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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)

BUSINESS UPDATE

The board (the “**Board**”) of directors (the “**Directors**”) of Coolpad Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) hereby provides the shareholders of the Company with the latest update on the development of certain businesses of the Group. Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meanings as those defined in the 2019 annual report of the Company (“**2019 Annual Report**”).

As disclosed in the 2019 Annual Report, on 11 March 2020, the World Health Organization officially described the novel coronavirus outbreak as a pandemic. Based on the current observation and preliminary assessment of the Company, in overall terms, the performance of the Group may be adversely impacted by the novel coronavirus epidemic (the “**Epidemic**”) in two aspects. On the one hand, the Epidemic has led to a slowdown in economic activities and a change in consumption patterns. Despite the Mainland China market having fully resumed operations, the Epidemic in the key sales region of the Group (the United States (“**US**”) market) has not been fully relieved, and the Group expects to face the risk of decrease in sales. On the other hand, the uncertainties surrounding the supply and price fluctuation of the raw materials of electronic products are increasing. At present, the Group’s material inventory can meet current production needs. However, as the Group’s electronic device suppliers are located in various countries around the world, being affected by the Epidemic, certain raw materials may have delayed supply and price increase due to factors such as work suspension at suppliers’ factories and disrupted logistics.

Based on the unaudited operating statistics of the Group as at 30 April 2020, the operational turnover of the Group for the four months ended 30 April 2020 maintained more or less at the same level as that of the same period in the previous year, primarily attributable to the year-on-year growth of sales in the US region, the key business contributor to the Group; whereas the southeast and south Asia markets had been affected by the Epidemic in early 2020 and thus recorded a decline in operating revenue.

Due to the continuous impact of the Epidemic, the Group anticipates that the launch of new products in the United States, which was originally scheduled to take place during the second quarter of 2020, may be postponed to the third quarter of 2020. At the same time, in order to promote product sales, the Group has enhanced its promotional efforts in the US market. It is expected that the delay in new product launch and the increase in promotional expenses under the influence of the Epidemic will bring challenges to the operation and performance of the Group during the first half of 2020. The Group also plans to introduce high value-added 5G mobile phone products to the Japanese market, and is closely communicating with relevant customers and conducting product development and trials. The Group plans to launch three types of new smartphone products in the Mainland China market in the near future, to conduct product development and trials in the segment of “mobile phones for professional use” and to expand its smartphone products coverage in China regions to the smart terminal products area (including smart glasses) so as to establish a multi-product collection targeted at providing solutions catered to specific fields and industrial application. In addition, the Group is also working towards launching industrial internet-related products in the Chinese market, and is in the process of conducting trial work with its business partners for communication products such as 5G small cell base station and 5G industrial routing module.

The Company will continue to closely monitor the development of the Epidemic and its impact on the operation and financial performance of the Company and will make further announcement(s) as and when necessary.

There is no assurance that any forward-looking statements regarding the business development of the Group in this announcement or any of the matters set out herein are attainable, will actually occur or will be realised. The financial and other information relating to the Group as disclosed in this announcement has also not been audited or reviewed by its auditors. Shareholders and/or potential investors of the Company are advised to exercise caution when dealing in the securities of the Company and not to place any excessive reliance on the information disclosed herein. Any Shareholder or potential investor who is in doubt is advised to seek advice from professional advisors.

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

Hong Kong, 12 May 2020

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