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COOLPAD GROUP LIMITED

酷派集團有限公司

(Formerly known as China Wireless Technologies Limited)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2369)

2013 ANNOUNCEMENT OF FINAL RESULTS

The board (the "Board") of directors (the "Directors") of Coolpad Group Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2013, together with the comparative figures for the year ended 31 December 2012.

Financial Highlights

	Year ended 31 December		
	2013	2012	**Variance**
	HK$'000	*HK$'000*	*(%)*
Revenue	19,623,652	14,390,166	36.4
Profit before tax	437,373	418,160	4.6
Profit for the year attributable to owners of the Company#	348,547	325,581	7.1
Basic earnings per share	HK16.58 cents	HK15.39 cents	7.7
Diluted earnings per share	HK16.24 cents	HK15.12 cents	7.4
Annual dividend per ordinary share	HK 2.0 cents	HK 3.0 cents	(33.3)
-Paid interim dividend per ordinary share	HK 2.0 cents	-	100
-Proposed final dividend per ordinary share	-	HK 3.0 cents	(100)

After taking into account a one-off expense of HK$136.0 million, net of tax, arising from the first phase of the Reconstruction Plan of the Group. Details of the Reconstruction Plan have been set out in the Company's announcement dated 28 November 2013.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
REVENUE	4	19,623,652	14,390,166
Cost of sales		(17,093,633)	(12,639,067)
Gross profit		2,530,019	1,751,099
Other income and gains	4	382,373	289,579
Selling and distribution expenses		(1,301,713)	(869,704)
Administrative expenses		(984,340)	(673,658)
Other expenses		(165,501)	(17,823)
Finance costs	6	(23,134)	(55,200)
Share of profits and losses of:			
Associates		140	551
A joint venture		(471)	(6,684)
PROFIT BEFORE TAX	5	437,373	418,160
Income tax expense	7	(89,121)	(93,857)
PROFIT FOR THE YEAR		348,252	324,303
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		58,452	6,766
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		58,452	6,766
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Loss on property revaluation		(17,804)	(7,827)
Income tax effect		6,486	1,542
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods:		(11,318)	(6,285)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		47,134	481
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		395,386	324,784

continued/...

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)
Year ended 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
Profit attributable to:			
Owners of the Company		348,547	325,581
Non-controlling interests		(295)	(1,278)
		348,252	324,303
Total comprehensive income attributable to:			
Owners of the Company		395,681	326,062
Non-controlling interests		(295)	(1,278)
		395,386	324,784
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basic		16.58 cents	15.39 cents
Diluted		16.24 cents	15.12 cents

Details of the dividends for the years are disclosed in note 8 to this announcement.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		567,866	536,973
Investment properties		218,117	309,690
Prepaid land lease payments		153,491	125,405
Intangible assets		173,522	160,858
Investment in a joint venture		5,881	6,533
Investments in associates		53,843	52,787
Available-for-sale investments		28,884	24,426
Other non-current assets		38,844	23,755
Deferred tax assets		10,554	3,946
Total non-current assets		1,251,002	1,244,373
CURRENT ASSETS			
Inventories		2,594,764	1,811,233
Trade receivables	10	2,998,154	2,183,160
Bills receivable	11	211,551	233,055
Prepayments, deposits and other receivables		678,640	648,445
Due from a director		53	-
Pledged deposits		699,304	709,595
Cash and cash equivalents		1,628,266	1,273,540
Total current assets		8,810,732	6,859,028
CURRENT LIABILITIES			
Trade payables	12	1,876,058	1,742,283
Bills payable	13	2,695,579	2,080,461
Other payables and accruals		1,987,932	1,170,201
Interest-bearing bank borrowings		603,011	535,950
Due to an associate		6,708	7,518
Tax payable		73,648	55,356
Total current liabilities		7,242,936	5,591,769
NET CURRENT ASSETS		1,567,796	1,267,259
TOTAL ASSETS LESS CURRENT LIABILITIES		2,818,798	2,511,632

continued/...

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
31 December 2013

	Note	2013 HK$'000	2012 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		2,818,798	2,511,632
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		-	23,635
Deferred tax liabilities		48,263	62,154
Other non-current liabilities		9,641	12,856
Total non-current liabilities		57,904	98,645
Net assets		2,760,894	2,412,987
EQUITY			
Equity attributable to owners of the Company			
Issued capital		21,107	20,944
Shares held for the Share Award Plan		(240)	(240)
Reserves		2,737,075	2,326,200
Proposed final dividend	8	-	62,836
		2,757,942	2,409,740
Non-controlling interests		2,952	3,247
Total equity		2,760,894	2,412,987

1. CORPORATE INFORMATION

Coolpad Group Limited, formerly known as China Wireless Technologies Limited, is a limited liability company incorporated in the Cayman Islands. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, the Cayman Islands.

Pursuant to the special resolution passed at the extraordinary general meeting of the Company held on 29 November 2013 and the approval from the Registry of Companies in the Cayman Islands, the name of the Company was changed from "China Wireless Technologies Limited 中國無線科技有限公司" to "Coolpad Group Limited 酷派集團有限公司".

The Group is a wireless solution and equipment provider in Mainland China. During the year, the Group continued to focus on the production and sale of smartphones.

