



Safe Harbor Statement

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Agenda

1. Company Introduction

2. Investment Highlights

3. Financial Performance

4. Future Growth Strategies



Company Introduction

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China's leading 3G/4G smartphone developer & supplier

- An **innovative** wireless telecom product company with **core technologies**
- Owns the famous smartphone brand **COOLPAD**
- **Leads** in China's 3G/4G smartphone market with new models of **all-network**
- **Ranks first**^[1] in market shares within China's **TD-LTE 4G smartphone market** in May & June 2014
- Pioneers in the **dual-mode**^[2] smartphone market
- Provides the **Coolcloud solution** in the PMCC (Personal, Mobile, Cloud, Computing)
- **Outstanding R&D capabilities** in mobile's software & hardware designs
- Maintains **close & comprehensive cooperation** with domestic and overseas telecom operators

[1] According to **SINO-MR** report in June & July 2014

[2] A phone carrying dual SIM cards, standby & working simultaneously



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Investment Highlights

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**Coolpad
LTE for All**

1 Leading 4G smartphone market in China

2 Enriched Product Portfolio

3 Expanded Coolpad Global Market

4 Set up CoolCloud eco-system

5 Enlarged Coolpad online channel



Leading 4G smartphone market in China

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■ TD-LTE 4G licenses were issued in December 2013

- The Group officially released a development strategy “**Coolpad LTE for all**” in 2014
- The Group launched 12 4G new models in 1H2014
- **Ranks first** within China’s **TD-LTE 4G smartphone market** in May&June 2014



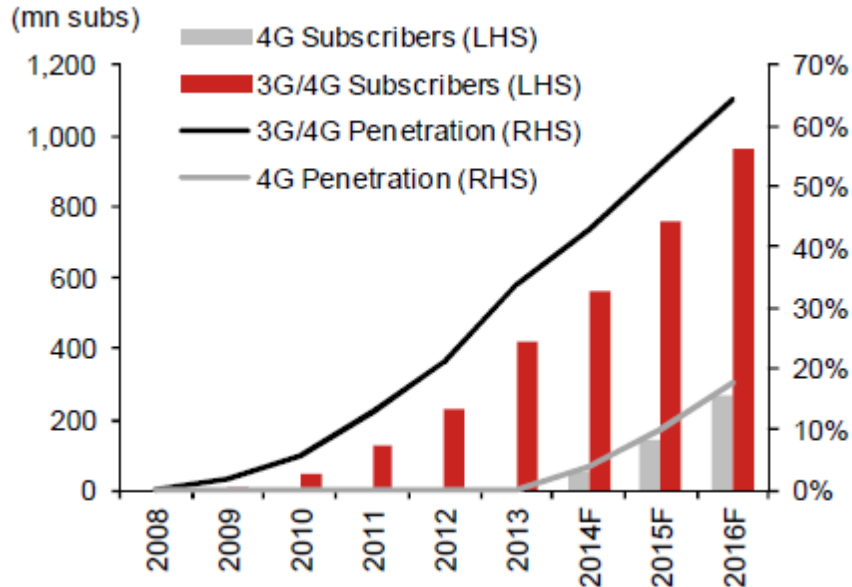


3G/4G smartphone market in China

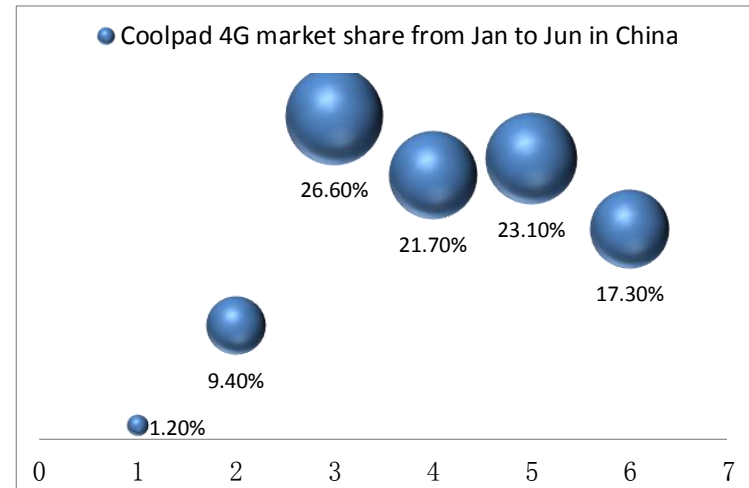
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- The 3G/4G penetration rate will increase faster in the future
- The prices of 4G smartphones will become more affordable
- Maintains leading position in China's TD-LTE 4G smartphone market

