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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)**

**UNAUDITED ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED DECEMBER 31, 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 year ended December 31, 2021 (the “**Reporting Period**”) and comparison with the operating results for the year ended December 31, 2020.

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, 2021	December 31, 2020	Year-on-year change
	<i>(Renminbi (“RMB”) in millions, unless specified)</i>		
	(unaudited)	(audited)	
Revenue	9,452.4	6,185.1	52.8%
Gross profit	933.4	698.6	33.6%
Profit for the year	412.4	187.4	120.0%
Profit attributable to equity shareholders of the Company	296.2	123.2	140.4%
Earnings per share (“EPS”) (RMB per share)			
— basic	0.213	0.089	139.3%
— diluted	0.213	0.088	142.0%

## BUSINESS REVIEW AND OUTLOOK

### Overall business and financial performance of the Group

We are a technology services platform (iPaaS) serving the global integrated circuits chips industry and AIoT ecosystem in China. The Group operates under a dual-platform model, Comtech (“**Comtech**”), a technology services platform for the chip industry, and Ingdan (“**Ingdan**”), a platform providing AIoT technology and services. Together, the two platforms form the “Comtech + Ingdan” development model, serving the entire “chip-device-cloud” AIoT industry chain, so as to provide technical integration solutions, marketing solutions and distribution services to customers.

Comtech focuses on IC chip distribution and application design for AIoT enterprises in China. Meanwhile, Ingdan focuses on the research and development (“**R&D**”) and sales of proprietary products, as well as customized application design, which include related support services for modules, devices, and cloud, to further develop AIoT module customized solutions. The Group leverages its own technological expertise in integrating upstream and downstream industrial supply chain resources to provide services for the five main AIoT verticals: Vehicle-to-everything (“**V2X**”), Smart Home, Robotics, Smart Manufacturing, and Smart Medical. Through the two business platforms, the Group is creating a closed loop of “Chips-Devices-Cloud” AIoT ecosystem.

The strong demand for chips has been continuously boosted under the accelerated development of industrial digitization and domestic 5G construction, which enabled the Group’s revenue benefit from significant growth and support during the year. As of December 31, 2021, the Group generated a revenue of approximately RMB9,452.4 million, as compared to approximately RMB6,185.1 million for the corresponding period in 2020, representing an increase of approximately 52.8%. The Group recorded an increase of 120.0% in net profit after tax compared to the corresponding period in 2020.

Gross profit was approximately RMB933.4 million, representing an increase of approximately 33.6% year-on-year. 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.

Comtech is the Group's technical service platform, positioned in the midstream of the chip application industry and has been engaging in chips application development solutions and sales services. The platform maintains connection with over 50% of global high-end IC suppliers and many leading domestic chip companies, allowing it to connect hundreds of global high-end chip suppliers upstream, and tens of thousands of AIoT companies downstream, while providing them with chips application development solutions and sales services. Following the series of strategic investments entered into between the Group and nineteen investors during 2020, the Group entered into 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. Moreover, The Group obtained approval from The Hong Kong Stock Exchange Limited (the "**Stock Exchange**") for the spin-off and separate listing of "Comtech" on A shares in Mainland China (the "**Proposed A Share Listing**"), which will further expand the Group's development in the domestic capital and chip market. As the domestic chip market gains strong support from national policies, "Comtech" is preparing for the Proposed A Share Listing. After the completion of the Proposed A Share Listing, the Company will remain the ultimate controlling shareholder of "Comtech", and its financial results will still be consolidated into the Company, which will facilitate the sustainable growth of the Group's performance. Moreover, in order to give investors a clearer understanding of the main business of "Comtech" and "Cogobuy Group", the Company plans to change its name from "Cogobuy Group" to "Ingdan Inc.". The proposed name change of the Company has been approved by the Board and will be subject to shareholders' approval at the annual general meeting in June 2022.

In the era of the Internet of Everything, information technology and industries are constantly innovating. At the same time, it is also necessary to establish an industry ecology and standards to promote information security and the independent and controllable core technology industries in China. Comtech became a platinum-level donor to the OpenAtom Foundation during the year, committed to create an independent and controllable OpenHarmony industrial ecosystem and industry standards with technology giants, to apply OpenHarmony on a variety of smart terminal devices, and to further promote the standardization of smart hardware and technology applications in various industries. During the Reporting Period, the Group successfully launched the first Smart BMS battery management system based on a combination of domestic chips and OpenHarmony solutions, which are mainly used in the smart battery products of new energy vehicles, electric motorcycles, and the industrial power system. The launch of Comtech's first OpenHarmony product not only demonstrates the Group's core advantages and industrial integration capabilities, but also lays the foundation for the integration of the Group's chip applications and OpenHarmony solutions, leading the Group's business to new opportunities.

