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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)

2024 ANNOUNCEMENT OF FINAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Coolpad Group Limited (the “**Company**”) announces the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2024 (the “**Year**”), together with the comparative figures for the year ended 31 December 2023.

FINANCIAL HIGHLIGHTS

	Year ended 31 December		Changes
	2024	2023	
	HK\$'000	HK\$'000	(%)
Revenue	499,332	307,363	62.46
Loss before tax	(250,514)	(234,015)	7.05
Loss for the year attributable to owners of the Company	(252,158)	(220,931)	14.13
	HK cents	HK cents	
Basic and diluted loss per share	(1.54)	(1.54)	

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

		2024	2023
	Notes	HK\$'000	HK\$'000
REVENUE	4	499,332	307,363
Cost of sales		<u>(427,013)</u>	<u>(199,947)</u>
GROSS PROFIT		72,319	107,416
Other income and gains	4	60,400	95,851
Selling and distribution expenses		(30,166)	(35,695)
Administrative and other operating expenses		(298,840)	(273,229)
Finance costs	6	(40,803)	(8,004)
Share of losses of associates and a joint venture		<u>(13,424)</u>	<u>(120,354)</u>
LOSS BEFORE TAX	5	(250,514)	(234,015)
Income tax (expense)/credit	7	<u>(1,644)</u>	<u>13,023</u>
LOSS FOR THE YEAR		<u>(252,158)</u>	<u>(220,992)</u>
OTHER COMPREHENSIVE LOSS			
<i>Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		(46,807)	(20,266)
Release of translation reserve upon disposal of an associate		–	2,363
Share of other comprehensive loss of associates and a joint venture		<u>(4,217)</u>	<u>(3,986)</u>
		<u>(51,024)</u>	<u>(21,889)</u>
<i>Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:</i>			
Gain on property revaluation		2,504	4,574
Income tax effect on gain on property revaluation		<u>(626)</u>	<u>(1,143)</u>
		<u>1,878</u>	<u>3,431</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		<u>(49,146)</u>	<u>(18,458)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u>(301,304)</u>	<u>(239,450)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

Year ended 31 December 2024

		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the year attributable to:			
Owners of the Company		(252,158)	(220,931)
Non-controlling interests		<u>–</u>	<u>(61)</u>
		<u>(252,158)</u>	<u>(220,992)</u>
Total comprehensive loss attributable to:			
Owners of the Company		(301,304)	(239,387)
Non-controlling interests		<u>–</u>	<u>(63)</u>
		<u>(301,304)</u>	<u>(239,450)</u>
Loss per share	9		
– Basic (<i>HK cents</i>)		<u>(1.54)</u>	<u>(1.54)</u>
– Diluted (<i>HK cents</i>)		<u>(1.54)</u>	<u>(1.54)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		493,611	375,218
Investment properties		3,151,325	3,263,126
Right-of-use assets		49,536	56,685
Intangible assets		–	–
Investments in associates		161,020	180,149
Financial assets at fair value through profit or loss		16,655	4,747
Other non-current assets	11	97,728	112,535
		<hr/>	<hr/>
Total non-current assets		3,969,875	3,992,460
		<hr/>	<hr/>
Current assets			
Inventories		58,676	76,494
Cryptocurrencies		10,618	8,539
Trade receivables	10	85,219	60,088
Prepayments, deposits and other receivables	11	56,742	91,360
Financial assets at fair value through profit or loss		116,260	83,714
Pledged deposits	12	53,211	59,751
Bank balances and cash	12	65,145	63,547
		<hr/>	<hr/>
Total current assets		445,871	443,493
		<hr/>	<hr/>
Current liabilities			
Trade payables	13	140,554	152,099
Other payables and accruals		796,865	1,154,043
Interest-bearing bank borrowings		21,284	101,568
Lease liabilities		–	2,875
Amounts due to associates		29,429	37,035
Amounts due to related parties		15,125	3,516
Tax payable		100,110	102,685
		<hr/>	<hr/>
Total current liabilities		1,103,367	1,553,821
		<hr/>	<hr/>
Net current liabilities		(657,496)	(1,110,328)
		<hr/>	<hr/>
Total assets less current liabilities		3,312,379	2,882,132
		<hr/>	<hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)*At 31 December 2024*

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current liabilities		
Lease liabilities	–	2,578
Interest-bearing bank borrowings	1,175,953	441,086
Deferred tax liabilities	319,817	329,319
Other non-current liabilities	16,676	17,475
	<hr/>	<hr/>
Total non-current liabilities	1,512,446	790,458
	<hr/>	<hr/>
Net assets	1,799,933	2,091,674
	<hr/> <hr/>	<hr/> <hr/>
Capital and reserves		
Share capital	163,810	163,810
Reserves	1,636,123	1,927,737
	<hr/>	<hr/>
Equity attributable to owners of the Company	1,799,933	2,091,547
Non-controlling interests	–	127
	<hr/>	<hr/>
Total equity	1,799,933	2,091,674
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NOTES TO FINANCIAL STATEMENTS

31 December 2024

1 CORPORATE AND GROUP INFORMATION

Coolpad Group Limited (the “**Company**”) is a limited liability company incorporated in the Cayman Islands. The address of the registered office and principal place of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and Coolpad Information Harbor, No. 8 of Gaoxin North 1st Road, Hi-tech Industry Park (Northern), Nanshan District, Shenzhen.

The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in the production and sale of mobile phones and accessories, and the provision of wireless application services and leases of properties. Starting from the second half of 2023, the Group has actively pursued opportunities in Web 3.0 digital currency business.

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 (“**HKICPA**”), 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 included as property, plant and equipment and equity investments at fair value through profit or loss 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.

Going concern basis

For the year ended 31 December 2024, the Group incurred a net loss of HK\$252 million and the Group recorded net current liabilities of HK\$657 million as at 31 December 2024. The unrestricted cash and cash equivalent balance amounted to HK\$65 million as at 31 December 2024. These circumstances may cast significant doubt on the Group’s ability to continue as a going concern.

During the year, the directors have taken various measures with the aim of improving the Group’s liquidity position, including but not limited to (i) the implementation of cost saving measures to control the daily operation costs; (ii) existing bank loan facilities of around RMB1.13 billion (equivalent to HK\$1.20 billion) being utilized and the bank borrowings are drawn down as long term borrowings as existing of 31 December 2024; and (iii) there were expanded stable cash inflow generated from the Group’s operation of their investment properties contributing to the Group’s working capital. During the year ended 31 December 2024, the Group recorded a rental income of HK\$89.8 million (2023: HK\$90.4 million).

The directors have prepared a cash flow forecast of the Group for the next twelve months based on the existing situation, future events and commitments of the Group. The directors considered that the Group will have adequate working capital to meet its obligations, and therefore the financial statements of the Group have been prepared on a going concern basis.

