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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)

**SUBSCRIPTION OF SHARES
UNDER GENERAL MANDATE**

The Board is pleased to announce that on 7 October 2019, the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 800,000,000 Subscription Shares at the Subscription Price of HK\$0.215 per Subscription Share.

The Subscription Shares represent (i) approximately 15.89% of the existing issued share capital of the Company as at the date of this announcement and (ii) approximately 13.71% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming that there will be no change in the share capital of the Company from the date of the Subscription Agreement to the date of Completion save for the allotment and issue of the Subscription Shares). To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Subscriber is a third party to the Company and its connected persons.

The Subscription Shares will be allotted and issued under the General Mandate.

The gross proceeds from the Subscription will be HK\$172 million. The net proceeds from the Subscription (after deducting the expenses incurred in the Subscription) is estimated to be approximately HK\$171 million.

Shareholders and potential investors should note that completion of the Subscription is subject to fulfilment of the conditions under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

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THE SUBSCRIPTION AGREEMENT

Principal terms of the Subscription Agreement are as follows:

Date

7 October 2019

Parties to the Subscription Agreement

- (i) the Company as the issuer of the Subscription Shares;
- (ii) the Subscriber as the subscriber for the Subscription Shares; and
- (iii) the Guarantor as the guarantor for the Subscriber.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Subscriber and the Guarantor is a third party independent of the Company and its connected persons.

Subscription Shares

Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for 800,000,000 Subscription Shares at the Subscription Price of HK\$0.215 per Subscription Share.

Assuming that there will be no change in the share capital of the Company from the date of the Subscription Agreement to the date of Completion save for the allotment and issue of the Subscription Shares, the Subscription Shares represent:

- (i) approximately 15.89% of the existing issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 13.71% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The aggregate nominal value of the Subscription Shares is HK\$8 million.

Subscription Price

The Subscription Price of HK\$0.215 per Subscription Share represents:

- (i) a discount of approximately 17.3% to the closing price of HK\$0.26 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement;
- (ii) a discount of approximately 19.2% to the average closing price of approximately HK\$0.266 per Share as quoted on the Stock Exchange for the last five (5) trading days up to and including the Last Trading Day; and
- (iii) a discount of approximately 22.1% to the average closing price of approximately HK\$0.276 per Share as quoted on the Stock Exchange for the last ten (10) trading days up to and including the Last Trading Day.

The net Subscription Price per Subscription Share, after deduction of relevant expenses, is estimated to be approximately HK\$171 million.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Subscriber after taking into account the prevailing market price of the Shares and the trading volume of the Shares. The Directors are of the view that the Subscription Price is fair and reasonable, on normal commercial terms, and is in the interests of the Company and the Shareholders as a whole.

Ranking

The Subscription Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with all other Shares in issue at the time of allotment and issue of the Subscription Shares.

Conditions precedent

The obligations of the Subscriber to subscribe and pay for, and the obligations of the Company to issue, the Subscription Shares to the Subscriber are subject to the fulfilment or waiver (as the case may be) of the following conditions precedent:

- (a) the granting of the approval for the listing of, and permission to deal in the Subscription Shares by the Listing Committee of the Stock Exchange;

- (b) the current listing of the Shares on the Stock Exchange not having been cancelled or withdrawn, the Shares continuing to be traded on the Stock Exchange at all times from the date of the Subscription Agreement to the date of Completion (save for any temporary suspension for not more than 10 Business Days) (or such other period as the Subscriber may agree) and neither the Stock Exchange nor the Securities and Futures Commission having indicated that either one of them will qualify, object to, cancel or withdraw such listing and/or dealings in the Shares for reasons related to or arising from the transactions contemplated in the Subscription Agreement;
- (c) the Group having obtained all consents from third parties which are necessary to be obtained for the execution and performance of the Subscription Agreement and any of the transactions contemplated under the Subscription Agreement; and
- (d) the warranties being true, accurate and correct in all respects at Completion (except for such warranties that speak as of a specific date, which shall be true and correct as of such specified date) and each of the Parties having performed in all respects all its obligations under the Subscription Agreement to be performed before Completion.

The condition set out in paragraph (a) above is not waivable by either Party. The Subscriber may at any time by notice in writing to the Company waive any of the conditions set out in paragraphs (b) to (c) above. The Company may at any time by notice in writing to the Subscriber waive the conditions set out in paragraph (d) above in respect of the warranties and obligations of the Subscriber and the Subscriber may at any time by notice in writing to the Company waive the conditions set out in paragraph (d) above in respect of the warranties and obligations of the Company.

Completion

Completion shall take place within 3 Business Days (or otherwise agreed by the Parties in writing) after the fulfilment (or waiver, if applicable) of the Conditions Precedent. In the event that any of the Conditions Precedent have not been fulfilled (or waived, as the case may be) on or prior to the Long Stop Date, then neither Party shall be bound to proceed with the transaction contemplated under the Subscription Agreement and the Subscription Agreement shall cease to be of any effect save for certain specified clauses.

INFORMATION ON THE SUBSCRIBER

Based on information provided to the Company, the Subscriber is an investment holding company incorporated in the British Virgin Islands with limited liability and is entire owned by the Mr. Tu Erfan as the Guarantor. Mr. Tu Erfan is an experienced investor and businessman.

