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, 2015

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, 2015 (the "**Reporting Period**") and comparison with the operating results for the corresponding period in 2014. These results were based on the unaudited consolidated interim financial statements 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 ("**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, 2015	June 30, 2014	Year-on-year change
	*(Renminbi ("**RMB**") in millions, unless specified)*		
Revenue	**4,284.4**	2,993.1	43.1%
Gross profit	**344.5**	230.3	49.5%
Profit for the period	**175.9**	70.2	150.5%
Profit attributable to equity shareholders of the Company	**166.2**	62.4	166.3%
Earnings per share ("**EPS**") (RMB per share)			
— basic	**0.124**	0.062	100.0%
— diluted	**0.123**	0.062	98.4%

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Business and Financial Performance of the Group

We are a leading e-commerce company dedicated to serving the electronics manufacturing industry in China. We operate the largest transaction-based e-commerce platform for integrated circuits ("**IC**") and other electronic components in China as measured by Gross Merchandise Value ("**GMV**") in 2013, according to Analysys International, an independent industry consultant. Through our e-commerce platform, including a direct sales platform, an online marketplace and a dedicated team of technical consultants and professional sales representatives, we provide our customers with comprehensive online and offline services across pre-sale, sale and post-sale stages. There were no material changes in our business during the six months ended June 30, 2015. For the six months ended June 30, 2015, we fulfilled orders with a GMV of approximately RMB5.8 billion. For the six months ended June 30, 2015, 73.3% of our GMV was derived from direct sales value, 17.5% from transaction value in online marketplace and 9.2% from loan value in supply chain financing business. We serve electronics manufacturers including small and medium enterprises ("**SMEs**"), which we believe represent a lucrative and fast-growing segment of the IC and other electronic components market with a significant demand for our services. We offer a wide selection of products at competitive prices through our e-commerce platform, which are sourced from approximately 600 suppliers, including some of the top brand-name suppliers in key product categories.

Driven by the strong demand from approximately three million electronics manufacturers, China has become the largest IC and other electronic components procurement market with a total transaction value of over RMB2.0 trillion in 2013, according to Analysys International. We believe that, leveraging our early-mover advantage, we are well positioned to benefit from the significant growth potential of China's IC and other electronic components procurement market. To better serve and support various aspects of the electronics manufacturing industry in China, we are extending beyond the IC and other electronic components procurement market and are starting to offer additional products and services, such as various tools and applications offered through our cloud computing system. We believe that we can also drive our own long-term growth by fostering the development of an open, collaborative and prosperous e-commerce ecosystem that benefits the business operation of our customers and suppliers as a whole.

We derive substantially all of our revenue from direct sales of IC and other electronic components. We source high quality IC and other electronic components from leading suppliers around the world and sell them to both SME and blue-chip electronics manufacturers in China through our e-commerce platform and dedicated sales representatives, who work closely with our customers to understand their needs, provide technical consultation and help support their procurement function. For the six months ended June 30, 2015, we derived 57.9% for our direct sales revenue from SME customers and 42.1% from blue-chip customers, respectively. We also operate an online marketplace that allows third-party merchants to sell their products to our customers through our e-commerce platform. A small percentage of our revenue in 2013, 2014 and the first half of 2015 represented commission fees that we charged these third-party merchants. We plan to further enhance our marketplace platform to complement our direct sales platform.

We have built a large community of engineers and technical professionals who are able to contribute to the procurement decisions of electronics manufacturers. The procurement decisions of a Chinese electronics manufacturer are often made by a handful of its key personnel, many of whom are engineers and technical professionals. Accordingly, we target our marketing efforts at those professionals, aiming to form and enhance the sense of community among them. For example, we hold new media marketing events, such as product launches and technology discussion forums, on various social networking platforms, including Weibo and TechWeb. We also launched the Hardeggs WeChat community in September 2013, which has become an interactive and engaging online community promoting idea and knowledge exchanges among electronics designers and engineers in China.

We have developed an e-commerce model to streamline and complement the complex offline procurement system of the electronics manufacturing industry in China. Through a combination of offline and online customer engagement, we have been able to attract and retain electronics manufacturers that work with our sales and customer service teams and through our web and mobile e-commerce platform to efficiently search and define purchase order specifications, as well as execute and manage related procurement processes. Our business model creates a unique value proposition for key participants in China's electronics manufacturing supply chain, including SMEs, blue-chip customers and suppliers.

