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, 2020

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, 2020 (the "**Reporting Period**") and comparison with the operating results for the corresponding period in 2019. 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, 2020 (Renminbi ("RMB") in millions, unless specified)	June 30, 2019	Year-on-year change
Revenue	**3,281.2**	2,671.2	22.8%
Gross profit	**254.6**	200.4	27.0%
Profit for the period	**118.6**	40.4	193.6%
Profit attributable to owners of the Company	**100.1**	38.0	163.4%
Earnings per share ("**EPS**") (RMB per share)			
— basic	**0.072**	0.026	176.9%
— diluted	**0.071**	0.026	173.1%

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Overall business and financial performance of the Group

We are a technology service company focusing on servicing global integrated circuits ("**IC**") chips industry and artificial intelligence ("**AI**") and Internet of Things ("**IoT**", together "**AIoT**") ecosystem in China. Following a business restructuring completed in early 2020, the Group was reorganized into two primary businesses of Ingdan Innovations ("**Ingdan Innovations**") and Ingfin Services ("**Ingfin Services**"). We combined our Cogobuy.com IC components sales and marketing platform with our INGDAN.com AIoT business service platform to form Ingdan Innovations, to focus on the sales and promotion of IC chips to AIoT enterprises in China. Targeted to the Vehicle-to-Everything ("**V2X**"), 5G applications and memory/storage areas, our Ingfin Services focuses on the research and development ("**R&D**") and sales of proprietary products, as well as developing customized technical solutions which include bundles of software, hardware and/or core components. Ingfin Services also provides financing services and seeks investment or acquisition and merger opportunities in high-quality startups within the Group's AIoT ecosystem to improve our overall strategic position and generate investment income. Upon completion of the restructuring, the Company holds 75% of Ingdan Innovations and 100% of Ingfin Services, which also operates certain non-wholly owned subsidiaries and retains certain investments with less than 100% interests strategically. In August 2020, Ingdan Innovations signed a strategic investment agreement with the vehicles of Guangdong Finance Fund Management Co., Ltd., making it the leading strategic investor in Ingdan Innovations. The investment supports Ingdan Innovations' rapid development in the trillion-RMB domestic chip market, and will contribute to the resumption of high growth for the Group's core business. Upon completion of such transaction, the Company will hold at least 73.47% of Ingdan Innovations, and Ingdan Innovations will continue to be consolidated into the Group's consolidated financial statements.

Ingdan Innovations entered agency agreements with over 50% of the world's top high-end IC suppliers and many leading domestic chip companies, allowing it to serve hundreds of global high-end chip suppliers upstream, and thousands of AIoT companies downstream. During the Reporting Period, a substantial portion of our revenue was generated through direct sales of IC and other electronic components. The rapid penetration of 5G across different industries is driving demand for chips and related technology applications. Directly benefited from the boom in industrial demand, we registered an increase of 193.6% in the Group's net profit after tax compared to the corresponding period in 2019. Meanwhile, the Group realised a total revenue of approximately RMB3,281.2 million, representing an increase of approximately 22.8% year-on-year. Gross profit was approximately RMB254.6 million, representing an increase of approximately 27.0% year-on-year. The Group delivered a significant improvement in the performance of overall results and is getting back on the track of organic growth gradually. The Group will continue to penetrate deep into IC sales and modules for smart hardware markets, and further invest in developing proprietary products and technology, so as to contribute to the profitability and revenue of the Group.

We are expected to directly benefit from China's new infrastructure construction. The "5G Economic and Social Impact White Paper" (5G經濟社會影響白皮書) published by the China Academy of Information and Communications Technology ("**CAICT**") estimated that the key driving forces for gross domestic product ("**GDP**") growth in 2020 will be the investments in 5G network by telecommunication operators and the acquisition expenditures of devices by users, which will generate GDP of approximately RMB74 billion. As the prevalence of 5G grows to penetrate and integrate into industrial application, the expenditures for 5G devices in all industries will increase steadily. It is forecasted that the expenditures for devices and telecommunication services of users and other industries will continue to grow and by 2025, they will reach RMB1.4 trillion and RMB0.7 trillion, respectively. Our business covers the entire 5G construction value chain, including related 5G network construction, AIoT applications and AI, such as V2X, intelligent medical devices, and intelligent manufacturing equipment. The new demand for chips from these growing industries will create important new growth momentum for the Group in the future.

