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COGOBUY GROUP

科通芯城集團

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

(Stock Code: 400)

MEMORANDUM OF UNDERSTANDING RELATING TO PLACING OF NEW SHARES UNDER GENERAL MANDATE

The Company is pleased to announce that on 20 May 2016 (after trading hours), it entered into a memorandum of understanding with the Placee, pursuant to which the Placee has conditionally agreed to subscribe for no less than 124,800,000 new Shares and no more than 187,200,000 new Shares at a price of HK$12.5 per Share. The memorandum of understanding is legally binding and the Placing is conditional upon, among other things:

(i) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares; and

(ii) the Placing having been approved by the Shareholders (if applicable).

It is expected that the Placee will not become a substantial shareholder (as defined under the Listing Rules) after completion of the Placing and the Shares to be held by the Placee will count towards the public float. It is agreed that upon completion of the Placing, public Shareholders shall hold at least 25% of the Shares of all the issued share capital of the Company. The parties expect to enter into a Placing Agreement with definitive terms within six months after entering into the memorandum of understanding following which the Company will make a further announcement pursuant to the requirements under the Listing Rules. If the completion of the Placing happens before the date of the 2016 AGM, it is expected that the Placing Shares will be allotted and issued under the General

Mandate. Under the General Mandate, the Company is authorised to issue Shares not exceeding 20% of the total number of issued Shares as at the date of the 2015 AGM, that is a total of 269,671,000 new Shares. As at the date of this announcement, no new Shares have been issued under the General Mandate. The Placing is therefore not subject to Shareholders' approval. If completion of the Placing happens after the date of the 2016 AGM, it is expected that the Placing Shares will be allotted and issued under the general mandate to be granted to the Directors by the Shareholders at the 2016 AGM (if so approved) or by way of a specific mandate to be separately sought from the Shareholders.

Mr. Kang also entered into a memorandum of understanding with the Placee on the same date pursuant to which, on the last day of a three-year period after the entering into of the Placing Agreement, the Placee has an option to put the Placing Shares to Mr. Kang at the Repurchase Price provided that (i) the put option can only be exercised to the extent that Mr. Kang will not be required under the Takeovers Code to make a mandatory offer and the exercise of the put option will not render Mr. Kang being in breach of Appendix 10 of the Listing Rules; and (ii) in relation to the remainder of the Placing Shares that cannot be repurchased by Mr. Kang, the Placee shall sell them in the open market within a six-month period and Mr. Kang will compensate the Placee for the difference between the Repurchase Price and the actual selling price for such Placing Shares.

The Company wishes to emphasize that the Placing is subject to, among other things, the execution of the Placing Agreement, the terms and conditions of which are yet to be definitively agreed. Shareholders and potential investors of the Company should note that the Placing may or may not materialise and the final structure and terms of the Placing, which are still subject to the final negotiations between the parties, have yet to be finalised. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares and other securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

"2015 AGM"	the annual general meeting of the Company held on 2 June 2015 at which, among other things, a resolution for the grant of the General Mandate to the Directors was duly passed by the Shareholders
"2016 AGM"	the annual general meeting of the Company to be held on 2 June 2016 at which, among other things, a resolution for the grant of the general mandate to allot, issue and deal with additional Shares not exceeding 20% of the total number of issued shares in the share capital of the Company as at the date of the 2016 AGM to the Directors is to be sought from the Shareholders
"Board"	the board of Directors

"Company"	Cogobuy Group, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Stock Exchange
"Director(s)"	the director(s) of the Company
"General Mandate"	the general mandate granted to the Directors by the Shareholders at the 2015 AGM to allot, issue and deal with additional Shares not exceeding 20% of the total number of issued shares in the share capital of the Company as at the date of the 2015 AGM
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Mr. Kang"	Mr. Kang Jingwei, Jeffrey, Chairman, Chief Executive Officer and executive Director of the Company and a controlling shareholder (as defined by the Listing Rules) of the Company
"Placee"	大成國際資產管理有限公司, a company incorporated under the laws of Hong Kong
"Placing"	the proposed placing of Placing Shares pursuant to the terms of the Placing Agreement
"Placing Agreement"	the agreement to be entered into between the Company and the Placees in relation to the Placing
"Placing Share(s)"	a total of no less than 124,800,000 new Shares and no more than 187,200,000 new Shares to be issued by the Company to the Placee pursuant to the Placing Agreement
"Repurchase Price"	HK$12.88 per Placing Share
"Share(s)"	the ordinary share(s) of US$0.0000001 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission as amended from time to time

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

Hong Kong, 20 May 2016

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; and the independent non-executive Directors of the Company are Mr. ZHONG Xiaolin, Forrest, Mr. YE Xin and Mr. YAN Andrew Y.