2.1 BASIS OF PREPARATION (continued)

Going concern basis (continued)

Measures and estimations have been taken into consideration by the directors, including and not limited to:

- (i) Existing unutilised loan facility of RMB480 million (HK\$511 million) from Kingkey Group Company Limited, a related party of the Group, with expiry date of 31 December 2025.
- (ii) The Group is in progress on obtaining a stand-by facility amounting to RMB420 million (equivalent to HK\$447 million) from a bank subject to the final authorization from banks.
- (iii) The Group is revisiting its operating strategies taking into account the potential business opportunities expected to arise from the 5th generation wireless system market, and would continue to expand the cooperation with its business partners from various channels. Further measures would be considered by the Group to tighten cost controls over various production costs and expenses with the aim to attain profitable and positive cash flow operations, including scaling down the operation, human resources optimisation and containment of capital expenditures.
- (iv) The Group is evaluating the liquidity and market value of its current financial investment portfolio on hand. In the view of the directors, redemption or sale of certain financial investments would be one of their contemplations favoring improvement of the Group's liquidity position and supplement of working capital.

Notwithstanding the above, in consideration of uncertainty and vulnerability of mobile phone industry and the increasingly intense competition in the market, material uncertainties exist as to whether the Group will be able to achieve the targeted growth in business and revive its market presence.

Should the Group fail to realise its plans to grow its business, by adjusting the progress of the construction projects and deferring its capital expenditure, and securing sufficient financial resources to improve its financial position, adjustments may have to be made to reflect the situation that assets may need to be realised at amounts other than those currently recorded in the consolidated statement of financial position as at 31 December 2024. In addition, the Group may have to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effects of these adjustments have not been reflected in these consolidated financial statements.

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2024. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

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.

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 above. 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 revised HKFRSs for the first time for the current year's financial statements.

HKFRS 16	<i>Amendments in relation to Lease Liability in a Sale and Leaseback</i>
HKFRS 7 and HKAS 7	<i>Amendments in relation to Supplier Finance Arrangements</i>
HKAS 1	<i>Amendments in relation to Classification of Liabilities as Current or Non-current</i>
HKAS 1	<i>Amendments in relation to Non-current Liabilities with Covenants</i>
HK-int 5	<i>Amendments in relation to Amendments to HKAS 1</i>

The adoption of these revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKAS 21	<i>Lack of Exchangeability¹</i>
Amendments to HKFRS 7 and HKFRS 9	<i>Classification and Measurement of Financial Instruments²</i>
Amendments to HKFRS 7 and HKFRS 9	<i>Amendments to Contracts Referencing Nature – dependent Electricity²</i>
Amendments to HKFRS 18	<i>Presentation and Disclosure in Financial Statements³</i>
Amendments to HKFRS 19	<i>Subsidiaries without Public Accountability: Disclosures³</i>
Amendments to HKFRS10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture⁴</i>
Annual Improvements to HKFRS Accounting Standards – Volume 11	<i>Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7²</i>

¹ Effective for annual periods beginning on or after 1 January 2025.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

⁴ No mandatory effective date yet determined but available for adoption.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs may result in changes in accounting policies but are unlikely to have a significant impact on the Group's results of operations and financial position.

3 OPERATING SEGMENT INFORMATION

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

- (a) the mobile phone segment engages in the research, development, production and sale of mobile phones and related accessories and the provision of wireless application service;
- (b) the property investment segment invests in properties for their rental income potential and/or for capital appreciation; and
- (c) the cryptocurrencies business segment.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted loss before tax. The adjusted loss before tax is measured consistently with the Group's loss before tax except that interest income, non-lease- related finance costs, profits and losses impact from investment in joint ventures and associates and fair value losses on certain financial assets at fair value through profit or loss are excluded from such measurement.

Segment assets exclude investments in joint ventures, investments in associates, financial assets at fair value through profit or loss, deferred tax assets, amounts due from associates, pledged deposits, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank borrowings, amounts due to associates, amounts due to related parties, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

3 OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2024

	Cryptocurrencies business HK\$'000	Mobile phone HK\$'000	Property investment HK\$'000	Total HK\$'000
Segment revenue (note 4)				
Sales to external sources	97,684	311,803	89,845	499,332
Other revenue and gains	13,657	38,191	–	51,848
	<u>111,341</u>	<u>349,994</u>	<u>89,845</u>	<u>551,180</u>
Segment results	9,489	(182,789)	53,377	(119,923)
<i>Reconciliation:</i>				
Interest income				2,134
Finance costs (other than interest on lease liabilities)				(40,629)
Share of losses of associates				(13,424)
Gain on written off of amount due to associates				6,418
Fair value losses on financial assets at fair value through profit or loss, net				(85,090)
Loss before tax				<u>(250,514)</u>
Segment assets	246,657	496,831	3,151,325	3,894,813
<i>Reconciliation:</i>				
Investments in associates				161,020
Corporate and other unallocated assets				359,913
Total assets				<u>4,415,746</u>
Segment liabilities	2,056	935,363	16,676	954,095
<i>Reconciliation:</i>				
Interest-bearing bank borrowings				1,197,237
Corporate and other unallocated liabilities				464,481
Total liabilities				<u>2,615,813</u>
Other segment information:				
Provision of impairment of trade receivables, net	–	2,064	–	2,064
Write-down of inventories to net realisable value, net	–	2,573	–	2,573
Fair value gain of investment properties	–	–	(672)	(672)
Depreciation and amortisation	18,048	18,507	–	36,555
Capital expenditure*	125,679	7,210	3,753	136,642

3 OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2023

	Cryptocurrencies business HK\$'000	Mobile phone HK\$'000	Property investment HK\$'000	Total HK\$'000
Segment revenue (note 4)				
Sales to external sources	8,539	208,432	90,392	307,363
Other revenue and gains	–	15,137	–	15,137
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>8,539</u>	<u>223,569</u>	<u>90,392</u>	<u>322,500</u>
Segment results	(1,635)	(190,835)	21,367	(171,103)
Reconciliation:				
Interest income				1,398
Finance costs (other than interest on lease liabilities)				(7,523)
Share of losses of associates and a joint venture				(120,354)
Loss on disposal of an associate				(15,749)
Gain on disposal of a joint venture				<u>79,316</u>
Loss before tax				<u>(234,015)</u>
Segment assets	122,147	480,222	3,322,698	3,925,067
Reconciliation:				
Investments in associates				180,149
Corporate and other unallocated assets				<u>330,737</u>
Total assets				<u>4,435,953</u>
Segment liabilities	–	1,311,595	17,475	1,329,070
Reconciliation:				
Interest-bearing bank borrowings				542,654
Corporate and other unallocated liabilities				<u>472,555</u>
Total liabilities				<u>2,344,279</u>
Other segment information:				
Reversal of impairment of trade receivables, net	–	(9,123)	–	(9,123)
Write-down of inventories to net realisable value, net	–	5,550	–	5,550
Fair value loss of investment properties	–	–	49,263	49,263
Valuation deficit upon transferral of investment properties from construction in progress	–	–	3,937	3,937
Depreciation and amortisation	1,330	24,539	–	25,869
Capital expenditure*	<u>65,700</u>	<u>7,982</u>	<u>501,634</u>	<u>575,316</u>

* Capital expenditure consists of additions to property, plant and equipment, investment properties and intangible assets.