V2X is regarded as the most prominent segment within 5G vertical industry applications. According to CCID Consulting, by 2021, China's V2X market is estimated to reach USD115 billion, with a compound annual growth rate of approximately 28.1%. Recognizing V2X's potentials and market opportunities, we already established V2X value-chain alliance with chip manufacturers, module suppliers, and car manufacturers. We believe this will bring significant market opportunities and become a new growth momentum for the Group. During the Reporting Period, Ingfin Services' V2X application solution received its first order. Using AI to analyse data collected from terminal devices, Ingfin Services provides one-stop solution for precise vehicle rescue, service tracking, and driving analysis, remote accident identification and fast claims settlement in the Chinese market.

Well-positioned to offer more value-added services, we commenced our supply chain financing business in September 2014 whereby we earn interest income for providing certain financial services to third-party manufacturers, including provision of working capital financing programs. In December 2016, we extended our supply chain financing business and established a new business unit, IngFin Financing Services. Upon completion of the business restructuring, IngFin Financing Services became an arm of Ingfin Services and continues to concentrate its investments in enterprise financing business, including loans for investment initiatives and other enterprise financing services. IngFin Financing Services exemplifies our strength to generate new revenue stream by providing additional services based on the Group's existing platform. As at June 30, 2020, the outstanding loan balance of our IngFin Financing Services was approximately RMB333.0 million.

Future prospects

Our goal is to become a leading AIoT ecosystem company with AIoT technology supply chain as the core. Using our "Ingdan Innovations + Ingfin Services dual business model", we are dedicated to serving China's growing IoT market. We intend to pursue the following growth strategies to achieve our goal:

I. ***Capture opportunities on the deployment of 5G technologies***

The 5G industry is set to grow rapidly in the coming years, and it is expected that demand for IC and modules from the upstream and downstream of the industry will continue to increase. Our Ingdan Innovations plans to penetrate the whole 5G industry chain and accommodate the strong market demand brought by 5G construction and device production in the future. To meet the demand for 5G, the Group has built a business chain for "Chips-Devices-Cloud" Industrial Ecosystem. "Chips" represents the provision of comprehensive and professional chip solutions to upstream chip suppliers by promoting and marketing their products and technologies' applications. "Devices" represents the provision of a variety of quality and high-end chip products to tens of thousands of smart hardware companies in the upstream and downstream of the industry. "Cloud" represents the offer of customized solutions to different emerging industries with mature chip solutions. Although the COVID-19 outbreak has had a severe impact on the world's economy, it, on the other hand, has hastened the implementation of new government infrastructure policies worth RMB25 trillion. The new infrastructure policy includes segments such as 5G network infrastructure, AI, IoT, big data, and new energy automotive, etc. creating important opportunities for the Chinese 5G and AIoT industries. As 5G technology develops and matures, the future will become an era for AI, high-performance cloud applications, and Internet of Everything. The need for device upgrades will drive greater demand for IC and AIoT chip solutions. Through the Ingdan Innovations enterprise service platform, we will provide enterprises with chip application solutions and drive the development of a "chip-devices-cloud" big data ecosystem in order to capture business opportunities from China's 5G transformation.

II. *Enhance revenue streams of Ingfin Services*

We intend to further strengthen the revenue streams of Ingfin Services by developing it to an important R&D innovation and AIoT product financing and corporate services platform of the AIoT era. We acquire a myriad of customers, demands and data online, and provide a powerful data analysis tool for us to tailor Ingfin Services to meet industry trends and offer corporate services offline. This creates synergy that drives a greater contribution by Ingfin Services to the Group in the future. As Ingfin Services R&D projects have become more sophisticated, our proprietary products will contribute momentum to the Group's performance. We plan to further enhance the Group's performance through the offer of value-added services, including but not limited to the provision of corporate and technology services and investment services such as incubation programs.

III. *Foster the development of an ecosystem serving the electronics manufacturing value chain*

We plan to foster the development of an open, collaborative and prosperous electronic manufacturing industry ecosystem that will benefit the business operations of our customers and suppliers, which we believe 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. As solutions and services are becoming increasingly imperative for enterprises, we believe that these complementary services are natural extensions of our offerings and will gain traction among our customers. During the process, we also plan to diversify our service offerings by monetizing the massive amount of data collected from our customers and suppliers to diversify our service offerings. We will invest more resources in the research and development of technologies to acquire additional analytical power and deeper understanding of customer behaviors, which will enable us to identify and address the needs of customers and suppliers through data mining and offering suppliers customized solutions. Our data driven services will include marketing and advertising planning, merchandising, customized products, fulfilment management and third-party data services.

