COGOBUY GROUP

科 通 芯 城 集 團

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

(Stock code: 400)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2017

The board (the "**Board**") of directors (the "**Directors**") of Cogobuy Group (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended December 31, 2017 (the "**Reporting Period**") and comparison with the operating results for the year ended December 31, 2016.

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

	Year ended		
	December 31, 2017	December 31, 2016	Year-on-year change
	*(Renminbi ("**RMB**") in millions, unless specified)*		
Revenue	**9,613.7**	12,932.8	(25.7)%
Gross profit	**770.2**	1,062.5	(27.5)%
Profit for the year	**301.3**	509.6	(40.9)%
Profit attributable to equity shareholders of the Company	**302.0**	478.8	(36.9)%
Earnings per share ("**EPS**") (RMB per share)			
— basic	**0.207**	0.347	(40.3)%
— diluted	**0.206**	0.345	(40.3)%

BUSINESS REVIEW AND OUTLOOK

Overall Business and Financial Performance of the Group

We are a leading e-commerce company dedicated to serving the electronics manufacturing industry in China. 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. Transaction customers who had completed at least one online transaction during 2017 and at least one other online transaction in 2016, reached 31,176, representing an increase of 50.6% as compared with 20,705 for the year ended December 31, 2016. In 2017, we fulfilled orders and derived a GMV ("**GMV**") of approximately RMB25.2 billion, of which 37.1% was derived from direct sales value, 44.1% from transaction value in online marketplace and 18.8% from loan value in supply chain financing business. Inventory turnover days and trade receivables turnover days were 39.2 days and 65.8 days respectively. We recorded net cash flow of RMB786.5 million. We serve electronics manufacturers including small and medium enterprises ("**SMEs**"), which we believe represent a lucrative and fast-growing segment of the integrated circuits ("**IC**") and other electronic components market with a significant demand for our services. We offer a wide selection of products at competitive prices through our e-commerce platform, which are sourced from some of the top brand-name suppliers in key product categories.

According to a research conducted by Qianzhan Industry Institute (前瞻產業研究院), the total market output of China intelligent manufacturing surpassed RMB1.5 trillion in 2017, and is expected to grow at accelerated speed in the next few years. 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 and the industry's growing demand for upgrade and innovation. To better serve and support various aspects of the electronics manufacturing industry in China, we are extending beyond the IC and other electronic components procurement market and are starting to offer additional products and services, such as various tools and applications offered through our cloud computing system. We believe that we can also drive our own long-term growth by fostering the development of an open, collaborative and prosperous e-commerce ecosystem that benefits the business operation of our customers and suppliers as a whole.

We derive our revenue substantially 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.

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.

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.

We also launched the INGDAN.com in September 2013. Positioning as a major innovation business platform in the IoT era, INGDAN.com has now become one of the leading intelligent hardware innovation business platform in China, and is committed to becoming the most successful one of its kind in the world to provide one-stop service on supply chain to innovation startups worldwide. The Internet of Things ("**IoT**") is leading the information industry into a new era. The development of the IoT industry has now been raised as a national strategy by various countries, and many Technology giants have been accelerating their pace to enter into this promising industry. As reported by researcher International Data Corporation (IDC), global IoT spending will reach US$1.29 trillion by 2020, representing a compound annual growth rate (CAGR) of 15.6% between 2015 and 2020. Meanwhile, the Ministry of Industry and Information Technology of the People's Republic of China sets a target for the size of the IoT industry to exceed RMB1.5 trillion by 2020.

Previously, we have defined five markets to be developed in depth to build an ecosystem, including robotics, smart cars, smart homes, healthcare and new materials, etc. Cogobuy.com and INGDAN.com have entered these industries, the deepened development of which will not only bring us more new business opportunities, but also further improve INGDAN.com's monetization strategies and enhance its industry reputation. INGDAN.com emphasizes serving innovative SMEs in emerging industries, as well as providing smart upgrade services to traditional enterprises. Using IC components business as an entry point, the Group will gradually expand to a higher value-added service system that will include hardware modules, technical support, software, and supply chain finance and solutions. In the future INGDAN.com platform will use the proprietary products developed by IngDan Labs under its own brand, and the resources from its community ecosystem and the industry to help the platform to realize commercialization while profit on the provision of corporate services, sales of its proprietary AI products and incubation investments.

Well-positioned to offer more value-added services, we commenced our supply chain financing business in September 2014 whereby we earn interest income for providing certain financial services to third-party manufacturers, including provision of working capital financing programs. In December 2016, we extended our supply chain financing business and established a new business unit — IngFin Financing Services. With our newly launched IngFin Financing Services business, we aim to increase investments in the big-data based enterprise financing business, including loans to third parties for investment initiatives and other enterprise financing services. IngFin Financing Services 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 Reporting Period, GMV contributed by the provision of loans through our IngFin Financing Services reached RMB4.8 billion.

