COGOBUY GROUP
科 通 芯 城 集 團

(a company incorporated under the laws of the Cayman Islands with limited liability)

(Stock Code: 400)

UNAUDITED OPERATION SUMMARY OF THE GROUP FOR THE THIRD QUARTER OF 2015

HIGHLIGHTS

For the three months ended September 30, 2015:

- the Group's gross merchandise value ("**GMV**") was RMB3,743.6 million, representing an increase of 68.3% as compared to the same period in 2014;
- non-GAAP profit attributable to equity shareholders[1] of the Company was approximately RMB104.6 million, representing an increase of 43.7% as compared to the same period in 2014; and
- online transaction customers[2] reached 8,513 as at September 30, 2015, representing an increase of 101.8% as compared to that as at September 30, 2014.

This announcement sets out the unaudited operation summary of Cogobuy Group (the "**Company**") and its subsidiaries (the "**Group**") for the three months ended September 30, 2015 (the "**Period**"), based on the Group's internal figures and management accounts of the Company, which have not been audited or reviewed by our external auditors. Shareholders and potential investors should therefore exercise caution when dealing in the shares of the Company.

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1 Net profit attributable to equity shareholders less share-based compensation costs, amortization of intangible assets and its related deferred taxation effect, and expenses incurred in relation to the global offering of the Company.

2 Customers who had completed at least one online transaction during the current period and had completed at least one other online transaction since the beginning of the previous fiscal year.

This announcement is made in accordance with the requirements of Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on the Stock Exchange and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

During the Period, the Company achieved robust growth driven by increasing numbers of new customers, mainly from small and medium enterprises ("**SMEs**"), and better than expected results from supply chain financing business. The number of online transaction customers reached 8,513 as at September 30, 2015, of which approximately 1.7% are blue chip customers and 98.3% are SME customers. This represents an increase of 101.8% as compared to that of 4,219 as at September 30, 2014. As at September 30, 2015, the number of registered customers reached 45,858, an increase of 63.2% as compared to that of 28,107 as at September 30, 2014.

Well-positioned to offer more value-added services, the Company commenced a new supply chain financing business in September 2014 whereby it earns interest income for providing certain financial services to its customers, including provision of working capital financing programs. Supply chain financing business is a good demonstration to show our strengths to generate new revenue stream by providing additional services based on the Company's existing platform. During the Period, GMV contributed by the supply chain financing business has reached RMB425.2 million.

INGDAN.com, our one-stop Internet of Things ("**IoT**") innovation business platform for supply chain services, has continued to attract many new customers for the Group and generated good results during the Period. As at September 30, 2015, INGDAN.com attracted over 3.4 million followers and more than 7,300 IoT project entries. During the Period, GMV contributed by the INGDAN.com platform has amounted to RMB349.6 million, 9.3% of the total GMV. As at November 10, 2015, the platform registered more than 4.1 million followers and nearly 8,600 IoT project entries.

For the three months ended September 30, 2015, the total GMV of the Company's operations was RMB3,743.6 million, representing an increase of 68.3% year-over-year; with 66.1% derived from direct sales, 22.6% from online marketplace platform, and 11.3% from the supply chain financing business line. In total, 45.5% of the GMV was derived from blue chip customers while 54.5% was derived from SME customers.

During the Period, the Company recorded a total revenue of RMB2,489.3 million, representing an increase of 38.1% year-over-year. Net profit attributable to equity shareholders of the Company grew significantly to approximately RMB88.3 million, representing an increase of 49.3% year-over-year. The gross margin for the current period was 8.1%. The gross margin for the same period in 2014 was 7.8%. Improvement in gross margin was due to growth in percentages of service revenue provided by marketplace business and supply chain financing business. Non-GAAP profit attributable to equity shareholders[1] of the Company was approximately RMB104.6 million, representing an increase of 43.7% year-over-year. Non-GAAP operating expenses[3] were RMB73.3 million. With strong service

3 Total operating expenses less share-based compensation costs, amortization of intangible assets, and expenses incurred in relation to the global offering of the Company.

income generated from our marketplace business, the non-GAAP operating margin[4] for the Period was 5.2%. Effective tax rate of the Group for the Period was 14.0%. Non-GAAP effective tax rate[5] was 12.6%.

