Cogobuy Group 科通芯城集團

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 0400

INTERIM REPORT 2014

科通芯城

Cogobuy.com

Cogobuy Group is 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.

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

KANG Jingwei *(Chief Executive Officer and Chairman of the Board)*
WU Lun Cheung, Allen *(Chief Financial Officer)*

Independent Non-Executive Directors

ZHONG Xiaolin, Forrest
YE Xin
YAN Andrew

AUDIT COMMITTEE

ZHONG Xiaolin, Forrest *(Chairman)*
YE Xin
YAN Andrew

REMUNERATION COMMITTEE

ZHONG Xiaolin, Forrest *(Chairman)*
YE Xin
YAN Andrew

NOMINATION COMMITTEE

ZHONG Xiaolin, Forest *(Chairman)*
YE Xin
YAN Andrew

REGISTERED OFFICE

Offices of Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P. O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS

9th Floor, Skyworth Building Tower C
High-Tech Industrial Park, Nanshan
Shenzhen 518057, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Block A, 5th Floor
Goodman Kwai Chung Logistics Centre
585–609 Castle Peak Road
Kwai Chung
New Territories
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P. O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

COMPANY SECRETARY

WU Lun Cheung, Allen

AUTHORIZED REPRESENTATIVES

KANG Jingwei
WU Lun Cheung, Allen

AUDITORS

KPMG
Certified Public Accountants

LEGAL ADVISORS

As to Hong Kong and U.S. laws:
Skadden, Arps, Slate, Meagher & Flom

As to PRC law:
Broad & Bright Law Firm

As to Cayman Islands law:
Conyers Dill & Pearman (Cayman) Limited

COMPLIANCE ADVISOR

Guotai Junan Capital Limited

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited
Standard Chartered Bank (Hong Kong) Limited

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

LISTING INFORMATION

Hong Kong Stock Exchange Stock Code: 0400

COMPANY WEBSITE

www.cogobuy.com

FINANCIAL PERFORMANCE HIGHLIGHTS

	Unaudited Three months ended June 30, 2014 (RMB in millions, unless specified)	Unaudited Three months ended June 30, 2013 (RMB in millions, unless specified)	Year-on-year change
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, 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 (RMB in millions, unless specified)	Unaudited Six months ended June 30, 2013 (RMB in millions, unless specified)	Year-on-year change
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%

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 IC and other electronic components in China as measured by 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 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.

Employee and Remuneration Policies

As at June 30, 2014, we had 507 full-time employees. Our number of employees varies from time to time depending on our need. Employee remuneration is determined in accordance with prevailing industry practice and employees' educational backgrounds, experiences and performance. The remuneration policy and package of the Company's employees are periodically reviewed. Apart from pension funds, in-house training programs, discretionary bonuses, medical insurance and mandatory provident fund, share awards were granted to certain employees under the RSU Scheme.

The total staff costs incurred for the three and six months ended June 30, 2014 were RMB34.1 million and RMB60.9 million respectively.

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 (RMB in millions)	Unaudited Three months ended 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.

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 in December 2013.

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 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 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	
Net income	**June 30, 2014 (RMB in million)**	June 30, 2013 (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 (RMB in millions)	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.

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.

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 denominated in HK$, RMB and US$, 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, as compared to RMB929.4 million as of December 31, 2013 and RMB542.0 million was trade and other payables. All of the Group's bank loans during the Reporting Period were fixed-interest short-term borrowings denominated in HK$, RMB and US$ and had maturity dates that were within one year of the drawdown. 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 report 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.

The Company has not adopted any foreign currency hedging policy.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As the Company was not listed on the Stock Exchange as at June 30, 2014, Divisions 7 and 8 of Part XV of the SFO and section 352 of the SFO were not applicable to the Directors or chief executives of the Company as at June 30, 2014.

As at the date of this interim report, the interests and short positions of our Directors or chief executives of our Company in the Shares, underlying Shares and debentures of our Company or its associated corporation (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as contained in Appendix 10 to the Listing Rules were as follows:

(i) Interests in the Shares

Name of Director	Nature of interest	Number of Shares[1]	Approximate percentage of shareholding
Mr. Kang	Interest of a controlled corporation[2]	700,000,000	50.95%

Notes:

(1) All the Shares are held in long position (as defined under Part XV of the SFO).

(2) Mr. Kang owns Envision Global as to 100%, which in turn owns these Shares. Mr. Kang is therefore deemed to be interested in these Shares held by Envision Global.

(ii) Interests in the underlying Shares of our Company

Name of Director	Nature of interest	Number of Underlying Shares subject to the Shares to be granted under the RSU Scheme	Approximate percentage of shareholding[1]
Mr. Kang	Beneficial owner	1,800,000	0.13%
Mr. Wu	Beneficial owner	1,800,000	0.13%

Note:

(1) The percentage is for illustrative purpose only and is calculated based on the number of Shares in issue as at the date of this interim report (without taking into account the Shares to be issued pursuant to the RSU Scheme).

(iii) Interests in associated corporations

Name of Director	Name of associated corporation	Nature of Interest	Number of securities interested[1]	Approximate percentage of shareholding
Mr. Kang	Envision Global[2]	Beneficial owner	1 share	100%
Mr. Kang	Brilliant[2]	Interest of a controlled corporation	1 share	100%

Notes:

(1) All the Shares are held in long position (as defined under Part XV of the SFO).

(2) Mr. Kang owns Envision Global directly as to 100% and Envision Global owns Brilliant directly as to 100%.

Save as disclosed above, as at the date of this interim report, so far as is known to any Director or the chief executive of the Company, none of the Directors nor the chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO (including the interests and short positions which the Director is taken or deemed to have under such provisions of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES OR UNDERLYING SHARES OF THE COMPANY

As the Company was not listed on the Stock Exchange as at June 30, 2014, Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO were not applicable to the Company as at June 30, 2014.

As at the date of this interim report, so far as the Directors are aware, the following persons (other than our Directors or chief executives of our Company) had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	Nature of Interest	Number of Shares[1]	Approximate percentage of shareholding[5]
Envision Global	Beneficial owner	700,000,000	50.95%
Mr. Kang[2]	Interest of a controlled corporation	700,000,000	50.95%
Mr. Kang[3]	Beneficial owner	1,800,000	0.13%
Total Dynamic	Beneficial owner	300,000,000	21.83%
Ms. Yao[4]	Interest of a controlled corporation	300,000,000	21.83%

Notes:

1. All the Shares are held in long position (as defined under Part XV of the SFO).

2. Mr. Kang owns Envision Global as to 100%, which in turn owns these Shares. Therefore, Mr. Kang is deemed to be interested in these Shares held by Envision Global.