China's 3G/4G subscriber and subscriber penetration forecasts



Source: Company data



Source: SINO Reports



Enriched Smartphone Portfolio

Four Series with top hardware & design satisfy demands of different types of users

Coolpad 酷派

Magview Series



K Series



Geat God Series



S Series





Coolpad Accessories

Smartwatch



Bluetooth headset



Coolhub



Set-top box



Mobile power bank

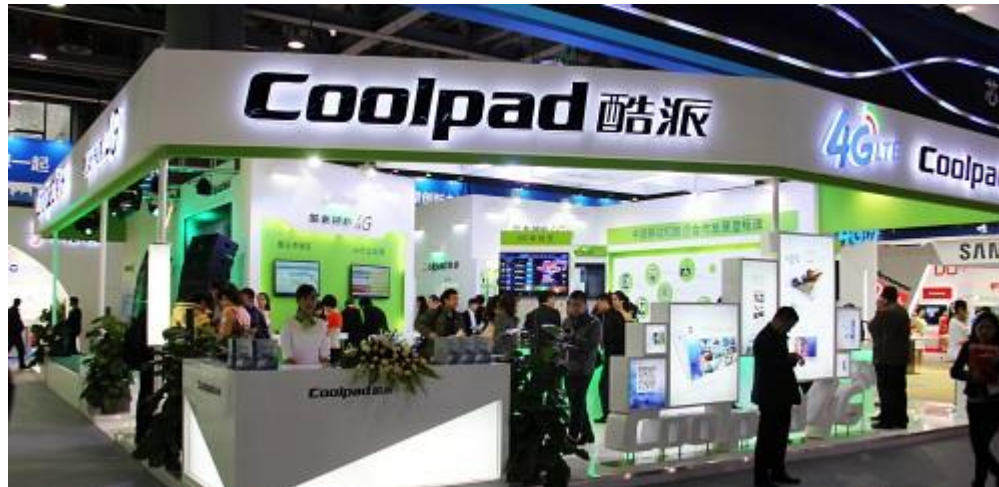
Through applying **the spirit of craftsman** into the work, the products could truly bring the wonderful experience to the users.



Expanded Coolpad Global Market

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- **Global market strategy** to cooperate with overseas telecom operators
- Being **the certified supplier of** the telecom operators in USA, Europe etc.
- Set up **the R&D centers globally** to provide localized user experience