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

We plan to continue to enhance customer loyalty and induce more purchases from our 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. We will continue to enhance the customized contents on our platforms and develop new tools for our 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 to our customers. We will also expand our investment in customer services, order fulfilment and delivery capabilities in order to enhance our service reliability and shorten our customer response time to further strengthen the effectiveness of our platforms. We plan to increase the repeat purchase rates of newly acquired customers. We will continue to provide the key procurement personnel of our new customers with powerful online tools, enterprise resource planning and other complimentary services. These services will enable us to maintain constant interactive communications with the key personnel, which in turn allow us to better understand the customers' demands and their product development. Accordingly, we will be able to make customized marketing plans targeted at the new customers and cross-sell other products.

V. ***Pursue strategic partnerships and acquisition opportunities***

In addition to growing our business through internal initiatives, we plan to expand our business through strategic partnerships and acquisitions. We plan to identify partnerships and acquisition targets that are complementary to our business operations. This can help us expand our user and revenue base, widen our geographic coverage, enhance our product and service offerings, improve our technology infrastructure and strengthen our talent pool. We also plan to leverage our market position and business model to seek attractive cross-selling, cross-marketing and licensing opportunities.

First half of 2020 compared to first half of 2019

The following table sets forth the comparative figures for the first half of 2020 and the first half of 2019:

	Unaudited Six months ended June 30, 2020	June 30, 2019
	(RMB in millions)	
Revenue	**3,281.2**	2,671.2
Cost of sales	**(3,026.6)**	(2,470.8)
Gross profit	**254.6**	200.4
Other income	**66.4**	14.2
Selling and distribution expenses	**(32.3)**	(32.8)
Research and development expenses	**(80.0)**	(67.2)
Administrative and other operating expenses	**(82.8)**	(71.5)
Profit from operations	**125.9**	43.1
Finance costs	**(5.3)**	(24.9)
Share of results of associates	**6.3**	23.0
Profit before tax	**126.9**	41.2
Income tax expenses	**(8.3)**	(0.8)
Profit for the period	**118.6**	40.4
Profit for the period attributable to:		
Owners of the Company	**100.1**	38.0
Non-controlling interests	**18.5**	2.4
Profit for the period	**118.6**	40.4

1. Overview

For the Reporting Period, profit of the Group increased significantly and amounted to approximately RMB118.6 million, representing an increase of approximately RMB78.2 million as compared with approximately RMB40.4 million for the corresponding period of 2019. Profit attributable to equity shareholders of the Company amounted to approximately RMB100.1 million, representing an increase of approximately RMB62.1 million compared with approximately RMB38.0 million for the corresponding period of 2019.

2. Revenue

For the Reporting Period, revenue of the Group amounted to approximately RMB3,281.2 million, representing an increase of approximately RMB610.0 million or approximately 22.8% as compared with approximately RMB2,671.2 million for the corresponding period of 2019. The increase was primarily due to the increased sales volume contributed mainly by the rapid construction of the 5G market in China. Increase in revenue was also driven by development of more variety of products for different industries.

3. Cost of Sales

Cost of sales for the Reporting Period was approximately RMB3,026.6 million, representing an increase of approximately 22.5% from approximately RMB2,470.8 million for the six months ended June 30, 2019. The increase was due to an increase in direct sales revenue described under the paragraph headed "Revenue".

4. Gross Profit

Gross profit for the Reporting Period was approximately RMB254.6 million, representing an increase of approximately 27.0% from approximately RMB200.4 million for the six months ended June 30, 2019. The increase was primarily driven by the results of revenue and cost of sales for the reasons described under the paragraph headed "Revenue". The increase in gross profit margin was also contributed by change in sales mix in which sales in proprietary markets such as the Internet of Vehicles, smart homes, AI surveillance, etc. had a relatively higher gross margin than those of the traditional IC components.

5. Other Income

For the Reporting Period, other income of the Group amounted to approximately RMB66.4 million, representing an increase of approximately RMB52.2 million or approximately 367.6% as compared with approximately RMB14.2 million for the corresponding period of 2019. This was primarily due to a net foreign exchange gain of approximately RMB35.6 million recorded for the first half of 2020 as compared to approximately RMB2.2 million recorded in the corresponding period of 2019 and the reversal of loss allowance of trade receivables of approximately RMB24.0 million recorded for the Reporting Period.

