated corporate expenses			(51,476)
Unallocated finance costs			(5,328)
Share of results of associates			<u>6,263</u>
Profit before tax			<u>126,837</u>

The accounting policies of the operating segments are the same with the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of certain other income, central administrative and other operating expenses, finance costs, gain on deemed disposal of associates 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

	At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)
Comtech	1,560,382	1,210,192
Ingdan	<u>3,829,832</u>	<u>3,465,173</u>
Total segment assets	5,390,214	4,675,365
Interests in associates	30,103	176,984
Interest in a joint venture	—	—
Financial assets at FVTPL	—	25,000
Corporate and other assets	<u>776,814</u>	<u>614,816</u>
Total assets	<u><u>6,197,131</u></u>	<u><u>5,492,165</u></u>

Segment liabilities

	At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)
Comtech	927,412	389,985
Ingdan	<u>95,700</u>	<u>193,415</u>
Total segment liabilities	1,023,112	583,400
Corporate and other liabilities	<u>920,048</u>	<u>685,179</u>
Total liabilities	<u><u>1,943,160</u></u>	<u><u>1,268,579</u></u>

For the purposes 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, certain other receivables, financial assets at FVTPL, restricted bank deposits, pledged bank deposits and cash and cash equivalents; and
- All liabilities are allocated to operating segments, other than certain other payables, lease liabilities, income tax payables, bank loans, other financial liabilities and deferred tax liabilities.

6. INCOME TAX EXPENSES

	For the six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current tax:		
— PRC Enterprises Income Tax	6,709	7,007
— Hong Kong Profits Tax	14,524	4,389
— Other jurisdictions	<u>587</u>	<u>149</u>
	21,820	11,545
Deferred taxation	<u>(3,267)</u>	<u>(3,267)</u>
	<u><u>18,553</u></u>	<u><u>8,278</u></u>

7. DIVIDENDS

No dividend was paid, declared or proposed during the six months ended 30 June 2021, nor has any dividend been proposed since the end of the reporting period (2020: nil).

During the six months ended 30 June 2021, certain indirect non-wholly owned subsidiaries of the Company declared interim dividends to its shareholders, of which approximately RMB23,184,000 (2020: RMB3,024,000) was declared to its non-controlling shareholders. No dividend has been proposed by the subsidiaries of the Company since the end of the reporting period (2020: nil).

8. EARNINGS PER SHARE

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

	For the six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purpose of basic and diluted earnings per share, representing profit for the period attributable to owners of the Company	<u><u>110,464</u></u>	<u><u>100,077</u></u>

	For the six months ended 30 June	
	2021	2020
	'000	'000
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,395,714	1,389,728
Effect of dilutive potential ordinary shares:		
Deemed issue of shares under the Company's Restricted Share Unit (the "RSU") Scheme for nil consideration	<u>5,670</u>	<u>10,393</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>1,401,384</u>	<u>1,400,121</u>

9. LOANS RECEIVABLES

	At 30 June	At 31 December
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Analysed for reporting purpose:		
— Current portion	350,083	22,584
— Non-current portion	<u>117,600</u>	<u>303,509</u>
	<u>467,683</u>	<u>326,093</u>

The following is an ageing analysis of loans receivables, presented based on their drawdown dates:

	At 30 June	At 31 December
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Within 3 months	266,182	—
3 to 6 months	—	39,412
6 months to 1 year	—	37,990
Over 1 year	<u>201,501</u>	<u>248,691</u>
	<u>467,683</u>	<u>326,093</u>

10. TRADE, BILLS AND OTHER RECEIVABLES

The Group allows credit period ranging from 30 to 120 days (31 December 2020: 30 to 120 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 dates of delivery of goods or rendering services, which approximates the respective revenue recognition dates, at the end of each reporting period.

	At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)
Within 1 month	565,878	455,110
1 to 2 months	382,294	334,613
2 to 3 months	98,694	314,113
Over 3 months	<u>37,282</u>	<u>300,484</u>
	<u><u>1,084,148</u></u>	<u><u>1,404,320</u></u>

11. TRADE AND OTHER PAYABLES

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

	At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)
Within 1 month	775,812	453,699
1 to 3 months	62,110	55,630
Over 3 months	<u>80,843</u>	<u>51,382</u>
	<u><u>918,765</u></u>	<u><u>560,711</u></u>

The average credit period granted is 30 days (31 December 2020: 30 days). The Group has financial risk management in place to ensure that all payables are settled within the credit timeframe.