Future Prospects

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

I. ***Capture Opportunities in Intelligent Manufacturing Upgrades and AI+ Industrial Automation***

Intelligent manufacturing upgrades and AI+ industrial automation centered on the new favorable national policy of "Made in China 2025" present tremendous market opportunities. Backed by cloud computing, the integration of automatic control systems for machines and production lines, Manufacturing Execution Systems (MES) of factories and Enterprise Resource Planning (ERP) systems bridges the gap between information and automation system, and optimizes the manufacturing capabilities of factories and companies. According to the report of China Academy of Information and Communications Technology, China's robotics technology and peripheral services market share is expected to reach RMB379 billion by 2020, representing 70% of global market output. As the world's fastest-growing market for industrial robot sales, we anticipate great demand for AI hardware business from various industries. We plan to accelerate the AI and IoT hardware product design and product commercialization development of IngDan Labs to take advantage of the opportunities presented by the favorable national policy and the rise in intelligent manufacturing and online migration of traditional industries, and to expand INGDAN.com's market share.

II. ***Enhance Monetizaion Rate of INGDAN.com Platform***

We intend to further increase the monetization rate of INGDAN.com by developing it to an important innovation and entrepreneurship platform of the IoT and AI era. INGDAN.com acquires a myriad of customers, demands and data online, and monetizes transactions by supply chain resources and other corporate services offline. This creates synergy that drives a greater contribution by INGDAN.com to the Group in the future. On the other hand, we have established a new business unit, namely IngFin Financing Services, through which, we will conduct big-data based supply chain financing products as well as other corporate financing products. We plan to transform our corporate development strategy to the "INGDAN.com Commercialization + IC Component Trading Platform" dual business model. As INGDAN.com commercialization projects have become more sophisticated, especially in AI for industrial robotics and smart cars areas, the platform will contribute significant momentum to the Group's performance. We plan to further enhance the Group's performance through the offer of value-added services including but not limited to the provision of corporate and technology services and investment services such incubation programs.

III. ***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 behaviours, 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.

IV. ***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 allows 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.

V. *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 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

For the year ended December 31, 2017, profit of the Group amounted to RMB302.3 million, representing a decrease of RMB207.3 million as compared with RMB509.6 million in 2016. Profit attributable to equity shareholders of the Company amounted to RMB302.0 million, representing a decrease of RMB176.8 million compared with RMB478.8 million in 2016.

Revenue

For the year ended December 31, 2017, revenue of the Group amounted to RMB9,613.7 million, representing a decrease of RMB3,319.1 million or 25.7% as compared with RMB12,932.8 million in 2016. The Group's revenue comprised RMB9,364.5 million of direct sales revenue, RMB75.6 million of marketplace revenue and RMB173.7 million of IngFin financing services revenue. The decrease was primarily due to an unexpected challenge occurred in May 2017, which the malicious short selling reports about the Company caused banks in Hong Kong to tighten the credit facilities granted to the Group, resulting in a sudden disruption of liquidity. In the process of reducing the procurement and repaying bank debts, the Group's IC components direct sales revenue in the second half of 2017 significantly decreased by RMB3,855.3 million when compared to the same period of 2016. This great impact on IC components direct sale business mainly contributed to the decrease in revenue of the Group for the year of 2017. The decrease in revenue, which incurred entirely in the second half of 2017, was partly offset by an increase in direct sale revenue of RMB390.7 million for the first half of 2017 when compared to the same period of 2016 and an increase in IngFin financing services revenue of RMB154.7 million.

Cost of Revenue

Cost of revenue for the year ended December 31, 2017 was RMB8,843.5 million, representing a decrease of 25.5% from RMB11,870.3 million for the year ended December 31, 2016. The decrease in cost of revenue was due to decrease in direct sale revenue for the reasons described above.

Gross Profit

Gross profit for the year ended December 31, 2017 was RMB770.2 million, representing a decrease of 27.5% from RMB1,062.5 million compared with the figures in 2016. The decrease in gross profit amount was primarily driven by the results of direct sale revenue and cost of revenue for the reasons described above.

Other Income

For the year ended December 31, 2017, other income of the Group amounted to RMB74.3 million, representing an increase of RMB8.8 million or 13.5% as compared with RMB65.5 million in 2016. This was primarily due to more bank interest income earned for the year of 2017 when compared to 2016.

Selling and Distribution Expenses

Selling and distribution expenses for the year ended December 31, 2017 amounted to RMB138.2 million, representing a decrease of RMB79.9 million or 36.6% from RMB218.1 million in 2016. This was primarily due to decreased selling expenses as a result of decreased direct sale revenue and reduced marketing costs as a result of adjustments in marketing strategies.

Research and Development Expenses

Research and development expenses for the year ended December 31, 2017 amounted to RMB118.3 million, representing an increase of RMB55.7 million or 89.0% from RMB62.6 million in 2016. This was primarily due to more expenses spent on the research and development of AI products and technologies for IngDan Labs during 2017.

Administrative and Other Operating Expenses

During the year, administrative and other operating expenses amounted to RMB154.5 million, representing a decrease of RMB43.5 million or 22.0% from RMB198.0 million in 2016, which was primarily due to decrease in general administrative costs and employee headcounts.

Income Tax

Our income tax decreased by 39.8% from approximately RMB85.7 million for the year ended December 31, 2016 to approximately RMB51.6 million for the year ended December 31, 2017, primarily due to decrease in profit from operation as a result of decreased revenue and gross profit. The effective tax rate for the year ended December 31, 2017 was 14.6%, as compared to 14.4% for the year ended December 31, 2016.

