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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)

**INSIDE INFORMATION
AND
PROFIT WARNING**

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board wishes to inform the Shareholders and potential investors that it is anticipated that the Company's 2016 Annual Results will record a loss of approximately HK\$3,000 million.

As year 2016 has not yet ended, the Company's 2016 Annual Results have not been finalised. The information contained in this announcement is only a preliminary estimate prepared by the management of the Company based on information currently available to it and is not based on any figures or information audited or reviewed by the Company's auditors.

Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

This announcement is made by Coolpad Group Limited ("**Company**", together with its subsidiaries shall be referred to as 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 "**Listing Rules**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company ("**Board**") wishes to inform the shareholders of the Company ("**Shareholders**") and potential investors that, based on the preliminary assessment of the Group's unaudited consolidated management accounts, the Company's unaudited loss attributable to the owners of the Company for the year ending 31 December 2016 ("**2016 Annual Results**") will be approximately HK\$3,000 million, as compared to a profit attributable to the owners of the Company of approximately HK\$2,325 million for the year ended 31 December 2015.

Based on the analysis of the information available, the estimated loss for the year 2016 is primarily attributable to:

- (a) a decrease in sales by approximately 43% for the ten months ended 31 October 2016 as compared to that of the corresponding period in 2015. Based on the unaudited consolidated management accounts of the Group for the ten months ended 31 October 2016, the Group recorded a loss of approximately HK\$730 million from the principal business. The decrease in sales was mainly due to the downturn and fierce competition in the domestic smartphone market, and the Group only introduced one new smartphone product to the market in the second half of 2016 and has been focusing on the inventory clearance. The Group has been adjusting its business strategies with business restructuring and development of open retail channel. However, it still needs some time to achieve a marked improvement in the sales performance of the Group; and
- (b) an expected loss of approximately HK\$226 million for the ten months ended 31 October 2016 recorded the Company due to the loss of Coolpad E-commerce attributable to Company. The Company shared 50.5% of the loss recorded by Coolpad E-commerce before 22 April 2016 and 25% after that date.

In addition, for the 2016 Annual Result, taking into account the operating results of Coolpad E-commerce Inc. up to 31 October 2016, the Group will consider to carry out an assessment on the recoverability of its investment in Coolpad E-commerce Inc. in accordance with the relevant accounting principle by end of year 2016.

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Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

By order of the Board
Coolpad Group Limited
JIA YUETING
Chairman

Hong Kong, 18 November 2016

As at the date of this announcement, the executive directors of the Company are Mr. Jia Yueting, Mr. Jiang Chao, Mr. Liu Hong, Mr. Liu Jiangfeng, Mr. Li Bin and Mr. Abulikemu Abulimiti and the independent non-executive directors of the Company are Dr. Huang Dazhan, Mr. Xie Weixin and Mr. Chan King Chung.