Set up CoolCloud eco-system

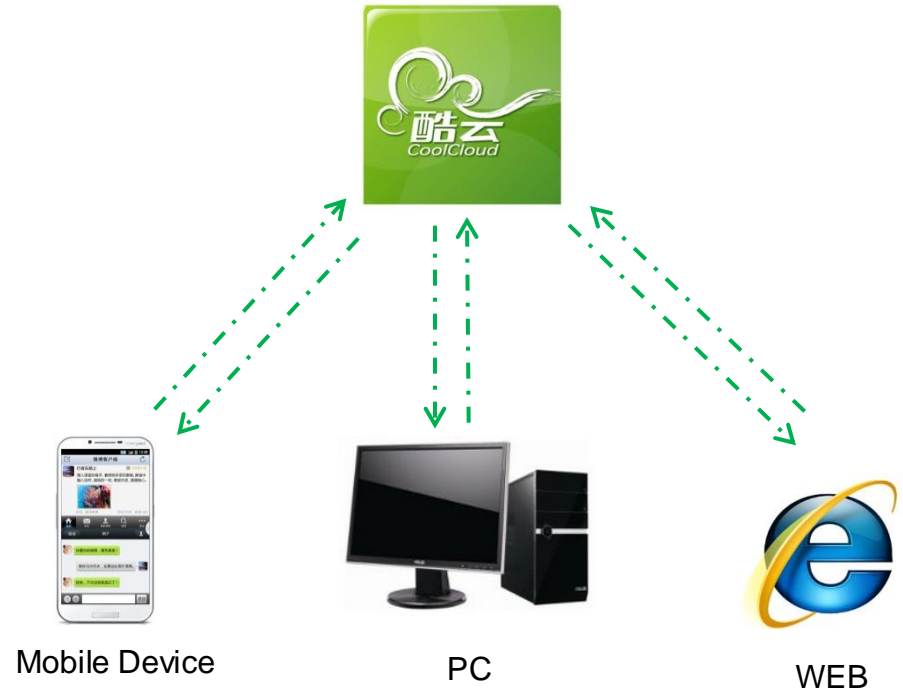
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■ The Cloud Computing and Storage Service Platform

- Instant synchronization
- Cloud security
- Mass personal storage
- Cloud sharing

■ More opportunities for PMCC

- Larger mobile internet user base
- Mature mobile cloud service
- Better mobile application service



Enlarged Coolpad online channel

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- Sold smartphones in **Coolpad online store** (www.coolpad.com)



- Set up the partnership with **third-party online channels**, such as JD, T-mall.
- Reached a strategic agreement with JD, and signed a RMB10 billion purchasing contract



天猫 Tmall.com





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Financial Performance

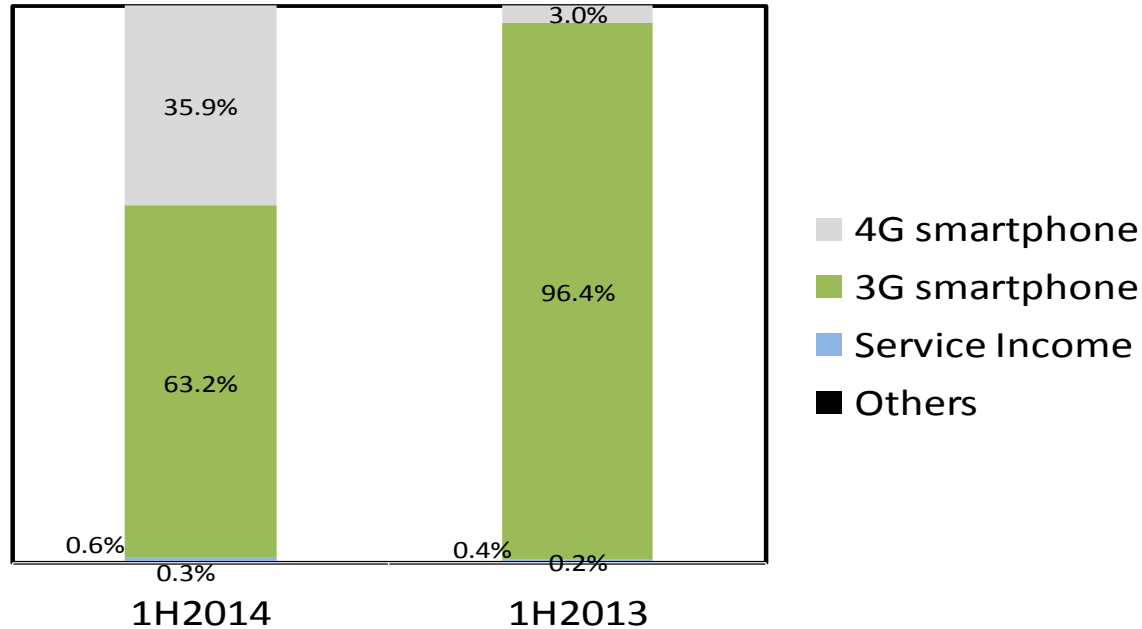
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<i>HK\$'000</i>	1H2014	1H2013	Change(%)
Revenue	14,934,734	9,647,783	↑54.8%
Profit before tax	482,734	259,612	↑85.9%
Tax	(69,702)	(46,838)	↑48.8%
Net profit attributable to owners of the Company	412,862	212,844	↑94.0%
Basic earnings per share (HK cents) (2013 restated)	9.71	5.05	↑92.3%
Gross profit margin (%)	13.6	13.2	↑0.4ppt
%S&D	5.4	4.9	↑0.5ppt
%G&A	5.5	6.3	↓0.8ppt
Proposed final dividend per share (HK cents)	1	2	-