The Group generated positive operating cash flow of approximately RMB48.3 million for the three months ended September 30, 2015. Cash and cash equivalents and pledged deposits amounted to RMB1,798.2 million as at September 30, 2015. Inventory turnover days[6] and trade receivables turnover days[7] were 34.1 days and 35.3 days respectively.

Below sets out certain key business highlights for the three months ended September 30, 2015:

- We entered a strategic cooperation with Baidu Inc. ("**Baidu**"). Under the framework of the IoT Industry Alliance, we will jointly develop cloud service access and hardware industry chain cooperation while providing support to small and medium IoT enterprise startups. With the enterprise data provided by Cogobuy, Baidu can provide better services to small and medium enterprises.

- INGDAN.com hosted first event in Hong Kong to promote the exchange of ideas with pioneers from both home and abroad in the intelligent audio hardware industry. Dedicated to connecting worldwide intelligent hardware entrepreneurs and China supply chain resources, we aim to help the industry to complete online to offline closed loop business model globally.

- We launched strategic initiative "Xinhuo +", a program through which Cogobuy and INGDAN.com will help traditional manufacturing companies to take their businesses online. We hosted our first "Xinhuo +" supplier conference with JD Crowdfunding Platform. The conference facilitated intelligent hardware companies' discussion and collaboration on improving the quality of supply chain resources, lowering production costs, enhancing product manufacturing capacity, and building an intelligent hardware supply chain ecosystem with INGDAN.com. The event generated an estimated GMV of RMB50 million and successfully matched 117 intelligent hardware companies and 224 suppliers, facilitated order placements from 11 intelligent hardware companies.

- Our INGDAN.com platform continued to attract extensive market attention with follower number exceeded 3.4 million and 4.1 million as at September 30, 2015 and November 10, 2015, respectively. Over the last three months, registered IoT project entries grew from just over 4,000 to nearly 8,600.

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4 Non-GAAP operating margin is non-GAAP profit of the period divided by revenue for the period. Non-GAAP profit is gross profit less non-GAAP operating expenses of the period.

5 Non-GAAP effective tax rate is income tax expenses less deferred taxation related to amortization of intangible assets divided by income before tax less share-based compensation costs and amortization of intangible assets.

6 The average of the opening and closing balances of inventories of the period divided by cost of sales of the period and multiplied by 92 days.

7 The average of the opening and closing balances of trade receivables for the period divided by revenue of the period and multiplied by 92 days.

Below sets out key business highlights subsequent to September 30, 2015:

- We continue our overseas efforts to serving and connecting intelligent hardware entrepreneurs and supply chain resources globally. In addition to the launch of our new Beijing IngDan Experience Center in Zhongguancun, INGDAN.com has also set up local teams in Hong Kong, the United States and Italy. In the future, INGDAN.com will increasingly devote its efforts to growing into overseas markets, particularly in global technology innovation centers such as Europe, the United States, Japan, and Israel.

- INGDAN.com joined the first Startup Launchpad at Hong Kong's Asia World Expo to offer our one-stop matching and support services to buyers and supply chain services to startups and prospective suppliers of intelligent hardware products.

- INGDAN.com made first appearance at Maker Faire — the European edition in Italy. Another step for global presence, we have connected with over 500 European companies, offering them with supply chain support from Chinese manufacturers.

The Company remained confident about the business outlook for the rest of 2015.

