COGOBUY GROUP
科 通 芯 城 集 團

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

(Stock Code: 400)

RESULTS ANNOUNCEMENT FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2014

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 three and six months ended June 30, 2014 (the "**Reporting Period**") and comparison with the operating results for the corresponding periods in 2013. These results were based on the unaudited consolidated interim financial statements for the Reporting Period, which were prepared in accordance 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 Three months ended June 30, 2014	June 30, 2013	Year-on-year change
	(Renminbi ("RMB") in millions, unless specified)		
Revenue	**1,639.1**	466.2	251.6%
Gross profit	**127.9**	39.7	222.3%
Profit for the period	**41.2**	15.7	162.3%
Profit attributable to equity shareholders of the Company	**37.6**	15.7	139.4%
Earnings per share ("**EPS**") (RMB per share)			
— basic	**0.038**	0.016	139.4%
— diluted	**0.038**	0.016	139.4%
Non-GAAP financial measures			
Non-GAAP profit attributable to equity shareholders of the Company[1]	**66.1**	17.3	281.8%
Non-GAAP EPS[1] (RMB per share)			
— basic	**0.066**	0.017	281.8%
— diluted	**0.066**	0.017	281.8%

(1) We have excluded 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 (the "**Global Offering**"), in the non-GAAP adjustments. See also "Non-GAAP financial measures" and "Unaudited reconciliation of Non-GAAP measures to the most comparable HKFRS measures" for more information on these Non-GAAP financial measures.

	Unaudited Six months ended June 30, 2014	June 30, 2013	Year-on-year change
	(RMB in millions, unless specified)		
Revenue	**2,993.1**	853.8	250.6%
Gross profit	**230.3**	64.2	258.7%
Profit for the period	**70.2**	22.6	210.2%
Profit attributable to equity shareholders of the Company	**62.4**	22.6	175.7%
EPS (RMB per share)			
— basic	**0.062**	0.027	130.2%
— diluted	**0.062**	0.027	130.2%

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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. 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. For the three and six months ended June 30, 2014, we fulfilled orders with a GMV of approximately RMB2.0 billion and RMB3.5 billion, respectively. 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 continue to experience rapid growth with the number of our online transaction customers reaching 3,567 as at June 30, 2014, representing an increase of 89.8% year-over-year. We offer a wide selection of products at competitive prices through our e-commerce platform, which are sourced from approximately 500 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 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 derived 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, 2014, we derived 43.6%, of our direct sales revenue from SME customers, and 56.4%, respectively, from blue-chip customers. 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 and 2014 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.

Future Prospects

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

Expand 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.

Enhance 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 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 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 service, 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 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.

Foster 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, fulfilment management and third-party data services.

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 to 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

Second Quarter of 2014 Compared to Second Quarter of 2013

The following table sets forth the comparative figures for the second quarter of 2014 and the second quarter of 2013:

	Unaudited Three months ended	
	June 30, 2014	June 30, 2013
	(RMB in millions)	
Revenue	**1,639.1**	466.2
Cost of sales	**(1,511.2)**	(426.5)
Gross profit	**127.9**	39.7
Other revenue	**0.1**	0.4
Other net income	**—**	0.1
Selling and distribution expenses	**(23.9)**	(2.3)
Research and development expenses	**(9.5)**	(2.9)
Administrative and other operating expenses	**(39.7)**	(10.8)
Profit from operations	**54.9**	24.2
Finance costs	**(8.0)**	(4.2)
Profit before taxation	**46.9**	20.0
Income tax	**(5.7)**	(4.3)
Profit for the period	**41.2**	15.7
Attributable to:		
Equity shareholders of the Company	**37.6**	15.7
Non-controlling interests	**3.6**	—
Profit for the period	**41.2**	15.7
Non-GAAP financial measures		
Non-GAAP profit attributable to equity shareholders of the Company [1]	**66.1**	17.3

[1] We have excluded share-based compensation costs, amortization of intangible assets and its related deferred taxation effect, and expenses incurred in relation to the Global Offering, in the non-GAAP adjustments. See also "Non-GAAP financial measures" and "Unaudited reconciliation of Non-GAAP measures to the most comparable HKFRS measures" for more information on these Non-GAAP financial measures.