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

For the year ended December 31, 2017, profit attributable to equity shareholders of the Company amounted to RMB302.0 million, representing a decrease of RMB176.8 million or 36.9% as compared to RMB478.8 million in 2016. The decrease was primarily due to a decrease in profit from operation as a result of decreased revenue and gross profit.

Liquidity and Source of Funding

As of December 31, 2017, the current assets of the Group amounted to RMB5,317.9 million, which mainly comprised cash and bank balances (including pledged deposits), inventories and trade and other receivables, in the amount of RMB2,233.2 million, RMB504.4 million and RMB1,635.8 million, respectively. Current liabilities of the Group amounted to RMB1,901.2 million, of which RMB1,084.1 million was bank loans, RMB213.0 million was trade and other payables and RMB589.2 million was deposits from customers. As of December 31, 2017, the current ratio (the current assets to current liabilities ratio) of the Group was 2.80, representing an increase of 67.7% as compared with 1.67 as of December 31, 2016. The change in the current ratio was primarily due to higher net cash balance resulting from improvement in working capital position.

The Group does not have other debt financing obligations as of December 31, 2017 or the date of this annual results announcement and does not have any breaches of financial covenants.

Capital Expenditure

For the year ended December 31, 2017, the capital expenditure of the Group amounted to approximately RMB0.8 million, representing a decrease of RMB10.4 million or 92.9% compared with RMB11.2 million in 2016. The decrease in the capital expenditure was primarily resulted from the plan of tighten budget for purchase of fixed assets for existing operation.

Net Gearing Ratio

As of December 31, 2017, the net gearing ratio of the Group, which was calculated by dividing net debt (total bank loans minus cash and cash equivalents and pledged deposits) by total equity was -31.6% as compared with 8.7% as of December 31, 2016. The decrease was primarily due to the decrease in bank loans as a result of significant repayment of bank borrowings in the second half of 2017.

Material Investments

The Group did not make any material investments for the year ended December 31, 2017.

Material Acquisitions and Disposals

For the year ended December 31, 2017, the Group disposed available-for-sale investments valued at RMB556.7 million, including RMB85.5 million of available-for-sale equity securities listed in Hong Kong and RMB471.2 million of investment in unlisted funds. The Group did not have any material acquisitions for the year ended December 31, 2017.

Pledge of Assets

Except for the pledged bank deposits of RMB184.8 million and RMB1,652.4 million as of December 31, 2017 and December 31, 2016, respectively, the Group did not pledge any assets for the year ended December 31, 2017. The pledged bank deposits represented deposits pledged to the banks to secure banking facilities granted to the Group.

Contingent Liabilities

Neither the Group nor the Company had any significant contingent liabilities as of December 31, 2017. As of December 31, 2017, the Company issued several guarantees to banks in respect of the banking facilities granted to subsidiaries of the Company. The maximum liability of the Company at the end of the Reporting Period under these guarantees issued is the outstanding amount of the bank loans drawn down by the subsidiaries. As of December 31, 2017, management of the Company did not consider it is probable that a claim will be made against the Company under any of the guarantees.

Events After the Reporting Period

On January 18, 2018, Cogobuy Inc. (a wholly-owned subsidiary of the Company), MEGA SMART GROUP LIMITED ("**Cogobuy Sub**") and RICH WISDOM VENTURES LIMITED ("**KMT Automation Parent Co.**") entered into the share subscription agreement in relation to the acquisition of the entire equity interest in Shanghai KMT Electronic Technology Ltd. Co. 上海科姆特電子技術有限公司 ("**Shanghai KMT**") and Shanghai KMT Automation Control Technology Ltd. Co. 上海科姆特自動化控制技術有限公司 ("**Shanghai KMT Automation**") and certain assets owned by KMT Automation Parent Co., Shanghai KMT and Shanghai KMT Automation, by issuing 30% interest in Cogobuy Sub. Further details of the acquisition are set out in the announcement of the Company dated January 18, 2018.

Foreign Exchange Exposure

Foreign currency transactions during the year ended December 31, 2017 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 as at December 31, 2017. Exchange gains and losses are recognized as 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 when the fair value was determined.

The results of operations with functional currency other than RMB are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of transactions. Consolidated statements of financial position items are translated into RMB at the closing foreign exchange rates as at December 31, 2017. 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 RMB, the cumulative amount of the exchange differences relating to that operation with functional currency other than RMB is reclassified from equity to profit or loss when the profit or loss on disposal is recognized.

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 the Company is profit attributable to equity shareholders of the Company excluding share-based compensation costs, amortization of intangible assets and its related deferred taxation effect 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. 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, 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 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 the Company 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 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 years ended December 31, 2017 and 2016

	For the year ended December 31, 2017	For the year ended December 31, 2016
	RMB in million	*RMB in million*
Net income		
GAAP profit attributable to Cogobuy Group	**302.0**	478.8
Share-based compensation expense	**44.6**	36.8
Amortization of intangible assets and related deferred taxation	**9.0**	11.1
Non-GAAP profit attributable to equity shareholders of Cogobuy Group	**355.6**	526.7
	RMB	*RMB*
Earnings per share — basic		
GAAP profit attributable to Cogobuy Group per share	**0.207**	0.347
Share-based compensation expense per share	**0.030**	0.027
Amortization of intangible assets and related deferred taxation per share	**0.006**	0.008
Non-GAAP profit attributable to equity shareholders of Cogobuy Group per share	**0.243**	0.382
	RMB	*RMB*
Earnings per share — diluted		
GAAP profit attributable to Cogobuy Group per share	**0.206**	0.257
Share-based compensation expense per share	**0.030**	0.027
Amortization of intangible assets and related deferred taxation per share	**0.006**	0.008
Non-GAAP profit attributable to equity shareholders of Cogobuy Group per share	**0.242**	0.379

FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2017

	Notes	2017 RMB'000	2016 RMB'000
Revenue	3	**9,613,696**	12,932,794
Cost of sales		**(8,843,461)**	(11,870,302)
Gross profit		**770,235**	1,062,492
Other income	5	**74,342**	65,473
Selling and distribution expenses		**(138,174)**	(218,053)
Research and development expenses		**(118,269)**	(62,613)
Administrative and other operating expenses		**(154,500)**	(198,044)
Finance costs	6	**(109,131)**	(55,984)
Gain on disposal of subsidiaries		**26,493**	—
Share of result of an associate		**2,872**	2,014
Share of result of a joint venture		**(956)**	—
Profit before taxation		**352,912**	595,285
Income tax expenses	7	**(51,609)**	(85,678)
Profit for the year	8	**301,303**	509,607
Profit for the year attributable to:			
Owners of the Company		**302,025**	478,799
Non-controlling interests		**(722)**	30,808
		301,303	509,607
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations		**(144,195)**	134,757
Available-for-sale investment: net movement in the fair value reserve		**(4,904)**	4,904
Other comprehensive (expense) income for the year, net of income tax		**(149,099)**	139,661
Total comprehensive income for the year		**152,204**	649,268

	Notes	**2017** *RMB'000*	2016 *RMB'000*
Total comprehensive income for the year attributable to:			
Owners of the Company		**154,666**	616,660
Non-controlling interests		**(2,462)**	32,608
		152,204	649,268
Earnings per share attributable to the Owners of the Company			
Basic (RMB)	*10*	**0.207**	0.347
Diluted (RMB)	*10*	**0.206**	0.345

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of December 31, 2017

	Notes	2017 RMB'000	2016 RMB'000
Non-current assets			
Property, plant and equipment		**11,819**	14,189
Intangible assets		**1,128**	51,286
Goodwill		**170,857**	201,659
Available-for-sale investments		**20,918**	107,426
Interest in an associate		**18,318**	15,446
Interest in a joint venture		**44**	1,000
Other non-current assets		**—**	2,247
		223,084	393,253
Current assets			
Inventories		**504,403**	1,394,835
Trade, bills and other receivables	*11*	**1,635,818**	2,095,591
Loans to third parties	*12*	**942,558**	794,596
Available-for-sale investments		**—**	471,212
Short-term bank deposits		**1,943**	12,649
Pledged bank deposits		**184,770**	1,652,434
Cash and cash equivalents		**2,048,431**	1,825,543
		5,317,923	8,246,860
Current liabilities			
Trade and other payables	*13*	**213,014**	1,027,076
Deposits from customers		**589,178**	—
Income tax payables		**14,916**	81,776
Amount due to a related party		**—**	38,985
Bank loans		**1,084,085**	3,797,382
		1,901,193	4,945,219
Net current assets		**3,416,730**	3,301,641
Total assets less current liabilities		**3,639,814**	3,694,894
Non-current liability			
Deferred tax liabilities		**570**	8,959
Net assets		**3,639,244**	3,685,935

	Notes	**2017** *RMB'000*	2016 *RMB'000*
Capital and reserves			
Share capital	*14*	**1**	1
Reserves		**3,609,868**	3,600,493
		3,609,869	3,600,494
Non-controlling interests		**29,375**	85,441
Total equity		**3,639,244**	3,685,935

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

The consolidated results set out in this announcement do not constitute the consolidated financial statements of the Group for the year ended December 31, 2017, but are extracted from those consolidated financial statements.

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended December 31, 2017 as set out in the preliminary announcement have been compared by the Group's auditors, SHINEWING (HK) CPA Limited ("**SHINEWING (HK)**"), to the amounts set out in the Group's draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by SHINEWING (HK) in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and consequently no assurance has been expressed by the auditors.

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the HKICPA accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**" or "**SEHK**") (the "**Listing Rules**").

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

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

3 REVENUE

Revenue represents the sales value of goods delivered to customers, commission fees charged to third-party merchants for using the e-commerce marketplaces ("**marketplace income**") and interest income generated from the supply chain financing services. An analysis of the Group's revenue for the year is as follows:

	2017	2016
	RMB'000	*RMB'000*
Sales of IC and other electronic components	**9,364,467**	12,829,115
Marketplace income	**75,553**	84,714
Ingfin financing service income	**173,676**	18,965
	9,613,696	12,932,794

4 SEGMENT INFORMATION

Information reported to the directors of the Company, being the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance focuses on types of services provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable segments are as follows:

— Sales of IC and other electronic components and marketplace operation; and

— Financing Services

The provision of financing services was formally commenced during the year ended December 31, 2017. As a result, a new segment of provision of financing services was added under operating segments in the current year. This resulted in a change in the composition of the Group's reportable segments such that financial service was identified as a new reportable segment. The comparative segment information has been reclassified to conform to these changes.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