Revenue by Products

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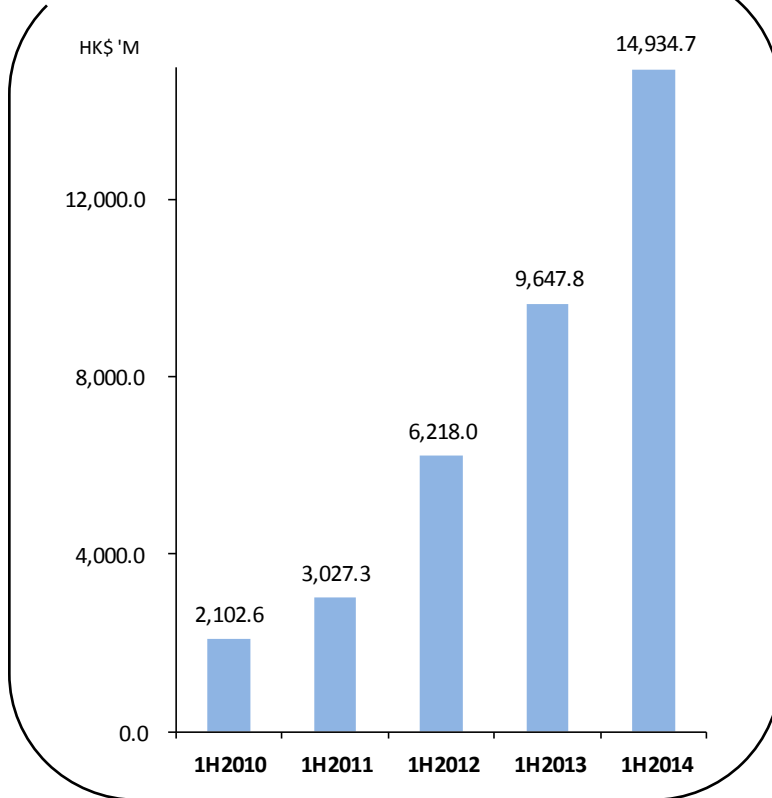
- Major Businesses: **3G, 4G Smartphone** contributed **63.2%, 35.9%** of total revenue respectively in 1H2014
- Sales of **4G Smartphones** achieved a **1,729.2%** growth as compared with 1H2013