During the Period, our direct sales, online marketplace platforms, and supply chain financing businesses saw rapid growth. The Group performed remarkably despite a slowdown in the Chinese economy and challenges in certain electronic sectors. The successful marketing efforts of INGDAN.com won us a large number of new customers and lowered our customer acquisition costs. During times of economic uncertainty, our expanding customer base is an important cornerstone that enables our business to continue to grow. The economic downturn has caused traditional electronic manufacturing companies to expand their business through the Internet. Cogobuy is well positioned to capture these opportunities, further expand GMV through our online marketplace, coach traditional manufacturers conduct their business online, and create valuable big data opportunity through the process. As an e-commerce service platform for enterprise procurement, we provide clients with diversified services, which enable us to have very low customer and product concentration risks.

In the past year, INGDAN.com has been growing its global presence to serve intelligent hardware entrepreneurs worldwide. In addition to our strong presence in Mainland China and growth beyond Hong Kong, and Korea, we are expanding rapidly into the Asia Pacific. Recently, INGDAN.com made its first appearance at Maker Faire 3rd European Edition in Rome, Italy, where it showcased its Chinese intelligent hardware platform and products to makers, investors, and tech enthusiasts from overseas markets. At the Faire, INGDAN.com also offered innovative startups supply chain support from its base of Chinese manufacturers, largely headquartered in Shenzhen. So far the event has attracted the attention of hundreds of European companies, which INGDAN.com will be prepared to serve. Through its newly established local teams in Italy and the United States, as well as a Hong Kong team for the Southeast Asia region, INGDAN's global network will help link startups in China with overseas markets, and overseas startups with China market.

Additionally, INGDAN.com will be upgrading from a platform for business development and hardware supply chain services, to an integrated platform covering both software technology output and cloud services. Dr. Shipeng Li, former Vice President of Microsoft Research Asia (MSRA), has joined Cogobuy and INGDAN.com as Chief Technology Officer ("**CTO**"). As CTO, he is responsible for building business relationships with China's startups and innovators, and top research teams around the world. We believe the future of IoT will be driven by new hardware combined with software and cloud services. The addition of a world-class scientist to our team will help us drive the optimization and completion of INGDAN.com's IoT platform, and provide more value-added services to startups and innovators.

Looking ahead, we are highly confident in the Company's growth prospects and we expect this momentum to continue in the fourth quarter of 2015 and in 2016. Our growth targets for our direct sales, online marketplace platforms, and supply chain financing business remain unchanged. Our top priorities now are to continue to improve our business model and increase customer conversion rate. During the Period, Cogobuy had 45,858 registered customers, but only 8,513 customers conducted online transactions. Converting registered customers to transacting customers is key to increasing GMV and profitability. Meanwhile, INGDAN.com will increasingly devote its efforts to building its international network and positioning itself to become the world's largest intelligent hardware enterprise service platform.

CAUTION STATEMENT

The Board hereby reminds investors that the above operation summary is based on the Group's internal figures and management accounts which are not reviewed or audited by auditors. In the meantime, investors are advised to exercise caution in dealing in the shares of the Company.

Words such as "may", "could", "will", "expect", "intend", "estimate", "anticipate", "believe", "plan", "seek", "continue" or similar expressions in this announcement are forward-looking statements. These forward-looking statements are not guarantees of future performance. Rather, they are based on current views and assumptions and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Group and are difficult to predict, that will or may cause actual results to differ materially from any future results or developments expressed or implied from the forward-looking statements. Such risks and uncertainties include the effects of volatility in domestic and international financial markets and macro-economics, economic conditions in individual markets in which the Group operates, and other factors affecting the level of Group's business activities and the costs and availability of financing for Group's activities.

Any forward-looking statements contained in this announcement should not be taken as a representation that such trends or activities will continue in the future. No statement in this announcement is intended to be a profit forecast or to imply that the earnings of the Group as at the date of this announcement or in future will necessarily match or exceed the historical or published earnings of the Group. Each forward-looking statement speaks only as of the date of the particular statement. The Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

By Order of the Board
COGOBUY GROUP
KANG Jingwei, Jeffrey
Chairman and Executive Director

Hong Kong, November 12, 2015

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