1. Overview

For the three months ended June 30, 2014, profit of the Group increased significantly and amounted to RMB41.2 million, representing an increase of RMB25.5 million as compared with RMB15.7 million for the corresponding period in 2013. Profit attributable to equity shareholders of the Company amounted to RMB37.6 million, representing an increase of RMB21.9 million compared with RMB15.7 million for the corresponding period in 2013.

2. Revenue

For the three months ended June 30, 2014, revenue of the Group amounted to RMB1,639.1 million, representing an increase of RMB1,172.9 million or 251.6% as compared with RMB466.2 million for the corresponding period in 2013. The Group's revenue comprised of RMB1,632.1 million of direct sales revenue and RMB7.0 million of marketplace revenue. The increase was primarily due to organic growth in the sales volume driven by our online platform and the acquisition of the Envision Global Entities[1].

3. Cost of Sales

Cost of sales for the three months ended June 30, 2014 was RMB1,511.2 million, representing an increase of 254.3% from RMB426.5 million for the three months ended June 30, 2013. Cost of sales during the same period was partially offset by supplier rebates and discounts of RMB61.3 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 three months ended June 30, 2014 was RMB127.9 million, representing an increase of 222.3% from RMB39.7 million for the three months ended June 30, 2013. The increase was primarily driven by the results of revenue and cost of sales for the reasons described above.

5. Other Revenue

For the three months ended June 30, 2014, other revenue of the Group amounted to RMB0.1 million, representing a decrease of RMB0.3 million or 69.8% as compared with RMB0.4 million for the corresponding period of 2013. This was primarily due to a decrease in interest income as a result of a reduction in RMB bank deposits after the disposal of Comtech (China) Holding Ltd. ("**Comtech China**") in December 2013.

---

[1] Gold Tech Holdings Limited, Mega Smart Group Limited, and Comtech Broadband Holding Limited (together with their respective subsidiaries).

6. Selling and Distribution Expenses

For the three months ended June 30, 2014, selling and distribution expenses of the Group amounted to RMB23.9 million, representing an increase of RMB21.6 million or 965.9% from RMB2.3 million for the corresponding period in 2013. This was primarily due to an increase of RMB11.5 million in staff costs (including share-based compensation), as we employed 141 staff during the three months ended June 30, 2014 and other indirect selling expenses as a result of increased revenue.

7. Research and Development Expenses

For the three months ended June 30, 2014, research and development expenses of the Group amounted to RMB9.5 million, representing an increase of RMB6.6 million or 221.3% from RMB2.9 million for the corresponding period in 2013. This was primarily due to an increase of RMB5.5 million in staff costs (including share-based compensation) of employees in the design, research and development function.

8. Administrative and Other Operating Expenses

Administrative and other operating expenses for the three months ended June 30, 2014 were RMB39.7 million, representing an increase of RMB28.9 million or 266.5% from RMB10.8 million for the corresponding period in 2013. This was primarily due to an increase of RMB14.9 million and RMB7.9 million in expenses in relation to Global Offering and share-based compensation, respectively.

9. Income Tax

For the three months ended June 30, 2014, income tax of the Group amounted to RMB5.7 million, representing an increase of RMB1.4 million or 32.1% as compared with RMB4.3 million for the corresponding period in 2013. The effective tax rate for the three months ended June 30, 2014 was 12.0%, as compared to 21.4% for the three months ended June 30, 2013.

The decrease was because (i) the Envision Global Entities, which were primarily subject to the lower Hong Kong profits tax rate, were consolidated in our financial results in the three months ended June 30, 2014, and (ii) Comtech China, which was subject to the higher People's Republic of China ("PRC") corporate income tax rate, was no longer consolidated in our financial results in the three and six months ended June 30, 2014 after its disposal on December 1, 2013.