3. This represents the number of Shares that Mr. Kang is entitled to be issued to him under the RSU Scheme. Taking into account his interest in the Company held by Envision Global, he is deemed to be interested in the Company as to 51.08%.

4. Ms. Yao owns Total Dynamic as to 100%, which in turn owns these Shares. Therefore, Ms. Yao is deemed to be interested in these Shares held by Total Dynamic.

5. The percentage is for illustrative purpose only and is calculated based on the number of Shares in issue immediately following completion of the Global Offering (without taking into account the Shares to be issued pursuant to the RSU Scheme).

Save as disclosed above, as at the date of this interim report, no other Directors or chief executives of the Company had any interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO.

RSU SCHEME

The Company has adopted a RSU Scheme, which took effect as of March 1, 2014. The purpose of the RSU Scheme is to reward the fidelity of the Directors, executive officers, senior managers and employees of the Company and of its subsidiaries (collectively, "Scheme Companies" and each, a "Scheme Company") and align their interests with those of the Shareholders.

The grant of the RSUs on March 1, 2014 recognized the contribution of the Scheme Companies' Directors, executive officers, senior managers and employees to the historical achievements of the Company. The Company has the intention to continue exploring ways to incentivise, retain and reward Scheme Companies' Directors, executive officers, senior managers and employees and may implement other RSU schemes or other share-based remuneration schemes in the future.

The Company has not issued any Shares under the RSU Scheme as at June 30, 2014.

As at June 30, 2014, the Directors of the Company had the following RSUs:

Name of Director	Number of Shares Underlying the RSUs granted	Vesting Period
Mr. Kang	1,800,000	• One-third of which will vest for the year ended December 31, 2014 in equal quarterly installments • One-third of which will vest for the year ended December 31, 2015 in equal quarterly installments • One-third of which will vest for the year ended December 31, 2016 in equal quarterly installments
Mr. Wu	1,800,000	• One-third of which will vest for the year ended December 31, 2014 in equal quarterly installments • One-third of which will vest for the year ended December 31, 2015 in equal quarterly installments • One-third of which will vest for the year ended December 31, 2016 in equal quarterly installments

In respect of the RSUs granted pursuant to the RSU Scheme to the other grantees,

(a) the RSUs granted to 26 grantees in respect of 19,346,300 underlying Shares have a vesting period of three years as follows:

- One-third of which will vest for the year ended December 31, 2014 in equal quarterly installments
- One-third of which will vest for the year ended December 31, 2015 in equal quarterly installments
- One-third of which will vest for the year ended December 31, 2016 in equal quarterly installments

(b) the RSUs granted to 395 grantees in respect of 7,253,700 underlying Shares have a vesting period of one year at the end of December 31, 2014.

Taking into account Shares to be issued under the RSU Scheme, the shareholding structure of our Company prior to and immediately following the vesting of all the RSUs granted pursuant to the RSU Scheme would be as follows:

Name of Shareholder	**Immediately following the completion of the Global Offering and prior to the vesting of all the RSUs granted pursuant to the RSU Scheme**		**Immediately following the completion of the Global Offering and the vesting of all the RSUs granted pursuant to the RSU Scheme**	
	Number of Shares	**%**	**Number of Shares**	**%**
Mr. Kang	700,000,000	52.09%	701,800,000	51.08%
Ms. Yao	300,000,000	22.33%	300,000,000	21.83%
Other grantees of RSUs granted pursuant to the RSU Scheme	—	—	28,400,000	2.07%
Shareholders taking up Shares pursuant to the Global Offering	343,800,000	25.58%	343,800,000	25.02%
Total	1,343,800,000	100%	1,374,000,000	100%

Further information in relation to the RSU Scheme can be found in note 16 of the interim financial report.

INTERIM DIVIDENDS

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

CORPORATE GOVERNANCE

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 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 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 report.

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 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.

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 three and 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.

DISCLOSURE OF INFORMATION OF DIRECTORS UNDER RULES 13.51(2) AND 13.51(B)(1) OF THE LISTING RULES

Changes in Directors' biographical details since the publication of the prospectus of the Company, which are required to be disclosed pursuant to Rules 13.51(2) and 13.51(B)(1) of the Listing Rules, are set out below.

Mr. ZHONG Xiaolin, Forrest

Appointment as an independent non-executive director of Visual China Group, a company listed on the Shenzhen Stock Exchange (stock code: 000681) in 2014.

Mr. YAN Andrew

Resignation as an independent director of Giant Interactive Group Inc., a company listed on the New York Stock Exchange (stock code: GA) in 2014.

Appointment as an independent director of BlueFocus Communication Group, a company listed on the Shenzhen Stock Exchange (stock code: 300058) in 2014.

Save as mentioned above, there is no change of information of each Director that is required to be disclosed under Rules 13.51(2) and 13.51(B)(1) of the Listing Rules since the publication of the prospectus of the Company.

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.

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.

CONTRACTUAL ARRANGEMENTS

According to the Regulations on the Administration of Foreign-Invested Telecommunications Enterprises promulgated by the State Council on December 11, 2001, which were subsequently amended on September 10, 2008, foreign investors are not allowed to hold more than 50% of the equity interests of a company providing value-added telecommunications services, including internet content provision services. In addition, a foreign investor who invests in a value-added telecommunications businesses in the PRC must possess prior experience in operating value-added telecommunications businesses and a proven track record of business operations overseas ("Qualification Requirement"). Currently, none of the applicable PRC laws, regulations or rules provides clear guidance on the interpretation of the Qualification Requirement.

Despite the lack of clear guidance or interpretation on the Qualification Requirement, the Company has been gradually building up the track record of overseas telecommunications business operations for the purposes of being qualified, as early as possible, to acquire the entire equity interests of Shenzhen Cogobuy when the PRC laws allow foreign investors to invest in value-added telecommunications enterprises in China.