3 OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers and sources

	2024 HK\$'000	2023 HK\$'000
Mainland China	388,500	262,624
Overseas	110,832	44,739
	<u>499,332</u>	<u>307,363</u>

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

(b) Non-current assets

	2024 HK\$'000	2023 HK\$'000
Mainland China	3,555,722	3,692,493
Overseas	201,170	64,370
	<u>3,756,892</u>	<u>3,756,863</u>

The non-current asset information above is based on the locations of the assets and excludes financial instruments and investments in associates.

Information about major customers

No customer contributes over 10% of the total revenue of the Group for the year ended 31 December 2024 and 2023.

4 REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2024 HK\$'000	2023 HK\$'000
Revenue from contracts with customers		
Sale of mobile phones and related accessories	275,144	181,327
Wireless application service income	<u>36,659</u>	<u>27,105</u>
	<u>311,803</u>	<u>208,432</u>
Revenue from other sources		
Revenue from cryptocurrencies business	97,684	8,539
Rental income from investment properties operating leases	<u>89,845</u>	<u>90,392</u>
	<u>187,529</u>	<u>98,931</u>
Total revenue	<u><u>499,332</u></u>	<u><u>307,363</u></u>

Revenue from contracts with customers

(i) Disaggregated revenue information

	2024 HK\$'000	2023 HK\$'000
Mobile phone segment		
Timing of revenue recognition:		
Goods and services transferred at a point of time	<u><u>311,803</u></u>	<u><u>208,432</u></u>

The following table shows the amount of revenue recognised in the current year that was included in the contract liabilities at the beginning of the reporting period:

	2024 HK\$'000	2023 HK\$'000
Sale of mobile phones and related accessories	<u><u>9,772</u></u>	<u><u>9,534</u></u>

No revenue recognised during the year related to performance obligations that were satisfied in prior years (2023: Nil).

4 REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

(ii) Performance obligation

Information about the Group's performance obligations is summarised below:

Sale of mobile phones and related accessories

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

Wireless application service

The performance obligation is satisfied when the specific installation and activation requirement has been met and payment is generally due within 30 days from satisfaction of the performance obligation.

Other income and gains

	2024 HK\$'000	2023 HK\$'000
Bank interest income	2,134	1,398
Government grants and subsidies*	20,344	2,699
	<hr/>	<hr/>
	22,478	4,097
Gain on disposal of investment in a joint venture	–	79,316
Gain on lease modification	–	1,132
Gain on termination of lease	881	–
Realised gain on disposal of cryptocurrencies	13,657	–
Gain on written off of amount due to associates	6,418	–
Others	16,966	11,306
	<hr/>	<hr/>
	60,400	95,851
	<hr/>	<hr/>

- * Government grants and subsidies represented refunds of VAT received from a tax bureau and grants received from certain finance bureaus 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 LOSS BEFORE TAX

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Cost of inventories sold	337,587	188,699
Depreciation of property, plant and equipment	34,610	20,166
Depreciation of right-of-use assets	1,945	5,703
Research and development costs*:		
Current year expenditure	42,327	49,684
Lease payments not included in the measurement of lease liabilities	2,921	886
Auditor's remuneration:		
Audit service	2,300	6,202
Non-audit service	330	600
	2,630	6,802
Employee benefit expense (including directors' remuneration):		
Wages and salaries	82,304	80,228
Staff welfare expenses	2,903	2,586
Pension scheme contributions (defined contribution scheme)	10,448	9,474
Equity-settled share option expense	9,690	5,042
	105,345	97,330
Impairment of/(reversal of impairment of) trade receivables, net*	2,064	(9,123)
Net gain on disposal/written off of items of property, plant and equipment	(4)	(182)
Loss on disposal of an associate*	–	15,749
Gain on disposal of a joint venture [#]	–	(79,316)
Loss on deregistration of a non-wholly owned subsidiary*	786	–
Write-down of inventories to net realisable value, net ^{&}	2,573	5,550
Direct operating expenses arising on rental-earning investment properties*	24,317	20,001
Fair value (gains)/losses on investment properties*	(672)	49,263
Valuation deficit upon transferral of investment properties from construction in progress*	–	3,937
Fair value losses on financial assets at fair value through profit or loss, net*	85,090	14,646

* Included in "Administrative and other operating expenses" in profit or loss

& Included in "Cost of sales" in profit or loss

Included in "Other income and gains" in profit or loss

6 FINANCE COSTS

An analysis of finance costs is as follows:

	2024 HK\$'000	2023 HK\$'000
Interest on:		
Bank borrowings	40,629	14,696
Interest on lease liabilities	174	481
	<u>40,803</u>	<u>15,177</u>
Less: capitalised in construction in progress	–	(7,173)
	<u><u>40,803</u></u>	<u><u>8,004</u></u>

7 INCOME TAX EXPENSE/(CREDIT)

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 (2023: 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’s subsidiaries operate, based on existing legislation, interpretations and practices in respect thereof.

	2024 HK\$'000	2023 HK\$'000
Current		
– corporate income tax	6	(13)
Deferred	1,638	(13,010)
	<u>1,644</u>	<u>(13,023)</u>
Total tax expense/(credit) for the year	<u><u>1,644</u></u>	<u><u>(13,023)</u></u>

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 those entities are detailed as follows:

- (a) Shenzhen Coolpad Technologies Co., Ltd., the Company’s wholly-owned subsidiary, was assessed and recognised as a high-technology enterprise in December 2022, and was subject to CIT at a rate of 15% for three years from 2022 to 2024. In this regard, SZ Coolpad Technologies was subject to CIT at a rate of 15% (2023: 15%) for the year ended 31 December 2024.
- (b) Nanjing Coolpad Software Tech Co., Ltd., the Company’s wholly-owned subsidiary, was assessed and recognised as a high-technology enterprise in December 2023, and is subject to CIT at a rate of 15% for three years from 2023 to 2025. Therefore, Nanjing Coolpad Tech Co., Ltd was subject to CIT at a rate of 15% (2023: 15%) for the year ended 31 December 2024.