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

For the three months ended June 30, 2014, profit attributable to equity shareholders of the Company amounted to RMB37.6 million, representing an increase of RMB21.9 million or 139.4% as compared to RMB15.7 million for the corresponding period in 2013. The increase was primarily due to increased direct sales revenue and increased sales through our marketplace platform through which we can obtain a 100% gross profit margin.

NON-GAAP FINANCIAL MEASURES

To supplement the consolidated financial results presented in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), the Group uses the following measures defined as Non-GAAP financial measures: 1) Non-GAAP profit attributable to equity shareholders of Cogobuy Group which is profit attributable to equity shareholders of Cogobuy Group excluding share-based compensation costs, amortization of intangible assets and its related deferred taxation effect, and expenses incurred in relation to the Global Offering and 2) Non-GAAP basic and diluted earnings per share which is basic and diluted earnings per share excluding share-based compensation costs, amortization of intangible assets and its related deferred taxation effect, and expenses incurred in relation to the Global Offering. The presentation of these Non-GAAP financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with HKFRSs. For more information on these Non-GAAP financial measures, please see the table captioned "Unaudited reconciliations of Non-GAAP measures to the most comparable HKFRS measures" set forth below.

The Group believes that these Non-GAAP financial measures provide meaningful supplemental information regarding its performance and liquidity by excluding share-based compensation costs, amortization of intangible assets and its related deferred taxation effect, and expenses incurred in relation to the Global Offering that may not be indicative of its operating performance from a cash perspective. The Group believes that both management and investors benefit from referring to these Non-GAAP financial measures in assessing its performance and when planning and forecasting future periods. These Non-GAAP financial measures also facilitate management's internal comparisons to the Group's historical performance and liquidity. The Group computes its Non-GAAP financial measures using the same consistent method from quarter to quarter.

The Group believes these Non-GAAP financial measures are useful to investors in allowing for greater transparency with respect to supplemental information used by management in its financial and operational decision making. A limitation of using Non-GAAP profit attributable to Cogobuy Group and Non-GAAP basic and diluted earnings per share is that these Non-GAAP measures exclude share-based compensation costs, amortization of intangible assets and its related deferred taxation effect, and expenses incurred in relation to the Global Offering that have been and will continue to be in the foreseeable future recurring expenses in our business. Management compensates for these limitations by providing specific information regarding the amounts excluded from each Non-GAAP measure. The accompanying tables have more details on the reconciliations between HKFRS financial measures that are most directly comparable to Non-GAAP financial measures.

UNAUDITED RECONCILIATION OF NON-GAAP MEASURES TO THE MOST COMPARABLE HKFRS MEASURES

For the three months ended June 30, 2014 and 2013

	Unaudited Three months ended	
	June 30, 2014	June 30, 2013
Net income	*(RMB in million)*	
Profit attributable to equity shareholders of Cogobuy Group	**37.6**	15.7
Share-based compensation expense	**11.9**	—
Amortization of intangible assets and its related deferred taxation effect	**1.6**	1.6
Expenses in relation to Global Offering	**15.0**	—
Non-GAAP profit attributable to equity shareholders of Cogobuy Group	**66.1**	17.3
Earnings per share — basic and diluted	***RMB***	*RMB*
Earnings per share — basic and diluted	**0.038**	0.016
Share-based compensation expense per share	**0.012**	—
Amortization of intangible assets and its related deferred taxation effect per share	**0.001**	0.001
Expenses in relation to Global Offering per share	**0.015**	—
Non-GAAP earnings per share — basic and diluted	**0.066**	0.017

First half of 2014 compared to first half of 2013

The following table sets forth the comparative figures for the first half of 2014 and the first half of 2013:

