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COOLPAD GROUP LIMITED

酷派集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2369)

PROFIT WARNING

This announcement is made by Coolpad Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary assessment of the Group’s unaudited consolidated management accounts for the year ended 31 December 2020 (“**FY2020**”) and the information currently available to the management, the Company is expected to record an unaudited loss attributable to the owners of the Company for the year ended 31 December 2020 of around HK\$400 million, as compared to a profit attributable to the owners of the Company of approximately HK\$112 million for the year ended 31 December 2019 (“**FY2019**”). Such expected turning of profit to loss for the FY2020 is primarily attributable to:

- (a) a decrease in revenue for FY2020 by over 50% as compared with FY2019, primarily attributable to the decrease in sales of mobile phones and related accessories to the United States market (the “**US Market**”), which is and has been the main source of the revenue of the Group. The US Market was severely affected by the novel coronavirus epidemic (the “**Epidemic**”) in FY2020. As a result, the Group’s gross profit margin was also declined due to rising prices in the procurement of raw materials and logistics and transportation as a result of insufficient operation of upstream suppliers’ factories and delay in logistics for certain raw materials. While the Group continues to adjust and develop its business strategies through business restructuring and exploring channels in Mainland China, such measures will nonetheless take time to reflect in the Group’s sales performance; and

- (b) a loss of approximately HK\$56 million recorded from the disposal of the entire equity interest in Shenzhen Huiying Finance Co., Ltd.* (深圳市匯盈小額貸款有限責任公司).

The Company is still in the process of preparing and finalising the annual results of the Group for FY2020. The information contained in this announcement is solely based on a preliminary assessment by the Board relying on the unaudited management accounts for FY2020 and the information currently available, which has not been audited or reviewed by the Company's independent auditor and the audit committee of the Board and may be subject to adjustments. Shareholders and potential investors are advised to refer to the details in the annual results announcement of the Company for FY2020, which is expected to be published in March 2021.

Shareholders and/or potential investors of the Company should exercise caution when dealing in the securities of the Company.

By order of the Board
Coolpad Group Limited
Ma Fei
Executive Director
Joint Company Secretary

Hong Kong, 19 January 2021

As at the date of this announcement, the executive Directors are Mr. Chen Jiajun, Mr. Lam Ting Fung Freeman, Mr. Xu Yibo and Mr. Ma Fei; the non-executive Directors are Mr. Ng Wai Hung and Mr. Liang Rui; the independent non-executive Directors are Dr. Huang Dazhan, Mr. Xie Weixin, Mr. Chan King Chung and Mr. Guo Jinghui.

* *for identification purposes only.*