8 DIVIDEND

The directors did not recommend payment of any final dividend for the year ended 31 December 2024 (2023: Nil).

9 LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share amounts is based on the loss for the year attributable to owners of the Company and the weighted average number of ordinary shares of 16,381,007,955 (2023: 14,389,640,832) in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2024 and 2023 in respect of a dilution as the impact of the share options and warrants outstanding had no dilutive effect on the basic loss per share amount presented.

10 TRADE RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables	97,209	70,422
Accumulated impairment	(11,990)	(10,334)
	<u>85,219</u>	<u>60,088</u>

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 case 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 ageing analysis of the trade receivables as at the end of the reporting period, based on the transaction date, is as follows:

	2024 HK\$'000	2023 HK\$'000
Within 3 months	67,288	57,346
4 to 6 months	17,978	335
7 to 12 months	799	65
Over 1 year	11,144	12,676
	<u>97,209</u>	<u>70,422</u>

10 TRADE RECEIVABLES (continued)

The movements in the loss allowance for impairment of trade receivables are as follows:

	2024 HK\$'000	2023 HK\$'000
At 1 January	10,334	20,606
Impairment loss/(reversal of impairment), net (<i>note 5</i>)	2,064	(9,123)
Amount written off as uncollectible	–	(1,061)
Exchange realignment	(408)	(88)
	<hr/>	<hr/>
At 31 December	11,990	10,334

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2024

	Ageing			
	Within 1 year	1 to 2 years	Over 2 years	Total
Expected credit loss rate	0.33%–14.57%	2.53%	67.97%	
Gross carrying amount (HK\$'000)	86,065	79	11,065	97,209
Expected credit losses (HK\$'000)	4,467	2	7,521	11,990

As at 31 December 2023

	Ageing			
	Within 1 year	1 to 2 years	Over 2 years	Total
Expected credit loss rate	0.41% – 19.53%	27.95%	83.41%	
Gross carrying amount (HK\$'000)	57,746	5,323	7,353	70,422
Expected credit losses (HK\$'000)	2,713	1,488	6,133	10,334

11 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Prepayments for suppliers*	19,484	38,111
Lease incentives	58,565	59,572
Deposits and other receivables****	50,535	33,289
Deductable input VAT	22,031	18,243
Prepayment for purchase of property, plant and equipment**	–	30,348
Proceed receivable in relation to disposal of an associate***	–	22,070
Prepaid expenses	3,855	2,262
	<u>154,470</u>	<u>203,895</u>
Non-current portion	<u>(97,728)</u>	<u>(112,535)</u>
	<u><u>56,742</u></u>	<u><u>91,360</u></u>

Deposits and other receivables mainly represent rental deposits and deposits with suppliers. In the situation where no comparable companies with credit ratings can be identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The loss rate applied where there are no comparable companies as at 31 December 2024 was 0.1% (2023: 0.1%).

The non-current Portion of prepayments, deposits and other receivables as at 31 December 2024 mainly represented lease incentives of HK\$58,565,000 (2023: HK\$59,572,000, deposit for hosting services in cryptographies business segment of HK \$34,869,000 (2023: HK\$18,890,000), prepayment for purchase of property, plant and equipment HK\$nil (2023: HK\$30,348,000) and other receivables of HK\$4,294,000 (2023: HK\$3,725,000).

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2024 and 2023, the loss allowance was assessed to be minimal.

* The prepayments for suppliers represent the prepayment to suppliers in mobile phone segment. The amount was utilized subsequent to the reporting period.

** The prepayment for the purchase of property, plant and equipment was related to the cryptocurrencies business. These assets were physically received by the Group from relevant suppliers, and had been in use during the year ended 31 December 2024.

*** The receivables represent the proceed receivable in relation to disposal of a former associate, Nanjing Yulong Weixin Information Scientific Limited. The amount has been fully settled during the year ended 31 December 2024.

**** Included in the deposits and other receivables HK\$34,869,000 (2023: HK\$18,890,000) of deposits and other receivables represent the deposits of hosting services related to cryptocurrencies business related assets. The period of hosting services are 36 – 60 months and the deposits are refundable upon service completion.

As at 31 December 2024, certain other receivables with a carrying value of HK\$7,587,000 (2023: Nil) were pledged as security for the Group's loan from a bank.

12 CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Cash and bank balances	65,145	63,547
Time deposits	<u>53,211</u>	<u>59,751</u>
	118,356	123,298
Less: Pledged deposits	<u>(53,211)</u>	<u>(59,751)</u>
Cash and cash equivalents	<u><u>65,145</u></u>	<u><u>63,547</u></u>

At the end of the reporting period, the cash and cash equivalents of the Group denominated in RMB amounted to approximately HK\$60,271,000 (2023: HK\$49,741,000). The RMB is not freely convertible into other currencies, however, under Mainland China ' s Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

13 TRADE PAYABLES

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 3 months	82,640	117,615
4 to 6 months	7,035	19
7 to 12 months	5,671	7
Over 1 year	<u>45,208</u>	<u>34,458</u>
	<u><u>140,554</u></u>	<u><u>152,099</u></u>

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

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE ANALYSIS BY PRODUCT SEGMENTS

A comparative breakdown of the consolidated revenue streams attributable to the various product segments are set forth in the following table for the years indicated:

	Year ended 31 December			
	2024		2023	
	Revenue <i>HK\$ million</i>	% of revenue	Revenue <i>HK\$ million</i>	% of revenue
Sale of mobile phones and related accessories	275.14	55.10	181.32	58.99
Wireless application service income	36.66	7.34	27.11	8.82
Revenue from cryptocurrencies business	97.68	19.56	8.54	2.78
Rental income from investment properties operating leases	89.85	18.00	90.39	29.41
Total	499.33	100.00	307.36	100.00

The Group recorded consolidated revenue for the Year of approximately HK\$499.33 million, representing an increase of 62.46% as compared with the amount of approximately HK\$307.36 million for the year ended 31 December 2023. The increase in revenue was primarily attributable to the expansion of the cryptocurrencies business and the increased sales in the mobile phone business.

GROSS PROFIT

	Year ended 31 December			
	2024		2023	
	Gross profit <i>HK\$ million</i>	Gross profit margin (%)	Gross profit <i>HK\$ million</i>	Gross profit margin (%)
Total	72.32	14.48	107.42	34.95

The Group recorded a gross profit of approximately HK\$72.32 million for the Year as compared with a gross profit of approximately HK\$107.42 million for the previous year ended 31 December 2023. The Group's overall gross profit margin for the Year was 14.48%, as compared with 34.95% of gross profit margin for the year ended 31 December 2023. The decrease of gross profit was primarily attributable to the fact that certain products in the mobile phone business were in the clearance phase in 2024 and low-margin hardware products contributed to a reduction in gross profit.