	Unaudited Six months ended June 30, 2014	June 30, 2013
	(RMB in millions)	
Revenue	**2,993.1**	853.8
Cost of sales	**(2,762.8)**	(789.6)
Gross profit	**230.3**	64.2
Other revenue	**0.2**	1.0
Other net income	**—**	0.1
Selling and distribution expenses	**(39.5)**	(4.8)
Research and development expenses	**(17.0)**	(5.5)
Administrative and other operating expenses	**(76.7)**	(17.6)
Profit from operations	**97.3**	37.4
Finance costs	**(17.2)**	(8.4)
Profit before taxation	**80.1**	29.0
Income tax	**(9.9)**	(6.4)
Profit for the period	**70.2**	22.6
Attributable to:		
Equity shareholders of the Company	**62.4**	22.6
Non-controlling interests	**7.8**	—
Profit for the period	**70.2**	22.6

11. Overview

For the six months ended June 30, 2014, profit of the Group increased significantly and amounted to RMB70.2 million, representing an increase of RMB47.6 million as compared with RMB22.6 million for the corresponding period of 2013. Profit attributable to equity shareholders of the Company amounted to RMB62.4 million, representing an increase of RMB39.8 million compared with RMB22.6 million for the corresponding period of 2013.

12. Revenue

For the six months ended June 30, 2014, revenue of the Group amounted to RMB2,993.1 million, representing an increase of RMB2,139.3 million or 250.6% as compared with RMB853.8 million for the corresponding period of 2013. The Group's revenue comprised of RMB2,982.6 million of direct sales revenue and RMB10.5 million of marketplace revenue. The increase was primarily due to organic growth in the sales volume driven by our online platform and the acquisition of the Envision Global Entities[2].

13. Cost of Sales

Cost of sales for the six months ended June 30, 2014 was RMB2,762.8 million, representing an increase of 249.9% from RMB789.6 million for the six months ended June 30, 2013. Cost of sales during the same periods were partially offset by supplier rebates and discounts of RMB100.9 million. The increase was due to increase in revenue and sales to customers for the reasons described above.

14. Gross Profit

Gross profit for the six months ended June 30, 2014 was RMB230.3 million, representing an increase of 258.7% from RMB64.2 million for the six months ended June 30, 2013. The increase was primarily driven by the results of revenue and cost of sales for the reasons described above.

15. Other Revenue

For the six months ended June 30, 2014, other revenue of the Group amounted to RMB0.2 million, representing a decrease of RMB0.8 million or 80.6% as compared with RMB1.0 million for the corresponding period of 2013. This was primarily due to decrease in interest income as a result of a reduction in RMB bank deposits after the disposal of Comtech China in December 2013.

16. Selling and Distribution Expenses

For the six months ended June 30, 2014, selling and distribution expenses of the Group amounted to RMB39.5 million, representing an increase of RMB34.7 million or 717.7% from RMB4.8 million over the corresponding period of 2013. This was primarily due to an increase of RMB19.3 million in staff costs (including share-based compensation), and other indirect selling expenses as a result of increased revenue.

---

[2] Gold Tech Holdings Limited, Mega Smart Group Limited, and Comtech Broadband Holding Limited (together with their respective subsidiaries).

17. Research and Development Expenses

For the six months ended June 30, 2014, research and development expenses of the Group amounted to RMB17.0 million, representing an increase of RMB11.5 million or 205.8% from RMB5.5 million over the corresponding period of 2013. This was primarily due to an increase of RMB10.9 million in staff costs (including share-based compensation) of employees in the design, research and development function.

18. Administrative and Other Operating Expenses

Administrative and other operating expenses for the six months ended June 30, 2014 were RMB76.7 million, representing an increase of RMB59.1 million or 334.7% from RMB17.6 million over the corresponding period of 2013. This was primarily due to an increase of RMB28.8 million, RMB14.4 million and RMB9.6 million in expenses in relation to the Global Offering, share-based compensation and staff related costs resulting from increased headcount, respectively.