In the opinion of the Directors, the holding company and the ultimate holding company of the Company is Data Dreamland Holding Limited ("Data Dreamland"), which was incorporated in the British Virgin Islands (the "BVI").

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, certain buildings classified as property, plant and equipment and derivative financial instruments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2013. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.1 BASIS OF PREPARATION (continued)

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Financial Reporting Standards – Government Loans*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – Transition *Guidance*
HKFRS 13	*Fair Value Measurement*
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
HKAS 19 (2011)	*Employee Benefits*
HKAS 27 (2011)	*Separate Financial Statements*
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets* (early adopted)
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

Other than as further explained below regarding the impact of amendments to HKFRS 7, HKFRS 10, HKFRS 11, HKFRS 12, amendments to HKFRS 10, HKFRS 11 and HKFRS 12, HKFRS 13 and amendments to HKAS 1, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) The HKFRS 7 Amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32 *Financial Instruments: Presentation*. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with HKAS 32.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(b) HKFRS 10 replaces the portion of HKAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements and addresses the issues in HK(SIC)-Int 12 Consolidation – Special Purpose Entities. It establishes a single control model used for determining which entities are consolidated. To meet the definition of control in HKFRS 10, an investor must have (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgment to determine which entities are controlled. As a result of the application of HKFRS 10, the Group has changed the accounting policy with respect to determining which investees are controlled by the Group. The application of HKFRS 10 does not change any of the consolidation conclusions of the Group in respect of its involvement with investees as at 1 January 2013.

(c) HKFRS 11 replaces HKAS 31 Interests in Joint Ventures and HK(SIC)-Int 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation. The classification of joint arrangements under HKFRS 11 depends on the parties' rights and obligations arising from the arrangements. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities of the arrangement and is accounted for on a line-by-line basis to the extent of the joint operators' rights and obligations in the joint operation. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement and is required to be accounted for using the equity method in accordance with HKAS 28 (2011). As a result of the adoption of HKFRS 11, the Group has changed its accounting policy with respect to its interests in joint arrangement. The Directors reviewed and assessed the classification of the Group's investment in joint arrangements in accordance with the requirements of HKFRS 11 and concluded that the Group's investments in Taiwan Coolpad Technology Limited ("Taiwan Coolpad") which was previously classified as a jointly controlled entity under HKAS 31 should be classified as a joint venture under HKFRS 11. Since the Group has applied equity method to account for its investment in Taiwan Coolpad prior to the adoption of HKFRS 11, the application of HKFRS 11 does not have significant impact on the Group.

(d) HKFRS 12 sets out the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27 Consolidated and Separate Financial Statements, HKAS 31 Interests in Joint Ventures and HKAS 28 Investments in Associates. It also introduces a number of new disclosure requirements for these entities.

(e) The HKFRS 10, HKFRS 11 and HKFRS 12 Amendments clarify the transition guidance in HKFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between HKFRS 10 and HKAS 27 or HK(SIC)-Int 12 at the beginning of the annual period in which HKFRS 10 is applied for the first time.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(f) HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but rather provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. HKFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in HKFRS 13, the policies for measuring fair value have been amended.

(g) The HKAS 1 Amendments change the grouping of items presented in other comprehensive income ("OCI"). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) are presented separately from items which will never be reclassified (for example, the revaluation of land and buildings). The amendments have affected the presentation only and have had no impact on the financial position or performance of the Group. The consolidated statement of comprehensive income has been restated to reflect the changes. In addition, the Group has chosen to use the new title "statement of profit or loss and other comprehensive income" as introduced by the amendments in these financial statements.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products and services and has two reportable operating segments as follows:

(a) the mobile phone segment engages in the research, development, production and sale of mobile phones and provision of wireless application service; and

(b) the property investment segment invests in properties for their rental income potential and/or for capital appreciation.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, share of profits and losses of associates and a joint venture and finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude an investment in a joint venture, investments in associates, available-for-sale investments, deferred tax assets pledged deposits, an amount due from a director and cash and cash equivalents as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank borrowings, an amount due to an associate, tax payable, deferred tax liabilities and other unallocated headoffice and corporate liabilities as these liabilities are managed on a group basis.

3. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2013	Mobile phone HK$'000	Property investment HK$'000	Total HK$'000
Segment revenue:			
Sales to external customers	19,623,652	-	19,623,652
Other revenue and gains	293,442	26,296	319,738
Total	19,917,094	26,296	19,943,390
Segment results	479,411	(72,937)	406,474
Reconciliation:			
Interest income			62,635
Share of profits of associates			140
Share of loss of a joint venture			(471)
Corporate and other unallocated expenses			(8,271)
Finance costs			(23,134)
Profit before tax			437,373
Segment assets	7,401,233	233,716	7,634,949
Reconciliation:			
Investment in a joint venture			5,881
Investments in associates			53,843
Corporate and other unallocated assets			2,367,061
Total assets			10,061,734
Segment liabilities	6,557,007	5,786	6,562,793
Reconciliation:			
Corporate and other unallocated liabilities			738,047
Total liabilities			7,300,840
Other segment information:			
Impairment of trade and other receivables	18,559	-	18,559
Write-down of inventories to net realisable value	117,658	-	117,658
Fair value losses on investment properties	-	96,139	96,139
Product warranty provision	206,714	-	206,714
Depreciation and amortisation	174,355	349	174,704
Capital expenditure*	287,215	-	287,215

* Capital expenditure consists of additions to property, plant and equipment, intangible assets and prepaid land lease payments.

3. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2012	Mobile phone HK$'000	Property investment HK$'000	Total HK$'000
Segment revenue:			
Sales to external customers	14,390,166	-	14,390,166
Other revenue and gains	181,343	46,664	228,007
Total	14,571,509	46,664	14,618,173
Segment results	385,783	41,883	427,666
Reconciliation:			
Interest income			61,572
Share of profits of associates			551
Share of loss of a joint venture			(6,684)
Corporate and other unallocated expenses			(9,745)
Finance costs			(55,200)
Profit before tax			418,160
Segment assets	5,708,816	323,758	6,032,574
Reconciliation:			
Investment in a joint venture			6,533
Investments in associates			52,787
Corporate and other unallocated assets			2,011,507
Total assets			8,103,401
Segment liabilities	4,997,921	7,880	5,005,801
Reconciliation:			
Corporate and other unallocated liabilities			684,613
Total liabilities			5,690,414
Other segment information:			
Impairment of trade receivables	3,762	-	3,762
Write-down of inventories to net realisable value	95,673	-	95,673
Fair value gains on investment properties	-	10,428	10,428
Product warranty provision	92,702	-	92,702
Depreciation and amortisation	116,999	244	117,243
Capital expenditure	212,318	-	212,318

3. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	2013 HK$'000	2012 HK$'000
Mainland China	19,089,998	13,129,655
Overseas	533,654	1,260,511
	19,623,652	14,390,166

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2013 HK$'000	2012 HK$'000
Mainland China	1,233,933	1,233,294
Overseas	6,515	7,133
	1,240,448	1,240,427

The non-current asset information above is based on the locations of the assets excluding deferred tax assets.

Information about major customers

Revenue from major customers individually amounted to 10% or more of the Group's revenue is as follows:

	Operating segment	2013 HK$'000	2012 HK$'000
Customer A	Mobile phone	6,190,488	4,037,160
Customer B	Mobile phone	4,758,608	3,070,609
Customer C	Mobile phone	3,621,408	2,542,080

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the invoiced value of goods sold, net of value-added tax ("VAT") and other sales taxes, after allowances for returns and trade discounts and service income received and receivable from wireless applications.

An analysis of revenue, other income and gains is as follows:

	2013 HK$'000	2012 HK$'000
Revenue		
Sale of mobile phones	19,517,460	14,358,830
Wireless application service income	106,192	31,336
	19,623,652	14,390,166
Other income		
Bank interest income	62,635	61,572
Government grants and subsidies*	218,489	144,213
Gross rental income	26,296	36,236
Others	19,093	29,615
	326,513	271,636
Gains		
Foreign exchange gains, net	55,860	-
Fair value gains on derivative financial instruments – transactions not qualifying as hedges	-	7,239
Gain on disposal of a piece of land	-	276
Fair value gains on investment properties	-	10,428
	55,860	17,943
	382,373	289,579

* Government grants and subsidies represented refunds of VAT received from a tax bureau and grants received from a finance bureau to support certain of the Group's research and development activities. There are no unfulfilled conditions or contingencies relating to these grants and subsidies.

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2013 HK$'000	2012 HK$'000
Cost of inventories sold	17,071,196	12,543,394
Depreciation	53,450	41,503
Amortisation of patents and licences and computer software*	37,700	28,441
Amortisation of prepaid land lease payments	3,042	2,506
Research and development costs*:		
Product development costs amortised	80,512	44,793
Current year expenditure	617,639	325,774
	698,151	370,567
Decrease/(increase) in fair value of investment properties##	96,139	(10,428)
Loss on revaluation of property, plant and equipment#	36,239	-
Impairment of trade receivables#	17,392	3,762
Impairment of other receivables#	1,167	-
Write-down of inventories to net realisable value	117,658	95,673
Direct operating expenses arising on rental-earning investment properties	3,094	4,781
Product warranty provision	206,714	92,702
Loss on disposal of items of property, plant and equipment#	2,408	5,170
Foreign exchange losses/(gains), net	(55,860)	4,316

* Included in "Administrative expenses" in the consolidated statement of profit or loss and other comprehensive income

\# Included in "Other expenses" in the consolidated statement of profit or loss and other comprehensive income

\## Included in "Other expenses" (2012: "other income and gains") in the consolidated statement of profit or loss and other comprehensive income

6. FINANCE COSTS

	Group 2013 HK$'000	2012 HK$'000
Interest on:		
Bank loans	20,449	51,497
Discounted trade and bills receivables	2,685	3,703
	23,134	55,200

7. INCOME TAX EXPENSE

The Company is a tax exempted company registered in the Cayman Islands and conducts substantially all of its businesses through its subsidiaries established in Mainland China (the "PRC Subsidiaries").