SELLING AND DISTRIBUTION EXPENSES

	Year ended 31 December	
	2024	2023
Selling and distribution expenses (<i>HK\$ million</i>)	30.17	35.70
Selling and distribution expenses/revenue (%)	6.04	11.62

Selling and distribution expenses of the Group during the Year decreased to approximately HK\$30.17 million, representing a decrease of 15.49%, as compared with approximately HK\$35.70 million for the year ended 31 December 2023. The decrease in selling and distribution expenses was primarily attributable to the decrease in marketing expense.

ADMINISTRATIVE AND OTHER OPERATING EXPENSES

	Year ended 31 December	
	2024	2023
Administrative and other operating expenses (<i>HK\$ million</i>)	298.84	273.23
Administrative and other operating expenses/revenue (%)	59.85	88.89

Administrative and other operating expenses increased by 9.37% from approximately HK\$273.23 million for the year ended 31 December 2023 to approximately HK\$298.84 million for the Year. Administrative and other operating expenses as a percentage of total revenue decreased to 59.85% in 2024 from 88.89% in 2023. The increase in the amount of administrative and other operating expenses was primarily due to the increased fair value losses on financial assets at fair value through profit or loss for the Year.

INCOME TAX EXPENSE

During the Year, the Group recorded a loss before tax of approximately HK\$250.51 million, as compared with approximately HK\$234.02 million for the year ended 31 December 2023, and the Group recorded an income tax expense of approximately HK\$1.64 million for the Year as compared with an income tax credit approximately HK\$13.02 million for the year ended 31 December 2023. The turning of income tax credit to income tax expense was primarily attributable to the deferred tax impacts resulting from fair value gain on investment properties for the Year as compared with fair value loss on investment properties in last year.

LIQUIDITY, FINANCIAL RESOURCE AND CAPITAL STRUCTURE

For the Year, the Group's operating capital was mainly generated from cash from its daily operation of its businesses, equity funding, interest-bearing loan and other borrowings. The Group's cash requirements related primarily to production and operating activities, repayment of due liabilities, capital expenditure, interest and other unforeseeable cash requirements. The Group had a gearing ratio of 54% as at 31 December 2024 (2023: 47%). The gearing ratio is equal to net debt divided by the sum of capital and net debt.

Cash and cash equivalents of the Group as at 31 December 2024 amounted to approximately HK\$65.15 million, while it was HK\$63.55 million as at 31 December 2023.

As at 31 December 2024, the Group had total debts (i.e., total borrowings) of approximately HK\$1,197.24 million, which were all denominated in RMB. HK\$21.29 million of the Group's borrowings are due in 2025 with a rate of 3.15% to 5.5% per annum and HK\$1,175.95 million of the Group's borrowings are due in 2038 to 2039 with a rate of 3.15% to 5.5% per annum.

As at 31 December 2024, the Company had 16,381,007,955 ordinary shares (the "Shares") of par value HK\$0.01 each in issue.

CONTINGENCIES

Litigations with suppliers

The Group received several civil complaints in 2024 from suppliers demanding the Group to immediately repay the overdue accounts payable balance of RMB4,368,000 (equivalent to HK\$4,648,000) (2023: HK\$4,500,000). The arbitration procedures of the civil complaints were still in progress as at the date of approval of the consolidated financial statements.

PLEDGE OF ASSETS

- (a) As at 31 December 2024, the Group's time deposits of approximately HK\$53.21 million were used as a performance guarantee and a letter of credit (2023: HK\$59.75 million).
- (b) As at 31 December 2024, the Group's bank borrowings are:
 - (i) secured by certain property, plant and equipment, investment properties and right-of-use assets of the Group with a carrying value of HK\$155,170,000 (2023: HK\$70,697,000), HK\$3,151,325,000 (2023: HK\$1,558,893,000) and HK\$9,194,000 (2023: HK\$14,001,000);
 - (ii) secured by 75% shareholding interests of Dongguan Yulong Telecommunication Tech Co., Ltd (2023: 75%);

PLEDGE OF ASSETS (continued)

(b) (continued)

(iii) secured by the rights to receive the rental income of Yulong Computer Telecommunication Scientific (Shenzhen) Co., Ltd. (“**Yulong Shenzhen**”). The amount of the secured receivable as at 31 December 2024 is HK\$7,587,000 (2023: Nil); and

(iv) guaranteed by Mr. CHEN Jiajun and Yulong Shenzhen jointly and severally.

FINANCIAL REVIEW

For the Year, the Group recorded a turnover of approximately HK\$499.33 million, representing an increase of 62.46% as compared with approximately HK\$307.36 million for the year ended 31 December 2023. The increase in revenue was primarily attributable to the expansion of the cryptocurrencies business and the increased sales in the mobile phone business. The Group recorded a gross profit of approximately HK\$72.32 million for the Year as compared with approximately HK\$107.42 million for the previous year ended 31 December 2023. The Group’s overall gross profit margin for the Year was 14.48%, as compared with 34.95% for the year ended 31 December 2023. The decrease of gross profit margin primarily attributable to the fact that certain products in the mobile phone business were in the clearance phase in 2024 and low-margin hardware products contributed to a reduction in gross profit.

The selling and distribution expenses of the Group during the Year decreased to approximately HK\$30.17 million, representing a decrease of 15.49%, as compared with approximately HK\$35.70 million for the year ended 31 December 2023. The decrease in selling and distribution expenses was primarily attributable to the fact that decreased in marketing expense. The administrative and other operating expenses increased by 9.37% from approximately HK\$273.23 million for the year ended 31 December 2023 to approximately HK\$298.84 million for the Year. Administrative and other operating expenses as a percentage of total revenue decreased to 59.85% in 2024 from 88.89% in 2023. The increase in the amount of administrative and other operating expenses was primarily due to the increased fair value losses on financial assets at fair value through profit or loss for the Year.

For the Year, the Group recorded a loss before tax of approximately HK\$250.51 million, as compared with approximately HK\$234.02 million for the year ended 31 December 2023, and the Group recorded an income tax expense of approximately HK\$1.64 million for the Year as compared with income tax credit of approximately HK\$13.02 million for the year ended 31 December 2023. The turning point of income tax credit to income tax expense was primarily attributable to the deferred tax impacts resulting from fair value gain on investment properties for the Year as compared with fair value loss on investment properties in last year.

CAPITAL SUPPORT

The Company has not conducted any equity fund raising activities during the Year, and the Company has not formed any detailed plans for material investment and capital asset in the coming year. The details of the proceeds raised from the various equity fundraising from previous years and the usage of the net proceeds as follows.