For the year ended December 31, 2017

	Sales of IC and other electronic components and marketplace operation *RMB'000*	**Financing services** *RMB'000*	**Total** *RMB'000*
External revenue	**9,440,000**	**173,676**	**9,613,696**
Segment profit	**464,055**	**49,737**	**513,792**
Unallocated income			**100,835**
Unallocated corporate expenses			**(154,500)**
Unallocated finance costs			**(109,131)**
Share of result of an associate			**2,872**
Share of result of a joint venture			**(956)**
Profit before tax			**352,912**

For the year ended December 31, 2016

	Sales of IC and other electronic components and marketplace operation *RMB'000*	Financing services *RMB'000*	Total *RMB'000*
External revenue	12,913,829	18,965	12,932,794
Segment profit	778,339	3,487	781,826
Unallocated income			65,473
Unallocated corporate expenses			(198,044)
Unallocated finance costs			(55,984)
Share of result of an associate			2,014
Profit before tax			595,285

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of central administration costs, directors' salaries, other income, finance costs, share of result of an associate and share of result of a joint venture. This is the measure reported to the directors with respect to the resource allocation and performance assessment.

Inter-segment sales are conducted with terms mutually agreed by both contract parties.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

Segment assets

	2017	2016
	RMB'000	*RMB'000*
Sales of IC and other electronic components and marketplace operation	**2,017,486**	3,437,191
Financing services	**963,631**	798,261
Total segment assets	**2,981,117**	4,235,452
Investment in an associate	**18,318**	15,446
Investment in a joint venture	**44**	1,000
Corporate and other assets	**2,541,528**	4,388,215
Total assets	**5,441,007**	8,640,113

Segment liabilities

	2017	2016
	RMB'000	*RMB'000*
Sales of IC and other electronic components and marketplace operation	**190,121**	967,407
Financing services	**589,178**	—
Total segment liabilities	**779,299**	967,407
Corporate and other liabilities	**1,123,464**	3,986,771
Total liabilities	**1,901,763**	4,954,178

For the purposes of monitoring segment performance and allocating resources between segments:

— All assets are allocated to operating segment, other than intangible assets, goodwill, investment in an associate and a joint venture, available-for-sale investments, unallocated other receivables, short-term bank deposits, pledged bank deposits, cash and cash equivalent and other corporate assets. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and

— All liabilities are allocated to operating segments, other than unallocated other payables and accruals, unallocated amount due to a related party, income tax payables, bank loans, deferred tax liabilities and other corporate liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

Other segment information

For the year ended December 31, 2017

	Sales of IC and other electronic components *RMB'000*	Financing services *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Amounts include in the measure of segment profit or segment assets:				
Addition to non-current assets *(Note)*	781	—	—	781
Depreciation and amortisation	2,484	—	10,762	13,246
Impairment loss on trade receivables	21,679	—	—	21,679
Gain on disposal of property, plant and equipment	(2,027)	—	—	(2,027)
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:				
Gain on disposal of available-for-sale investments	—	—	(37,036)	(37,036)
Gain on disposal of a subsidiary	—	—	(26,493)	(26,493)
Interest income	—	—	(29,727)	(29,727)
Interest expense	—	—	109,131	109,131
Interest in an associate	—	—	18,318	18,318
Interest in a joint venture	—	—	44	44
Share of result of an associate	—	—	(2,872)	(2,872)
Share of result of a joint venture	—	—	(956)	(956)
Income tax expense	—	—	51,609	51,609

For the year ended December 31, 2016

	Sales of IC and other electronic components *RMB'000*	Financing services *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Amounts include in the measure of segment profit or segment assets:				
Addition to non-current assets *(Note)*	11,202	—	—	11,202
Depreciation and amortisation	2,186	—	13,335	15,521
Allowances for inventories	48,736	—	—	48,736
Impairment loss on trade receivables	32,040	—	—	32,040
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:				
Impairment loss on available-for-sale investments	—	—	37,144	37,144
Net realised gain on trading securities	—	—	(39,509)	(39,509)
Interest income	—	—	(21,664)	(21,664)
Interest expense	—	—	55,984	55,984
Investment in an associate	—	—	15,446	15,446
Investment in a joint venture	—	—	1,000	1,000
Share of profit of an associate	—	—	(2,014)	(2,014)
Income tax expenses	—	—	85,678	85,678

Note: Non-current assets included property, plant and equipment and intangible assets for the years ended December 31, 2017 and 2016.

Geographical information

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

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group is as follows:

	2017	2016
	RMB'000	*RMB'000*
Customer A[1]	**1,694,817**	N/A[2]

[1] Revenue from sales of IC and other electronic components.

[2] The corresponding revenue did not contribute over 10% of the total revenue of the Group.

5 OTHER INCOME

	2017	2016
	RMB'000	*RMB'000*
Bank interest income	**29,727**	21,664
Gain on disposal of available-for-sale securities	**37,036**	—
Gain on disposal of property, plant and equipment	**2,027**	—
Recognised gains on trading securities	**—**	39,509
Dividend income on securities	**2,096**	2,181
Government grants *(note)*	**1,265**	2,119
Commission income	**2,191**	—
	74,342	65,473

Note: Included in the amount of government grant recognised during the year ended December 31, 2017, approximately of RMB1,265,000 (2016: RMB2,119,000) was received from PRC local government authorities in respect of subsidising the Group's research and development activities, which were immediately recognised as other income for the year as the Group fulfilled the relevant granting criteria.