We commenced a new supply chain financing business in September 2014 whereby we earn interest income for providing certain financial services to third parties manufacturers, including the provision of working capital financing programs. Our supply chain financing business is a good demonstration of our strength in generating new revenue streams by providing additional services based on our existing platform. During the Reporting Period, GMV contributed by the provision of loans in the supply chain financing business was RMB534.6 million.

Future Prospects

Our goal is to become the leading e-commerce platform serving China's unique value proposition industry. We intend to pursue the following growth strategies to achieve our goal by:

Expanding the SME Customer Base

We plan to further expand our customer base by attracting more SME customers. We intend to target more efforts at SME electronics manufacturers, which we believe represent a lucrative and fast-growing segment of the IC and other electronic components markets with significant demand for our services. We will further exploit social media platforms in China to facilitate idea and knowledge exchanges among a targeted community of engineers and technical professionals and enhance their community experience. We are also in the process of developing new business applications and customized software to provide potential SME customers with access to a wide range of high-quality technical resources. By bolstering our brand name and serving a targeted professional community, we expect to enhance word-of-mouth marketing effects, which we believe will drive new user acquisition and increase conversion of our registered users into transaction users.

Enhancing Our Marketplace Platform to Complement the Existing Direct Sales Platform

We officially launched our marketplace platform in July 2013 and we are in the process of expanding its product and service offerings to further complement our direct sales platform. Our marketplace platform takes advantage of our IT and logistics infrastructure to allow third-party merchants to make sales to our registered users. We plan to attract more channel sales vendors, suppliers and manufacturers to our marketplace platform, with a particular emphasis on SME manufacturers of IC and other electronic components. We will also develop tools to establish trust ratings for suppliers and buyers, thus facilitating the process of selecting potential trading partners. We believe that our focus on the business needs of SME merchants will enable us to develop and offer them better services compared to those of other e-commerce companies that focus principally on consumers.

Further Enhancing Customer Loyalty and Increasing 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 e-commerce platform more efficient and useful to our customers. We will continue to enhance the customized contents on our e-commerce platform 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 fulfillment and delivery capabilities in order to enhance our service reliability and shorten our customer response time to further strengthen the effectiveness of our platform. 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 services free of charge. 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.

Fostering the Development of an Ecosystem Serving the Electronics Manufacturing Value Chain

We plan to foster the development of an open, collaborative and prosperous e-commerce ecosystem that will benefit the business operations of our customers and suppliers, which we believe will also drive our own long-term growth. We intend to broaden our platform's 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 offer them customized solutions at scale. Our data-driven services will include marketing and advertising planning, merchandising, customized products, fulfillment management and third-party data services.

Pursuing 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. In 2014, we became a Microsoft Gold Certified Partner, and started promoting Microsoft Cloud services to our customers.

FINANCIAL OVERVIEW

First half of 2015 compared to first half of 2014

The following table sets forth the comparative figures for the first half of 2015 and the first half of 2014:

	Unaudited Six months ended	
	June 30, 2015	June 30, 2014
	(RMB in millions)	
Revenue	**4,284.4**	2,993.1
Cost of sales	**(3,939.9)**	(2,762.8)
Gross profit	**344.5**	230.3
Other revenue	**13.4**	0.2
Selling and distribution expenses	**(64.6)**	(39.5)
Research and development expenses	**(23.5)**	(17.0)
Administrative and other operating expenses	**(53.5)**	(76.7)
Profit from operations	**216.3**	97.3
Finance costs	**(14.8)**	(17.2)
Profit before taxation	**201.5**	80.1
Income tax	**(25.6)**	(9.9)
Profit for the period	**175.9**	70.2
Attributable to:		
Equity shareholders of the Company	**166.2**	62.4
Non-controlling interests	**9.7**	7.8
Profit for the period	**175.9**	70.2

1. **Overview**

For the six months ended June 30, 2015, profit of the Group increased significantly and amounted to RMB175.9 million, representing an increase of RMB105.7 million as compared with RMB70.2 million for the corresponding period of 2014. Profit attributable to equity shareholders of the Company amounted to RMB166.2 million, representing an increase of RMB103.8 million compared with RMB62.4 million for the corresponding period of 2014.

2. **Revenue**

For the six months ended June 30, 2015, revenue of the Group amounted to RMB4,284.4 million, representing an increase of RMB1,291.3 million or 43.1% as compared with RMB2,993.1 million for the corresponding period of 2014. The Group's revenue comprised of RMB4,256.1 million of direct sales revenue, RMB21.2 million of marketplace revenue and RMB7.1 million of supply chain financing revenue. The increase was primarily due to organic growth in the sales volume driven by our online platform.