The vigorous development of the chip industry has led to a sharp increase in the demand for domestic chip professionals. In order to support the cultivation of chip application technology talents, the IngDan Academy, under the Group's IngDan, cooperates with Shenzhen Public Training Management Service Center for HighSkilled Talents to organize charity vocational skills training courses during the Reporting Period. IngDan Academy was 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.

In 2021, global chip sales volume was 1.15 trillion pieces, with a YoY increase of 26.2% to US\$555.9 billion. The Semiconductor Industry Association (SIA) predicts global chip sales will increase by 8.8% in 2022. The Group expects that its business will continue to benefit directly from the growth in chip demand. In addition, China is undergoing large-scale and rapid development of 5G. 5G technology will increase the comprehensive application and popularization of chips and have a positive impact on the Group's chip sales. The Ministry of Industry and Information Technology predicts that the total number of 5G base stations will exceed 2 million in 2022, and will be deployed in advance for the development of the next-generation communication technology 6G. With the national policy strongly driving the development of technology advancement, high-frequency chips will be in increasing demand, we believe it will bring a new phase of rapid growth to our chip business.

5G and AI technology applications are widely emerging in the market, driving traditional industries to actively participate in intelligent transformation. Further expansion and enrichment of application scenarios making AIoT industry became one of the mainstreams of global technological development, which led to semiconductor upgrades and increased demand. According to IC Insights, Inc., total semiconductor sales are expected to grow by 11% in 2022 and exceed an all-time high of US\$680.6 billion. At the same time, smart transformation also involves the integration of different technologies, and iPaaS platform services are making it easier to automate business processes and share data across applications. The iPaaS market is growing rapidly, according to IndustryARC Report, the global iPaaS market is expected to reach US\$6.1 billion in 2025, representing a CAGR of 36.4% from 2020 to 2025. The Group provided iPaaS services such as technology integration solutions, marketing solutions and distribution services through two business platforms to the core technology suppliers in the "Chips-Devices-Cloud" ecosystem along the AIoT value chain. These iPaaS services cover five main AIoT verticals: V2X, Smart Home, Robotics, Smart Manufacturing, and Smart Medical, helping the Group capture the blue ocean market of iPaaS in China.

With the rise of 5G, intelligent and electric vehicles ("EV"), the V2X Internet of Vehicles (V2X) has been continuously developed, and the functions of the Internet of Vehicles have expanded from emergency relief and audio-visual entertainment to driving safety, and even to driving assistance and autonomous driving. The development trend of electric vehicles and autonomous driving will continue to drive the demand for in-vehicle electronics, according to the report by Omdia, semiconductor chips used in EV are 2.9 times more prevalent than those of traditional internal combustion EVs, and the automotive semiconductor industry will grow at a CAGR of 12.3% by 2025. 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 strives 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.

China Academy of Information and Communications Technology released the "White Paper on China's 5G Development and Economic and Social Impact (2021)", and reported that China's 5G is being commercialized, and various industries are actively deploying 5G in different sectors. By the end of September 2021, the number of 5G terminal connections in China reached 445 million, more than 80% of the global share, and the penetration rate of 5G users exceeds 27%. IHS Markit predicts that the global GDP will grow at an average annual rate of 2.7% by 2035, of which 5G will contribute nearly 0.2%, implicating that 5G will make a significant contribution to the global economy. 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, crossmarketing, 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, 2021, profit of the Group amounted to approximately RMB412.4 million, representing an increase of approximately RMB225.0 million as compared with approximately RMB187.4 million in 2020. Profit attributable to equity shareholders of the Company amounted to approximately RMB296.2 million, representing an increase of approximately RMB173.0 million compared with approximately RMB123.2 million in 2020.