6 FINANCE COSTS

	2017	2016
	RMB'000	*RMB'000*
Interest on bank loans	**69,853**	45,332
Factoring costs	**39,278**	10,652
	109,131	55,984

7 INCOME TAX EXPENSES

	2017	2016
	RMB'000	*RMB'000*
Current tax:		
PRC Enterprises Income Tax ("**EIT**")	**26,804**	39,329
Hong Kong Profits Tax	**25,739**	48,561
Overseas	**842**	—
	53,385	87,890
(Over)/under-provision in prior years:		
PRC EIT	**—**	(456)
Hong Kong Profits Tax	**—**	444
	—	(12)
Deferred taxation *(note 31)*	**(1,776)**	(2,200)
	51,609	85,678

Notes:

(a) Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

(b) During the years ended December 31, 2017 and 2016, Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit.

(c) Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

(d) Cogobuy.com E-commerce Services (Shenzhen) Limited* ("**Cogobuy E-commerce**") 庫購網電子商務(深圳)有限公司, Shenzhen Cogobuy Information Technologies Limited* ("**Shenzhen Cogobuy**") 深圳市可購百信息技術有限公司 and FOXSAAS Information Technology (Shenzhen) Limited* ("**FOXSAAS Shenzhen**") 赤狐信息技術(深圳)有限公司, 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 ("**two-year exemption and three-year reduction**") during 2013. As a result, they are exempted from CIT for 2013 and 2014, and are subject to CIT at 12.5% from 2015 to 2017 and at 25% from 2018 onwards.

(e) Qianhai Cogobuy.com (Shenzhen) Limited* ("**Qianhai Cogobuy**") 前海科通芯城通信技術(深圳)有限公司 and INGDAN.com (Shenzhen) Limited* ("**INGDAN Shenzhen**") 硬蛋科技(深圳)有限公司, being qualified software enterprises, are granted two-year exemption and three-year reduction under the then effective tax regulations during 2015. As a result, they are exempted from CIT for 2015 and 2016, and are subject to CIT at 12.5% from 2017 to 2019 and at 25% from 2020 onwards.

* *For identification purpose only*

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

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

(g) For the purpose of the consolidated financial statements, the directors determine 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 PROFIT FOR THE YEAR

	2017	2016
	RMB'000	*RMB'000*
Profit for the year has been arrived at after charging:		
Directors' and chief executive's emoluments	**3,370**	4,101
Salaries, wages, allowances and other benefits	**113,719**	131,967
Contributions to defined contribution retirement plan	**22,622**	14,706
Equity-settled share-based compensation expenses (excluding directors' and chief executive emoluments)	**44,581**	36,009
Total staff costs	**184,292**	186,783
Amortisation of intangible assets	**10,762**	13,335
Depreciation of property, plant and equipment	**2,484**	2,186
Auditors' remuneration	**4,993**	6,163
Impairment loss on available-for-sale investments	**—**	37,144
Impairment loss on trade and bills receivables	**21,679**	32,040
Allowances for inventories	**—**	48,736
Foreign exchange, net	**1,208**	(1,151)
Operating lease charges in respect of property rentals	**15,480**	17,098
Research and development expenses *(note)*	**118,269**	62,613
Cost of inventories	**8,730,675**	11,821,566

Note: Research and development expenses include staff costs of employees in the design, research and development function of RMB47,777,000 (2016: RMB53,423,000) for the year ended December 31, 2017, which amount is also included in the staff costs as disclosed as above.

Research and development expenses also include operating lease charges in respect of property rentals of RMB4,907,000 (2016: RMB3,593,000), and amortisation and depreciation charge of RMB935,000 (2016: RMB585,000) for the year ended December 31, 2017.

9 DIVIDENDS

	2017	2016
	RMB'000	*RMB'000*
2017 Interim — HK$0.05 (2016 Interim — nil) per share	**62,467**	—

Subsequent to the end of the reporting period, there was no final dividend in respect of the year ended 31 December 2017 per share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming general meeting.

10 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following:

	2017	2016
	RMB'000	*RMB'000*
Earnings		
Earnings for the purpose of basic and diluted earnings per share	**302,025**	478,799

	2017	2016
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,456,679**	1,379,543
Effect of dilutive potential ordinary shares:		
Deemed issue of shares under the Company's RSU scheme for nil consideration	**6,945**	9,555
Weighted average number of ordinary shares for the purpose of dilutive earnings per share	**1,463,624**	1,389,098

11 TRADE, BILLS AND OTHER RECEIVABLES

	2017	2016
	RMB'000	*RMB'000*
Trade receivables	**1,590,405**	2,079,935
Bills receivables	**22,742**	38,436
Trade and bills receivables	**1,613,147**	2,118,371
Less: allowance for doubtful debts	**(111,883)**	(90,204)
	1,501,264	2,028,167
Loan interest receivables	**21,073**	3,665
Deposits and prepayments	**90,586**	56,441
Other receivables	**22,895**	7,318
	1,635,818	2,095,591

All of the trade, bills and other receivables are expected to be recovered or recognised as expense within one year.

The Group does not hold any collateral over these balances.