No provision for Hong Kong profits tax has been made (2012: Nil) as the Group did not generate any assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2013 HK$'000	2012 HK$'000
Group:		
Current - Mainland China		
Charge for the year	97,973	89,292
Underprovision/(overprovision) in prior years	5,921	(6,796)
Deferred	(14,773)	11,361
Total tax charge for the year	89,121	93,857

7. INCOME TAX EXPENSE (continued)

The Group's PRC Subsidiaries are subject to corporate income tax ("CIT") at a rate of 25%. Certain subsidiaries of the Group operating in Mainland China are eligible for certain tax concessions. Major tax concessions applicable to the entities within the Group are detailed as follows:

(a) Coolpad Software Tech (Shenzhen) Co., Ltd., the Company's wholly-owned subsidiary has been recognised as a key software developer within the state plan for 2012 and 2013 and was subject to CIT at a reduced rate of 10% for each of the two years ended 31 December 2012 and 2013.

(b) Yulong Computer Telecommunication Scientific (Shenzhen) Co., Ltd., the Company's wholly-owned subsidiary, has been recognised as a high-technology enterprise and was subject to CIT at a rate of 15% (2012: 15%) for the year ended 31 December 2013.

(c) Xi'an Coolpad Software Tech Co., Ltd. ("Xi'an Coolpad"), the Company's wholly-owned subsidiary, has been recognised as a software enterprise and was exempted from CIT for each of the two years ended 31 December 2010 and 2011 and is entitled to a 50% reduction in the applicable tax rate for CIT for the three years ending 31 December 2014. Therefore, Xi'an Coolpad was subject to CIT at a rate of 12.5% (2012: 12.5%) for the year ended 31 December 2013.

(d) Shenzhen Coolpad Technologies Co., Ltd. ("SZ Coolpad Technologies"), the Company's wholly-owned subsidiary, has been recognised as a software enterprise and is exempted from CIT for each of the two years ending 31 December 2013 and 2014 and is entitled to a 50% reduction in the applicable tax rate for CIT for the three years ending 31 December 2017. In this regard, SZ Coolpad Technologies was exempted from CIT for the year ended 31 December 2013.

8. DIVIDENDS

	2013 HK$'000	2012 HK$'000
Interim – HK2 cents (2012: Nil) per ordinary share	42,125	-
Proposed final – Nil (2012: HK3 cents) per ordinary share	-	62,836
	42,125	62,836

The Directors do not recommend the payment of any final dividend for the year ended 31 December 2013.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 2,102,566,805 (2012: 2,114,853,935) in issue during the year, as adjusted to reflect the weighted average number of shares purchased for the Share Award Plan.

The calculation of diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	2013 HK$'000	2012 HK$'000
Earnings		
Profit attributable to ordinary equity holders of the Company used in the basic and diluted earnings per share calculations	348,547	325,581

	Number of shares 2013	 2012
Shares		
Weighted average number of ordinary shares in issue during the year	2,103,770,805	2,116,093,003
Weighted average number of shares purchased for the Share Award Plan	(1,204,000)	(1,239,068)
Adjusted weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	2,102,566,805	2,114,853,935
Effect of dilution - weighted average number of ordinary shares:		
Share options and awarded shares	43,470,519	38,156,393
	2,146,037,324	2,153,010,328

10. TRADE RECEIVABLES

	Group 2013 HK$'000	Group 2012 HK$'000
Trade receivables	3,010,791	2,187,026
Impairment	(12,637)	(3,866)
	2,998,154	2,183,160

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. In the cases of long-standing customers and those with a good repayment history, the Group may offer these customers with a credit period of 30 to 90 days. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	Group 2013 HK$'000	Group 2012 HK$'000
Within 3 months	2,968,544	2,155,200
4 to 6 months	24,868	6,143
7 to 12 months	5,337	1,866
Over 1 year	12,042	23,817
	3,010,791	2,187,026
Less: Impairment	(12,637)	(3,866)
	2,998,154	2,183,160

11. BILLS RECEIVABLE

An aged analysis of the bills receivable as at the end of the reporting period, based on the issue date, is as follows:

	Group 2013 HK$'000	Group 2012 HK$'000
Within 3 months	211,551	233,055

Bills receivable are non-interest-bearing.

At 31 December 2013 and 2012, the Group did not have any past due or impaired bills receivable.

12. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	Group	
	2013	2012
	HK$'000	HK$'000
Within 3 months	1,656,893	1,680,626
4 to 6 months	114,574	56,220
7 to 12 months	61,376	5,233
Over 1 year	43,215	204
	1,876,058	1,742,283

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 60 days.

13. BILLS PAYABLE

An aged analysis of the bills payable as at the end of the reporting period, based on the issue date, is as follows:

	Group	
	2013	2012
	HK$'000	HK$'000
Within 3 months	2,695,579	2,080,461

At 31 December 2013, the Group's bills payable were secured by time deposits of HK$597,430,000 (2012: HK$575,819,000).

14. COMPARATIVE AMOUNTS

Wireless application service income of HK$31,336,000 which was previously classified as other income and gains was reclassified as revenue. In the opinion of the directors, such reclassification of the prior year comparative amounts provides better presentation as to the nature of the transaction and accords with the current year's presentation.