The Company has four operating subsidiaries incorporated in Hong Kong whose principal business activities are sales of electronic components and related products, including Comtech International, Broadband Corporation, Comtech Industrial and Comtech Digital Technology (Hong Kong) Limited. These Hong Kong subsidiaries maintain the Group's cloud service and database, provide services that support our cogobuy.com e-commerce platform including technical support for overseas users of our e-commerce platform, including suppliers, and also engage in the operation of our online data analysis system, inventory management system and delivery tracking system. We believe that such business activities help to demonstrate our experience in areas related to overseas value-added telecommunications business. In particular, according to the *Catalogue of Telecommunications Businesses* attached to the *Telecommunications Regulations of the PRC*, value-added telecommunication services include, among others, online data and transaction handling businesses. These services provided by our Hong Kong subsidiaries are important components of our e-commerce platform and relate directly to online data and transaction handling. Going forward, our Hong Kong subsidiaries will play a greater role in serving the overseas users of our e-commerce platform, including the provision of mobile application services.

As of June 30, 2014, the Company has no further update to disclose in relation to the Qualification Requirement.

PUBLICATION OF INTERIM REPORT

The interim report of the Company for the three and six months ended June 30, 2014 containing all the information required by the Listing Rules will be dispatched to the Shareholders of the Company and made available for review on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cogobuy.com) in due course.

For and on behalf of the Board

KANG Jingwei
Chairman
Hong Kong
August 29, 2014

Consolidated Statement of Comprehensive Income — Unaudited

	Note	Three months ended June 30, 2014 RMB'000	Three months ended June 30, 2013 RMB'000	Six months ended June 30, 2014 RMB'000	Six months ended June 30, 2013 RMB'000
Revenue	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, 2014 RMB'000	Three months ended June 30, 2013 RMB'000	Six months ended June 30, 2014 RMB'000	Six months ended June 30, 2013 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

The notes on pages 33 to 55 form part of this interim financial report.

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	9	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	10	441,367	243,800
Trade and other receivables	11	654,025	656,766
Amounts due from related parties	12	—	105,541
Pledged deposits	15	251,259	233,081
Cash and cash equivalents	13	436,789	281,542
		1,783,440	1,520,730
Current liabilities			
Trade and other payables	14	542,034	433,198
Bank loans	15	974,084	929,388
Amounts due to related parties	12	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

	Note	As of June 30, 2014 RMB'000	As of December 31, 2013 RMB'000
CAPITAL AND RESERVES	17		
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

The notes on pages 33 to 55 form part of this interim financial report.

Consolidated Statement of Changes in Equity — Unaudited

		Attributable to equity shareholders of the Company									
		Share capital	Capital reserve	Share-based compensation reserve	Other reserve	Exchange reserve	Statutory reserves	Retained profits	Total	Non-controlling interests	Total equity
		(Note 17(b))	(Note 17(c))	(Note 17(d))	(Note 17(e))						
	Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As of January 1, 2013		–	18,923	–	–	7	2,005	27,614	48,549	–	48,549
Changes in equity for the six months ended June 30, 2013:											
Profit for the period		–	–	–	–	–	–	22,641	22,641	–	22,641
Other comprehensive income for the period		–	–	–	–	5,552	–	–	5,552	–	5,552
Total comprehensive income		–	–	–	–	5,552	–	22,641	28,193	–	28,193
Arising from business combination		–	–	–	186,196	–	–	–	186,196	–	186,196
Issue of shares	17(b)(ii)	1	–	–	–	–	–	–	1	–	1
As of June 30, 2013		1	18,923	–	186,196	5,559	2,005	50,255	262,939	–	262,939
As of January 1, 2014		1	18,923	–	186,196	8,190	354	111,364	325,028	4,238	329,266
Changes in equity for the six months ended June 30, 2014:											
Profit for the period		–	–	–	–	–	–	62,424	62,424	7,799	70,223
Other comprehensive income for the period		–	–	–	–	5,522	–	–	5,522	59	5,581
Total comprehensive income		–	–	–	–	5,522	–	62,424	67,946	7,858	75,804
Equity-settled share-based compensation		–	–	18,373	–	–	–	–	18,373	–	18,373
As of June 30, 2014		1	18,923	18,373	186,196	13,712	354	173,788	411,347	12,096	423,443

The notes on pages 33 to 55 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement — Unaudited

	Note	Six months ended June 30, 2014 RMB'000	2013 RMB'000
Cash generated from/(used in) operations		154,399	(33,381)
Tax paid		(744)	(6,941)
Net cash generated from/(used in) operating activities		153,655	(40,322)
Investing activities			
(Increase)/decrease in pledged deposits		(12,336)	3
Other cash flows arising from investing activities		3,995	1,539
Net cash (used in)/generated from investing activities		(8,341)	1,542
Financing activities			
Net proceeds from bank loans		21,559	42,025
Interest and guarantee fees paid		(17,244)	(8,344)
Other cash flows arising from financing activities		(1,000)	237
Net cash generated from financing activities		3,315	33,918
Net increase/(decrease) in cash and cash equivalents		148,629	(4,862)
Cash and cash equivalents at the beginning of the period	13	281,542	52,400
Effect of foreign exchange rates changes		6,618	(545)
Cash and cash equivalents at the end of the period	13	436,789	46,993

The notes on pages 33 to 55 form part of this interim financial report.

1 BASIS OF PREPARATION

This interim financial report of Cogobuy Group (the “Company”) and its subsidiaries (the “Group”) has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issue on August 29, 2014.

The Company was incorporated in the Cayman Islands on February 1, 2012 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Group is principally engaged in the sales of integrated circuits (“IC”) and other electronic components in the People’s Republic of China (“PRC”). The Group also operates an e-commerce platform for the sales of IC and other electronic components. During the period from February 1, 2012 (date of inception) to December 31, 2012 and the year ended December 31, 2013, the Company has made several acquisitions, the details of which are further described below. The shares of the Company have been listed on the Main Board on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since July 18, 2014 (the “Listing”).

On November 15, 2012, the Company acquired the entire equity interests of nine entities (“Predecessor Entities”) from Viewtran Group, Inc., (“Viewtran”) formerly known as Cogo Group Cayman, Inc., and Cogo Group, Inc., a company listed on NASDAQ in the United States of which the Chairman and Chief Executive Officer is Mr. Kang Jingwei (“Mr. Kang”), the controlling shareholder of the Company, as contemplated by the sale and purchase agreement (the “Viewtran Agreement”) dated October 23, 2012, for a cash consideration of US$78,000,000 (equivalent to approximately RMB486,502,000 as of November 15, 2012) (the “Viewtran Acquisition”).

Prior to November 15, 2012, the Predecessor Entities were direct or indirect wholly owned subsidiaries of Viewtran. Following the acquisition, the Predecessor Entities became direct or indirect wholly-owned subsidiaries of the Company.