Financial Performance

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Revenue



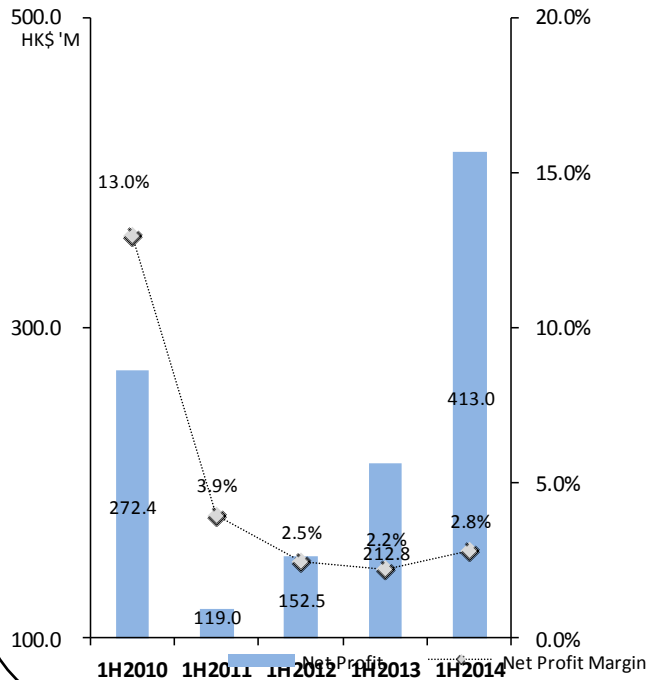
- Revenue surges 54.8% from 1H2013
- Sustainable revenue growth was attributable to the leading position in the domestic 4G smartphone market and the initial success of the products sold through online platform



Financial Performance

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Net Profit



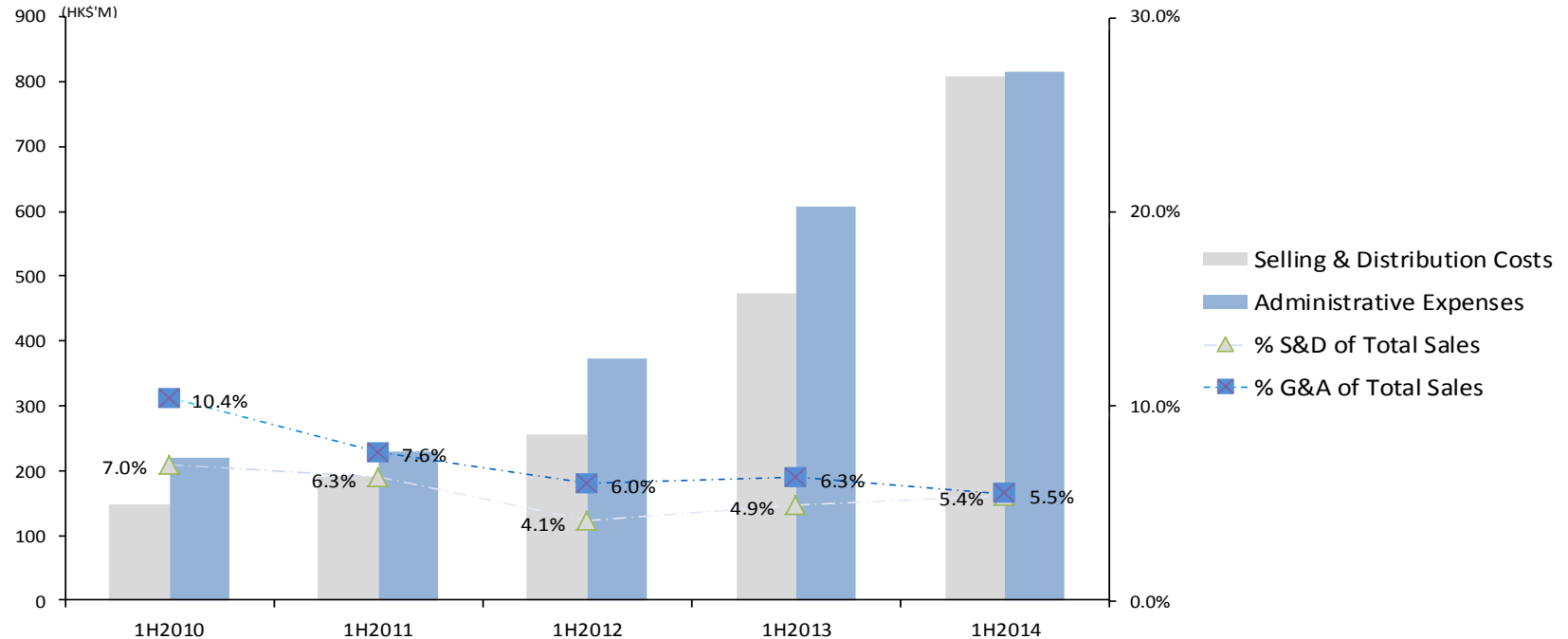
- Net profit increased from HK\$212.8 million to HK\$413.0 million, as compared with the corresponding period in 2013
- The increase in net profit by HK\$200.2 million in the first half of 2014 due to increase of sales and gross profit margin of 4G smartphones