MANAGEMENT DISCUSSION & ANALYSIS

REVENUE ANALYZED BY PRODUCT SEGMENTS

A comparative breakdown of the consolidated revenue streams into the product segments are set forth in the following table for the periods indicated:

	Year ended 31 December			
	2013		2012	
Revenue	**Revenue HK$ Million**	**% of revenue**	Revenue HK$ Million	% of revenue
4G Coolpad smartphone	**513.8**	**2.6**	1,230.2	8.6
3G Coolpad smartphone	**18,934.8**	**96.5**	13,097.7	91.0
Wireless application service income	**106.2**	**0.5**	31.4	0.2
Others	**68.9**	**0.4**	30.9	0.2
Total	**19,623.7**	**100**	14,390.2	100

The Group recorded consolidated revenue for the year ended 31 December 2013 of HK$19,623.7 million, representing a growth of 36.4% as compared with HK$14,390.2 million for the year ended 31 December 2012. The substantial growth of the consolidated revenue in 2013 was mainly driven by the strong increase in the sales of the Group's 3G Coolpad smartphone as a result of the continued vibrant development of 3G mobile phone market in Mainland China during the year under review.

Revenue from the sales of 3G Coolpad smartphone increased by 44.6% to HK$18,934.8 million for the year ended 31 December 2013 as compared with HK$13,097.7 million for year ended 31 December 2012. The significant increase in revenue of 3G Coolpad smartphone was primarily attributable to the high quality and reasonable price of Coolpad new smartphone models and the increase of market demands of the 3G smartphone during the year. The sales of 3G Coolpad smartphone became the Group's main revenue stream.

Apart from 3G smartphones, the Group also launched 4G smartphones in 2013 in China. The Group's products can support all the global mainstream 3G/4G networks, including TD-LTE, FDD-LTE, TD-SCDMA, CDMA-EVDO, and WCDMA network. Percentage of revenue generated from the sales of 4G smartphones decreased from 8.6% in 2012 to 2.6% in 2013. The decline was mainly due to the corporate restructuring of a major customer in the USA. The Group also started to sell 4G smartphones in China as the Ministry of Industry and Information Technology of the People's Republic of China issued the 4G licences to the three local telecommunication carriers on 4 December 2013.

Wireless application service income was HK$106.2 million in 2013, representing a growth of 238.2% as compared with HK$31.4 million in 2012. The increase was attributable to the increase of the sales volume of Coolpad smartphones and increased cooperation with third party wireless application producers. Revenue from the sale of other products increased by HK$38.0 million, or 123.0%, to HK$68.9 million for the year ended 31 December 2013 as compared with HK$30.9 million for the year ended 31 December 2012. The increase in the revenue from the sale of other products during the year was mainly attributable to an increase in the sales of Coolpad smartphones' accessories.

GROSS PROFIT

	Year ended 31 December	
	2013	2012
Gross profit (HK$ million)	**2,530.0**	1,751.1
Cross profit margin (%)	**12.9**	12.2

The Group's overall gross profit for the year ended 31 December 2013 increased to HK$2,530.0 million, representing an increase of 44.5% as compared with HK$1,751.1 million for the year ended 31 December 2012. The Group's overall gross profit margin for the year ended 31 December 2013 increased to 12.9%, up 0.7% as compared with 12.2% for the year ended 31 December 2012. The increase in gross profit margin was primarily attributable to the economies of scale and better cost control.

OTHER INCOME AND GAINS

Other income and gains of the Group amounted to approximately HK$382.4 million for the year ended 31 December 2013, representing an increase of 32.0% as compared with HK$289.6 million for the year ended 31 December 2012. This increase was mainly attributable to the increase of government grant, subsidies received by the Group and foreign exchange gains arising from the appreciation of Renminbi in 2013.

SELLING AND DISTRIBUTION EXPENSES

	Year ended 31 December	
	2013	2012
Selling and distribution expenses (HK$ million)	**1,301.7**	869.7
Selling and distribution expenses /Revenue (%)	**6.6**	6.0

Selling and distribution expenses of the Group for the year ended 31 December 2013 increased to HK$1,301.7 million, representing an increase of approximately HK$432.0 million, or 49.7%, as compared with HK$869.7 million for the year ended 31 December 2012. The net increase of HK$432.0 million was primarily attributable to the increased expenditures for marketing, advertising and promotion activities and increased salaries of the Group's sales and marketing personnels to support the new product launches. As a percentage of total revenue, selling and distribution expenses increased to 6.6% in 2013 from 6.0% in 2012. The net increase of 0.6% as a percentage of total revenue was because of the increased spendings on sales and marketing the new products during the year.

ADMINISTRATIVE EXPENSES

	Year ended 31 December	
	2013	2012
Administrative expenses (HK$ million)	**984.3**	673.7
Administrative expenses/Revenue (%)	**5.0**	4.7

Administrative expenses increased by 46.1% to HK$984.3 million for the year ended 31 December 2013 from HK$673.7 million for the year ended 31 December 2012. The net increase of HK$310.6 million was primarily was attributable to the increased expenditures on R&D and salaries of administrative, management and R&D personnels. As a percentage of total revenue, it increased by nearly 0.3% during the year under review as compared with 4.7% in the year of 2012, which was because of the continuous business expansion and the increased R&D spending during the reporting period.