### **Revenue**

For the year ended December 31, 2021, revenue of the Group amounted to approximately RMB9,452.4 million, representing an increase of approximately RMB3,267.3 million or approximately 52.8% as compared with approximately RMB6,185.1 million in 2020. The Group's revenue comprised approximately RMB9,406.0 million of direct sales revenue, approximately RMB9.2 million of service revenue from software licensing, approximately RMB10.6 million of revenue from the Group's marketplace and approximately RMB26.6 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, 2021 was approximately RMB8,519.0 million, representing an increase of approximately 55.3% from approximately RMB5,486.5 million for the year ended December 31, 2020. 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, 2021 was approximately RMB933.4 million, representing an increase of approximately 33.6% from approximately RMB698.6 million compared with the figures in 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 decrease in gross margin from 11.3% in 2020 to 9.9% in 2021 was primarily due to the change in sales mix, in which proportion of sales of IC components to sales of proprietary products was relatively higher for the year ended December 31, 2021, when compared to that for the prior year. Gross margin for sales of IC components is relatively lower than that for sales of proprietary products.

### **Other Income**

For the year ended December 31, 2021, other revenue of the Group amounted to approximately RMB32.2 million, representing an increase of approximately RMB20.3 million or approximately 170.7% as compared with approximately RMB11.9 million in 2020. This was primarily due to gain on disposal of subsidiaries, net amounting to RMB18.9 million in 2021 as compared to nil in 2020.



## **Selling and Distribution Expenses**

Selling and distribution expenses for the year ended December 31, 2021 amounted to approximately RMB63.8 million, representing a decrease of approximately RMB16.0 million or 20.0% from approximately RMB79.8 million in 2020. 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, 2021 amounted to approximately RMB156.0 million, representing a decrease of approximately RMB38.6 million or approximately 19.8% from approximately RMB194.6 million in 2020. This was primarily due to less 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, 2021, administrative and other operating expenses amounted to approximately RMB237.4 million, representing an increase of approximately RMB22.9 million or approximately 10.7% from approximately RMB214.5 million in 2020, which was primarily due to an increase in amortization of intangible assets in 2021 as compared to that in 2020.

## **Income Tax**

Our income tax increased by approximately 172.6% from approximately RMB17.5 million for the year ended December 31, 2020 to approximately RMB47.6 million for the year ended December 31, 2021, 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 year ended December 31, 2021 was 10.4%, as compared to 8.5% for the year ended December 31, 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%.

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

For the year ended December 31, 2021, profit attributable to equity shareholders of the Company amounted to approximately RMB296.2 million, representing an increase of approximately RMB173.0 million or approximately 140.4% as compared to approximately RMB123.2 million in 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 RMB52.0 million recorded for the year ended December 31, 2021 as compared to the corresponding period of 2020.

## **Liquidity and Source of Funding**

As of December 31, 2021, the current assets of the Group amounted to approximately RMB5,279.3 million, which mainly comprised cash and bank balances (including pledged deposits), inventories and trade and other receivables, in the amount of approximately RMB519.3 million, RMB2,227.7 million and approximately RMB2,326.5 million, respectively. Current liabilities of the Group amounted to approximately RMB2,630.4 million, of which approximately RMB405.3 million was bank loans and approximately RMB2,054.6 million was trade and other payables. As of December 31, 2021, the current ratio (the current assets to current liabilities ratio) of the Group was 2.01, representing a decrease of approximately 44.0% as compared with 3.59 as of December 31, 2020. The change in the current ratio was primarily due to an increase in inventories, offset by an increase in trade and other payables. The increase in inventories, trade and other payables was resulted from more purchases of goods made in the second half of 2021 to cope with expected sales demand in 2022.

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 RMB532.0 million, and subsequently measured at amortised cost.

The Group does not have other debt financing obligations as of December 31, 2021 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, 2021, the capital expenditure of the Group amounted to approximately RMB137.7 million, representing a decrease of approximately RMB197.6 million or approximately 58.9% compared with approximately RMB335.3 million in 2020. 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, 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 the sum of net debt and total equity was approximately 9.2% as compared with approximately -0.6% as of December 31, 2020. The increase was primarily due to an increase in bank loans and an increase in other financial liabilities as a result of subscription of equity interest in a subsidiary during the Reporting Period.

## **Material Investments**

The Group did not make any material investments for the year ended December 31, 2021.

## 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 (“**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 Comtech Industrial in the aggregate amount of up to RMB149,999,977, for an aggregate equity interest of up to 4.92% of Comtech Industrial.

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 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 Comtech. Comtech will continue to be a subsidiary of the Company and the financial results of 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 above, the Group did not have any material acquisitions and disposals for the year ended December 31, 2021.