The operating results of the Predecessor Entities have been included in the consolidated results of the Company since November 15, 2012.

On February 1, 2013, the Company acquired the entire equity interests of Cogobuy Holding Limited (formerly known as Total Dynamic Limited) and its subsidiaries (collectively, the “Total Dynamic Entities”) from Total Dynamic Holdings Limited (“Total Dynamic”), a company incorporated in the British Virgin Islands (the “BVI”) and wholly-owned by Ms. Yao Yi, for 30 ordinary shares, representing 30% equity interests, of the Company (the “Total Dynamic Acquisition”).

1 BASIS OF PREPARATION (Continued)

Shenzhen Cogobuy Information Technologies Limited (深圳市可購百信息技術有限公司, "Shenzhen Cogobuy"), one of the entities acquired in the Total Dynamic Acquisition, holds an Internet content provider licence (the "ICP licence") issued by the Guangdong Communications Administration. Due to applicable laws and regulations of the Peoples' Republic of China ("PRC") which prohibit foreign investors from holding an ICP licence, the Company acquired control over Shenzhen Cogobuy through a series of contractual agreements entered with Ms. Yao Yi and Shenzhen Cogobuy (the "Contractual Arrangements").

Prior to February 1, 2013, the Total Dynamic Entities were direct or indirect wholly owned subsidiaries of Total Dynamic. Following the acquisition, the Total Dynamic Entities became direct or indirect wholly-owned subsidiaries of the Company.

The operating results of the Total Dynamic Entities have been included in the consolidated results of the Company since February 1, 2013.

On November 20, 2013, the Company acquired the equity interests of nine entities ("Envision Global Entities") from Brilliant Group Global Limited ("Brilliant Group"), a company incorporated in the BVI and wholly-owned by Mr. Kang, for a cash consideration of US$3,000,000 (equivalent to approximately RMB18,292,000 as of November 20, 2013) (the "Envision Global Acquisition").

Prior to November 20, 2013, the Envision Global Entities were direct or indirect wholly owned subsidiaries of Viewtran. The Envision Global Entities were acquired by Brilliant Group from Viewtran on November 20, 2013 and acquired by the Company from Brilliant Group on the same date. Following the Envision Global Acquisition, the Envision Global Entities became direct or indirect subsidiaries of the Company.

The operating results of the Envision Global Entities have been included in the consolidated results of the Company since November 21, 2013.

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. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

1 BASIS OF PREPARATION (Continued)

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the consolidated financial statements of the Group for the year ended December 31, 2013. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG 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. KPMG's independent review report to the Board of Directors is included on page 56.

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 that financial year but is derived from the Company's audited consolidated financial statements 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 interim financial report.

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 RMB'000	2013 RMB'000	**2014 RMB'000**	2013 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 RMB'000	2013 RMB'000	2014 RMB'000	2013 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 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
(a)	**Finance costs**				
	Interest expense on bank loans	6,455	2,693	14,142	5,257
	Guarantee fees (note 15)	1,548	1,533	3,102	3,087
		8,003	4,226	17,244	8,344
(b)	**Staff costs**				
	Contributions to defined contribution retirement plan	2,165	372	4,121	732
	Salaries, wages and other benefits	20,067	3,877	38,415	7,492
	Equity-settled share-based compensation expenses (note 16)	11,891	—	18,373	—
		34,123	4,249	60,909	8,224
(c)	**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
	Research and development expenses (note)	9,469	2,947	16,955	5,545

Note: Research and development expenses include staff costs of employees in the design, research and development function of RMB7,537,000 and RMB14,452,000 for the three and six months ended June 30, 2014, respectively (three and six months ended June 30, 2013: RMB1,990,000 and RMB3,584,000, respectively), which are included in the staff costs as disclosed in note 6(b).

Research and development expenses also include operating lease charges in respect of property rentals of RMB504,000 and RMB730,000 for the three and six months ended June 30, 2014, respectively (three and six months ended June 30, 2013: RMB224,000 and RMB508,000, respectively).

7 INCOME TAX

	Three months ended June 30,		Six months ended June 30,	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 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 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 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.

7 INCOME TAX (Continued)

(c) The PRC (Continued)

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).

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, as disclosed in note 17(b), on a retrospective basis as if the events had occurred on January 1, 2013.

8 EARNINGS PER SHARE (Continued)

(a) Basic earnings per share (Continued)

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 (note 17(b))	**—**	—	**—**	83
Effect of share subdivision of the share capital of the Company in June 2014 (note 17(b))	**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 as described in note 16.

9 PROPERTY, PLANT AND EQUIPMENT

During the three months ended June 30, 2014, the Group acquired property, plant and equipment of RMB196,000 (three months ended June 30, 2013: RMB294,000).

During the six months ended June 30, 2014, the Group acquired property, plant and equipment of RMB264,000 (six months ended June 30, 2013: RMB631,000). No property, plant and equipment was acquired through business combination for the six months ended June 30, 2014 (six months ended June 30, 2013: RMB8,000).

During the three months and six months ended June 30, 2014, no property, plant and equipment was disposed by the Group (three and six months ended June 30, 2013: RMB21,000).

10 INVENTORIES

During the three and six months ended June 30, 2014, RMB250,000 (three and six months ended June 30, 2013: RMB Nil) has been recognized as a reduction in the amounts of inventories recognized as an expense in profit or loss during the periods, being the write-down of inventories to estimated net realisable value.

11 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.

12 AMOUNTS DUE FROM/(TO) RELATED PARTIES

An analysis of the amounts due from related parties is as follows:

	Note	As of June 30, 2014 RMB'000	As of December 31, 2013 RMB'000
Amount due from Envision Global Investments Limited ("Envision Global")	(i)	—	4,545
Amount due from Brilliant Group and its subsidiaries	(ii)	—	100,996
Amounts due from related parties		—	105,541

Notes:

(i) As of December 31, 2013, the amount due from Envision Global represented the proceeds from the sale of the Group's land use right and construction in progress in 2012, and certain related expenses paid on behalf of Envision Global. The amount was unsecured, interest-free and recoverable on demand.

(ii) As of December 31, 2013, the amount due from Brilliant Group and its subsidiaries was mainly attributable to sales and purchase of IC and other electronic components, partially offset by the purchase consideration of US$3,000,000 (equivalent to RMB18,292,000) for acquisition of Envision Global Entities. The amount was unsecured, interest-free and recoverable on demand.