INCOME TAX EXPENSE

For the year ended 31 December 2013, the Group's income tax expense amounted to HK$89.1 million (2012: HK$93.9 million). The decrease in the current year income tax expense was because the Group enjoyed more tax benefits in 2013.

NET PROFIT

For the year ended 31 December 2013, the Group recorded a net profit of HK$348.3 million, representing an increase of HK$24.0 million, or 7.4%, as compared with HK$324.3 million for the year ended 31 December 2012. Without taking into account a one-off expense of HK$136.0 million, net of tax, arising from the Group's Reconstruction Plan, details of which have been set out in the Company's announcement dated 28 November 2013, the Group would have recorded a net profit of HK$484.3 million. The increase in net profit was mainly because of the increase of sales revenue and sales volume in 2013.

LIQUIDITY AND FINANCIAL RESOURCE

For the year ended 31 December 2013, the Group's working capital was mainly generated from cash arising from its daily operation and bank borrowings. The Group's cash requirements related primarily to production and operating activities, repayment of due liabilities, capital expenditure, interest and dividend payments and other unforeseeable cash requirements.

Cash and cash equivalents of the Group as of 31 December 2013 amounted to HK$1,628.3 million (2012: HK$1,273.5 million).

CONTINGENT LIABILITIES

As at 31 December 2013, the Group did not have any significant contingent liabilities.

PLEDGE OF ASSETS

The Group had no secured bank loans at 31 December 2013. At 31 December 2012, certain of the Group's bank loans were secured by the pledge of the Group's time deposits which had a carrying value of approximately HK$133.8 million. As at that date, the Group's bank loans were also secured by the pledge of certain of the Group's investment properties situated in Mainland China, which had an aggregate carrying value at 31 December 2012 of approximately HK$106.8 million.

BUSINESS REVIEW AND OUTLOOK

Looking back to the year of 2013, even though the global economy continued to grow at a modest pace, the smartphone industry was still in the midst of the tremendous growth. Because of the increasing number of high performance-to-cost smartphones in China, and the increasing popularity of 3G network, China became one of the fast growing smartphone market. According to the data from Gartner Group Inc., the total number of smartphones that were sold in China reached 330.8 million units in 2013, accounting for 34.2% of the world's smartphones trading volume, well ahead of the U.S. market at 13.2%, which meant that China became the world's largest smartphone market.

The market growth continued to attract more attentions, resulting in the intensifying competition and more competitors. Meanwhile, the average selling price ("ASP") of the smartphones was lower than ever before. The increased competition and declining products prices brought more challenges to a lot of smartphone makers in 2013. In face of these challenges, smartphone makers have launched new models with better user experience, strong portfolio and reasonable pricing which resulted in the continuous fast increase in the sales volume amid the intensifying competition.

Highlights for 2013

Although facing the same challenges like other smartphone producers, the Group still recorded good results of selling Coolpad smartphones in 2013. According to the report from Sino Market Research, the market share of Coolpad smartphones in the whole 3G smartphone market of China ranked No.3 by unit shipments in the year of 2013, which strengthened its leadership as one of the top smartphone producers in China.

For the year ended 31 December 2013, the Group had a turnover of approximately HK$19,623.7 million, which increased 36.4% from HK$14,390.2 million in 2012. The increase was mostly due to the Group's focus on the mid- and low-end smartphone market and was largely ascribed to the solid 3G business increase in China. The Group's gross profit margin for 2013 was 12.9%, which was 12.2% in 2012, up 0.7 percent points. The increase of gross profit margin was mainly because of the economies of scale and the better cost control in 2013. The net profit of 2013 was approximately HK$348.3 million, which increased 7.4% from HK$324.3 million in 2012. Without taking into account a one-off expense of HK$136.0 million, net of tax, arising from the Group's Reconstruction Plan, details of which have been set out in the Company's announcement dated 28 November 2013, the Group would have recorded a net profit of HK$484.3 million. Basic and diluted earnings per share of the Company reached HK16.6 cents and HK16.2 cents for the year ended 31 December 2013, respectively.

Events

In January 2013, the Group took part at the Consumer Electronics Show (CES) 2013 held in Las Vegas, America, and unveiled four new Coolpad quad-core smartphones. In February 2013, the Group attended the Mobile World Congress 2013 held in Barcelona, Spain. More 3G and 4G Coolpad flagship smartphones were demonstrated at these exhibitions. In April 2013, one TD-LTE Coolpad model firstly launched at the 1st China Information Technology Expo (CITE) held in Shenzhen, China, got 2013 CITE innovative product and application award. In July 2013, the Group entered into FORTUNE China Top 500 Chinese Companies for the first time, ranking No. 342. In September 2013, the Group entered into the Deloitte Technology Fast 50 China 2013. In the year of 2013, the Group was awarded with Guangdong Quality Award and Shenzhen Mayor Quality Award by Guangdong province and Shenzhen municipal government respectively for its commitment to constant improvement in corporate management. Those events promoted the Coolpad brand to be of better reputation in the global smartphone market.