3. **Cost of Sales**

Cost of sales for the six months ended June 30, 2015 was RMB3,939.9 million, representing an increase of 42.6% from RMB2,762.8 million for the six months ended June 30, 2014. Cost of sales during the same period was partially offset by supplier rebates and discounts of RMB131.8 million. The increase was due to increase in revenue and sales to customers for the reasons described above.

4. **Gross Profit**

Gross profit for the six months ended June 30, 2015 was RMB344.5 million, representing an increase of 49.5% from RMB230.3 million for the six months ended June 30, 2014. The increase was primarily driven by the results of revenue and cost of sales for the reasons described above.

5. **Other Revenue**

For the six months ended June 30, 2015, other revenue of the Group amounted to RMB13.4 million, representing an increase of RMB13.2 million as compared with RMB0.2 million for the corresponding period of 2014. This was primarily due to increase in interest income as a result of an increase in cash and bank balances generated from proceeds of the Company's global offering in July 2014 (the "**Global Offering**").

6. **Selling and Distribution Expenses**

For the six months ended June 30, 2015, selling and distribution expenses of the Group amounted to RMB64.6 million, representing an increase of RMB25.1 million or 63.6% from RMB39.5 million over the corresponding period of 2014. This was primarily due to additional bad debt provision of RMB18.2 million made in 2015 according to the Group's provision policy. As a result of an increase in revenue, other indirect selling expenses such as promotion and marketing expenses also contributed to the increase in selling and distribution expenses.

7. Research and Development Expenses

For the six months ended June 30, 2015, research and development expenses of the Group amounted to RMB23.5 million, representing an increase of RMB6.5 million or 38.4% from RMB17.0 million over the corresponding period of 2014. This was primarily due to more expenses spent for online platform technology enhancement in 2015.

8. Administrative and Other Operating Expenses

Administrative and other operating expenses for the six months ended June 30, 2015 were RMB53.5 million, representing a decrease of RMB23.2 million or 30.2% from RMB76.7 million over the corresponding period of 2014. This was primarily due to decrease of RMB28.8 million in expenses in relation to the Global Offering. The decrease was offset in part by increase in other general administrative costs such as office related expenses and listed company compliance expenses.

9. Income Tax

For the six months ended June 30, 2015, income tax of the Group amounted to RMB25.6 million, representing an increase of RMB15.7 million or 158.7% as compared with RMB9.9 million for the corresponding period of 2014. The effective tax rate for the six months ended June 30, 2015 was 12.7%, as compared to 12.4% for the six months ended June 30, 2014.

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

For the six months ended June 30, 2015, profit attributable to equity shareholders of the Company amounted to RMB166.2 million, representing an increase of RMB103.8 million or 166.3% as compared with RMB62.4 million for the corresponding period of 2014. The increase was primarily due to increased direct sales revenue and increased sales on our marketplace platform with a 100% gross profit margin.

11. Liquidity and Source of Funding

As of June 30, 2015, the current assets of the Group amounted to RMB4,123.3 million, which mainly comprised bank balances and cash (including pledged bank deposits), inventories, trade and other receivables, in the amount of RMB1,805.7 million, RMB938.9 million and RMB1,053.7 million, respectively. Current liabilities of the Group amounted to RMB2,770.4 million, of which RMB1,809.3 million was bank loans and RMB881.5 million was trade and other payables. As of June 30, 2015, the current ratio (the current assets to current liabilities ratio) of the Group was 1.5, representing a decrease of 11.8% as compared with 1.7 as of December 31, 2014.

The Group does not have other debt financing obligations as of June 30, 2015 or the date of this interim results announcement and does not have any breaches of financial covenants.

12. Capital Expenditure

For the six months ended June 30, 2015, the capital expenditure of the Group amounted to approximately RMB3.1 million, representing an increase of RMB2.8 million compared with RMB0.3 million for the corresponding period in 2014. The increase was primarily due to information system enhancement for online platform.

13. Net Gearing Ratio

As of June 30, 2015, the net gearing ratio of the Group, which was calculated by dividing net debt (total bank loans minus cash and cash equivalents and pledged deposits) by the sum of net debt and total equity was 0.2% as compared with –51.6% as of December 31, 2014. The increase was primarily due to higher utilization of bank credit facilities in 2015.

14. Material Investments

The Group made available for sale investments of RMB169.8 million for the six months ended June 30, 2015.

15. Material Acquisitions and Disposals

The Group did not have any material acquisitions and disposals for the six months ended June 30, 2015.