6. Selling and Distribution Expenses

Selling and distribution expenses of the Group for the Reporting Period amounted to approximately RMB32.3 million, representing a decrease of approximately RMB0.5 million or approximately 1.5% from approximately RMB32.8 million over the corresponding period of 2019.

7. Research and Development Expenses

For the Reporting Period, research and development expenses of the Group amounted to approximately RMB80.0 million, representing an increase of approximately RMB12.8 million or approximately 19.0% from approximately RMB67.2 million over the corresponding period of 2019. This was primarily due to more expenses spent on the research and development of AI products and technologies for Ingdan Labs in the first half of 2020 as compared to the same period of 2019.

8. Administrative and Other Operating Expenses

Administrative and other operating expenses for the Reporting Period were approximately RMB82.8 million, representing an increase of approximately RMB11.3 million or approximately 15.8% from approximately RMB71.5 million over the corresponding period of 2019. This was primarily due to amortization of intangible assets amounting to approximately RMB86.1 million recorded for the Reporting Period as compared to approximately RMB32.5 million recorded in the same period of 2019. The increase was partly offset by a decrease in general administrative costs and back office employee headcounts during the Reporting Period.

9. Income Tax Expenses

Our income tax expenses increased by approximately RMB7.5 million or 937.5% from approximately RMB0.8 million for the six months ended June 30, 2019 to approximately RMB8.3 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 6.5%, as compared to approximately 1.9% for the six months ended June 30, 2019. The increase was mainly due to the passing of a tax holiday of two-year tax exemption of two PRC subsidiaries during 2020.

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 RMB100.1 million, representing an increase of approximately RMB62.1 million or approximately 163.4% as compared with approximately RMB38.0 million for the corresponding period of 2019. The increase was primarily due to an increase in profit from operations as a result of increased revenue and gross profit.

11. Liquidity and Source of Funding

As at June 30, 2020, the current assets of the Group amounted to approximately RMB3,376.7 million, which mainly comprised cash and bank balances (including short-term bank deposits and pledged bank deposits), inventories, loan receivables and trade and other receivables, in the amount of approximately RMB343.3 million, RMB791.7 million, RMB174.5 million and RMB1,791.2 million, respectively. Current liabilities of the Group amounted to approximately RMB1,333.1 million, of which approximately RMB145.7 million was bank loans and approximately RMB1,150.1 million was trade and other payables. As at June 30, 2020, the current ratio (the current assets to current liabilities ratio) of the Group was 2.53, representing a decrease of 14.5% as compared with 2.96 as at December 31, 2019. The change in the current ratio was primarily due to an increase in trade and other payables, and a decrease in loans receivables, partly 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 2020 to cope with expected sales demand in the second half of this year. The decrease in loans receivables was resulted from a net repayment of loans to customers during 2020.

The Group does not have other debt financing obligations as at June 30, 2020 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 RMB159.8 million, representing an increase of approximately RMB80.7 million or approximately 102.0% compared with approximately RMB79.1 million for the corresponding period in 2019. The increase in capital expenditure was primarily due to purchases of intangible assets during 2020, which were related to research and development for different AIoT industries, including the Internet of vehicles and robotics.

13. Net Gearing Ratio

As of June 30, 2020, the net gearing ratio of the Group, which was calculated by dividing net debt (total bank loans and lease liabilities minus cash and cash equivalents and pledged deposits) by total equity was approximately –3.1% as compared with –1.7% as at December 31, 2019. The decrease was primarily due to an increase in net cash balance as a result of an increase in cash generated from operations. The increase in net cash balance was offset in part by additional investment in financial assets at fair value through other comprehensive income and purchases of intangible assets in 2020.

14. Material Investments

The Group did not make any material investments for the Reporting Period.

15. Material Acquisitions and Disposals

On December 17, 2019, the Company entered into a legally binding letter of intent with Optimum Profuse Limited ("**Optimum**") in respect of (i) the acquisition of 30% of the entire issued share capital of Hardeggs Holdings Limited from Optimum by INGDAN.com Group, Inc., an indirect wholly-owned subsidiary of the Company, for a cash consideration of RMB35 million; and (ii) the subscription of Optimum in the shares of Comtech Industrial Technology (Shenzhen) Company Limited, an indirect wholly-owned subsidiary of the Company, representing 25% of its entire issued share capital for RMB35 million. Please refer to the announcements dated December 18, 2019 and January 13, 2020. For the purposes of account consolidation and financial benefits, the cut-off date of January 1, 2020 was adopted for the transaction. 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, 2020, we did not have other plans for material investments and capital assets.