19. Income Tax

For the six months ended June 30, 2014, income tax of the Group amounted to RMB9.9 million, representing an increase of RMB3.5 million or 55.1% as compared with RMB6.4 million for the corresponding period of 2013. The effective tax rate for the six months ended June 30, 2014 was 12.4%, as compared to 22.0% for the six months ended June 30, 2013.

The decrease was because the Envision Global Entities, which were primarily subject to the lower Hong Kong profits tax rate, were consolidated in our financial results in the six months ended June 30, 2014, and because Comtech China, which was subject to the higher PRC corporate income tax rate, was no longer consolidated in our financial results in the three and six months ended June 30, 2014 after its disposal on December 1, 2013.

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

For the six months ended June 30, 2014, profit attributable to equity shareholders of the Company amounted to RMB62.4 million, representing an increase of RMB39.8 million or 175.7% as compared with RMB22.6 million for the corresponding period of 2013. The increase was primarily due to increased direct sales revenue and increased sales on our marketplace platform with a 100% gross profit margin.

21. Liquidity and Source of Funding

As of June 30, 2014, the current assets of the Group amounted to RMB1,783.4 million, which comprised bank balances and cash, inventories and trade and other receivables, in the amount of RMB688.0 million, RMB441.4 million and RMB654.0 million, respectively. Current liabilities of the Group amounted to RMB1,539.2 million, of which RMB974.1 million was bank loans and

RMB542.0 million was trade and other payables. As of June 30, 2014, the current ratio (the current assets to current liabilities ratio) of the Group was 1.16, representing an increase of 0.05 as compared with 1.11 as of December 31, 2013.

The Group does not have other debt financing obligations as of June 30, 2014 or the date of this interim results announcement and does not have any breaches of financial covenants.

22. Capital Expenditure

For the six months ended June 30, 2014, the capital expenditure of the Group amounted to approximately RMB0.3 million, representing a decrease of RMB0.3 million or 58.2% compared with RMB0.6 million for the corresponding period in 2013.

23. Net Gearing Ratio

As of June 30, 2014, the net gearing ratio of the Group, which was calculated by dividing net debt (total bank loans minus cash and cash equivalents) by the sum of net debt and total equity, was 55.9%, representing a decrease of 10.4 percentage point as compared with 66.3% as of December 31, 2013. The decrease was primarily due to increase in cash and cash equivalents as of June 30, 2014.

24. Material Investments

The Group did not make any material investments for the six months ended June 30, 2014.

25. Material Acquisitions and Disposals

The Group did not have any material acquisitions and disposals for the six months ended June 30, 2014.

26. Pledge of Assets

Except for the pledged bank deposits of RMB251.3 million and RMB233.1 million as of June 30, 2014 and December 31, 2013, respectively, the Group did not pledge any assets for the six months ended June 30, 2014. The pledged bank deposits were placed as security for credit facilities granted by several banks in Hong Kong.

27. Contingent Liabilities

As of December 31, 2013 and June 30, 2014, the Group was among the entities covered by certain cross guarantee arrangements with Viewtran Group, Inc. ("**Viewtran**"). Under these arrangements, the Group and Viewtran are jointly and severally liable for all and any of the borrowings of each of them from the bank which is the beneficiary of the guarantee. These cross guarantee arrangements have been terminated. As of December 31, 2013 and June 30, 2014, management of the Group does not consider it probable that a claim will be made against the Group under any of the guarantees.

28. 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.