Product Development

In the year of 2013, the Group launched a full range of Coolpad smartphones from high-end to mid- and low-end ones, offering the users a better build quality and better radio performance. As one of the few mobile phone producers who are able to offer any mode of wireless network smartphones worldwide, the Group successfully rolled out the products covering 3G and 4G network smartphones to the market. For EVDO-based smartphones, the Group launched 24 new models. For TD-SCDMA-based smartphones, the Group launched 22 new models. For WCDMA-based smartphones, the Group launched 12 new models. The Group launched 4G FDD-LTE models in the US and Europe customized for the local telecommunications carriers, as well as some TD-LTE new models in China during 2013. Especially, the shipments number of some new models exceeded more than one million units respectively, and plenty of star products series were created. These new models significantly contributed to the strong revenue and market share growth of the Group for the year 2013. Coolpad brand has been widely recognized as one of the Chinese top smartphone brands by its consumers and business partners primarily due to its strong and enriched product mix.

Strategic Progress

As more and more people are using smartphones to access Internet, the mobile internet has developed fast, and innovative technologies and applications based on the mobile internet has changed a lot, being restructuring the current information environment. The mobile internet brought the information period to the character of a new stage, named PMCC by the Group, which represents Personal, Mobile, Cloud, and Computer. In the PMCC period, the Group focused on the cloud strategy and put a lot of R&D resources on constructing the cloud solution. In terms of cloud applications and cloud services, the Group developed the self-owned Coolcloud, integrating the innovative technologies (cloud sharing, cloud synchronization, cloud security, and cloud health etc.) into Coolpad smartphones. These features provided better experience and application for Coolpad users.

The Group also focused 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. The Group accelerated the rhythm of time-to-market of the new models, and quickly launched to have strong market competitiveness and meet consumer demand. In the year of 2013, the Group set up more R&D centers worldwide and recruited more experienced engineers, to design and develop the products with better user experience and localized features.

As the high technologies developed fast, such as more effective chipsets, better camera module, and larger touch screen, the Group responded quickly and rolled out the new models based on the best hardware platforms. In respect of mobile hardware design, the Group collaborated with several tier-one mobile chipset providers and some famous mobile industry designers to launch the popular smartphones. In the year of 2013, the Group launched several thousand-yuan Dual-core and Quad-core smartphones to satisfy the needs of the customers. The Group also rolled out several FDD-LTE and TD-LTE 4G dual model smartphones to lead the coming 4G smartphone market. Through great build quality, larger screens, solid radio performance and increased responsiveness, the users could enjoy the exciting smartphone experience and the fast speed of the mobile internet while using Coolpad smartphones. Depending on the strong R&D capabilities and the close collaboration with the components suppliers, the Group speeded up the smartphone updevelopment cycle.

In 2013, the Group also launched its first waterproof smart watch with its cWatch C1, being the accessories for Coolpad smartphone. On top of the common functions, C1 had features like telephone, SMS, calendar reminders, sports and health management, and other notifications. In addition to launching the smart watches, the Group also introduced other wearable devices which were based on the personal health management, CoolHub. CoolHub functioned as a Bluetooth speaker and a micro SD card reader. CoolHub 2 was the upgrade version. It has more advanced functions, such as blood oxygen, alcohol, air quality detection based on these features, and also with the functions of movement step gauge and pressure gauge.

As a homegrown brand in China, Coolpad shared high brand awareness and user loyalty. In 2013, 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, the social distributors, and the Group. In order to increase the overall market share and prepare for the booming online channel, the Group put Coolpad shopping store online (http://shop.coolpad.cn/) 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 finally in 2013. Coolpad became more well-known overseas with affordable smartphones and decent specifications.

In the year of 2013, the Group executed the delicacy management in order to improve general operation efficiency and control the overall cost. Delicacy management was a necessary and significant process to the Group while the competition of the 3G smartphone market was fierce. In terms of delicacy management, a series of measures were taken by the Group to improve its administrative efficiency and internal operating process during the reporting period. These measures did a great favor to the success of the Group in the year of 2013.

Our Outlook for 2014

For the year of 2014, the Group hopes to record a better performance in the global smartphone market. Although the global economic recovery might be at a mild pace and the competition of the smartphone market might still be fierce, the Group will use its best effort to keep the scale increase and gain more market share through leading 4G smartphone in China, expand the overseas markets, set up the CoolCloud eco-system, and enlarge the online channel.

As TD-LTE 4G licenses had been issued to the major three telecommunications carriers in China in December 2013, the Group officially released the development strategy 「Coolpad LTE for all」 in 2014. Thanks to the accumulated R&D construction of the 4G technology from 2009, the Group could be able to launch the 4G smartphones earlier and 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 the customers in 2014. The Group aimed for being the first thousand-yuan 4G smartphone provider, the first provider of thousand-yuan smartphone supporting five-mode ten-band, and the first dual-mode TD-LTE smartphone provider in China. The Group believes that these models will further accelerate the adoption of TD-LTE in China, and the 4G smartphone market will be the best chance for Coolpad to stand out among the global smartphone makers.