16. Pledge of Assets

Except for the pledged bank deposits of RMB908.9 million and RMB742.2 million as of June 30, 2015 and December 31, 2014, respectively, the Group did not pledge any assets for the six months ended June 30, 2015. The pledged bank deposits were placed as security for credit facilities granted by several banks in Hong Kong.

17. Contingent Liabilities

Neither the Group nor the Company had any significant contingent liabilities as of June 30, 2015.

18. 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 are translated into Renminbi at the exchange rates approximating the foreign exchange rates ruling at the dates of transactions. Consolidated statements of financial position items are translated into Renminbi 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 Renminbi, the cumulative amount of the exchange differences relating to that operation with functional currency other than Renminbi is reclassified from equity to profit or loss when the profit or loss on disposal is recognized.

19. Material Events

I. *Becoming a constituent of Hang Seng family of indexes*

With effect from March 9, 2015, the Company has been selected as a constituent of the following Hang Seng family of indexes:

- Hang Seng Broad Consumption Index
- Hang Seng Global Composite Index
- Hang Seng Composite Index Series:
    - Hang Seng Composite Index
    - Hang Seng Composite Industry Index — Information Technology
    - Hang Seng Composite SmallCap Index

(For details, please refer to the announcement of the Company dated March 12, 2015.)

II. ***Inclusion as one of the public service platforms of intelligent hardware center in Beijing's Zhongguancun Science Park***

The Company's INGDAN.com platform has been included as one of the public service platforms of intelligent hardware center in Beijing's Zhongguancun Science Park ("**Zhongguancun**"). Through the INGDAN.com platform, Zhongguancun's innovation projects can get access to supply chain resources in China. (For details, please refer to the announcement of the Company dated March 26, 2015.)

III. ***Increase in the follower number of the Company's INGDAN.com platform and the launch of its "IngDan Experience Center" in Shenzhen***

On May 8, 2015, the Company announced that the follower number of its INGDAN.com platform (Hardeggs platform) increased from 1 million to nearly 2 million between February 2015 and April 2015.

Also, the Company officially launched its "IngDan Experience Center" in Shenzhen for intelligent electronics fans in April 2015. The 500 square-meter offline experience center is expected to attract millions of intelligent devices fans. More than 100 conferences and events are planned for the year. (For details, please refer to the announcement of the Company dated May 8, 2015.)

IV. ***Strategic cooperations***

On April 23, 2015, Cogobuy.com E-commerce Services (Shenzhen) Limited (庫購網電子商務(深圳)有限公司), the Company's indirectly wholly-owned subsidiary, and Lenovo (Beijing) Limited (聯想(北京)有限公司) entered into a letter of intent in relation to cooperation in the following areas:

- resource sharing, supply chain support, brand exposure, training in respect of intelligent hardware projects;
- product design and supply chain services in respect of intelligent hardware accelerators (智能硬件加速器);
- applications, services and platform connectivity between intelligent hardware products and Lenovo products; and
- sales channels of intelligent hardware products.

(For details, please refer to the announcement of the Company dated May 29, 2015.)

On July 1, 2015, the Company entered into a long-term strategic cooperation agreement with Baidu Inc. ("**Baidu**") in relation to cooperation in the areas including but not limited to the following:

- high quality projects resource sharing, supply chain support, brand exposure, instructors resource sharing and industry data support;
- joint integration and consolidation of industry advantages and resources;
- exploration of prospects for the development of the Internet of Things ("**IoT**") industry vertically and promotion of solutions development and commercialization; and
- cloud service access, hardware industrial chain cooperation, and providing support to small and medium IoT enterprise start-ups.

The Company and Baidu shall have the priority to cooperate with each other regarding the business scope of the above agreement. (For details, please refer to the announcement of the Company dated July 2, 2015.)

V. ***Organising of the "INGDAN.com New Product Release and INGDAN.com i.Future Competition" in Beijing***

On June 14, 2015, the Company's INGDAN.com platform (Hardeggs platform), an intelligent hardware innovation business platform of the Company, organised the "INGDAN.com New Product Release and INGDAN.com i.Future Competition" in Beijing. Information technology industry practitioners, investors, and service providers, including Baidu, Alibaba, Tencent, JD.com, Microsoft, Lenovo, IDG, Sequoia Capital and other renowned investors were invited to gather at the conference to share their views on the latest developments in the field. (For details, please refer to the announcement of the Company dated June 11, 2015.)