UNAUDITED CONSOLIDATION INTERIM FINANCIAL INFORMATION

Consolidated Statement of Comprehensive Income — Unaudited

		Three months ended June 30,		Six months ended June 30,	
		2014	2013	**2014**	2013
	Note	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue	*3, 4*	**1,639,131**	466,201	**2,993,149**	853,773
Cost of sales		**(1,511,231)**	(426,517)	**(2,762,809)**	(789,564)
Gross profit		**127,900**	39,684	**230,340**	64,209
Other revenue	*5*	**131**	434	**203**	1,049
Other net income	*5*	**—**	135	**—**	135
Selling and distribution expenses		**(23,983)**	(2,250)	**(39,496)**	(4,830)
Research and development expenses		**(9,469)**	(2,947)	**(16,955)**	(5,545)
Administrative and other operating expenses		**(39,693)**	(10,830)	**(76,725)**	(17,649)
Profit from operations		**54,886**	24,226	**97,367**	37,369
Finance costs	*6(a)*	**(8,003)**	(4,226)	**(17,244)**	(8,344)
Profit before taxation	*6*	**46,883**	20,000	**80,123**	29,025
Income tax	*7*	**(5,649)**	(4,277)	**(9,900)**	(6,384)
Profit for the period		**41,234**	15,723	**70,223**	22,641
Attributable to:					
Equity shareholders of the Company		**37,647**	15,723	**62,424**	22,641
Non-controlling interests		**3,587**	—	**7,799**	—
Profit for the period		**41,234**	15,723	**70,223**	22,641

	Note	Three months ended June 30,		Six months ended June 30,	
		2014	2013	**2014**	2013
	Note	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Profit for the period		**41,234**	15,723	**70,223**	22,641
Other comprehensive income for the period, net of nil tax					
Item that may be reclassified subsequently to profit or loss:					
— Exchange differences on translation of financial statements of entities with functional currency other than Renminbi		**96**	4,842	**5,581**	5,552
Total comprehensive income for the period		**41,330**	20,565	**75,804**	28,193
Attributable to:					
Equity shareholders of the Company		**38,039**	20,565	**67,946**	28,193
Non-controlling interests		**3,291**	—	**7,858**	—
		41,330	20,565	**75,804**	28,193
Earnings per share	*8*				
Basis (RMB)		**0.038**	0.016	**0.062**	0.027
Diluted (RMB)		**0.038**	0.016	**0.062**	0.027

CONSOLIDATED STATEMENT OF FINANCIAL POSITION — UNAUDITED

	Note	As of June 30, 2014 RMB'000	As of December 31, 2013 RMB'000
Non-current assets			
Property, plant and equipment		**1,256**	1,216
Intangible assets		**27,497**	31,291
Goodwill		**154,136**	154,136
Other non-current assets		**894**	663
		183,783	187,306
Current assets			
Inventories		**441,367**	243,800
Trade and other receivables	*9*	**654,025**	656,766
Amounts due from related parties		**—**	105,541
Pledged deposits		**251,259**	233,081
Cash and cash equivalents		**436,789**	281,542
		1,783,440	1,520,730
Current liabilities			
Trade and other payables	*10*	**542,034**	433,198
Bank loans		**974,084**	929,388
Amounts due to related parties		**3,102**	1,000
Current taxation		**20,023**	10,020
		1,539,243	1,373,606
Net current assets		**244,197**	147,124
Total assets less current liabilities		**427,980**	334,430
Non-current liabilities			
Deferred tax liabilities		**4,537**	5,164
NET ASSETS		**423,443**	329,266
CAPITAL AND RESERVES			
Share capital		**1**	1
Reserves		**411,346**	325,027
Total equity attributable to equity shareholders of the Company		**411,347**	325,028
Non-controlling interests		**12,096**	4,238
TOTAL EQUITY		**423,443**	329,266

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 Group's interim financial report for the six months ended June 30, 2014 but is extracted from that interim report.

The interim financial report has been prepared in accordance with Listing Rules, including compliance with HKAS 34, *Interim financial reporting,* issued by the HKICPA.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the consolidated financial statements of the Group for the year ended December 31, 2013, except for the accounting policy changes that are expected to be reflected in the 2014 annual financial statements.

The financial information relating to the financial year ended December 31, 2013 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for the financial year but is derived from the Company's audited consolidated financial statement for the year ended December 31, 2013.