An analysis of the amounts due to related parties is as follows:

	Note	As of June 30, 2014 RMB'000	As of December 31, 2013 RMB'000
Amount due to Viewtran and its subsidiaries	(i)	3,102	—
Amount due to shareholder	(ii)	—	1,000
Amounts due to related parties		3,102	1,000

Notes:

(i) As of June 30, 2014, the amount due to Viewtran and its subsidiaries is mainly attributable to the guarantee fee payable to Viewtran (see note 20(iv)). The amount is unsecured, interest-free and repayable on demand.

(ii) As of December 31, 2013, the amount due to shareholder represented the amount advanced by Ms. Yao Yi for payment of operating expenses. The amount was unsecured, interest-free and repayable on demand.

13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the consolidated statement of financial position and condensed consolidated cash flow statement comprise:

	As of June 30, 2014 RMB'000	As of December 31, 2013 RMB'000
Cash at bank and in hand	436,789	281,542

14 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

15 PLEDGED DEPOSITS AND BANK LOANS

All of the bank loans were secured and repayable within one year.

As of December 31, 2013 and June 30, 2014, the Group had entered into several banking facilities including letters of guarantee, bank loans, trade receivables factoring facilities and irrecoverable letters of credit.

Pursuant to the terms of the Viewtran Agreement (see note 1), immediately upon completion of the Viewtran Acquisition and up to December 31, 2014, Viewtran agreed to continue to provide guarantees to the banking institutions which provide banking facilities to the Predecessor Entities. Viewtran also agreed to provide guarantees in respect of the Predecessor Entities' purchases from its suppliers and sales to its customers. The aggregate amount of the guarantees is subject to a maximum cap of US$60,000,000. A guarantee fee amounting to US$250,000 as determined with reference to the guarantee fee chargeable by banks, is charged to the Company each quarter.

Pursuant to the terms of the purchase and sale agreement in connection with the Envision Global Acquisition (see note 1), Viewtran agreed to continue to provide guarantees from November 20, 2013 to December 31, 2014 to the banking institutions which provide banking facilities to the Envision Global Entities.

As of December 31, 2013 and June 30, 2014, the Group had two types of banking facilities, both were guaranteed by Viewtran:

(a) Joint banking facilities which can be utilized by the Group and certain subsidiaries of Viewtran (the "Joint Banking Facilities"); and

(b) Banking facilities which are made available solely to the Group (the "Sole Banking Facilities").

(a) Joint Banking Facilities

Details of the Joint Banking Facilities and the borrowings drawn by the Group under such facilities as of the end of the reporting period are set out below:

	As of June 30, 2014 RMB'000	As of December 31, 2013 RMB'000
Aggregate credit limit	248,144	242,148
Outstanding loans — Viewtran	—	—
Outstanding loans — the Group	(233,774)	(143,001)
Unutilized facilities	14,370	99,147

15 PLEDGED DEPOSITS AND BANK LOANS (Continued)

(a) Joint Banking Facilities (Continued)

As of June 30, 2014, the Joint Banking Facilities were secured by cash of RMB62,050,000 pledged by the Group (as of December 31, 2013: secured by cash of RMB60,550,000 pledged by the Group). 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. As of December 31, 2013 and June 30, 2014, management of the Group did not consider it is probable that a claim will be made against the Group under any of the guarantees.

(b) Sole Banking Facilities

Details of the Sole Banking Facilities and the borrowings drawn by the Group under such facilities as of the end of the reporting period are set out below:

	As of June 30, 2014 RMB'000	As of December 31, 2013 RMB'000
Aggregate credit limit	1,312,061	1,510,399
Outstanding loans	(740,310)	(786,387)
Trade receivables factoring facilities utilized	(333,450)	(223,001)
Unutilized facilities	238,301	501,011

As of June 30, 2014, the Sole Banking Facilities were secured by cash of RMB189,209,000 and RMB199,788,000 pledged by the Group and Viewtran, respectively (as of December 31, 2013: secured by cash of RMB172,531,000 and RMB483,970,000 pledged by the Group and Viewtran, respectively).

16 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

On March 1, 2014, the Company's shareholders and directors adopted the Restricted Share Unit Scheme ("RSU Scheme") and granted 30,200,000 RSUs to certain directors and employees of the Company and its subsidiaries. The purpose of the RSU Scheme is to reward the fidelity and performance of the directors and employees of the Company and its subsidiaries. The RSUs are the rights to receive Company's shares when they vest pursuant to the conditions provided for under the RSU Scheme. Each RSU gives the holder a right to receive a share at the end of the respective vesting period. The shares will be held on trust by the RSU Scheme trustee until their release to the grantees upon vesting of the RSUs.

The directors estimated the fair value of the RSUs granted to be RMB51,963,000 (US$8,456,000) in total or RMB1.72 (US$0.28) per unit. Share-based payment expenses of RMB11,891,000 and RMB18,373,000 were recognized as staff costs in the Company's profit or loss for the three and six months ended June 30, 2014 respectively and the remaining balance is to be recognized in 2014, 2015 and 2016 based on the respective vesting periods.

Additional details of the grants are as follows:

	Number of instruments	**Vesting condition**
RSUs granted to directors:		
— on March 1, 2014	3,600,000	Notes (i), (iii)
RSUs granted to employees:		
— on March 1, 2014	19,346,300	Notes (i), (iii)
— on March 1, 2014	7,253,700	Notes (ii), (iii)
Total RSUs granted	30,200,000	

Notes:

(i) The RSUs granted have a vesting period of three years as follows:

— One-third of which will vest for the year ended December 31, 2014 in equal quarterly instalment.

— One-third of which will vest for the year ended December 31, 2015 in equal quarterly instalment.

— One-third of which will vest for the year ended December 31, 2016 in equal quarterly instalment.

(ii) The RSUs granted have a vesting period of one year at the end of December 31, 2014.

(iii) Vesting of the RSUs is conditional upon the Listing and after a share subdivision of the share capital of the Company from US$1 per share to 10,000,000 shares of US$0.0000001 per share. Directors and employees who leave the Group before or after the Listing forfeit their right to any unvested RSUs.

16 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (Continued)

Fair value of RSUs and assumptions

The fair value of services received in return for RSUs granted is measured by reference to the fair value of RSUs granted. The estimate of the fair value of the RSUs granted was determined using the discounted cash flow method and adopting an equity allocation method to determine the fair value of the RSUs as at the grant date. Key assumptions are set out as below:

	Granted on March 1, 2014
Fair value of RSUs and assumptions	
Discount rate	17.5%
Risk-free interest rate	3.265%
Volatility	16.0%
Dividend yield	0.0%

17 CAPITAL, RESERVES AND DIVIDENDS

(a) 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).