UNAUDITED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Consolidated Statement of Comprehensive Income — Unaudited

For the six months ended June 30, 2015

		Six months ended June 30,	
		2015	2014
	Note	***RMB'000***	*RMB'000*
Revenue	*4*	**4,284,413**	2,993,149
Cost of sales		**(3,939,944)**	(2,762,809)
Gross profit		**344,469**	230,340
Other revenue	*5*	**13,475**	203
Selling and distribution expenses		**(64,606)**	(39,496)
Research and development expenses		**(23,469)**	(16,955)
Administrative and other operating expenses		**(53,529)**	(76,725)
Profit from operations		**216,340**	97,367
Finance costs	*6(a)*	**(14,794)**	(17,244)
Profit before taxation	*6*	**201,546**	80,123
Income tax	*7*	**(25,613)**	(9,900)
Profit for the period		**175,933**	70,223
Attributable to:			
Equity shareholders of the Company		**166,219**	62,424
Non-controlling interests		**9,714**	7,799
Profit for the period		**175,933**	70,223

	Note	Six months ended June 30, 2015 RMB'000	2014 RMB'000
Profit for the period		**175,933**	70,223
Other comprehensive income for the period, net of nil tax			
Items that may be reclassified subsequently to profit or loss:			
— Exchange differences on translation of financial statements of entities with functional currency other than Renminbi		**(1,726)**	5,581
— Net movement in the fair value reserve of available-for-sale investments		**3,323**	—
Other comprehensive income for the period		**1,597**	5,581
Total comprehensive income for the period		**177,530**	75,804
Attributable to:			
Equity shareholders of the Company		**167,880**	67,946
Non-controlling interests		**9,650**	7,858
		177,530	75,804
Earnings per share	*8*		
Basic (RMB)		**0.124**	0.062
Diluted (RMB)		**0.123**	0.062

CONSOLIDATED STATEMENT OF FINANCIAL POSITION — UNAUDITED

As of June 30, 2015

	Note	As of June 30, 2015 RMB'000	As of December 31, 2014 RMB'000
Non-current assets			
Property, plant and equipment		**4,325**	1,635
Intangible assets		**69,951**	23,703
Goodwill		**173,462**	154,136
Available-for-sale investments		**169,833**	—
Other non-current assets		**728**	14,803
		418,299	194,277
Current assets			
Inventories		**938,915**	501,340
Trade and other receivables	*9*	**1,053,689**	748,507
Loans to third parties	*10*	**307,810**	208,629
Amount due from related party		**6,200**	11,478
Short term deposits		**11,000**	11,000
Pledged deposits		**908,945**	742,152
Cash and cash equivalents		**896,758**	1,222,700
		4,123,317	3,445,806
Current liabilities			
Trade and other payables	*11*	**881,456**	565,564
Bank loans		**1,809,271**	1,411,424
Amount due to related party		**34,813**	12,434
Current taxation		**44,909**	21,792
		2,770,449	2,011,214
Net current assets		**1,352,868**	1,434,592
Total assets less current liabilities		**1,771,167**	1,628,869
Non-current liabilities			
Deferred tax liabilities		**11,542**	3,912
NET ASSETS		**1,759,625**	1,624,957
CAPITAL AND RESERVES			
Share capital		**1**	1
Reserves		**1,693,334**	1,603,149
Total equity attributable to equity shareholders of the Company		**1,693,335**	1,603,150
Non-controlling interests		**66,290**	21,807
TOTAL EQUITY		**1,759,625**	1,624,957

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 Basis of preparation

The unaudited consolidated interim financial information set out in this announcement does not constitute the unaudited interim financial report of Cogobuy Group (the "**Company**") and its subsidiaries (the "**Group**") for the six months ended June 30, 2015 but is extracted from the unaudited interim financial report which has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**"), including compliance with Hong Kong Accounting Standard ("**HKAS**") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2015 annual financial statements. Details of any changes in accounting policies are set out below.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA.

The financial information relating to the financial year ended December 31, 2014 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those annual financial statements.

2 Changes in accounting policies

The HKICPA has issued the following amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**") that are first effective for the current accounting period of the Group and the Company.

— *Annual Improvements to HKFRSs 2010-2012 Cycle*

— *Annual Improvements to HKFRSs 2011-2013 Cycle*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 Segment reporting

Operating segments, and the amounts of each segment item reported in the interim financial report, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

The Group is principally engaged in the sales of integrated circuits ("**IC**") and other electronic components. Starting from 2014, the Group is also engaged in the provision of supply chain financing services. Management considers that the revenue and profit are derived almost entirely from the wholesales of IC and other electronic components for the six months ended June 30, 2015 and 2014 and financial information regularly provided to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's lines of business and geographical locations does not meet the quantitative thresholds as set out in HKFRS 8, *Operating segments*, to be reportable. Accordingly, no segment information is presented in the interim financial report.