17. Pledge of Assets

Except for the pledged bank deposits of approximately RMB126.7 million and approximately RMB159.9 million as at June 30, 2020 and December 31, 2019, 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.

18. Contingent Liabilities

Neither the Group nor the Company had any significant contingent liabilities as at June 30, 2020.

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 was no other significant events that might affect the Group since the end of the six months ended June 30, 2020.

21. Discontinuation of Non-GAAP Measures

To supplement our financial statements which are presented in accordance with Hong Kong Financial Reporting Standards, the Group has also used unaudited non-Generally Accepted Accounting Principles ("**non-GAAP**") adjusted financials as an additional financial measure to evaluate our financial performance since the listing of the Company's shares on The Stock Exchange of Hong Kong Limited in 2014. Given that non-GAAP measures will not provide meaningful information to the shareholders of the Company, the Company determines that it will no longer disclose non-GAAP measures.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

		Six months ended 30 June	
		2020	2019
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**3,281,205**	2,671,224
Cost of sales		**(3,026,652)**	(2,470,866)
Gross profit		**254,553**	200,358
Other income		**66,410**	14,248
Selling and distribution expenses		**(32,312)**	(32,825)
Research and development expenses		**(80,022)**	(67,199)
Administrative and other operating expenses		**(82,727)**	(71,507)
Finance costs		**(5,328)**	(24,931)
Share of results of associates		**6,263**	23,021
Profit before tax		**126,837**	41,165
Income tax expenses	*6*	**(8,278)**	(785)
Profit for the period		**118,559**	40,380
Profit for the period attributable to:			
Owners of the Company		**100,077**	37,983
Non-controlling interests		**18,482**	2,397
		118,559	40,380
Other comprehensive income (expense) for the period			
Items that will not be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements from functional currency to presentation currency		**57,105**	(1,139)
Net change in fair value of financial assets at fair value through other comprehensive income		**(48,005)**	—
		9,100	(1,139)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		**13,082**	(1,951)
		13,082	(1,951)
Other comprehensive income (expense) for the period		**22,182**	(3,090)
Total comprehensive income for the period		**140,741**	37,290

	Note	Six months ended 30 June	
		2020	2019
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
Total comprehensive income for the period attributable to:			
Owners of the Company		**121,683**	34,850
Non-controlling interests		**19,058**	2,440
		140,741	37,290
Earnings per share	*8*		
Basic (RMB)		**0.072**	0.026
Diluted (RMB)		**0.071**	0.026

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Non-current assets			
Plant and equipment		**7,993**	7,765
Right-of-use assets		**53,994**	24,546
Intangible assets	*9*	**1,135,655**	1,084,030
Goodwill		**452,467**	452,467
Financial assets at fair value through other comprehensive income		**475,115**	360,532
Loan receivables	*10*	**158,473**	155,847
Interests in associates		**196,769**	185,650
Interest in a joint venture		**—**	—
		2,480,466	2,270,837
Current assets			
Inventories		**791,679**	319,974
Trade, bills and other receivables	*11*	**1,791,185**	1,567,488
Loan receivables	*10*	**174,521**	663,096
Amounts due from associates		**276,028**	330,654
Pledged bank deposits		**126,670**	159,858
Cash and cash equivalents		**216,582**	119,865
		3,376,665	3,160,935
Current liabilities			
Trade and other payables	*12*	**1,150,114**	854,316
Lease liabilities		**16,404**	11,490
Contract liabilities		**5,866**	3,978
Income tax payables		**14,992**	16,397
Bank loans		**145,699**	180,676
		1,333,075	1,066,857
Net current assets		**2,043,590**	2,094,078
Total assets less current liabilities		**4,524,056**	4,364,915

	Note	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Non-current liabilities			
Deferred tax liabilities		**48,342**	51,609
Lease liabilities		**38,429**	13,297
		86,771	64,906
Net assets		**4,437,285**	4,300,009
Capital and reserves			
Share capital	*13*	**1**	1
Reserves		**4,230,543**	4,114,883
		4,230,544	4,114,884
Non-controlling interests		**206,741**	185,125
Total equity		**4,437,285**	4,300,009

NOTES

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 11th Floor, Microsoft Comtech Tower, No. 55 Gaoxin South 9th Road, Nanshan District, Shenzhen, the People's Republic of China (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 Group was principally engaged in the sales of integrated circuits ("IC"), other electronic components and Artificial Intelligence and Internet of Things ("AIoT") products and the provision of supply chain 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 2020 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 of Hong Kong Limited (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 financial assets at fair value through other comprehensive income, 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 2019 except as described below.