(b) Share capital

	As of June 30, 2014		As of December 31, 2013	
	No. of shares	Amount US$	No. of shares	Amount US$
Authorised:				
Ordinary shares of US$0.0000001/US$1 each (notes (i) and (iii))	500,000,000,000	50,000	50,000	50,000
Ordinary shares, issued and fully paid:				
At the beginning of the period/year	100	100	1	1
Issue of shares (note (ii))	—	—	99	99
Subdivision of ordinary shares (note (iii))	999,999,900	—	—	—
At the end of the period/year	1,000,000,000	100	100	100

17 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(b) Share capital (Continued)

Notes:

(i) The Company was incorporated on February 1, 2012 with an authorized share capital of US$50,000 divided into 50,000 shares of US$1 each. On the same date, one share of US$1 was allocated and issued at par.

(ii) By an ordinary resolution passed at the annual general meeting held on March 15, 2013, a total of 99 ordinary shares of US$1 each were allocated and issued at par.

(iii) Pursuant to the written resolutions of the shareholders of the Company passed on June 27, 2014, the shareholders of the Company approved the subdivision of ordinary share of US$1.00 each in the authorized and issued share capital of the Company into 10,000,000 ordinary shares of US$0.0000001 each. Immediately following the share subdivision, the Company is authorized to issue a maximum of 500,000,000,000 ordinary shares of par value of US$0.0000001 and the issued share capital of the Company became US$100 comprising 1,000,000,000 shares of US$0.0000001 each.

All the per share information in "Earnings per share" (note 8) and "Equity-settled share-based transactions" (note 16) has been adjusted retrospectively as if the share subdivision had occurred on January 1, 2013.

(c) Capital reserve

An amount of US$3,000,000 (equivalent to RMB18,923,000) was contributed by the shareholder in the form of cash during the period from February 1, 2012 (date of inception) to December 31, 2012. The amount has been recorded as capital reserve.

(d) Share-based compensation reserve

The share-based compensation reserve represents the portion of the grant date fair value of RSUs granted to the directors and employees of the Company and its subsidiaries that has been recognized in accordance with the accounting policy adopted for share-based payments.

(e) Other reserve

On March 15, 2013, 99 new shares of the Company were issued in connection with the acquisition of Total Dynamic Entities. The fair value of the Company's new shares was estimated to be approximately RMB186,197,000 and was credited to share capital (nominal value) and other reserve.

18 COMMITMENTS

(a) Operating lease commitments

As of December 31, 2013 and June 30, 2014, the total future minimum lease payments under non cancellable operating leases are payable as follows:

	As of June 30, 2014 RMB'000	As of December 31, 2013 RMB'000
Within one year	**6,142**	4,808
After one year but within five years	**3,300**	5,114
	9,442	9,922

The Group leases properties under operating lease. The leases typically run for an initial period of one to five years. None of the leases includes contingent rentals.

(b) Pursuant to the terms of the Viewtran Agreement and the service agreement dated November 14, 2012 in relation to the Viewtran Acquisition, the Company is to pay a guarantee fee to Viewtran amounting to US$250,000 each quarter for a transitional period up to December 31, 2014.

The Company would also pay a service fee to Viewtran charged at pre-determined rates over usage and revenue generated by the Predecessor Entities for supportive and administrative services, including logistics, warehousing, accounting service, customer service, human resource service and IT services for a period up to November 2013.

The guarantee fee and service fee have been recognized as administrative and other operating expenses in the consolidation statement of comprehensive income.

(c) As of December 31, 2013 and June 30, 2014, the Group had outstanding purchase orders for components from suppliers in the amount of approximately RMB1,303,529,000 and RMB909,724,000 respectively. The Group does not have any minimum purchase obligations with these suppliers. Other than as described above and in note 19, the Group had no other material contractual obligations, off balance sheet guarantees or arrangements as of December 31, 2013 and June 30, 2014.

19 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. 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. 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.

20 MATERIAL RELATED PARTY TRANSACTIONS

The Group entered into the following significant related party transactions during the period.

		Three months ended June 30,		Six months ended June 30,	
	Note	**2014 RMB'000**	2013 RMB'000	**2014 RMB'000**	2013 RMB'000
Sales of products	(i)	**–**	21,562	**–**	78,209
Purchase of products	(ii)	**–**	61,506	**–**	105,812
Marketplace income	(iii)	**–**	4,965	**–**	6,656
Guarantee fee paid/payable	(iv)	**1,548**	1,533	**3,102**	3,087
Supportive and administrative service fee paid/payable	(v)	**–**	3,076	**–**	4,842

Notes:

(i) Amounts represented sales of IC and other electronic components to Viewtran, Brilliant Group and their subsidiaries.

(ii) Amounts represented purchases of IC and other electronic components from Viewtran, Brilliant Group and their subsidiaries.

(iii) Amounts represented marketplace fee received or receivable from Viewtran, Brilliant Group and their subsidiaries in relation to the e-commerce platform.

(iv) Amounts represented the quarterly guarantee fee paid or payable to Viewtran for acting as the guarantors for the banking facilities of the Group.

(v) Amounts represented service fees paid or payable to Viewtran for supportive and administrative services provided by Viewtran and its subsidiaries.

21 FAIR VALUE MEASUREMENT

All financial instruments are carried at amounts not materially different from their fair values as of the end of each reporting period.

22 BUSINESS COMBINATIONS

(a) Acquisition of Total Dynamic Entities

As mentioned in note 1, on February 1, 2013, the Company acquired the entire equity interests in the Total Dynamic Entities. The Company has appointed American Appraisal China Limited, an independent valuation firm ("the Valuer") with appropriate qualification and recent experience of valuation of business enterprise and intangible assets for trading and internet companies, to assist in determining the fair value of the equity interest in the Company on pre-acquisition basis and the fair value of identifiable intangible assets of Total Dynamic Entities at the date of acquisition.

The Valuer's project leader in charge of the valuation exercises has been involved in business enterprise and intangible asset valuation services for approximately ten years, and is a member of the American Institute of Certified Public Accountants with the "Accredited in Business Valuation" designation and a fellow member of the Hong Kong Institute of Certified Public Accountants.

