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 2016

HIGHLIGHTS

For the three months ended September 30, 2016:

- the Group's gross merchandise value ("**GMV**") was RMB5,773.7 million, representing an increase of 54.2% as compared to the same period in 2015;
- non-GAAP profit attributable to equity shareholders[1] of the Company was approximately RMB142.0 million, representing an increase of 35.8% as compared to the same period in 2015; and
- online transaction customers[2] reached 17,420 as at September 30, 2016, representing an increase of 104.6% as compared to that as at September 30, 2015.

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, 2016 (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 add share-based compensation costs, amortization of intangible assets and its related deferred taxation effect.*

2 *Customers who had completed at least one online transaction during the current period and had completed at least one other online transaction in 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**"). The number of online transaction customers reached 17,420 as at September 30, 2016, of which approximately 1.1% are blue chip customers and 98.9% are SME customers. This represents an increase of 104.6% as compared to that of 8,513 as at September 30, 2015. As at September 30, 2016, the number of registered customers reached 81,262, an increase of 77.2% as compared to that of 45,858 as at September 30, 2015.

Well-positioned to offer more value-added services, the Company commenced its 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 provision of loans in the supply chain financing business has reached RMB789.9 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, 2016, INGDAN.com attracted over 16.1 million followers and more than 16,000 IoT project entries. During the Period, GMV contributed by the INGDAN.com platform has amounted to RMB1,701.5 million, 29.5% of the total GMV. As at November 11, 2016, the platform registered more than 18.0 million followers and nearly 18,000 IoT project entries.

For the three months ended September 30, 2016, the total GMV of the Company's operations was RMB5,773.7 million, representing an increase of 54.2% year-over-year; with 59.0% derived from direct sales, 27.3% from online marketplace platform, and 13.7% from supply-chain financing business line. In total, 33.2% of the GMV was derived from blue chip customers while 66.8% was derived from SME customers.

During the Period, the Company recorded a total revenue of RMB3,453.3 million, representing an increase of 38.0% year-over-year. Net profit attributable to equity shareholders of the Company grew significantly to approximately RMB133.2 million, representing an increase of 50.8% year-over-year. Gross margin was 8.2%. Non-GAAP profit attributable to equity shareholders[1] of the Company was approximately RMB142.0 million, representing an increase of 35.8% year-over-year. Non-GAAP

1 *Net profit attributable to equity shareholders add share-based compensation costs, amortization of intangible assets and its related deferred taxation effect.*

operating expenses[3] were RMB99.5 million. With strong service income generated from our marketplace business, the Non-GAAP operating margin[4] was 5.3%. Effective tax rate of the Group for the Period was 14.3%. Non-GAAP effective tax rate[5] of the Group for the Period was 13.8%.

The Group generated positive operating cash flow of approximately RMB101.1 million for the three months ended September 30, 2016. Cash and cash equivalents and pledged deposits amounted to RMB4,432.6 million as at September 30, 2016. Inventory turnover days[6] and trade receivables turnover days[7] were 35.2 days and 36.9 days respectively.

Below sets out certain key business highlights for the three months ended September 30, 2016:

- As a representative of "new commercial activities" companies, INGDAN.com appeared on stage of the Second Shenzhen Maker Week. The platform was also selected to attend a special meeting with Chinese Premier Li Keqiang where it received high recognition from Premier Li.

- Cogobuy recently completed the placement of approximately 160 million new shares at HK$12.50 per share. The placement helped us bring on institutional investors such as Da Cheng International Asset Management Co., Ltd. Net proceeds of the placement were approximately HK$2.0 billion.

Outlook

Mr. Jeffrey Kang, CEO of Cogobuy Group, said, "We were pleased to see our company achieved strong growth during the third quarter, despite a periodic slowdown in the Chinese economy. This was largely attributable to two main growth drivers. First, we benefited from accelerated growth in new customers, who we see as being key for the Company's long-term development. During the third quarter, over 17,420 customers completed online transactions with us, a 104.6% increase from the third quarter last year. Second, our monetization strategy for INGDAN.com has been not only successful, but has also exceeded our expectations. So far, the platform has brought in a wealth of incremental markets and clients to Cogobuy, and client numbers from the INGDAN.com pipeline are only expected to increase. The intelligent hardware industry has grown exponentially in the past several years, and INGDAN.com has positioned us well by investing in and serving as a key player in the intelligent hardware ecosystem.

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3 *Total operating expenses less share-based compensation costs and amortization of intangible assets.*

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 expense 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.*

In addition to makers and small innovative companies, many large manufacturing corporations have also started to register on INGDAN.com, where they are looking to achieve overall business transformation and update their product offerings from traditional hardware to smart hardware. These customers have started generating significant GMVs and are expected to serve as a continuous growth driver going forward.

INGDAN.com has been gaining traction and recognition with clients both in China and around the world. At the end of the third quarter, INGDAN.com reached approximately 16.1 million followers, registered over 16,000 IoT intelligent hardware innovative projects on the platform. During the first three quarters, the platform generated RMB3,300.7 million in GMV, an increase of 378.9% year over year. During the third quarter, INGDAN.com contributed 29.5% of our total GMV and we expect an increase in its contributions in the fourth quarter.

Looking forward, we are confident in our momentum and consistent growth. In addition to organic customer acquisitions and new, incremental business from INGDAN.com, we will also begin looking for accretive acquisition opportunities. Recently, we completed a placing of Shares, which helped us bring on institutional investors such as Da Cheng International Asset Management Co., Ltd. The proceeds of approximately HK$2.0 billion from the placement is expected to be used as general working capital of the Group, including investment in accretive acquisitions, especially in overseas mergers and acquisitions ("**M&A**"). These M&A activities will help us realize our geographic expansion in key markets such as the US, Korea, and Taiwan. We will also be seeking M&A opportunities that will enrich the products or services offered on our platform. Levering these three growth drivers, we expect to create greater returns for our shareholders.

Lastly, we anticipate further benefits and diversification of our shareholder base under the Shenzhen-Hong Kong Stock Connect scheme. Likewise, a healthy balance sheet and operating cash flow will serve as a strong foundation for Cogobuy's continued growth in the future, and will also enable us to repurchase shares in the open market when the financial market fluctuates, to the benefit of our shareholders."

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 17, 2016

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.