CAPITAL SUPPORT (continued)

1. 2021 Share and Warrant Subscription

The details of use of proceeds in connection to the share subscription agreements and warrant subscription agreement entered into by the Company on 4 October 2021 are as follows. For details, please refer to the announcements of the Company dated 4 October 2021, 9 December 2021, 24 December 2021, 14 January 2022, 28 January 2022 and 7 September 2022, and the circular of the Company dated 23 November 2021.

Date of Completion	Event	The name of the allottee(s)	Price of the Company's listed shares concerned on the date on which the terms of the issue were fixed	Proceeds raised (approximately)	Intended use of proceeds	Original allocation of the net proceeds of the net proceeds (approximately)	Change in use of the unutilised proceeds as at 7 September 2022	Revised allocation of the unutilised net proceeds as at 7 September 2022	Proceeds brought forward as at 1 January 2024 (approximately)	Actual use of proceeds during the Year and expected timeline for unutilised net proceeds
28 January 2022	Issue and allotment of 600,000,000 new ordinary shares at a subscription price of HK\$0.28 per share	Great Fortune Global Investment Limited	0.340	HK\$168 million	(i) Expansion of the Group's mobile business in the PRC during the two years ending 31 December 2022 and six months ending 30 June 2023;	(i) 90% or HK\$788.9 million	(i) (a) The establishment of new business channels and expansion of both online and offline business channels in the PRC	(i) (a) HK\$165.2 million	HK\$32.0 million	Approximately HK\$32.0 million of the proceeds has been utilised as intended during the Year for the establishment of new business channels and expansion of both online and offline business channels in the PRC.
14 January 2022	Issue and allotment of 300,000,000 new ordinary shares at a subscription price of HK\$0.28 per share	Sharp Ally International Limited	0.340	HK\$84 million	(a) The establishment of new business channels and expansion of both online and offline business channels in the PRC; (1) establishment of new business channels for the mobile phone business in the Mainland China, i.e. the establishment of channels of authorized service stores and (2) among other things, improve the expansion of self-operated e-commerce channels and traditional distributor channels	(a) (1) 60%, or HK\$525.9 million and (2) 10%, or HK\$87.7 million	(a) HK\$465.2 million	(b) HK\$100.9 million		
14 January 2022	Issue and allotment of 800,000,000 new ordinary shares at a subscription price of HK\$0.28 per share	Elite Mobile Limited	0.340	HK\$224 million	(b) Sales and marketing of the mobile phone business	(b) 20% or HK\$175.3 million	(b) Sales and marketing of the mobile phone business	(ii) -		
30 December 2021	Issue and allotment of 150,000,000 new ordinary shares at a subscription price of HK\$0.28 per share	Allove Group LIMITED	0.340	HK\$42 million	(ii) 10% or HK\$87.7 million	(ii) 10% or HK\$87.7 million	(ii) General working capital of the Group	(iii) HK\$200 million		
23 December 2021	Issue and allotment of 350,000,000 new ordinary shares at a subscription price of HK\$0.28 per share	YH Fund SPC – YH01 SP I	0.340	HK\$98 million	(b) Sales and marketing of the mobile phone business					
17 December 2021	(i) Issue and allotment of 800,000,000 new ordinary shares at a subscription price of HK\$0.28 per share	SAI Growth Fund I, LLP	0.340	HK\$269.1 million	(ii) General working capital of the Group					
	(ii) Issuance of 800,000,000 warrants shares									

CAPITAL SUPPORT (continued)

2. 2023 Share Subscription

The details of use of proceeds in connection to the subscription agreements entered into by the Company on 27 August 2023 as follows.
For details, please refer to the announcements of the Company dated 27 August 2023 and 10 October 2023.

Date of Completion	Event	The name of the allottee(s)	Price of the Company's listed shares concerned on the date on which the terms of the issue were fixed HK\$ per Share	Proceeds raised (approximately)	Intended use of proceeds	Original allocation of the net proceeds (approximately)	Proceeds brought forward as at 1 January 2024 (approximately)	Actual use of proceeds during the Year and expected timeline for unutilised net proceeds
21 September 2023	Allotment and issue of 455,000,000 new ordinary shares at a subscription price of HK\$0.033 per share	Beyond Merchant Limited	0.038	HK\$27.0 million	(i) approximately HK\$80.0 million (or approximately 89.9%) for the new supply chain procurement demand due to the expansion of the Group's mobile business in the PRC, which is expected to be fully utilised before 30 June 2024;	(i) HK\$80.0 million (ii) HK\$9.0 million	HK\$8.7 million	Approximately HK\$8.7 million of the proceeds has been utilised as intended during the Year, amongst which (i) approximately HK\$4.7 million was utilised for the new supply chain procurement demand due to the expansion of the Group's mobile business in the PRC and (b) approximately HK\$4.0 million was utilised for the general working capital of the Group.
26 September 2023	Allotment and issue of 818,000,000 new ordinary shares at a subscription price of HK\$0.033 per share	Saints Aura Investment Holdings Limited	0.038	HK\$9.8 million				
21 September 2023	Allotment and issue of 297,000,000 new ordinary shares at a subscription price of HK\$0.033 per share	Fly Smart Limited	0.038	HK\$5.3 million	(ii) approximately HK\$9.0 million (or approximately 10.1%) for the general working capital of the Group, which is expected to be fully utilised before 30 June 2024			
10 October 2023	Allotment and issue of 160,000,000 new ordinary shares at a subscription price of HK\$0.033 per share	Xinyang Asia Limited	0.038	HK\$20.0 million				
21 September 2023	Allotment and issue of 606,000,000 new ordinary shares at a subscription price of HK\$0.033 per share	Mr. Li Guanwen	0.038	HK\$10.0 million				
21 September 2023	Allotment and issue of 303,000,000 new ordinary shares at a subscription price of HK\$0.033 per share	Mr. Du Tianzhao	0.038	HK\$3.0 million				
10 October 2023	Allotment and issue of 91,000,000 new ordinary shares at a subscription price of HK\$0.033 per share	Ms. Lam Ka Ying	0.038	HK\$15.0 million				As at 31 December 2024, all of the proceeds has been fully utilised as intended and disclosed in the announcement of the Company dated 27 August 2023.

BUSINESS REVIEW

In 2024, the global smartphone shipment market showed signs of moderate recovery. According to the statistics of Canalys, the shipment of the global smartphone market reached 1.22 billion units in 2024, representing a yearly growth rate of 7%. These statistics demonstrated a rebound of the global smartphone market after its decline for two consecutive years, and also reflected that the industry is undergoing significant reformation and adjustment.

Despite global uncertainty and supply chain pressure consistently posing challenges to the market, technological innovations and emerging new markets have become the key drivers for the market growth. Particularly, in the emerging markets namely the Asia Pacific region, Latin America and Africa, consumers have strong demand for mid-to-low end smartphones with high cost-performance ratio, which has paved a solid foundation for the growth of the overall market.

