



coolpad 酷派

Coolpad's 2015 Profit Attributable to Owners of the Company Reaches around HK\$2.32 Billion

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Broadens 4G Business More Diversified and Solid Sales Channels

Financial Summary

(HK\$'000)	For the Year Ended 31 Dec		
	2015	2014	Change
Revenue	14,667,866	24,900,471	-41.1%
Gross Profit	1,588,807	3,015,459	-47.3%
Profit Attributable to Owners of the Company*	2,324,518	512,855	+353.3%
Earnings per Share:			
- Basic	53.66 cents	11.94 cents	+349.4%
- Diluted	52.68 cents	11.69 cents	+350.6%

*Profit attributable to owners of the Company included a gain of HK\$2.64 billion resulting from the disposal of certain interests in a subsidiary of the Group.

(Hong Kong, 24 March 2016) – **Coolpad Group Limited** (“Coolpad” or the “Group”) (stock code: 2369), China’s leading provider of smartphones and integrated wireless data solutions, has announced its audited annual results for the year ended 31 December 2015.

During the year under review, the Group has completed its business restructuring and due to the fierce competition and the slower growth of the smartphone market in China, the Group recorded a decline in the revenue of HK\$14.67 billion. The gross profit was HK\$1.59 billion in 2015. The profit attributable to owners of the Company for 2015 increased to approximately HK\$2.32 billion. The increase was due to a gain of HK\$2.64 billion resulting from the disposal of certain interests in a subsidiary of the Group. During the year under review, basic and diluted earnings per share of the Company reached HK\$53.66 cents and HK\$52.68 cents respectively.

Mr. Guo Deying, Chairman of Coolpad, said, “The smartphone market went through a tough year in 2015. However, the business restructuring started to move the Group to a much healthier operating condition, as it diversified and solidified its sales channels. In addition, the Group continues to leverage innovation and expertise to bring better products to users as it improves its brand image. The Group has not only continued R&D in 4G smart terminal technology, but also started the preparations for next-generation 5G technology and new smart terminals to improve its future competitiveness.”

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During the year under review, the Group strategically ceased the release of new 3G models and abruptly shifted its product strategic development to 4G smartphones. Revenue from the sales of 4G smartphones was HK\$12.79 billion. The percentage of the revenue from 4G smartphone surged from 49.5% in 2014 to 87.2% in 2015. Revenue from the sales of the 3G smartphone decreased to HK\$1.60 billion. Wireless application service income derived from mobile phone applications was HK\$236 million in 2015 and the revenue from financial services increased to HK\$27 million for the year 2015.

More Diversified Sales Channels Consolidate Domestic 4G Smartphone Market

As an important smartphone provider in the telecommunications carriers channel, the Group maintained a solid relationship with the domestic carriers, as it continued to release the flagship customized models and strongly supported the 4G roll out of the carriers. In addition, the Group spent more energies and resources to improve brand awareness and boost brand promotion. The Group revitalized its logo with the 4C (Catalyst/Creative/Confident/Caring) slogan.

In addition, “ivvi” a brand of the Group, has been sold exclusively in the retail open channel, achieving a satisfactory market position and brand awareness in this sales channel. A benefit of the project was forging a sales network for “ivvi” in cooperation with hundreds of provincial tier-1 distributors covering tens of thousands of retail stores across China.

Meanwhile, the Group established a joint venture (“JV”), Coolpad E-Commerce Inc. with Tech Time Development Limited, a wholly-owned subsidiary of Qihoo 360. Coolpad E-Commerce Inc. operated the “Dazen” brand to penetrate the e-commerce channel. To further develop e-commerce channel, the JV released another new brand “Qiku” to cover the high-price segment of its products, a different position from the “Dazen” brand covering the lower-price segment.

Rely on Strong R&D Capability and Actively Expand Overseas Market

The Group continued to strengthen its R&D capability with the objective to bring to its users the best experience of the smartphone. The Group officially became a member of the IMT 2020(5G) Promotion Group in March 2015, and has already been participating in that group’s 5G projects in Mainland China. The Group is also clearly differentiating its products and optimizing the functions and features of the Android operating system in order to bring better mobile applications to its users.

Overseas markets have become an increasingly important aspect of the Group’s business in 2015. The Group has either cooperated with overseas telecommunications operators to distribute smartphones, or exported the products directly through e-commerce and open retail channels. Especially noteworthy, the Group sold new models through the third-party e-commerce platform in India, such as Amazon and Flipkart. During the year, the Group had expanded its overseas market into USA, India, Western Europe, and Southeast Asia. The overseas sales channel became more diversified in parallel with the domestic market. The Group also spent more resources to improve brand awareness globally. Meanwhile, it plans to assemble process and produce its products directly in the overseas factory to save the cost and assure the on time delivery.

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Prospects

Looking ahead, even though the environment of the smartphone market will remain volatile, the Group will endeavor to sell more 4G smartphones, leveraging the famous “Coolpad” brand reputation and the diverse product portfolio aided by the restructuring of the sales channels. The Group will not only improve the hardware specifications, but also the software to optimize the hardware performance. In addition, the Group will constantly explore and invest in leading-edge technologies, such as 5G networks, mobile cloud, and mobile security. Meanwhile, to seize the business opportunities presented by the fast growth of the mobile Internet and the rapid adoption of 4G services, the Group will partner with Internet service providers to offer a better mobile applications experience to its users and to bring the users better products and improve its brand image, the Group will restructure its new product mix by releasing more and more mid-range and high-end smartphones thereby increasing the proportion of these products in its turnover.

Mr. Guo concluded, “Due to the increasing competition, the maturation and slower growth of the smartphone market in China, the coming year presents great challenges. We firmly believe that product innovation and R&D investment are critical to the Group’s success. At the same time, the Group is striving hard to achieve a new record high in the future, through innovative technologies, close monitoring and fast response to the market demands, and clearly differentiated product positioning.”

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About Coolpad Group Limited

Coolpad Group Limited (Formerly known as China Wireless Technologies Limited) was founded in 1993, and was listed on the Main Board of the Stock Exchange of Hong Kong in December 2004. The Group is a leading developer and provider of integrated solutions for smartphones, mobile data platform systems and value-added business operations in China. The Group provides its products and services to enterprises, government organisations and mobile operators as well as individual consumers in China. The Group has developed advanced research and development capabilities in mobile communications. Its “Coolpad” brand has become a renowned leader in China’s smartphone market.

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