After the preliminary promotion and achievements in the cooperation with overseas telecommunications carriers, the Group will execute further development arrangement in Asia, North America, Europe and other international markets, and sell Coolpad smartphones in more countries and regions including the USA, the U.K., France, Germany, Greece, India and Taiwan, and increase the percentage of overseas sales in 2014. Due to its outstanding achievement and brand performance, the Group ranked No. 8 for "2013-2014 Global Intelligent Interconnection Devices Brands Top 10", jointly created by IDG and IDC during the forty-eighth CES show held in Las Vegas in January, 2014. With the brand of Coolpad becoming more worldwide well-known, the Group could expand much easier and smoother in the overseas markets. Meanwhile, with several R&D centers with international standard being set up worldwide, the Group will put more efforts on customizing user experience of Coolpad smartphone, and launching more excellent new models supporting mainstream types of network standard to meet the smartphone demands of the users globally.

The Group will continue to forge ahead in the mobile internet age, with the support of the CoolCloud platform. In the PMCC age with arrival of big data, smart cloud, and mobile internet, more people will use smartphones to access the Internet, translating to significant market opportunities. Especially, because of its fast internet access speed, stability and flexibility, LTE networks will bring the users better experience, and promote the users to increase the time spent on mobile. So the Group will strengthen partnerships with Internet players on the cloud strategy to share the opportunities, bring the users better experience surfing on the mobile internet, and construct the CoolCloud eco-system that is conducive to mutual development.

In addition to the development of strong partnerships with global telecommunications operators, the Group will expand its customer base by leveraging the online store in 2014. More competitive Coolpad smartphone will be launched solely through the online channel, in order to meet the demands of different users and raise the brand recognition of Coolpad. The proportion of online revenue is expected to increase fast in the future.

Going forward, the Group will continue to leverage innovation and expertise to satisfy diverse consumer needs, enhance core competitive strengths and 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, the Group believes that the 4G smartphone market will bring more opportunities to the Group. As opportunities coexist with challenges, the Group also sees the risk of the increasing competition in the smartphone market. The Group should work hard 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.

FOREIGN EXCHANGE EXPOSURE

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies, where the revenue, cost of sales and certain portion of the bank loans are denominated in USD. Exchange rate fluctuations between RMB and USD may affect the Group's performance and asset value. The Group has not entered into any derivative contracts to hedge against the risk for the year 2013.

EMPLOYEES AND REMUNERATION POLICY

During the year ended 31 December 2013, the Group's staff costs (including directors' remuneration) amounted to approximately HK$1,015.1 million (2012: HK$686.2 million). The remuneration of the Group's employees was commensurate with their responsibilities and market rates, with discretionary bonuses and training given on a merit basis.

ISSUE, PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the reporting period, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities.

DIVIDEND

An interim dividend of HK2.0 cents per ordinary share was paid on 16 October 2013. The Directors do not recommend the payment of any final dividend for the year ended 31 December 2013.

BONUS SHARES

The bonus shares will be issued on the basis of one bonus share for every one ordinary share held to shareholders whose names appear on the register of members on 3 June 2014. The Board recommended that subject to the approval by the Company's shareholders at the forthcoming annual general meeting.

CLOSURE OF REGISTER OF MEMBERS

The proposed bonus shares is subject to the approval of the Company's shareholders at the forthcoming annual general meeting, which will be held on Friday, 23 May 2014. For the purpose of determining shareholders' entitlement to attend and vote at the said annual general meeting, the register of members of the Company will be closed from 21 May 2014 to 23 May 2014 (both days inclusive), during which no transfer of shares will be effected. In order to be eligible to attend and vote at the said annual general meeting, all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on 20 May 2014.

For determining the entitlement to the proposed bonus shares, the register of members of the Company will be closed from 29 May 2014 to 3 June 2014, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the entitlement to the proposed bonus shares, all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on 28 May 2013.

AUDIT COMMITTEE

The audit committee ("Audit Committee") of the Company, which currently comprises three independent non-executive directors, has reviewed the accounting principles and practices adopted by the Company and has discussed auditing, internal control and financial reporting matters. The Audit Committee has reviewed the Group's annual results for the year ended 31 December 2013.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE PRACTICES

Code Provision A.2.1 of the Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Currently, Mr. Guo Deying is the chairman of the Board and the chief executive officer of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the management and believes that this structure enables the Group to make and implement decision promptly and efficiently. In addition, the Board is of the view that, in view of the current scale of operations of the Group, the separation of the roles of the chairman and chief executive officer of the Company may hinder administrative efficiency and is neither suitable to the Group nor in the interests of its shareholders as a whole.

Save as disclosed above, none of the Directors is aware of any information which would reasonably indicate that the Company was not, for any part of the year ended 31 December 2013, in compliance with the Code of Corporate Governance Practices as was set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Friday, 23 May 2014. Notice of the annual general meeting together with the Company's annual report for the year ended 31 December 2013 will be dispatched to the shareholders in due course.

By order of the Board

Coolpad Group Limited

GUO DEYING

Chairman and Chief Executive Officer

Hong Kong, 20 March 2014

As at the date of this announcement, the executive Directors of the Company are Mr. Guo Deying, Mr. Jiang Chao, Mr. Li Bin and Mr. Li Wang, the independent non-executive Directors are Dr. Huang Dazhan, Mr. Xie Weixin, and Mr. Chan King Chung.