Substantially all of the Group's operations are in the People's Republic of China ("**PRC**") and Hong Kong. Consequently, no geographic information is presented.

4 Revenue

Revenue mainly represents the sales value of goods delivered to customers, commission fees charged to third-party merchants for using the e-commerce marketplace and interest income generated from the supply chain financing business. The amount of each significant category of revenue recognized for the periods is as follows:

	Six months ended June 30,	
	2015	2014
	RMB'000	*RMB'000*
Sales of IC and other electronic components	**4,256,128**	2,982,580
Marketplace income	**21,212**	10,569
Supply chain financing interest income	**7,073**	—
	4,284,413	2,993,149

The Group's operations are not subject to significant seasonality fluctuations.

The Group's customer base included one customer with whom transactions have exceeded 10% of the Group's revenue for the six months ended June 30, 2014. For the six months ended June 30, 2014, revenue from sales of electronic components to this customer, including sales to entities which are known to the Group to be under common control with this customer, amounted to approximately RMB353,695,000. For the six months ended June 30, 2015, there was no single customer who accounted for 10% or more of the Group's revenue.

5 Other revenue

	Six months ended June 30,	
	2015	2014
	RMB'000	*RMB'000*
Other revenue		
Bank interest income	**13,475**	203

6 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

		Six months ended June 30,	
		2015	2014
		RMB'000	*RMB'000*
(a)	***Finance costs***		
	Interest expense on bank loans	**14,794**	14,142
	Guarantee fees	**—**	3,102
		14,794	17,244
(b)	***Staff costs***		
	Contributions to defined contribution retirement plan	**4,521**	4,121
	Salaries, wages and other benefits	**44,707**	38,415
	Equity-settled shared-based compensation expenses	**5,434**	18,373
		54,662	60,909
(c)	***Other items***		
	Amortization of intangible assets	**6,849**	3,794
	Cost of inventories	**3,935,758**	2,762,559
	Impairment loss on trade receivables	**18,240**	2,800
	Write down of inventories	**4,186**	250
	Depreciation of property, plant and equipment	**456**	243
	Listing expenses	**—**	28,800
	Net foreign exchange (gain)/loss	**(1,019)**	3,189
	Operating lease charges in respect of property rentals	**4,733**	3,674
	Research and development expenses (note)	**23,469**	16,955

Note:

Research and development expenses include staff costs of employees in the design, research and development function of RMB15,360,000 for the six months ended June 30, 2015 (six months ended June 30, 2014: RMB14,452,000), which are included in the staff costs as disclosed in note 6(b).

Research and development expenses also include operating lease charges in respect of property rentals of RMB2,191,000 for the six months ended June 30, 2015, respectively (six months ended June 30, 2014: RMB730,000).

7 Income tax

	Six months ended June 30, 2015 RMB'000	2014 RMB'000
Current tax		
PRC Corporation Income Tax	**16,808**	847
Hong Kong Profits Tax	**9,935**	9,680
	26,743	10,527
Deferred tax		
Origination and reversal of temporary differences	**(1,130)**	(627)
	25,613	9,900

(a) ***Cayman Islands and the British Virgin Island (the "BVI")***

Under the current laws of the Cayman Islands and the BVI, the entities that are incorporated in the Cayman Islands and the BVI are not subject to tax on income or capital gains.

(b) ***Hong Kong***

The entities that are incorporated in Hong Kong are subject to Hong Kong Profits Tax. The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% to the six months ended June 30, 2015 (six months ended June 30, 2014: 16.5%). The payments of dividends by Hong Kong companies are not subject to any Hong Kong withholding tax.

(c) ***The PRC***

Effective from January 1, 2008, the PRC statutory income tax rate is 25%. The PRC subsidiaries are subject to PRC Corporate Income Tax ("**CIT**") at statutory rate of 25%, unless otherwise specified.

In addition, Cogobuy.com E-commerce Services (Shenzhen) Limited, Shenzhen Cogobuy Information Technologies Limited and Envision Communication Technology (Shenzhen) Company Limited being qualified software enterprises, are each granted a tax holiday of two-year tax exemption followed by three-year 50% tax reduction (subject to annual review) starting from the first profit making year from the PRC tax perspective under the then effective tax regulations during 2013. As a result, they are exempted from income tax for 2013 and 2014, and are subject to income tax at 12.5% from 2015 to 2017 and at 25% from 2018 onwards.

According to the prevailing PRC CIT law and its relevant regulations, non-PRC-resident enterprises are levied withholding tax at 10%, unless reduced by tax treaties or similar arrangements, on dividends from their PRC-resident investees for earnings accumulated beginning on January 1, 2008. Undistributed earnings generated prior to January 1, 2008 are exempt from such withholding tax.