## Future Plans for Material Investments and Capital Assets

As of December 31, 2021, we did not have other plans for material investments and capital assets.

## **Pledge of Assets**

Except for the pledged bank deposits of approximately RMB382.0 million and approximately RMB142.5 million as of December 31, 2021 and December 31, 2020, respectively, the Group did not pledge any assets for the year ended December 31, 2021. The pledged bank deposits were placed as security for credit facilities granted by several banks in China and Hong Kong.

## **Contingent Liabilities**

Neither the Group nor the Company had any significant contingent liabilities as of December 31, 2021.

## **Foreign Exchange Exposure**

Foreign currency transactions during the year ended December 31, 2021 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, 2021. 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, 2021. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

## **Events After the Reporting Period**

As disclosed in the announcement of the Company dated December 7, 2021 in respect of the Proposed Spin-off and listing of Comtech (in each case as defined therein). After the Reporting Period, for the purpose of the Proposed Spin-off, the Company has submitted a proposal on the Proposed Spin-off to the Stock Exchange pursuant to Practice Note 15 of the Listing Rules (the “**PN 15**”) and the Stock

Exchange has confirmed that the Company may proceed with the Proposed Spin-off under PN 15. The Stock Exchange also granted a waiver from strict compliance with the applicable requirements in relation to the assured entitlement under the Proposed Spin-off as required by paragraph 3(f) of PN 15.

For further details, please refer to the Company's circular dated March 10, 2022. The Proposed Spin-off was approved by the shareholders of the Company at its extraordinary general meeting convened on March 29, 2022.

On March 31, 2022, Cogobuy Inc., a directly wholly-owned subsidiary of the Company, entered into a share purchase agreement (the “**Share Purchase Agreement**”) with Liwan Group Limited (力萬集團有限公司), under which Cogobuy Inc. agreed to sell 7,000 ordinary shares of Comlink Holdings Limited (“**Comlink**”), representing 70% interest in Comlink for an aggregate consideration of US\$4.0 million, subject to the satisfaction of certain conditions.

Further details of the Share Purchase Agreement are set out in the announcement of the Company dated March 31, 2022.

Save as disclosed in this announcement, there was no other significant events that might affect the Group since the end of the year ended December 31, 2021.

## FINANCIAL INFORMATION

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	2021 RMB'000 (unaudited)	2020 RMB'000 (audited)
Revenue	3	9,452,436	6,185,100
Cost of sales		<u>(8,519,059)</u>	<u>(5,486,470)</u>
Gross profit		933,377	698,630
Other income	5	32,151	11,875
Selling and distribution expenses		(63,824)	(79,814)
Research and development expenses		(155,956)	(194,574)
Administrative and other operating expenses		(237,421)	(214,463)
Finance costs	6	(47,303)	(8,965)
Share of results of associates		<u>(1,027)</u>	<u>(7,792)</u>
Profit before tax		459,997	204,897
Income tax expenses	7	<u>(47,612)</u>	<u>(17,469)</u>
Profit for the year		<u><u>412,385</u></u>	<u><u>187,428</u></u>
<b>Profit for the year attributable to:</b>			
Owners of the Company		296,151	123,200
Non-controlling interests		<u>116,234</u>	<u>64,228</u>
		<u><u>412,385</u></u>	<u><u>187,428</u></u>



	Note	2021 RMB'000 (unaudited)	2020 RMB'000 (audited)
<b>Other comprehensive expense</b>			
<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		(50,091)	(122,232)
Net change in fair value of equity investments at fair value through other comprehensive income		<u>(12,797)</u>	<u>(129,834)</u>
		<u>(62,888)</u>	<u>(252,066)</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>(27,281)</u>	<u>(12,251)</u>
		<u>(27,281)</u>	<u>(12,251)</u>
Other comprehensive expense for the year		<u>(90,169)</u>	<u>(264,317)</u>
Total comprehensive income (expense) for the year		<u><u>322,216</u></u>	<u><u>(76,889)</u></u>
<b>Total comprehensive income (expense) for the year attributable to:</b>			
Owners of the Company		207,887	(132,993)
Non-controlling interests		<u>114,329</u>	<u>56,104</u>
		<u><u>322,216</u></u>	<u><u>(76,889)</u></u>
<b>EARNINGS PER SHARE</b>			
Basic (RMB)	9	<u><u>0.213</u></u>	<u><u>0.089</u></u>
Diluted (RMB)		<u><u>0.213</u></u>	<u><u>0.088</u></u>