In 2024, the Group joined forces with an operator, China Mobile, to launch the Coolpad Y70Lite and the Daguang 3 Series. Notably, Daguang 3 Series supports autostereoscopic technology (裸眼3D技術). Autostereoscopic Industry Alliance (裸眼3D產業聯盟) and the Terminal Intelligence Alliance (終端智能體聯盟) were jointly established by the Group and China Mobile to promote the development and market application of autostereoscopic technology. Besides, the Group also released Cool50 and Cool60 new smartphones on the e-commerce platform. In the feature phone segment, the Group maintained its industry leading position with its technologies and market experience accumulated over the years, enabling it to provide consumers with high quality products with high cost-performance ratio.

In terms of overseas market, in 2024, the Group accelerated overseas expansion, gathering a strong growth momentum in the overall operating results. The Group focused on high-growth global markets, offering products covering mid-to-low price segments, and further exploring customized demand markets under its own brand. The Group utilised offline agents as the core distribution channels while concurrently developing cross-border e-commerce distribution customers. As of 31 December 2024, the Group successfully accessed over 20 countries or regions including Middle East Africa, Eastern Europe, Asia and Latin America, and also expanded its distribution customers on cross-border e-commerce platforms such as SHEIN, TIKTOK, AliExpress, TEMU, Lazada, etc., maintaining a stable market expansion trend.

For ecological chain and industry products, in 2024, the Group focused on the diversified development of ecological products. It developed over ten kinds of products covering a wide variety of areas, such as cloud tablets, mobile phone accessories, smart wearable devices (including smart watches and kid watches), smart healthcare products (such as smart blood pressure monitor), smart security (such as CCTV), smart earphones, in-vehicle equipment, smart dictionary pens, intercoms and network terminal equipment (such as mobile WiFi and 5G CPE). The Group has been actively promoting the development of ecological chain and industry products to provide consumers with more diverse choices.

BUSINESS REVIEW (continued)

In respect of research and development, the Group has a profound technical background and has accumulated substantial technical expertise and patent licenses. In 2024, we were dedicated to product differentiation, with a key focus on the application development of artificial intelligence (“AI”) and 3D technologies. We cooperated with domestic operators to develop new 5G calls incorporating features such as 3D video calls and real-time translation, and we launched several models of mobile phone products supporting autostereoscopic technology. In addition, the Group actively supported the development of OpenHarmony community, participating in the building of ecological chain, contributing over 40,000 core codes, and developing products covering many industries including mobile phone and financial industries. The Group consistently optimized mobile phone systems and integrated the advantages of OpenHarmony into COOLOS, delivering better experience in terms of boot acceleration, system streamlining, loading warm-up, etc..

Regarding real estate property, as of 31 December 2024, the Group owned properties including Coolpad Information Harbor in Shenzhen and Coolpad Technology Ecological Park* (酷派科技生態園) in Dongguan Songshan Lake. The main structure of Coolpad Information Harbor Phases III Projects was topped out, while the topping-out of the main structure for Phases II project was also completed in early 2025. Currently, the Group’s properties that have generated rental income include Shenzhen Coolpad Information Harbor Phase I (Coolpad Building) and Coolpad Technology Ecological Park in Dongguan Songshan Lake. Despite the current pressure on the leasing market, the Group’s occupancy rate remains stable.

For the digital currency sector, since the second half of 2023, the Group has been actively pursuing business opportunities in Web 3.0 with smartphones and mobile internet in overseas markets to enter into the digital currency sector. As of 31 December 2024, in light of the atmosphere, market trend and prospects of blockchain technology and cryptocurrency, the Group continued to increase its investment in the digital currency sector. To this end, the Group procured electronic computing servers for the cryptocurrencies business, which were deployed in North America. As of 31 December 2024, the Group had an effective computing power of 1,504,800 TH/S, and it accumulated approximately 187.32 BTC. Furthermore, the Group invested in securities that are listed in the United States and related to the crypto asset industry through open market transactions.

BUSINESS OUTLOOK

In 2025, with the rapid development of domestic AI technology represented by DeepSeek, the mobile phone market is experiencing major changes. The Group will seize the opportunity and strive to break through. We will continue to focus on the research and development of smartphones for both domestic and overseas markets, further integrating AI technology into the product portfolio, while improving system stability and optimizing user experience.

BUSINESS OUTLOOK (continued)

In the domestic market, the Group plans to continue expanding its channels, strengthening cooperation with operators while promoting cooperation with e-commerce platforms. At the same time, it will optimize existing product lines, increase ecological cooperation categories, promote the development of brand licensing business, and further enhance market competitiveness. The Group is committed to expanding its product line with the focus on AI+5G technology, covering smart wearable devices (including smart watches), smart education, smart home, security and healthcare by integrating AI, IoT and cloud computing technologies. By realizing a comprehensive transformation from a single product to a diversified ecosystem, we are building a more intelligent, efficient and convenient digital life for users.

In February 2025, the Group completed deep integration with the top AI model DeepSeek. The new primary intelligent system COOLOS equipped with the full-powered version of DeepSeek will soon be launched and upgraded via Over-The-Air updates. This deep integration not only improves the intelligence level of products and user experience, but also enhances the Group's technological leadership and market competitiveness, particularly in emerging markets. Through this technological integration, the Group can accelerate the popularization of AI scenario applications, lower the technical threshold, promote the rapid development of AI mobile phones and AIoT ecosystem, and help users enjoy a more efficient and smarter technological life.

In respect of overseas markets, the Group will continue to promote product iteration and actively expand its product lines from smartphone business to smart tablets, smart watches and other smart device businesses. For regional expansion, we will explore deeply into the key regional markets, expand and strengthen the core production areas so as to lay a solid foundation for the development of overseas business. Meanwhile, the Group will continue to explore the expansion of cross-border e-commerce and regional operator markets, broaden online and offline sales channels, and achieve mutual synergy and promotion effects to improve profitability. We will strengthen our cooperation with e-commerce platforms to further expand our market share. Regarding market strategies, we adopt a dual-driven model of brand and original design manufacturer for on-going exploration of new markets and new customers. In addition, we will devote more effort in marketing support for key markets, achieve online and offline resonance effects through traffic investment and reinforcing brand promotion, and enhance brand influence and market penetration.

In terms of real estate property leasing, the Group will explore new markets and attract new customers through innovative thinking and tactics. We will optimize existing properties, stabilize rental income, and ensure the stability of project occupancy rates. At the same time, we will adjust the rental price level in a timely manner to improve market competitiveness and ensure that the project is in a dominant position in the market.