Under the Arrangement between the Mainland China and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and its relevant regulations, dividends paid by a PRC resident enterprise to its direct holding company in Hong Kong will be subject to withholding tax at a reduced rate of 5% (if the Hong Kong investor is the "beneficial owner" and owns directly at least 25% of the equity interest of the PRC resident enterprise for the past twelve months before the dividends distribution).

For the purpose of the interim financial report, the Directors determined that the management of the Group can control the quantum and timing of distribution of profits of their PRC subsidiaries, deferred tax liabilities are only provided to the extent that such profits are expected to be distributed in the foreseeable future.

8 Earnings per share

(a) *Basic earnings per share*

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB166,219,000 for the six months ended June 30, 2015 (six months ended June 30, 2014: RMB62,424,000) and the weighted average number of ordinary shares of 1,336,020,000 shares (six months ended June 30, 2014: 1,000,000,000 shares). For the purpose of calculating basic and diluted earnings per share, the number of ordinary shares used in the calculation reflected the effects of the share subdivision of the Company in June 2014, on a retrospective basis as if the events had occurred on January 1, 2014.

Basic earnings per share during the periods are calculated as follows:

Weighted average number of ordinary shares

	Six months ended June 30,	
	2015	2014
Issued ordinary shares at the beginning of the period	**1,355,884,000**	100
Effect of share subdivision of the share capital of the Company in June 2014	**—**	999,999,900
Issue of shares under the Restricted Share Unit Scheme ("**RSU Scheme**")	**926,000**	—
Repurchases of shares	**(20,790,000)**	—
Weighted average number of ordinary shares as of the end of the period	**1,336,020,000**	1,000,000,000

(b) ***Diluted earnings per share***

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB166,219,000 for the six months ended June 30, 2015 (six months ended June 30, 2014: RMB62,424,000) and the weighted average number of ordinary shares of 1,347,068,000 shares (six months ended June 30, 2014: 1,000,000,000 shares), calculated as follows:

Weighted average number of ordinary shares (diluted)

	Six months ended June 30, 2015	2014
Weighted average number of ordinary shares as of the end of the period	**1,336,020,000**	1,000,000,000
Effect of deemed issue of shares under the Company's RSU Scheme for nil consideration	**11,048,000**	—
Weighted average number of ordinary shares (diluted) as of the end of the period	**1,347,068,000**	1,000,000,000

For the six months ended June 30, 2014, RSUs were not considered as dilutive potential ordinary shares as they were issuable contingently upon the occurrence of the listing of the Company on July 18, 2014.

9 Trade and other receivables

	As of June 30, 2015 ***RMB'000***	As of December 31, 2014 *RMB'000*
Trade receivables	**1,046,971**	749,694
Bills receivables	**27,626**	14,397
Trade and bills receivables	**1,074,597**	764,091
Less: allowance for doubtful debts	**(44,524)**	(26,284)
	1,030,073	737,807
Loan interest receivables	**3,229**	1,535
Deposits and prepayments	**12,845**	6,342
Other receivables	**7,542**	2,823
	1,053,689	748,507

Trade and bills receivables are normally due within 30 to 60 days from the date of billing.

During the reporting periods, the Group was subject to several factoring agreements with banks under which the banks pay an amount net of discount to the Group and collect the factored trade receivable balances directly from the Group's customers. The costs of the factoring arrangement ranged from 1.7% to 2.5% (six months ended June 30, 2014: 1.7% to 2.4%) of the balances transferred and are included in "finance costs" for the six months ended June 30,

2015. The Group considered it has transferred the contractual rights to receive the cash flows of the trade receivables being factored and therefore records the transfers of trade receivables pursuant to the factoring agreements as sales. All of the factored trade receivables were accounted for as sales and derecognized upon transfer.

Aging analysis

As of the end of the reporting period, the aging analysis of trade and bills receivables (which are included in trade and other receivables), based on the invoice date (or date of revenue recognition, if earlier) and net of allowance for doubtful debts, is as follows:

	As of June 30, 2015	As of December 31, 2014
	RMB'000	*RMB'000*
Within 1 month	**691,792**	446,374
1 to 2 months	**188,410**	196,083
2 to 3 months	**108,838**	85,285
Over 3 months	**41,033**	10,065
	1,030,073	737,807

Trade and bills receivables are normally due within 30 to 60 days from the date of billing.