2 Changes in accounting policies

The HKICPA has issued the following amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company. Of these, the following development is relevant to the Company's financial statements:

— Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*

— Amendments to HKAS 36, *Recoverable amount disclosures for non-financial assets*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Amendments HKAS 32, Offsetting financial assets and financial liabilities

The amendments to HKAS 32 clarify the offsetting criteria in HKAS 32. The amendments do not have any material impact on the Group's interim financial report as they are consistent with the policies already adopted by the Group.

Amendments to HKAS 36, Recoverable amount disclosures for non-financial assets

The amendments to HKAS 36 modify the disclosure requirements for impaired non financial assets. Among them, the amendments expand the disclosures required for an impaired asset or CGU whose recoverable amount is based on fair value less costs of disposal. The amendments do not have an impact on the Group's interim financial report as the Group did not have any impaired non-financial assets as at December 31, 2013 and June 30, 2014.

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.

Management considers that the Group operates in a single business segment as the revenue and profit are derived entirely from wholesales of IC and other electronic components. Accordingly, no segment information is presented in this unaudited consolidated interim financial information.

Substantially all of the Group's operations are in the PRC and Hong Kong. Consequently, no geographic information is presented.

4 Revenue

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

	Three months ended June 30,		**Six months ended June 30,**	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Sales of IC and other electronic components	**1,632,093**	461,416	**2,982,580**	847,066
Marketplace fee income	**7,038**	4,785	**10,569**	6,707
	1,639,131	466,201	**2,993,149**	853,773

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

For the three and six months ended June 30, 2013, there was no single customer who accounted for 10% or more of the Group's revenue. The Group's customer base included one customer with whom transactions have exceeded 10% of the Group's revenue for the three and six months ended June 30, 2014. For the three and 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 RMB183,800,000 and RMB353,695,000.

5 Other revenue and other net income

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Other revenue				
Interest income	**131**	434	**203**	1,049
Other net income				
Gain on sale of property, plant and equipment	**—**	135	**—**	135
	—	135	**—**	135

6 Profit before taxation

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

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
(a) Finance costs				
Interest expense on bank loans	**6,455**	2,693	**14,142**	5,257
Guarantee fees	**1,548**	1,533	**3,102**	3,087
	8,003	4,226	**17,244**	8,344
(b) Other items				
Amortization of intangibles assets	**1,897**	1,897	**3,794**	3,184
Cost of inventories	**1,510,981**	426,517	**2,762,559**	788,133
Allowance of doubtful debts	**2,100**	—	**2,800**	—
Write down of inventories	**250**	—	**250**	—
Depreciation of property, plant and equipment	**111**	566	**243**	1,080
Listing expenses	**14,947**	—	**28,800**	—
Net foreign exchange (gain)/loss	**(708)**	(874)	**3,189**	(3,387)
Operating lease charges in respect of property rentals	**2,216**	835	**3,674**	1,808

7 Income tax

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Current tax				
PRC Corporation Income Tax	**847**	3,877	**847**	5,345
Hong Kong Profits Tax	**5,116**	714	**9,680**	1,564
	5,963	4,591	**10,527**	6,909
Deferred tax				
Origination and reversal of temporary differences	**(314)**	(314)	**(627)**	(525)
	5,649	4,277	**9,900**	6,384

(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 was calculated at 16.5% of the estimated assessable profits for the three and six months ended June 30, 2014. 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 and Shenzhen Cogobuy Information Technologies 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 ("**2+3 tax holiday**") 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 exempted 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 RMB37,647,000 and RMB62,424,000 for the three and six months ended June 30, 2014, respectively (three and six months ended June 30, 2013: RMB15,723,000 and RMB22,641,000, respectively) and the weighted average number of ordinary shares of 1,000,000,000 and 1,000,000,000 respectively (three and six months ended June 30, 2013: 1,000,000,000 and 835,000,000 respectively). 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, 2013.