BUSINESS OUTLOOK (continued)

In order to strengthen its layout in the digital currency field and achieve vertical integration, the Group plans to conduct upstream acquisition in 2025. The target company is mainly engaged in cryptocurrency mining and depository services, providing highly efficient power supply, security optimization facilities and data center services, and has competitive advantages such as energy efficiency, security, reliability and scalability. Through this acquisition, the Group will control key mining infrastructure, improve operational efficiency, reduce costs, and expand its business scope. This will not only help enhance its own mining business, but also provide depository services to other companies, generating new sources of income and enhancing competitiveness in the cryptocurrency industry. In addition, the target company's infrastructure can also support AI and Internet data center (IDC) businesses, providing solid support for the Group's future expansion in the field of smart technology.

The Group will persistently adhere to the core principle of technological innovation and market demand-oriented, actively expand and deepen the global market layout, especially targeting on emerging markets with high potential for strategic development. We closely follow the leading-edge developments in AI and blockchain technology, and are committed to exploring new opportunities brought about by these technological innovations and striving to achieve seamless integration into our full range of products. Looking ahead to the future, we will face every challenge with a steady and confident pace, seize every development opportunity, strive to achieve the goal of sustained and healthy profit growth, and at the same time promote the progress of the industry and the development of society.

FOREIGN EXCHANGE EXPOSURE

The main business operations of the Group during the Year are conducted in Mainland China, its income, cost and assets are denominated primarily in Renminbi (“**RMB**”), while the Group's consolidated financial statements are expressed in HK\$. The exchange rate risk of the Group arises mainly from foreign exchange exposures associated with the sales, purchases and assets settled in currencies other than HK\$ and the volatility of exchange rates. The Group has not entered into any derivative contracts to hedge against the risk in the Year.

INTEREST RATE RISK

The risk in interest rate concerning the Group primarily relates to its short-term bank loans, long-term bank loan and other borrowings. The interests are calculated at fixed and floating rates. Any rise in the current interest rate will increase the interest cost. As at the end of the Year, the Group had not executed any form of interest rate agreement or derivative to hedge against the fluctuation in interest rate.

EMPLOYEES AND REMUNERATION POLICY

During the Year, the Group's staff costs (including Directors' remuneration) amounted to approximately HK\$105.35 million (2023: HK\$97.33 million). The remuneration of the Group's employees (including the Directors) was commensurate with their responsibilities and market rates, with discretionary bonuses and training given on a merit basis. As of 31 December 2024, the Group had 225 employees (including the Directors) (2023: 299 employees (including the Directors)).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

DIVIDEND

The Directors did not recommend the payment of any dividends for the Year (2023: Nil).

COMPLIANCE WITH THE MODEL CODE

The Company has adopted a code of conduct for securities transactions and dealings (the “**Code of Conduct**”) based on the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the “**Model Code**”). The terms of the Code of Conduct are no less exacting than the standards in the Model Code, and the Code of Conduct applies to all relevant persons as defined in the Model Code, including all the Directors, all other employees of the Company, and director and employees of a subsidiary or holding company of the Company who, because of such office or employment, are likely to be in possession of unpublished price sensitive information in relation to the Company or its securities. Specific enquiry has been made of all the Directors who have confirmed in writing their compliance with the required standards set out in the Model Code and the Code of Conduct during the Year.

To supplement the Model Code, the Company has also put in place a disclosure of information policy for the handling and disclosure of inside information. The policy sets out the procedures and internal controls for the handling and dissemination of inside information in a timely manner and provides the Directors, senior management and relevant employees a general guide in monitoring information disclosure and responding to enquiries. Further, control procedures have been implemented to ensure that the unauthorized access and use of inside information is strictly prohibited.

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.

REVIEW OF PRELIMINARY ANNOUNCEMENT OF RESULTS BY THE INDEPENDENT AUDITORS

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2024, consolidated statement of profit or loss and other comprehensive income for the Year and the related notes thereto as set out in the preliminary announcement have been agreed by the Company's auditor to the amounts set out in the Group's consolidated financial statements for the Year. The work performed by the Company's auditor, ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards in Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

“Opinion

We have audited the consolidated financial statements of the Group which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to note 2.1 to the consolidated financial statements which mentions that the Group incurred a loss of HK\$252,158,000 for the Year and as at 31 December 2024, the Group had net current liabilities of HK\$657,496,000. As stated in note 2.1, these events or conditions, along with other matters as set forth in note 2.1, indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.”

IMPORTANT EVENTS AFTER THE YEAR

The Group does not have any important event after the Year that needs to be disclosed.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Under Code Provision B.2.2 of the Corporate Governance Code (the “Code”) as set out in Appendix C1 to the Listing Rules, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The annual general meeting of the Company had not been held during the Year due to delay in completion of the audit of the annual results of the Group for the year ended 31 December 2023. Therefore, no Directors have been subject to retirement and re-election by the Shareholders at the annual general meeting. An annual general meeting of the Company will be arranged in due course, for the retirement and re-election of Directors.

Under Code Provision C.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. Currently, Mr. Chen Jiajun 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.

Under Code Provision F.2.2 of the Code, the chairman of the Board should attend the annual general meeting, and invite the chairmen of the audit committee, remuneration committee, nomination committee and any other committees (as appropriate) to attend. The annual general meeting of the Company had not been held during the Year due to delay in completion of the audit of the annual results of the Group for the year ended 31 December 2023. An annual general meeting of the Company will be arranged in due course.

Save as disclosed above, none of the Directors is aware of any information which would reasonably indicate that the Company has not met the requirements under the Code during the Year.

ANNUAL GENERAL MEETING

The date of annual general meeting of the Company will be stated in the notice of annual general meeting which will be dispatched in due course.

PUBLICATION OF INFORMATION ON THE WEBSITES

The annual report of the Company for the Year containing the information required by the Listing Rules will be dispatched to the Company’s shareholders and published on the website of the Stock Exchange at www.hkex.com.hk and the website of the Company at www.coolpad.com.hk in due course.

FORWARD LOOKING STATEMENTS

This announcement contains forward looking statements that are based on the current beliefs, assumptions and expectations of the Board regarding the industry and markets in which the Group operates. These forward statements are subject to risks, uncertainties and other factors beyond the Group's control which may cause actual results or performance to differ materially from those expressed or implied in such forward looking statements. 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 undue reliance on the information disclosed herein. Any holder of securities or potential investor of the Company who is in doubt is advised to seek advice from professional advisors.

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

Hong Kong, 28 March 2025

As at the date of this announcement, the Board comprises (i) three executive Directors, namely Mr. Chen Jiajun, Mr. Ma Fei and Ms. Liu Juan; (ii) three non-executive Directors, namely Mr. Liang Rui, Mr. Ng Wai Hung and Mr. Xu Yibo; and (iii) three independent non-executive Directors, namely Mr. Guo Jinghui, Ms. Wang Guan and Mr. Cheuk Ho Kan.

* *For identification purposes only*