12. SHARE CAPITAL

	Number of shares	Amount in original currency US\$	Shown in the condensed consolidated interim financial information RMB'000
Ordinary shares of US\$0.0000001 each			
Authorised:			
At 1 January 2020, 31 December 2020, 1 January 2021 and 30 June 2021	<u>500,000,000,000</u>	<u>50,000</u>	<u>N/A</u>
Issued and fully paid:			
At 1 January 2020 (audited)	1,427,332,732	143	1
Cancellation of repurchased shares (note (i))	<u>(11,148,000)</u>	<u>(1)</u>	<u>—</u>
At 31 December 2020, 1 January 2021 and 30 June 2021	<u>1,416,184,732</u>	<u>142</u>	<u>1</u>

Notes:

- (i) 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
		Highest HK\$	Lowest HK\$	
April 2020	7,234,000	0.94	0.78	6,228
May 2020	2,682,000	0.84	0.79	2,183
October 2020	<u>1,232,000</u>	1.54	1.49	<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 RMB7.69) 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.

There were no shares repurchased for cancellation during the six months ended 30 June 2021.

- (ii) No shares were repurchased through the Stock Exchange and deposited under the RSU Scheme trustee during the six months ended 30 June 2021 and year ended 31 December 2020.
- (iii) For the six months ended 30 June 2021, 1,730,002 units of RSUs (2020: 2,990,010 units) were vested to the beneficiaries, and approximately RMB2,952,000 (2020: RMB8,875,000) were credited to the shares held for the 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.

13. MATERIAL LITIGATION

During the year ended 31 December 2020, Shenzhen Comtech Limited* (深圳市科通技術股份有限公司) (formerly known as 科通工業技術(深圳)有限公司) (“Shenzhen Comtech”) has been named as a defendant in the Court, pursuant to which Shenzhen Comtech was subject to an alleged litigation related to possible unsettled purchase costs of machinery, together with the accrued interest and other expenses. A civil ruling has been issued by the Court on 6 August 2020 to freeze the bank deposit of Shenzhen Comtech of RMB8,177,000.

On 13 October 2020, a first court session has been held and the decision of the case is subject to the further investigation performed by independent professionals for the validity of the company chop in the purchase agreement and goods receipt notes.

During the six months ended 30 June 2021, the investigation performed by the independent professionals for the validity of the company chop has been completed and the result is favourable to the Group.

In the opinion of the directors of the Company and the independent legal adviser of the Company, no provision is considered necessary for this claim as at 30 June 2021 and 31 December 2020.

* The English name is for identification purpose only.

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 view that the Company has complied with all the code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Listing Rules except for code provisions A.2.1 and C.1.2 as mentioned below during the Reporting Period.

Pursuant to code provision A.2.1 of the CG Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from, the requirement that the responsibilities between the chairman and the chief executive officer should be segregated 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 when it is 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 ending December 31, 2021.

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 to regulate all dealings by the Directors of the securities in the Company. Having made specific enquiry of all the Directors, all the Directors confirmed that they have strictly complied with the required standards set out in the Model Code for the Reporting Period 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 has been noted throughout the Reporting Period after making reasonable enquiry.

AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in accordance with the Listing Rules. The primary duties of the Audit Committee are to review and supervise the Company’s financial reporting process and the risk management and internal control systems of the Group, oversee the audit process and perform other duties and responsibilities as assigned by the Board. 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 unaudited interim results of the Group for the Reporting Period. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control and risk management with senior management members.

The interim financial report of the Group for the Reporting Period is unaudited but has been reviewed by the Audit Committee.

OTHER BOARD COMMITTEES

In addition to the Audit Committee, the Company has also established a nomination committee and a remuneration committee.

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

During the six months ended June 30, 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the Reporting Period and up to the date of this announcement.

MATERIAL LITIGATION

As of June 30, 2021, save as disclosed in note 13 to the condensed consolidated statement of financial position of the Company, the Company was not involved in any material litigation or arbitration. Nor were the Directors aware of any material litigation or claims that were pending or threatened against the Company.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Reporting Period (six months ended June 30, 2020: nil).

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement has been published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.cogobuygroup.com. The interim report of the Company for the Reporting Period will be published on the aforesaid websites of the Stock Exchange and the Company 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, August 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.