10 Loans to third parties

	As of June 30, 2015	As of December 31, 2014
	RMB'000	*RMB'000*
Unsecured loans	**266,011**	199,974
Secured loans	**41,799**	8,655
	307,810	208,629

Loans to third parties comprise unsecured loans without collateral and secured loans secured by the third-party borrowers' inventories, receivables or listed securities.

As of the end of the reporting period, the aging analysis of loans to third parties, based on maturity date, is as follows:

	As of June 30, 2015 *RMB'000*	As of December 31, 2014 *RMB'000*
Within 1 month	**77,440**	140,536
1 to 2 months	**109,350**	31,921
2 to 3 months	**81,020**	36,172
Over 3 months	**40,000**	—
	307,810	208,629

As of June 30, 2015, none of the loans to third parties was determined to be individually impaired (December 31, 2014: Nil). All loans to third parties will be matured within one year.

11 Trade and other payables

As of the end of the reporting period, the aging analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

	As of June 30, 2015 *RMB'000*	As of December 31, 2014 *RMB'000*
Within 1 month	**843,798**	450,439
1 to 3 months	**16,045**	76,275
Over 3 months	**4,367**	5,657
Trade payables	**864,210**	532,371
Accrued staff costs	**8,166**	15,765
Other payables	**9,080**	17,428
	881,456	565,564

CORPORATE GOVERNANCE CODE

The Company was incorporated in the Cayman Islands on February 1, 2012 as an exempted company with limited liability, and the shares of the Company were listed on the Main Board of the Stock Exchange on July 18, 2014 (the "**Listing Date**").

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 provision A.2.1 as mentioned below during the period from January 1, 2015 to June 30, 2015.

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.

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 securities in the Company. Having made specific enquiry of all the Directors of the Company, all the Directors confirmed that they have strictly complied with the required standards set out in the Model Code for the six months ended June 30, 2015 and 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 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 internal control system 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. Zhong Xiaolin, Forrest, Mr. Ye Xin and Mr. Yan Andrew Y, all being independent non-executive Directors. Mr. Zhong Xiaolin, Forrest is the chairman of the audit committee.

The audit committee has reviewed the unaudited interim results of the Group for the six months ended June 30, 2015. The audit committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members and the external auditor of the Company, KPMG.

The interim financial report of the Group for the six months ended June 30, 2015 has been reviewed by the audit committee of the Company and by the Company's external auditor in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the HKICPA.

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, 2015, the Company repurchased an aggregate of 23,690,000 shares of its own issued ordinary share capital through the Stock Exchange at an aggregate consideration of HK$100.4 million (equivalent to RMB80.5 million).

Subsequent to the period end date, the Company repurchased an aggregate of 200,000 shares of its own issued ordinary share capital through the Stock Exchange at an aggregate consideration of HK$980.5 thousand (equivalent to RMB784.3 thousand).

The repurchases were effected by the Directors for the benefit of the Company and to create value to its shareholders. As of June 30, 2015, the Company had repurchased a total of 25,645,000 shares, of which 4,935,000 shares were cancelled on January 16, 2015, 8,867,000 shares were cancelled on February 3, 2015, 11,843,000 shares were cancelled on February 23, 2015.

During the six months ended June 30, 2015, the Company repurchased through the RSU Scheme trustee an aggregate of 800,000 shares of its own issued ordinary share capital on the Stock Exchange at an aggregate consideration of HK$3.3 million (equivalent to RMB2.6 million) for the purpose of the RSU Scheme.

Save for the aforesaid, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

MATERIAL LITIGATION

As of June 30, 2015, the Company was not involved in any material litigation or arbitration. Nor were the Directors of the Company 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 six months ended June 30, 2015. (Six months ended June 30, 2014: nil)

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The total gross proceeds from the listing of the Shares amounted to approximately HK$1,375 million. During the period between the Listing Date and June 30, 2015, the net proceeds were utilized in accordance with the purpose as set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated July 8, 2014. The balance of funds would be utilized according to the purposes as set out in the prospectus.

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 2015 interim report of the Group for the six months ended June 30, 2015 will be published on the aforesaid websites of the Stock Exchange and the Company and will be dispatched to the Company's shareholders in due course.

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

Hong Kong, August 19, 2015

As at the date of this announcement, the executive Directors of the Company are Mr. KANG Jingwei, Jeffrey, Mr. WU Lun Cheung Allen and Ms. NI Hong, Hope; the non-executive Director of the Company is Mr. GUO Jiang; the independent non-executive Directors of the Company are Mr. ZHONG Xiaolin, Forrest, Mr. YE Xin and Mr. YAN Andrew Y.