Higher Operational Efficiency Achieved

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- Better economies of scale
- Stricter controls on administrative and marketing expenses





Balance Sheet Summary

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	1H2014	2013A
Cash & Cash Equivalents (HK\$'M)	2,360.1	1,628.3
Receivable Turnover Days	39.0	47.5
Payables Turnover Days	34.1	38.1
Inventory Turnover Days	52.2	46.4
Total Debt/Book Equity	3.3	2.6
Gearing Ratio (%)	72.7	67.0





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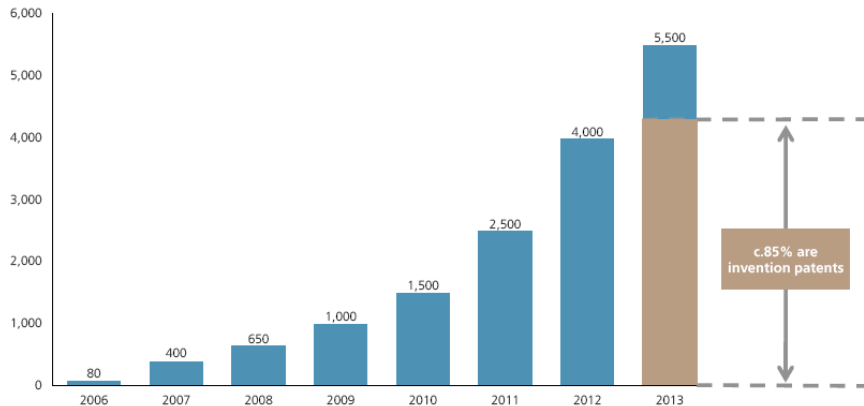
Future Growth Strategies

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- **More R&D centers** will be established globally, leveraging cutting-edge technologies to make innovations for intelligent life
- Strengthen the capability of innovation, R&D, and **enlarge the patent pool size**



Number of patents (including both patents granted and patents in application)



- Domestic R&D centers
- Oversea R&D centers



Future Growth Strategies

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- In the **PMCC(Personal, Mobile, Cloud, and Computer) period**, the Group will focus on improving the mobile application service to develop the mobile Internet business
- Construct the **“CoolLife” ecosystem**, so that the users can enjoy the convenient life brought by the big data, smart cloud, 4G and mobile Internet





Future Growth Strategies

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- Strengthen the relationships with **the domestic telecom operators** and social distribution partners
- Extend market to **overseas markets by** exploring cooperation with more foreign telecommunications operators
- Improve **e-commerce channels** to construct multi-channels distribution
- Execute the **delicacy management** to improve general operating effectively and control the overall cost
- Cooperate closely with the upstream components suppliers to ensure **on-time delivery** of components
- **Accelerate the rhythm** of time-to-market of new models



Operating Risk

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- Because of the low gross profit margin of the products of the e-commerce channel, high expenses of the preliminary marketing and promotion, the e-commerce sales will bring pressure to the whole Group's profitability
- The Group sees the risk of the intensified competition in the 4G smartphone market with more E-commercial smartphone producers in Mainland China
- Under the situation of the domestic telecommunications carriers' reduction in selling expense and handset subsidy, the Group predicts that the operation of the business may face huge challenges, which may cause significant negative effect in the future
- By controlling the operating expenses and the cost of the components, the Group strives to increase the sales of the e-commerce products, improve its core-competitiveness, and have the confidence to resist those risks in the future

Q & A

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