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

Weighted average number of ordinary shares

	Three months ended June 30,		**Six months ended June 30,**	
	2014	2013	**2014**	2013
Issued ordinary shares at the beginning of the period	**100**	100	**100**	1
Issue of shares	**—**	—	**—**	83
Effect of share subdivision of the share capital of the Company in June 2014	**999,999,900**	999,999,900	**999,999,900**	834,999,916
Weighted average number of ordinary shares as of the end of the period	**1,000,000,000**	1,000,000,000	**1,000,000,000**	835,000,000

(b) *Diluted earnings per share*

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Diluted earnings per share is the same as basic earnings per share for all periods as there were no potentially dilutive ordinary shares.

Restricted share units ("**RSUs**") were not considered as dilutive potential ordinary shares as they were issuable contingently upon the occurrence of listing of the Company.

9 Trade and other receivables

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, 2014 *RMB'000*	As of December 31, 2013 *RMB'000*
Within 1 month	**436,983**	446,152
1 to 2 months	**122,751**	142,786
2 to 3 months	**60,666**	19,547
Over 3 months	**20,939**	42,046
Trade and bills receivables	**641,339**	650,531
Deposits and prepayments	**9,583**	5,366
Other receivables	**3,103**	869
	654,025	656,766

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

For the year ended December 31, 2013, the Group became 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 transactions based on relevant agreements ranged from 1.7% to 2.4% of the balances transferred and are included in "finance costs" for the three and six months ended June 30, 2014, respectively.

10 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, 2014 *RMB'000*	As of December 31, 2013 *RMB'000*
Within 1 month	**395,067**	267,144
1 to 3 months	**90,573**	130,119
Over 3 months	**12,783**	15,264
Trade payables	**498,423**	412,527
Accrued staff costs	**3,616**	5,939
Other payables	**39,995**	14,732
	542,034	433,198

11 Dividends

The Directors do not recommend a payment of an interim dividend for the six months ended June 30, 2014 (six months ended June 30, 2013: RMBNil).

CORPORATE GOVERNANCE AND OTHER INFORMATION

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.

As the shares of the Company were not yet listed on the Stock Exchange as of June 30, 2014, the principles and code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules were not applicable to the Company during the Reporting Period.

The Company has adopted the principles and code provisions of the CG Code set out in Appendix 14 to the Listing Rules as the basis of the Company's corporate governance practices, and the CG Code has been applicable to the Company with effect from the Listing Date.

Save for code provision A.2.1, the Company has complied with all the code provisions set out in the CG Code throughout the period from the Listing Date up to the date of this announcement.

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 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 as the code of conduct regarding the Directors' dealings in the securities of the Company. The provisions under the Listing Rules in relation to compliance with the Model Code by the Directors regarding securities transactions have been applicable to the Company since the Listing Date. As the shares of the Company were not yet listed on the Stock Exchange as of June 30, 2014, the Model Code was not applicable to the Company during the Reporting Period.

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 throughout the period from the Listing Date up to the date of this announcement.

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, 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, 2014. 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 three and six months ended June 30, 2014 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

Since the Company was not listed on the Stock Exchange during the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange during the Reporting Period.

MATERIAL LITIGATION

As of June 30, 2014, 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 has not made any recommendations on the distribution of an interim dividend for the six months ended June 30, 2014.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

With the shares of the Company listed on the Stock Exchange on July 18, 2014, the gross proceeds from the Global Offering were approximately HK$1,375 million, which will be utilized for the purposes as set out in the prospectus of the Company dated July 8, 2014.

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 2014 interim report of the Group for the six months ended June 30, 2014 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
Chairman and Executive Director

Hong Kong, August 29, 2014

As the date of this announcement, the executive Directors of the Company are Mr. KANG Jingwei and Mr. WU Lun Cheung Allen; the independent non-executive Directors of the Company are Mr. ZHONG Xiaolin Forrest, Mr. YE Xin and Mr. YAN Andrew.