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*As at 31 December 2021*

	<i>Notes</i>	<b>2021</b> <b>RMB'000</b> <b>(unaudited)</b>	<b>2020</b> <b>RMB'000</b> <b>(audited)</b>
<b>Non-current assets</b>			
Plant and equipment		7,748	7,256
Right-of-use assets		42,267	48,793
Intangible assets		976,854	1,147,531
Goodwill		607,007	452,467
Financial assets at fair value through other comprehensive income		577,430	352,328
Loans receivables	11	269,239	303,509
Interests in associates		22,855	176,984
Interest in a joint venture		—	—
		<u>2,503,400</u>	<u>2,488,868</u>
<b>Current assets</b>			
Inventories		2,227,666	513,294
Trade, bills and other receivables	10	2,326,508	1,585,192
Loans receivables	11	205,842	22,584
Amounts due from associates		—	302,819
Financial asset at fair value through profit or loss		—	25,000
Restricted bank deposit		—	8,177
Pledged bank deposits		382,013	142,531
Cash and cash equivalents		137,295	403,700
		<u>5,279,324</u>	<u>3,003,297</u>
<b>Current liabilities</b>			
Trade and other payables	12	2,054,583	653,687
Lease liabilities		17,076	15,968
Contract liabilities		106,365	11,276
Income tax payables		47,092	16,232
Bank loans		405,321	138,930
		<u>2,630,437</u>	<u>836,093</u>
<b>Net current assets</b>		<u>2,648,887</u>	<u>2,167,204</u>
<b>Total assets less current liabilities</b>		<u>5,152,287</u>	<u>4,656,072</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		49,181	45,042
Other financial liabilities		531,995	341,900
Contract liabilities		2,821	11,413
Lease liabilities		26,143	34,131
		<u>610,140</u>	<u>432,486</u>
<b>Net assets</b>		<u>4,542,147</u>	<u>4,223,586</u>

		2021	2020
	<i>Note</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i>
		<b>(unaudited)</b>	(audited)
<b>Capital and reserves</b>			
Share capital	13	1	1
Reserves		<u>4,154,637</u>	<u>3,940,102</u>
		<b>4,154,638</b>	3,940,103
Non-controlling interests		<u>387,509</u>	<u>283,483</u>
Total equity		<u><b>4,542,147</b></u>	<u>4,223,586</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 following amendments to HKFRSs issued by the HKICPA which are effective for the Group’s financial year beginning 1 January 2021:

Amendment 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 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 <sup>3</sup>
Amendments to HKFRS 3	Reference to Conceptual Framework <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
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 <sup>3</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>3</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>3</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>3</sup>
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use <sup>2</sup>
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract <sup>2</sup>
Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021 <sup>1</sup>
Amendment to HKFRSs	Annual Improvements to HKFRSs 2018 — 2020 cycle <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 April 2021.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of the 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:

	2021 <i>RMB'000</i> (unaudited)	2020 <i>RMB'000</i> (audited)
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	9,405,968	6,128,880
— Service revenue from software licensing	9,244	6,423
— Marketplace income	<u>10,608</u>	<u>11,057</u>
	9,425,820	6,146,360
Revenue from other sources:		
— Interest income from Ingfin Financing Services	<u>26,616</u>	<u>38,740</u>
	<u><u>9,452,436</u></u>	<u><u>6,185,100</u></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:

	<b>Comtech</b> <i>RMB'000</i> (unaudited)	<b>Ingdan</b> <i>RMB'000</i> (unaudited)	<b>Total</b> <i>RMB'000</i> (unaudited)
<b>For the year ended 31 December 2021</b>			
Revenue from goods and services:			
— Sales of IC, other electronic components, AIoT products and proprietary and semi-conductor products	7,232,401	2,173,567	9,405,968
— Service revenue from software licensing	—	9,244	9,244
— Marketplace income	—	10,608	10,608
	<u>7,232,401</u>	<u>2,193,419</u>	<u>9,425,820</u>
Timing of revenue recognition:			
— At a point in time	7,232,401	2,184,175	9,416,576
— Over time	—	9,244	9,244
	<u>7,232,401</u>	<u>2,193,419</u>	<u>9,425,820</u>
Geographical markets:			
— The People's Republic of China (the "PRC") (including Hong Kong)	7,232,401	1,905,234	9,137,635
— Southeast Asia	—	288,185	288,185
	<u>7,232,401</u>	<u>2,193,419</u>	<u>9,425,820</u>
	Comtech <i>RMB'000</i> (audited)	Ingdan <i>RMB'000</i> (audited)	Total <i>RMB'000</i> (audited)
<b>For the year ended 31 December 2020</b>			
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:			
— 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>