During the reporting period, the Group was subject to several factoring agreements with banks under which the banks pay an amount net of discount to the Group and collect the factored trade receivable balances directly from the Group's customers. The costs of the factoring arrangement ranged from 2.1% to 3.3% (2016: 2.1% to 3.3%) of the balance transferred and are included in "finance costs". The Group considered it had transferred the contractual rights to receive the cash flows of the trade receivables being factored and therefore recorded the transfers of trade receivables pursuant to the factoring agreements as sales. All of the factored trade receivables were accounted for as sales of trade receivables and derecognised upon transfer.

For the year ended December 31, 2017, the Group received proceeds of RMB1,979,257,000 (2016: RMB3,279,046,000) from sales of trade receivables. The Group recognised discounts of RMB39,278,000 (2016: RMB10,652,000) in finance costs for trade receivables sold to the banks for the year ended December 31, 2017.

The Group allows credit period ranging from 30 days to 90 days from the date of billing. The following is an aged analysis of trade receivables, net of allowance for impairment of trade receivables, presented based on the invoices which approximates revenue recognition date at the end of each reporting period.

	2017	2016
	RMB'000	*RMB'000*
Within 1 month	**1,306,185**	1,272,570
1 to 2 months	**148,432**	466,007
2 to 3 months	**18,830**	206,970
Over 3 months	**27,817**	82,620
	1,501,264	2,028,167

12 LOANS TO THIRD PARTIES

The following is an aged analysis of loans to third parties presented based on the maturity date at the end of each reporting period.

	2017	2016
	RMB'000	*RMB'000*
Within 1 month	**222,181**	—
1 to 2 months	**157,148**	150,618
2 to 3 months	**425,156**	64,691
Over 3 months	**138,073**	579,287
	942,558	794,596

As at December 31, 2017, none of the loans to third parties were individually determined to be impaired (2016: nil).

All of the loans to third parties that are neither individually nor collectively considered to be impaired are not past due.

13 TRADE AND OTHER PAYABLES

	2017	2016
	RMB'000	*RMB'000*
Trade payables	**190,121**	967,407
Accrued staff costs	**13,140**	23,566
Receipt in advance	**3,591**	1,000
Other payables	**6,162**	35,103
	213,014	1,027,076

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2017	2016
	RMB'000	*RMB'000*
Within 1 month	**156,907**	776,136
1 to 3 months	**27,575**	157,271
Over 3 months	**5,639**	34,000
	190,121	967,407

The average credit period granted is 30 days. The Group has financial risk management in place to ensure that all payables are settled within the credit timeframe.

14 SHARE CAPITAL

	Number of shares	Amount in original currency	Shown in the consolidated financial statements
		US$	*RMB'000*
Ordinary shares of US$0.0000001 each			
Authorised:			
At January 1, 2016, December 31, 2016 and December 31, 2017	500,000,000,000	50,000	N/A
Issued and fully paid:			
At January 1, 2016	1,362,262,500	136	1
Issue of new shares *(note i)*	160,420,232	16	—
Purchase of own shares *(notes ii and iii)*	(21,410,000)	(2)	—
At December 31, 2016	1,501,272,732	150	1
Purchase of own shares *(notes iv and v)*	(29,996,000)	(3)	—
At December 31, 2017	1,471,276,732	147	1

Notes:

(i) On September 22, 2016, the Company had completed a placing of an aggregate of 160,420,232 new shares at a placing price of HK$12.5 each share. The net proceed from the placing of new share amounted to HK$2,000,603,000 (equivalently RMB1,719,913,000), of which RMB1,719,913,000 was charged to share premium within consolidated equity.

(ii) During the year ended December 31, 2016, the Company repurchased its own shares on the SEHK as follows:

Month	Number of shares repurchased	Price per share Highest	Price per share Lowest	Aggregate amount paid
		HK$	*HK$*	*HK$'000*
January 2016	3,075,000	8.28	7.90	24,824
February 2016	1,437,000	8.30	7.92	11.650
May 2016	5,416,000	10.96	10.50	57,639
October 2016	4,536,000	12.30	12.04	55,088
November 2016	7,632,000	12.50	11.42	91,533
December 2016	17,083,000	12.00	11.22	200,849
	39,179,000			441,583

Of the 39,179,000 shares repurchased, 21,410,000 shares were cancelled as at December 31, 2016, and the remaining 17,769,000 shares were cancelled during the year ended December 31, 2017 The issued share capital of the Company was reduced by the nominal value of US$3.92. Pursuant to section 37(4) of the Companies Law of the Cayman Islands, the nominal value of the shares cancelled of US$2.14 (equivalent to RMB14.21) was transferred from the share premium to the capital redemption reserve. The premium paid on the repurchase of the shares of HK$441,583,000 (equivalent to RMB381,674,000) was charged to share premium.

(iii) During the year ended December 31, 2016, the Company repurchased its own shares on the SEHK as follows:

Month	**Number of shares repurchased**	**Price per share Highest**	**Price per share Lowest**	**Aggregate amount paid**
		HK$	*HK$*	*HK$'000*
November 2016	9,284,000	12.37	11.66	111,534

These repurchased shares were held by the RSU Scheme trustee for the purpose of the RSU Scheme. The consideration paid on the repurchase of the shares of HK$111,534,000 (equivalent to RMB99,876,000) is presented as shares held for the RSU Scheme in the consolidated statement of changes in equity and deducted from total equity.