In the current interim period, the Group has applied, for the first time, the Amendments to References to the Conceptual Framework in HKFRSs and the following new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), which includes HKFRSs, HKASs and amendments issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2020.

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

The application of the Amendments to References to the Conceptual Framework in HKFRSs and the above new and amendments to HKFRSs in the current interim period has had no material effect 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 the sales of IC, other electronic components and AIoT products, commission fees charged to third-party merchants for using the e-commerce marketplaces ("marketplace income") and interest income generated from the supply chain financing services, namely Ingfin Financing Services ("IngFin Financing Services"). An analysis of the Group's revenue for the period is as follows:

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers, within the scope of HKFRS 15		
— Sales of IC, other electronic components and AIoT products	**3,222,404**	2,619,959
— Marketplace income	**30,543**	28,848
	3,252,947	2,648,807
Revenue from other sources		
— Interest income from IngFin Financing Services	**28,258**	22,417
	3,281,205	2,671,224

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

	Ingdan Innovations *RMB'000*	**Ingfin Services** *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 and AIoT products	**1,784,453**	**1,437,951**	**3,222,404**
— Marketplace income	**—**	**30,543**	**30,543**
	1,784,453	**1,468,494**	**3,252,947**
Timing of revenue recognition:			
— At a point in time	**1,784,453**	**1,468,494**	**3,252,947**
Geographical markets:			
— The PRC (including Hong Kong)	**1,784,453**	**1,305,366**	**3,089,819**
— Southeast Asia	**—**	**163,128**	**163,128**
	1,784,453	**1,468,494**	**3,252,947**

	Ingdan Innovations *RMB'000* (Restated)	Ingfin Services *RMB'000* (Restated)	Total *RMB'000*
For the six months ended 30 June 2019 (unaudited)			
Revenue from goods and services:			
— Sales of IC, other electronic components and AIoT products	1,717,586	902,373	2,619,959
— Marketplace income	—	28,848	28,848
	1,717,586	931,221	2,648,807
Timing of revenue recognition:			
— At a point in time	1,717,586	931,221	2,648,807
Geographical markets:			
— The PRC (including Hong Kong)	1,717,586	859,317	2,576,903
— Southeast Asia	—	71,904	71,904
	1,717,586	931,221	2,648,807

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:

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

— Ingfin Services: Sales of proprietary and semi-conductor products, Ingfin Financing Services and incubator business

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

During the six months ended 30 June 2020, as a result of the completion of the internal re-organisation of the Group, the structure of the Group's internal organisation has been changed such that the CODM commenced to review the Group's business by types of products or services, namely Ingdan Innovations and Ingfin Services. The (i) sales of IC and other electronic components; and (ii) sales of AIoT products included in Ingdan Services have been merged into "Ingdan Innovations", while the remaining business of Ingdan Services remained as "Ingfin Services". The CODM considers that such internal re-organisation could better reflect the financial performance of each business and enhance operational efficiency by aggregating similar businesses (i.e. sales of IC and other electronic components and sales of AIoT products) into one reporting segment "Ingdan Innovations".

In order to align the restructured internal management and reporting structure reviewed by the CODM during the six months ended 30 June 2020, the segment information of comparative period has been restated to conform with current period's presentation.

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 2020

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

For the six months ended 30 June 2019

	Ingdan Innovations *RMB'000* (Unaudited and restated)	Ingfin Services *RMB'000* (Unaudited and restated)	Total *RMB'000* (Unaudited and restated)
Revenue			
— External sales	1,717,586	953,638	2,671,224
— Inter-segment sales	143,817	81,606	225,423
Segment revenue	1,861,403	1,035,244	2,896,647
Eliminations			(225,423)
Group revenue			2,671,224
Segment profit	57,611	4,504	62,115
Unallocated income			14,248
Unallocated corporate expenses			(33,288)
Unallocated finance costs			(24,931)
Share of results of associates			23,021
Profit before tax			41,165

The accounting policies of the reporting segments are the same with 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 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 2020	At 31 December 2019
	RMB'000	*RMB'000*
	(Unaudited)	(Audited and restated)
Ingdan Innovations	**1,686,752**	1,086,705
Ingfin Services	**3,557,892**	3,840,893
Total segment assets	**5,244,644**	4,927,598
Interests in associates	**196,769**	185,650
Interest in a joint venture	**—**	—
Corporate and other assets	**415,718**	318,524
Total assets	**5,857,131**	5,431,772