#### 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:

Comtech: Sales of IC, other electronic components and AIoT products

Ingdan: Sales of proprietary and semi-conductor products, Ingfin Financing Services, marketplace operation, software licensing and incubator business

During the year ended 31 December 2021, in order to distinguish the business nature and align with the trade name of each reporting segment, the reporting segment “Ingdan Innvoations” 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 year ended 31 December 2021

	Comtech <i>RMB'000</i> (unaudited)	Ingdan <i>RMB'000</i> (unaudited)	Total <i>RMB'000</i> (unaudited)
Segment revenue			
— External sales	7,620,487	2,245,831	9,866,318
— Inter-segment sales	<u>(388,086)</u>	<u>(25,796)</u>	<u>(413,882)</u>
Segment revenue	<u>7,232,401</u>	<u>2,220,035</u>	<u>9,452,436</u>
Segment profit	<u>362,321</u>	<u>152,546</u>	514,867
Unallocated income			32,151
Unallocated corporate expenses			(38,691)
Unallocated finance costs			(47,303)
Share of results of associates			<u>(1,027)</u>
Profit before tax			<u>459,997</u>

### For the year ended 31 December 2020

	Comtech <i>RMB'000</i> (audited)	Ingdan <i>RMB'000</i> (audited)	Total <i>RMB'000</i> (audited)
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>

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.

## 5. OTHER INCOME

	2021 <i>RMB'000</i> (unaudited)	2020 <i>RMB'000</i> (audited)
Exchange loss, net	(3,884)	—
Bank interest income	2,998	2,919
Gain on disposal of financial assets at fair value through profit or loss	—	11
Gain on disposal of subsidiaries, net	18,869	—
Government grants ( <i>note</i> )	8,442	8,945
Others	5,726	—
	<u>32,151</u>	<u>11,875</u>

## 6. FINANCE COSTS

	2021 <i>RMB'000</i> (unaudited)	2020 <i>RMB'000</i> (audited)
Interest on other financial liabilities	40,096	—
Interests on bank loans	4,688	3,411
Interests on lease liabilities	1,272	3,476
Factoring costs	1,247	2,078
	<u>47,303</u>	<u>8,965</u>

## 7. INCOME TAX EXPENSES

	2021 <i>RMB'000</i> (unaudited)	2020 <i>RMB'000</i> (audited)
Current tax:		
PRC Enterprises Income Tax	35,749	960
Hong Kong Profits Tax	19,493	21,781
Singapore Corporate Income Tax	—	1,295
	55,242	24,036
Deferred tax	(7,630)	(6,567)
	<u>47,612</u>	<u>17,469</u>

## 8. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2021, nor has any dividend been proposed since the end of the reporting period (2020: 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:

	2021 RMB'000 (unaudited)	2020 RMB'000 (audited)
<b>Earnings</b>		
Earnings for the purpose of basic and diluted earnings per share, representing profit for the year attributable to owners of the Company	<u>296,151</u>	<u>123,200</u>
	2021 '000	2020 '000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,388,591	1,386,783
Effect of dilutive potential ordinary shares:		
Deemed issue of shares under the Company's RSU scheme for nil consideration	<u>4,857</u>	<u>9,765</u>
Weighted average number of ordinary shares for the purpose of dilutive earnings per share	<u>1,393,448</u>	<u>1,396,548</u>

## 10. TRADE, BILLS AND OTHER RECEIVABLES

	2021 RMB'000 (unaudited)	2020 RMB'000 (audited)
Receivables at amortised cost comprise:		
— Trade receivables	2,225,534	1,488,826
— Bills receivables	<u>5,080</u>	<u>10,778</u>
Trade and bills receivables	2,230,614	1,499,604
Less: loss allowance on trade receivables	<u>(95,758)</u>	<u>(95,284)</u>
	2,134,856	1,404,320
Loan interest receivables	7,144	51,372
Trade deposits and prepayments	112,396	117,885
Other receivables	<u>72,112</u>	<u>11,615</u>
	<u>2,326,508</u>	<u>1,585,192</u>