In determining the fair value of the equity interest in the Company on pre-acquisition basis, the Valuer has adopted a combination of guideline company method of the market approach and discounted cash flow ("DCF") method of the income approach. The market approach employs two multiples, namely enterprise value to first forecasted year sales and enterprise value to first forecasted year earnings before interest, tax, depreciation and amortization. The DCF approach determines the value of the Company through calculating the present value of future cash flows that the business is expected to generate over the operational period. In determining the fair value of identifiable intangible assets of Total Dynamic Entities, including their internet platform, customer relationship and domain names and trademarks as of February 1, 2013, the Valuer has adopted replacement cost method and income approach to respective intangible assets, whichever appropriate, as their basis of valuation.

Details of Total Dynamic Entities are described in the table below:

Name of company	Place and date of incorporation/ establishment	Particulars of issued and paid-up capital	Principal activities
Cogobuy Limited	Hong Kong October 6, 2011	1 share	Investment holding
Cogobuy Holding Limited	The Cayman Islands January 4, 2011	US$1	Investment holding
Cogobuy.com E-commerce Services (Shenzhen) Limited 庫購網電子商務(深圳)有限公司*	The PRC July 31, 2012	HK$150,000	Development of e-commerce software technology and provision of e-commerce services
Shenzhen Cogobuy Information Technologies Limited 深圳市可購百信息技術有限公司	The PRC December 13, 2012	RMB1,000,000	Holder of the Internet content provider licence in the PRC

* These entities are wholly foreign-owned enterprises established in the PRC. The English translation of the Company names is for reference only. The official names of these companies are in Chinese.

22 BUSINESS COMBINATIONS (Continued)

(a) Acquisition of Total Dynamic Entities (Continued)

The following table summarizes the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition:

	Fair value RMB'000
Property, plant and equipment	8
Internet platform	2,659
Customer relationships	31,292
Domain name and trademark	1,981
Trade and other receivables	5,560
Cash and cash equivalents	957
Trade and other payables	(384)
Amount due to related party	(764)
Deferred tax liabilities	(5,930)
Tax payable	(1,152)
Identifiable net assets	34,227
Goodwill	151,970
Total consideration	186,197

The goodwill arising from the Total Dynamic acquisition is mainly attributable to the synergies and technical talent that the Total Dynamic Entities will bring as the Group expands its existing sales of IC and other electronic components business through Total Dynamic Entities' e-commerce marketplace.

	RMB'000
Satisfied by:	
Fair value of 30% equity interests in the Company at the acquisition date	186,197
Total consideration	186,197
Cash and cash equivalents acquired	957
Consideration settled in cash	—
Net cash inflow arising from the acquisition of the Total Dynamic Entities	957

22 BUSINESS COMBINATIONS (Continued)

(b) Acquisition of Envision Global Entities

As mentioned in note 1, on November 20, 2013, the Company acquired the equity interests in the Envision Global Entities. Details of the Envision Global Entities are described in the table below:

Name of company	Place and date of incorporation/ establishment	Particulars of issued and paid-up capital	Principal activities
Comtech Broadband Holding Limited	The BVI June 27, 2013	US$1	Investment holding
Gold Tech Holdings Limited	The BVI January 25, 2010	US$1	Investment holding
Mega Smart Group Limited	The BVI December 12, 2007	US$50,000	Investment holding
Comtech Broadband Corporation Limited	Hong Kong March 23, 2005	20,000,000 shares	Sales of electronics components and related products
Comtech Digital Technology (Hong Kong) Limited	Hong Kong February 11, 2010	10,000 shares	Sales of electronics components and related products
Comtech Digital Technology (Shenzhen) Limited 科通數字技術(深圳)有限公司*	The PRC June 22, 2010	US$300,000	Sales of electronics components and related products
Comtech Industrial (Hong Kong) Limited	Hong Kong April 6, 2009	10,000 shares	Sales of electronics components and related products
Shanghai Comtech Electronic Technology Company Limited 上海科姆特電子技術有限公司*	The PRC May 28, 2008	US$5,000,000	Development and sales of electronic and automation products, import and export of their supporting parts
Shanghai E&T System Company Limited 上海憶特斯自動化控制技術有限公司	The PRC June 5, 2003	RMB10,000,000	Sales of electronics components and related products

* These entities are wholly foreign-owned enterprises established in the PRC. The English translation of the Company names is for reference only. The official names of these companies are in Chinese.

22 BUSINESS COMBINATIONS (Continued)

(b) Acquisition of Envision Global Entities (Continued)

The following table summarizes the estimated fair value of the assets acquired at the date of acquisition:

	Fair value
	RMB'000
Property, plant and equipment	1,107
Bills and other receivables	17,185
Identifiable net assets	18,292
Total consideration	18,292

The consideration of US$3,000,000 (equivalent to RMB18,292,000) had not been settled as of December 31, 2013. There were no cash flows arising from the acquisition of Envision Global Entities.

The Envision Global Entities contributed revenue of RMB615,069,000 and net profit of RMB15,011,000 to the Group for the period from November 21, 2013 to December 31, 2013.

23 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

(a) On July 18, 2014, the shares of the Company became listed on the Main Board of the Stock Exchange, pursuant to which 343,800,000 ordinary shares of US$0.0000001 each were issued at a price of HK$4.00 per share by the Company. The gross proceeds from the issue of these shares amounted to HK$1,375,200,000 (equivalent to approximately RMB1,100,765,000).

(b) Immediately after the Listing, 30,200,000 ordinary shares were issued by the Company under the RSU Scheme and they represented 2.20% of the total issued share capital of the Company. The shares are held on trust by the RSU Scheme trustee until their release to the beneficiaries upon vesting of the RSUs (note 16).