Segment liabilities

	At 30 June 2020	At 31 December 2019
	RMB'000	*RMB'000*
	(Unaudited)	(Audited and restated)
Ingdan Innovations	**621,773**	39,181
Ingfin Services	**467,745**	759,373
Total segment liabilities	**1,089,518**	798,554
Corporate and other liabilities	**330,328**	333,209
Total liabilities	**1,419,846**	1,131,763

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, pledged bank deposits and cash and cash equivalents and other corporate assets; and

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

6. INCOME TAX EXPENSES

	For the six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax:		
— PRC Enterprises Income Tax	**7,007**	2,659
— Hong Kong Profits Tax	**4,389**	1,442
— Other jurisdictions	**149**	216
	11,545	4,317
Deferred taxation	**(3,267)**	(3,532)
	8,278	785

7. DIVIDENDS

No dividend was paid, declared or proposed during the six months ended 30 June 2020, nor has any dividend been proposed since the end of the interim period (six months ended 30 June 2019: nil).

8. EARNINGS PER SHARE

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

	For the six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(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	**100,077**	37,983

	For the six months ended 30 June	
	2020	2019
	'000	*'000*
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,389,878**	1,440,760
Effect of dilutive potential ordinary shares:		
Deemed issue of shares under the Company's restricted share units scheme (the "RSU Scheme") for nil consideration	**10,393**	11,796
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,400,271**	1,452,556

9. INTANGIBLE ASSETS

During the six months ended 30 June 2020, the additions of intangible assets in respect of information systems amounted to approximately RMB157,532,000 (2019: RMB79,058,000).

10. LOANS RECEIVABLES

	At 30 June 2020 RMB'000 (Unaudited)	At 31 December 2019 RMB'000 (Audited)
Analysed for reporting purpose:		
— Current portion	**174,521**	663,096
— Non-current portion	**158,473**	155,847
	332,994	818,943

The loans are secured by the borrowers' cash deposits, inventories, trade receivables and carried fixed interest rates as at 30 June 2020 and 31 December 2019.

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

	At 30 June 2020 RMB'000 (Unaudited)	At 31 December 2019 RMB'000 (Audited)
Within 3 months	**41,219**	155,847
3 to 6 months	**—**	77,289
6 months to 1 year	**158,473**	324,485
Over 1 year	**133,302**	261,322
	332,994	818,943

11. TRADE, BILLS AND OTHER RECEIVABLES

The Group allows credit period ranging from 30 to 90 days (31 December 2019: 30 to 90 days) from the date of billing. The following is an ageing analysis of trade and bills receivables, net of loss allowance for trade and bills receivables, presented based on the invoice date which approximates revenue recognition date at the end of each reporting period.

	At 30 June 2020 RMB'000 (Unaudited)	At 31 December 2019 RMB'000 (Audited)
Within 1 month	**1,540,904**	502,709
1 to 2 months	**34,853**	261,250
2 to 3 months	**2,597**	233,717
Over 3 months	**21,760**	247,067
	1,600,114	1,244,743

12. 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 2020	At 31 December 2019
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 1 month	**944,050**	395,550
1 to 3 months	**53,497**	240,305
Over 3 months	**86,105**	158,721
	1,083,652	794,576

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

13. SHARE CAPITAL

	Number of shares	**Amount in original currency**	**Shown in the condensed consolidated interim financial information**
		US$	*RMB'000*
Ordinary shares of US$0.0000001 each			
Authorised:			
At 1 January 2019, 31 December 2019, 1 January 2020 and 30 June 2020	500,000,000,000	50,000	N/A
Issued and fully paid:			
At 1 January 2019 (audited)	1,477,140,732	148	1
Issue of new shares *(note (i))*	14,000,000	1	—
Cancellation of repurchased shares *(note (ii))*	(63,808,000)	(6)	—
At 31 December 2019 and 1 January 2020 (audited)	1,427,332,732	143	1
Cancellation of repurchased shares *(note (iv))*	(9,916,000)	(1)	—
At 30 June 2020 (unaudited)	1,417,416,732	142	1

Notes:

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

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

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

All of the above shares, together with 231,000 shares which were repurchased during the year ended 31 December 2018, were cancelled during the year ended 31 December 2019. The issued share capital of the Company was reduced by the nominal value of US$6.38. Pursuant to section 37(4) of the Companies Law of the Cayman Islands, the nominal value of the shares cancelled of US$6.38 (equivalent to RMB44) was transferred from the share capital to the share premium. The premium paid on the repurchase of the shares of approximately HK$149,399,000, equivalent to approximately RMB131,723,000, was charged to share premium.