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

	2021 <i>RMB'000</i> (unaudited)	2020 <i>RMB'000</i> (audited)
Within 1 month	1,652,347	455,110
1 to 2 months	351,572	334,613
2 to 3 months	102,189	314,113
Over 3 months	<u>28,748</u>	<u>300,484</u>
	<u><u>2,134,856</u></u>	<u><u>1,404,320</u></u>

## 11. LOANS RECEIVABLES

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

	2021 <i>RMB'000</i> (unaudited)	2020 <i>RMB'000</i> (audited)
Within 3 months	—	—
3 to 6 months	117,600	39,412
6 months to 1 year	—	37,990
Over 1 year	<u>357,481</u>	<u>248,691</u>
	<u><u>475,081</u></u>	<u><u>326,093</u></u>

## 12. TRADE AND OTHER PAYABLES

	2020 <i>RMB'000</i> (unaudited)	2019 <i>RMB'000</i> (audited)
Trade payables	1,990,006	560,711
Accrued staff costs	42,556	41,428
Other payables	<u>22,021</u>	<u>51,548</u>
	<u><u>2,054,583</u></u>	<u><u>653,687</u></u>

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

	<b>2021</b> <b>RMB'000</b> <b>(unaudited)</b>	2020 <b>RMB'000</b> <b>(audited)</b>
Within 1 month	<b>1,624,877</b>	453,699
1 to 3 months	<b>307,722</b>	55,630
Over 3 months	<u><b>57,407</b></u>	<u>51,382</u>
	<u><b>1,990,006</b></u>	<u>560,711</u>

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

### 13. SHARE CAPITAL

	<b>Number of shares</b>	<b>Amount in original currency US\$</b>	<b>Shown in the consolidated financial statements RMB'000</b>
Ordinary shares of US\$0.0000001 each			
<i>Authorised:</i>			
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021 (unaudited)	<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 ( <i>note (i)</i> ) (unaudited)	<u>(11,148,000)</u>	<u>(1)</u>	<u>—</u>
At 31 December 2020, 1 January 2021 and 31 December 2021(unaudited)	<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 (audited):

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 RMB7.69) 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.

- (ii) For the year ended 31 December 2021, 3,310,004 units of RSUs (2020: 4,496,680 units) were vested to the beneficiaries, and approximately RMB5,619,000 (2020: RMB11,460,000) 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.

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

During the year ended December 31, 2021, 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, 2021.

## **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, 2021, the Company has complied with all applicable code provisions as set out in the Corporate Governance Code (the “**CG Code**”), in force during the year, 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, 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 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, 2021 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.

## **REVIEW OF UNAUDITED CONSOLIDATED ANNUAL RESULTS**

The auditing process for the annual results for the year ended December 31, 2021 has not been completed due to the implementation of the COVID-19 pandemic prevention and control quarantine measures in certain cities in mainland China, including delay in sending and receiving audit confirmations to and from banks, suppliers and customers due to delays in postal services, and suspension of work and closure of some of the companies’ offices in the PRC due to lockdown measures in mainland China which affected the preparation and gathering process of necessary documents and information required for the audit work. The unaudited annual results contained herein have not been agreed with the Company’s auditor. An announcement relating to the audited results will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants, which is expected in April 2022.

The unaudited consolidated financial statements of the Group for the year ended December 31, 2021 contained herein have been reviewed and agreed by the audit committee of the Company.

## **FURTHER ANNOUNCEMENT(S)**

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to the audited results for the year ended December 31, 2021 as agreed by the auditor and the material differences (if any) as compared with the unaudited annual results contained herein. In addition, the Company will issue further announcement(s) as and when necessary if there are other material development in the completion of the auditing process.

## **FINAL DIVIDEND**

The Board does not recommend the distribution of a final dividend for the year ended December 31, 2021.

## **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 UNAUDITED ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This unaudited annual results announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.cogobuygroup.com](http://www.cogobuygroup.com). The annual report of the Group for the year ended December 31, 2021 will be published on the aforesaid websites and will be dispatched to the Company’s shareholders in due course.

**The financial information contained herein in respect of the annual results of the Group have not been audited and have not been agreed with the auditor. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

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

Hong Kong, March 31, 2022

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