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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 the board of directors (the “**Board**”) of 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 the Company 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, the loss attributable to the owners of the Company for the six months ended 30 June 2021 is expected to be approximately HK\$240 million, as compared to the loss attributable to the owners of the Company of approximately HK\$65.9 million for the six months ended 30 June 2020.

Based on an analysis of the information currently available, the loss is expected to increase in 2021 as compared to the same period last year, which is primarily attributable to:

According to the interim report of the Group in 2020, the item of other income and gains in the interim condensed consolidated statement of profit or loss and other comprehensive income included a gain in fair value of investment properties of approximately HK\$157 million, while such change in fair value of investment properties had a smaller impact on profit or loss in the results for the six months ended 30 June 2021.

Based on the Group’s unaudited consolidated management accounts for the six months ended 30 June 2021, the overall gross profit of the Group’s business decreased substantially to a gross loss. The decrease in gross profit was mainly due to tight upstream supply, resulting in a rise in cost of certain core raw materials and the ensuing increase in overall cost of sales, while the selling price of mobile phone orders in the US market (the main source of operating revenue of the Group in the first half of 2021) was fixed before the products were launched, and was difficult to adjust upwards.

The Group announced its return to the PRC market at the end of 2020. The Group was mainly undergoing resources integration, research and development and production of new products during the first half of 2021. COOL 20, a new mobile phone model, was officially launched in late May 2021, and has yet to provide an apparent boost to sales volume and a significant contribution to the results of the first half of 2021. Meanwhile, the Group continued to focus on increasing investments in research and development during the first half of the year, including but not limited to creating a self-developed Cool OS operating system, and strived to lay a solid foundation for the Internet business of the Company in the future.

The Company is still in the process of preparing and finalising the results of the Group for the six months ended 30 June 2021. The information contained in this announcement is solely based on a preliminary assessment by the management of the Company relying on the unaudited management accounts for the six months ended 30 June 2021 available to the Board, which has not been audited or reviewed by the Company's independent auditor or the audit committee of the Board and may be subject to adjustments. Shareholders and/or potential investors of the Company should exercise caution when dealing in the securities of the Company. Shareholders and potential investors are advised to refer to the details in the results announcement of the Company for the six months ended 30 June 2021, which is expected to be published on or before 31 August 2021.

By order of the Board
Coolpad Group Limited
Chen Jiajun
Executive Director
Chief Executive Officer
Chairman

Hong Kong, 30 July 2021

As at the date of this announcement, the Board comprises (i) four executive Directors, namely Mr. Chen Jiajun, Mr. Ma Fei, Mr. Xu Yibo and Mr. Lam Ting Fung Freeman; (ii) two non-executive Directors, namely Mr. Liang Rui and Mr. Ng Wai Hung; and (iii) four independent non-executive Directors, namely Dr. Huang Dazhan, Mr. Xie Weixin, Mr. Chan King Chung and Mr. Guo Jinghui.