(iii) No share was repurchased for the RSU Scheme during the six months ended 30 June 2020 and year ended 31 December 2019.

(iv) During the six months ended 30 June 2020, the Company repurchased its own shares through the Stock Exchange as follows:

Month	Number of ordinary shares of US$0.0000001 each	Price per share Highest	Price per share Lowest	Aggregate amount paid
		HK$	*HK$*	*HK$'000*
April 2020	7,234,000	0.94	0.78	6,228
May 2020	2,682,000	0.84	0.79	2,183
	9,916,000			8,411

All of the above shares repurchased has been cancelled during the six months ended 30 June 2020. The issued share capital of the Company was reduced by the nominal value of US$0.99. Pursuant to section 37(4) of the Companies Law of the Cayman Islands, the nominal value of the shares cancelled of US$0.99 (equivalent to RMB7) was transferred from the share capital to the share premium. The premium paid on the repurchase of the shares of approximately HK$8,411,000, equivalent to approximately RMB7,620,000, was charged to share premium.

(v) For the six months ended 30 June 2020, 2,990,010 units of RSUs (year ended 31 December 2019: 6,176,674 units) were vested to the beneficiaries, and approximately RMB8,875,000 (year ended 31 December 2019: RMB26,118,000) were credited to the shares held for RSU scheme.

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

14. COMPARATIVE FIGURES

As a result of the internal re-organisation of the Group as disclosed in note 5, certain comparative figures have been restated to conform to current period's presentation.

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.

DIRECTORS' INTEREST IN A COMPETING BUSINESS

During the Reporting Period, the Directors were not aware of any business or interest of the Directors or any substantial shareholder (as defined under the Listing Rules) of the Company and their respective associates that had competed or might compete with the business of the Group and any other conflicts of interests which any such person had or might have with the Group.

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 and the external auditor of the Company, SHINEWING (HK) CPA Limited.

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, 2020, the Company repurchased an aggregate of 9,916,000 shares of its own issued ordinary share capital through the Stock Exchange at an aggregate consideration of approximately HK$8.4 million (equivalent to approximately RMB7.6 million).

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

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

Save for the aforesaid, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Reporting Period and up to the date of this announcement.

MATERIAL LITIGATION

As of June 30, 2020, 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, 2019: 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.cogobuy.com. The 2020 interim report of the Group 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.

THE RISINGNOVAS ACQUISITIONS AND THE BCT ACQUISITIONS

The following transactions in relation to the financial year ended December 31, 2019 are disclosed on a voluntary basis.

Certain subsidiaries of the Company acquired several distinctive software licenses from Huameng Software (Shenzhen) Co., Ltd. (華盟軟體(深圳)有限公司), an independent third party whose principal business activity is the provision of system integration of software and hardware services and customized product development of middleware software.

On July 9, 2019, Risingnovas (HK) Limited acquired software licenses with the following functionalities for an aggregate consideration of US$32 million:

(i) a data management system to collect data about the vehicle and the driver;

(ii) an information collection and data analysis and management system to upload data to the server;

(iii) an advanced driver-assistance system and data analysis system to provide alerts when driving;

(iv) a GPS high-precision positioning system to monitor the location of the vehicles and the surrounding circumstances; and

(v) an autopilot vision processing system to increase safety by way of processing images and surrounding circumstances.

(collectively, the "**Risingnovas Acquisitions**")

On October 8, 2019, BCT Holdings Limited acquired software licenses with the following functionalities for an aggregate consideration of RMB150 million:

(i) a charging station management system for alternative fuel vehicles to control the speed of the vehicle;

(ii) an electric-driven control system for alternative fuel vehicles to enhance efficiency and to conserve energy when the vehicle is idle;

(iii) a comprehensive diagnosis system for alternative fuel vehicles to provide diagnosis when the vehicle is idle; and

(iv) a battery management system for alternative fuel vehicles to manage and calculate how much fees should be charged for a battery recharge.

(collectively, the "**BCT Acquisitions**")

The consideration of each of the licenses under the Risingnovas Acquisitions and the BCT Acquisitions were arrived at after arm's length negotiations between the parties.

The Risingnovas Acquisitions and the BCT Acquisitions were entered into to expand the Company's capabilities in conducting further research and development and to conduct testing with a view of potentially developing components that can be sold in the future.

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

Hong Kong, August 31, 2020

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