(iv) During the year ended December 31, 2017, the Company repurchased its own shares on the SEHK as follows:

Month	**Number of shares repurchased**	**Price per share Highest**	**Price per share Lowest**	**Aggregate amount paid**
		HK$	*HK$*	*HK$'000*
January 2017	1,215,000	11.70	10.32	13,374
February 2017	668,000	10.78	10.30	7,008
May 2017	10,344,000	10.40	7.67	97,417
	12,227,000			117,799

All of the above shares were cancelled as at December 31, 2017. The issued share capital of the Company was reduced by the nominal value of US$1.22. Pursuant to section 37(4) of the Companies Law of the Cayman Islands, the nominal value of the shares cancelled of US$1.22 (equivalent to RMB8.28) was transferred from the share premium to the capital redemption reserve. The premium paid on the repurchase of the shares of HK$117,799,000 (equivalent to RMB105,508,000) was charged to share premium.

(v) During the year ended December 31, 2017, the Company repurchased its own shares on the SEHK as follows:

Month	Number of shares repurchased	Price per share Highest	Lowest	Aggregate amount paid
		HK$	*HK$*	*HK$'000*
January 2017	1,250,000	11.05	10.73	13,631
February 2017	500,000	10.90	10.77	5,425
May 2017	500,000	9.78	9.78	4,892
	2,250,000			23,948

These repurchased shares were held by the RSU Scheme trustee for the purpose of the RSU Scheme. The consideration paid on the repurchase of the shares of HK$23,948,000 (equivalent to RMB21,128,000) is presented as shares held for the RSU Scheme in the consolidated statement of changes in equity and deducted from total equity.

(vi) For the year ended December 31, 2016, 12,720,400 units of RSUs (2017: nil) were vested to the beneficiaries, RMB37,416,000 (2017: nil) were credited to the share premium account. The remaining shares are held on trust by the RSU Scheme trustee until their release to the beneficiaries upon the vesting of the RSUs.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended December 31, 2017, the Company repurchased an aggregate of 12,227,000 shares (2016: 39,179,000 shares) of its own issued ordinary share capital through the Stock Exchange at an aggregate consideration of HK$117.8 million (2016: HK$441.6 million) (equivalent to RMB105.5 million (2016: RMB381.7 million)).

All the shares repurchased were cancelled, of which 413,000 shares were cancelled on February 3, 2017, 1,470,000 shares were cancelled on March 3, 2017, 6,949,000 shares were cancelled on June 9, 2017 and 3,395,000 shares were cancelled on July 6, 2017.

Subsequent to the period end date, the Company did not repurchase any shares of its own issued ordinary share capital through the Stock Exchange.

The repurchases were effected by the Directors for the benefit of the Company and to create value to its shareholders.

Save for the aforesaid, 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 year ended December 31, 2017.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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. During the year ended December 31, 2017, the Company has complied with the applicable code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules, except for a deviation from code provision A.2.1 which requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

The Company does not have a separate chairman and chief executive officer and Mr. Kang Jingwei, Jeffrey currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company at a time if it is considered appropriate by taking into account the circumstances of the Group as a whole.

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. Having made specific enquiry of all the Directors and the relevant employees of the Company, all the Directors confirmed that they have strictly complied with the required standards set out in the Model Code for the year ended December 31, 2017 and to the date of this announcement.

The Board has also adopted the Model Code to regulate all dealings by relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of securities in the Company as referred to in code provision A.6.4 of the CG Code. No incident of non-compliance with the Model Code by the Company's relevant employees has been noted for the year ended December 31, 2017 after making reasonable enquiry.

AUDIT COMMITTEE

The Company established the Audit Committee with written terms of reference in compliance with the CG Code. As at the date of the announcement, the Audit Committee comprises three members, namely, Mr. Hao Chunyi, Charlie, Mr. Ye Xin and Dr. Ma Qiyuan, all being independent non-executive Directors. Mr. Hao Chunyi, Charlie is the chairman of the Audit Committee.

The Audit Committee has reviewed the annual results of the Group for the year ended December 31, 2017. 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, SHINEWING (HK) CPA Limited ("**SHINEWING**").

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2017 as set out in the preliminary announcement have been compared by the Group's auditors, SHINEWING, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by SHINEWING in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by SHINEWING on the preliminary announcement.

FINAL DIVIDEND

The Board does not recommend the distribution of a final dividend for the year ended December 31, 2017.

ANNUAL GENERAL MEETING AND PERIOD OF CLOSURE OF REGISTER OF MEMBERS

The Company will arrange the time of convening the annual general meeting (the "**AGM**") as soon as practicable. A notice convening the AGM will be published and dispatched to the shareholders of the Company in a manner required by the Listing Rules. Once the date of the AGM is finalized, the Company will publish the period of closure of register of members of the Company in a separate announcement and in the notice of the AGM.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.cogobuy.com. The annual report of the Group for the year ended December 31, 2017 will be published on the aforesaid websites and will be dispatched to the Company's shareholders in due course.

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

Hong Kong, March 27, 2018

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; and the independent non-executive Directors of the Company are Mr. HAO Chunyi, Charlie, Mr. YE Xin and Dr. MA Qiyuan.