GENERAL MANDATE TO ISSUE THE SUBSCRIPTION SHARES

The Subscription Shares will be issued and allotted under the General Mandate. The General Mandate entitles the Directors to issue, allot and deal with up to 1,006,681,496 Shares, representing 20% of the issued share capital of the Company as at the date of the AGM. Since the date of the AGM and up to and including the date of this announcement, no Shares have been allotted and issued pursuant to the General Mandate. Accordingly, the General Mandate is sufficient for the allotment and issue of the Subscription Shares and the allotment and issue of the Subscription Shares is not subject to the Shareholders' approval.

APPLICATION FOR LISTING

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

REASONS FOR AND BENEFIT OF THE SUBSCRIPTION AND USE OF PROCEEDS

The Directors are of the view that the Subscription is in the interests of the Company and the Shareholders as a whole and the allotment and issue of the Subscription Shares is an appropriate means of raising additional capital for the business operations of the Group since it will provide the Company with immediate funding and the shareholders' base of the Company will be broadened. The Directors consider that the terms of the Subscription Agreement are on normal commercial terms and are fair and reasonable.

The gross proceeds from the Subscription will be HK\$172 million. The net proceeds from the Subscription (after deducting the expenses incurred in the Subscription) is estimated to be approximately HK\$171 million. The Company intends to apply the net proceeds from the Subscription: (i) as to HK\$94 million for the repayments of maturing debt and (ii) as to HK\$77 million for working capital and other general corporate purposes.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE-MONTH PERIOD

The Company has not carried out any equity fund raising activity in the twelve months immediately prior to the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 5,033,407,480 Shares in issue. The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately following the Completion (assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to the date of Completion) are summarised as follows:

Shareholders	As at the date of this announcement		Immediately following Completion	
	Number of Shares	% (Approx.)	Number of Shares	% (Approx.)
Kingkey Financial Holdings (Asia) Limited (Note 1)	897,437,000	17.83	897,437,000	15.38
Data Dreamland Holding Limited (Note 2)	462,889,484	9.20	462,889,484	7.94
Wintech Consultants Limited (Note 2)	483,000	0.01	463,372,484	0.01
HSBC International Trustee Limited (“HSBS Trustee”) (Note 3)	1,000,000	0.02	463,889,484	0.02
Zeal Limited (Note 4)	551,367,386	10.95	551,367,386	9.45
Subscriber	–	–	1,000,000,000	13.71
Other public shareholders	3,120,713,610	62.00	3,120,713,610	53.49
Total	5,033,407,480	100	6,033,407,480	100

Notes:

1. The 897,437,000 Shares were directly held by Kingkey Financial Holdings (Asia) Limited, and Kingkey Financial Holdings (Asia) Limited is ultimately owned by Mr. Chen Jiajun.
2. The entire issued share capital of Data Dreamland Holding Limited is held by Barrie Bay (PTC) Limited. Barrie Bay (PTC) Limited is acting as the trustee of the Barrie Bay Unit Trust. The Barrie Bay Unit Trust is a unit trust held by HSBC Trustee, which is acting as the trustee of the Barrie Bay Trust. The Barrie Bay Trust is a discretionary trust set up by Mr. Guo Deying and Ms. Yang Xiao (the spouse of Mr. Guo Deying) and the beneficiary objects of which include the children of Mr. Guo Deying and Ms. Yang Xiao. Mr. Guo Deying is taken to be interested in the 483,000 shares held by Wintech Consultants Limited as he is one out of the three directors of Wintech Consultants Limited and the other two directors are accustomed to act in accordance with Mr. Guo Deying’s direction.
3. The 1,000,000 Shares were held by HSBC Trustee privately as the trustee.
4. Zeal Limited is wholly-owned by Shenzhen LETV Bridge Merger Acquisition Fund Investment Management Enterprise (Limited Partnership) (深圳市樂視鑫根併購基金投資管理企業(有限合夥)).

Shareholders and potential investors should note that completion of the Subscription is subject to fulfilment of the conditions under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“AGM”	the annual general meeting of the Company held on 24 May 2019
“Board”	the board of Directors
“Business Day”	a day (other than Saturday or Sunday or public holiday and days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are open for general banking business
“Company”	Coolpad Group Limited (酷派集團有限公司), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange
“Conditions Precedent”	the conditions precedent to Completion, as more particularly set out under the paragraph headed “The Subscription Agreement – Conditions precedent”
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Completion”	completion of the Subscription pursuant to the terms and conditions of the Subscription Agreement
“Directors”	directors of the Company
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to issue, allot and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars
“independent third party(ies)”	an individual or a company who or which is independent of and not connected with (within the meaning of the Listing Rules) any Directors, chief executive or substantial shareholders, of the Company, its subsidiaries or any of their respective associate

“Last Trading Day”	4 October 2019, being the last trading day immediately prior to the entering into of the Subscription Agreement
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	30 November 2019
“PRC”	the People’s Republic of China and for the sole purpose of this announcement shall exclude Hong Kong, Macau Special Administrative Region and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscriber”	New Prestige Developments Limited
“Subscription Agreement”	the conditional subscription agreement dated 7 October 2019 entered into between the Company and the Subscriber in relation to the Subscription
“Subscription Price”	the subscription price of HK\$0.215 per Subscription Share
“Subscription Shares”	an aggregate total of 800,000,000 new Shares to be issued and allotted by the Company to the Subscriber pursuant to the terms and conditions of the Subscription Agreement
“%”	per cent.

By order of the Board
Coolpad Group Limited
Leung Siu Kee
Executive Director
Company Secretary

Hong Kong, 7 October 2019

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