



# Coolpad 酷派

## Coolpad Reports New Record Revenue at HK\$19.6 Billion

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### Ranks No. 3 in Sales of 3G Smartphones in China Capitalises on R&D Results of 4G Smartphones to Seize First-mover Opportunities in the Mainland Market

#### Financial Summary (Audited)

(HK\$'000)	Year Ended 31 December		
	2013	2012	Change (%)
Revenue	<b>19,623,652</b>	14,390,166	↑36.4
Gross Profit	<b>2,530,019</b>	1,751,099	↑44.5
Net Profit Attributable to Ordinary Equity Holders of the Company	<b>348,547</b>	325,581	↑7.1
Earnings per Ordinary Share:			
- Basic	<b>HK16.58 cents</b>	HK15.39 cents	↑7.7
- Diluted	<b>HK16.24 cents</b>	HK15.12 cents	↑7.4

(Hong Kong, 21 March 2014) – **Coolpad Group Limited** (“Coolpad” or the “Group”) (stock code: 2369), China’s leading provider of smartphones and integrated wireless data solutions, announced its audited annual results for the year ended 31 December 2013.

During the year, revenue climbed by 36.4% to HK\$19.62 billion, driven by a substantial increase in sales income of the Group’s 3G and 4G Coolpad smartphone as a result of continued rapid development of 3G mobile markets in Mainland China. Gross profit increased by 44.5% year-on-year to HK\$2.53 billion while gross profit margin rose by 0.7 percentage points to 12.9%, mainly attributable to benefits of economies of scale and sound cost control measures of the Group. After taking into account a one-off expense of HK\$136.0 million arising from the first phase of the Reconstruction Plan\* of the Group, profit for the year attributable to owners of the Company amounted to approximately HK\$349 million, an increase of 7.1% year-on-year. Basic and diluted earnings per share were HK16.58 cents and HK16.24 cents respectively. The Board recommended a bonus issue of one Bonus Share for every one Share for approval by the Shareholders at the Annual General Meeting.

(\*Details of the Reconstruction Plan have been set out in the Group’s announcement dated 28 November 2013)

**Mr. Guo Deying, Chairman of China Wireless**, said, “In spite of the intensified market and price competition in the smartphone sector, Coolpad has continued to achieve good business results in 2013. The Group has also scored strategic advances on several fronts. While expanding its scale of operations and gaining a larger market share in China, the Group has expanded into European markets, set up the CoolCloud eco-system and launched the Coolpad online shopping store to enlarge the online channel. During the year, the market share of Coolpad smartphones in China’s 3G smartphone market ranked third in unit shipments, underscoring our leadership in China.”

As one of the few mobile phone vendors who are able to offer any mode of wireless network smartphones worldwide, in 2013, the Group successfully rolled out the products covering 3G and the fourth-generation (4G) network smartphones to the market. For 3G smartphones, the Group has launched 24 EVDO-based new models, 22 TD-SCDMA-based new models, and 12 WCDMA-based new models. Especially, the Group also launched 4G FDD-LTE models in the US and Europe customized for the local telecommunications carriers, as well as TD-LTE new models in China. The shipments of some new models have exceeded more than one million units respectively, significantly contributed to the strong revenue and market share growth of the Group. Because of its strong and enriched product mix, Coolpad has been recognized as one of the Chinese top smartphone brands in China.

In order to improve its brand awareness and user loyalty, the Group continued to cooperate fully with the three major telecommunications carriers in China, as well as joined in the channel alliance established by the carriers, distributors, and the Group. Meanwhile, to increase the overall market share and utilize the booming online channel, the Group put Coolpad shopping store online successfully, and paved the way for a new chapter of development in sales through e-commerce channel in the first half of 2013. The Group also built more self-owned sales channel sites this year to expand the market, including specialty stores and experience stores.

Outside the home market, the Group expanded the 4G smartphone segment through partnerships with international carriers in Europe and the USA. After launching the first 4G FDD-LTE smartphone in USA in 2012, the Group continued to roll out the next flagship 4G model in 2013. After a long term of preparation and basic works, the Group also entered into the Europe market in 2013. Coolpad became more well-known overseas with affordable smartphones and decent specifications.

The Group is always focusing on strengthening the R&D capability of launching new models and other innovative technologies, which brought the Group the absolute advantages while competing with its rivals in the smartphone market. Through providing the special CoolLife UI 5.0 which was equipped with multi-screen features and car mode etc. and affordable prices, Coolpad smartphones became more attractive and more popular. In order to build market competitiveness and meet consumer's demands, the Group accelerated its launch of new models and upgrade cycle, and quickly launched to have strong market competitiveness and meet consumer demands. In addition, the Group has set up two R&D centres in Nanjing and Hefei in 2013 and recruited experienced engineers aiming to design and develop products offering a better user experience and localized features.

In the fast-growing mobile internet era, the Group highly focused on the cloud strategy and put a lot of R&D resources on constructing the cloud solution. The Group launched the self-owned Coolcloud, integrating the innovative technologies (cloud sharing, cloud synchronization, cloud security, and cloud health etc.) into Coolpad smartphones. The Group also launched its first waterproof smart watch with its cWatch C1, being the accessories for Coolpad smartphone which has the features like telephone, SMS, calendar reminders, sports and health management, and other notifications. The Group also introduced other wearable devices, CoolHub which were based on the personal health management. It has many functions, such as testing blood oxygen, alcohol, air quality detection based on these features, and also with the functions of movement step gauge and pressure gauge.

As TD-LTE 4G licenses had been issued to the major three telecommunications carriers in China, the Group officially released the development strategy “Coolpad LTE for all” in 2014. Thanks to the accumulated R&D of its 4G technology, the Group could be able to launch the 4G smartphones earlier and hence being more competitive than most of the other smartphone makers in China. Meanwhile, the Group will transfer more than half of the R&D resources to the 4G products in 2014. More and more 4G new models will be launched and the prices of these new models could be affordable for customers in 2014. The Group aimed to be the first thousand-yuan 4G smartphone provider, the first provider of thousand-yuan smartphone supporting five-mode ten-band, and the first dual-standby TD 4G smartphone provider in China. The Group believes that these models will further accelerate the adoption of 4G LTE in China, and the 4G smartphone market will be the best chance for Coolpad to stand out among the global smartphone makers.

**Mr. Guo** concluded, “Going forward, the Group will continue to leverage innovation and expertise to satisfy diverse consumer needs, enhance core competitive strengths and its position in the rapidly evolving global smartphone industry. Even though the environment of the smartphone market will be volatile, the Group will endeavor to keep the average selling price and gross profit margin stable, depending on the famous brand reputation and the diverse affordable product portfolio from high-end to mid- and low-end smartphones. Besides, we believe that the 4G smartphone market will bring more opportunities to keep Coolpad growing. The Group expects to achieve a new record high in 2014, through the innovative technologies, the hard-working philosophy, the quick-responded capabilities to the market demands, and the 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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