Review Report

Review report to the board of directors of Cogobuy Group

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 27 to 55 which comprises the consolidated statement of financial position of Cogobuy Group (the "Company") as of June 30, 2014 and the related consolidated statement of comprehensive income for the three and six month periods then ended and statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review 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 Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as of June 30, 2014 and for the three and six months ended June 30, 2014 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

August 29, 2014

Definitions

"Alphalink Global"	Alphalink Global Limited, a limited liability company incorporated in the BVI on November 23, 2004, and our directly wholly-owned subsidiary
"Brilliant"	Brilliant Group Global Limited, a limited liability company incorporated in the British Virgin Islands on June 13, 2013, a wholly-owned subsidiary of Envision Global and an associate of Mr. Kang
"Broadband Corporation"	Comtech Broadband Corporation Limited, a limited liability company incorporated in Hong Kong on May 23, 2005, and our indirect subsidiary owned as to 70%
"Board of Directors" or "Board"	the Board of Directors of our Company
"China", "PRC" or "Mainland China"	the People's Republic of China, except where the context requires otherwise and only for the purpose of this report, excluding Hong Kong, Macau and Taiwan; and the term "Chinese" has a similar meaning
"CG Code"	the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 of the Listing Rules
"Cogobuy Limited"	Cogobuy Limited, a limited liability company incorporated in Hong Kong on October 6, 2011 and our indirectly wholly-owned subsidiary
"Cogobuy E-Commerce Services (Shenzhen) Limited"	Cogobuy.com E-commerce Services (Shenzhen) Limited (庫購網電子商務(深圳)有限公司), a company established in the PRC on July 31, 2012, and our indirectly wholly-owned subsidiary
"Cogobuy Holding Limited"	Cogobuy Holding Limited (formerly known as Total Dynamic Limited), a limited liability company incorporated in the Cayman Islands on January 4, 2011, and our directly wholly-owned subsidiary
"Company", "our Company", "the Company"	Cogobuy Group (科通芯城集團), an exempted company incorporated in the Cayman Islands with limited liability on February 1, 2012 and formerly known as Envision Global Group
"Comtech Broadband"	Comtech Broadband Holding Limited, a limited liability company incorporated in the BVI on June 27, 2013, and our directly wholly-owned subsidiary

"Comtech China"	Comtech (China) Holding Ltd., a company incorporated in the BVI on May 27, 2002
"Comtech Digital Technology (Hong Kong) Limited"	Comtech Digital Technology (Hong Kong) Limited, a limited liability company incorporated in Hong Kong on February 11, 2010, and our indirectly wholly-owned subsidiary
"Comtech Digital Technology (Shenzhen) Limited"	Comtech Digital Technology (Shenzhen) Limited (科通數字技術(深圳)有限公司), a limited liability company established in the PRC on June 22, 2010
"Shanghai Comtech Electronic Technology Company Limited"	Shanghai Comtech Electronic Technology Company Limited (上海科姆特電子技術有限公司), a limited liability company established in the PRC on May 28, 2008
"Comtech HK"	Comtech (HK) Holding Ltd., a company incorporated in the BVI on May 27, 2002 and our directly wholly-owned subsidiary
"Comtech Industrial"	Comtech Industrial (Hong Kong) Limited, a limited liability company incorporated in Hong Kong on April 8, 2009, and our indirectly wholly-owned subsidiary
"Comtech International"	Comtech International (Hong Kong) Limited, a limited liability company incorporated in Hong Kong on July 14, 2010, and our indirectly wholly-owned subsidiary
"Director(s)"	the director(s) of the Company
"Shanghai E&T System Company Limited"	Shanghai E&T System Company Limited (上海憶特斯自動化控制技術有限公司), a limited liability company established in the PRC on June 5, 2003
"Envision Global"	Envision Global Investments Limited, a limited liability company incorporated in the BVI on February 1, 2012 which is wholly-owned by Mr. Kang and is our immediate Controlling Shareholder
"Envision Global Entities"	Gold Tech, Mega Smart, and Comtech Broadband (together with their respective subsidiaries). Please refer to the prospectus of the Company under the section headed "History, Reorganization and Corporate Structure — The Reorganization" for further details
"GAAP"	generally accepted accounting principles
"Global Offering"	The Hong Kong public offering and the international placing of the Shares
"GMV"	Gross Merchandise Value

"Gold Tech"	Gold Tech Holdings Limited, a limited liability company incorporated in the BVI on January 25, 2010, and our directly wholly-owned subsidiary
"Group", "our Group", "the Group", "we", "us", or "our"	the Company, its subsidiaries and Shenzhen Cogobuy (the financial results of which have been consolidated and accounted for as a subsidiary of our Company by virtue of the Contractual Arrangements) or, where the context requires, the companies that currently comprise the subsidiaries of the Company prior to their acquisition by the Company
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKFRSs"	Hong Kong Financial Reporting Standards
"HKICPA"	the Hong Kong Institute of Certified Public Accountants
"IC"	integrated circuits
"Listing Date"	July 18, 2014, the date the Shares were listed on the Hong Kong Stock Exchange
"Listing Rules"	the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
"Mega Smart"	Mega Smart Group Limited, a limited liability company incorporated in the BVI on April 8, 2009, and our directly wholly-owned subsidiary
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
"Mr. Kang"	Mr. KANG, Jingwei (康敬偉), Chairman, Chief Executive Officer and Executive Director of our Company and our Controlling Shareholder
"Mr. Wu"	Mr. WU, Lun Cheung, Allen (胡麟祥), Chief Financial Officer, Executive Director and Company Secretary of our Company
"Ms. Yao"	Ms. YAO,Yi (姚怡), our substantial shareholder, and the wife of Mr. Li Feng, one of our members of senior management
"NASDAQ"	National Association of Securities Dealers Automated Quotations

"Predecessor Entities"	Alphalink Global, Comtech HK and Comtech China (together with their respective subsidiaries at the time of completion of the sale and purchase agreement entered into between Viewtran and our Company dated October 23, 2012. Please refer to the prospectus of the Company under the section headed "History, Reorganization and Corporate Structure — The Reorganization")
"RMB"	Renminbi, the lawful currency of PRC
"Reporting Period"	the six-month period from January 1, 2014 to June 30, 2014
"RSU Scheme"	the scheme adopted by the Company to grant RSUs to directors, senior management and employees and those of subsidiaries which took effect as of March 1, 2014
"RSUs"	Restricted share units
"SFO"	Securities and Futures Ordinance
"Shareholders"	holder(s) of Share(s) of the Company from time to time
"Shares"	ordinary share(s) in the share capital of our company with a par value of US$0.0000001 each
"Shenzhen Cogobuy"	Shenzhen Cogobuy Information Technologies Limited (深圳市可購百信息技術有限公司), a limited liability company established in the PRC on December 13, 2012, wholly-owned by Ms. Yao and, by virtue of the Contractual Arrangements, accounted for as our subsidiary
"SMEs"	small and medium enterprises
"Total Dynamic"	Total Dynamic Holdings Limited, a limited liability company incorporated in the BVI on December 4, 2012 which is wholly-owned by Ms. Yao and is our Shareholder
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"US$"	United States dollars, the lawful currency of the United States