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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)

**(1) DISCLOSEABLE TRANSACTIONS RELATING TO COOLPAD
INFORMATION HARBOUR CONSTRUCTION CONTRACTS; AND
(2) MAJOR TRANSACTION RELATING TO DONGGUAN
CONSTRUCTION CONTRACT**

COOLPAD INFORMATION HARBOUR CONSTRUCTION CONTRACTS

On 8 August 2018, Shenzhen Yulong, a wholly-owned subsidiary of the Company, entered into the Phase Two Construction Contract with Wuchuan Construction, pursuant to which Wuchuan Construction agreed to act as main contractor for construction works of Phase Two of Coolpad Information Harbour Project for a total contract sum of RMB699,456,000.

On the same day, Shenzhen Yulong also entered into the Phase Three Construction Contract with Wuchuan Construction, pursuant to which Wuchuan Construction agreed to act as main contractor for construction works of Phase Three of Coolpad Information Harbour Project for a total contract sum of RMB202,757,080.23.

DONGGUAN CONSTRUCTION CONTRACT

On 14 October 2020, Dongguan Yulong, a wholly-owned subsidiary of the Company, entered into the Dongguan Construction Contract with Wuchuan Construction, pursuant to which Wuchuan Construction agreed to act as the main contractor for construction works of the Dongguan Phase III Project for a total contract sum of RMB750,000,000.

IMPLICATIONS UNDER THE LISTING RULES

As each of the Coolpad Information Harbour Project and Dongguan Phase III Project is for the Group's own use in its usual course of business, according to Rule 14.23A of the Listing Rules, the transaction contemplated under the construction of these projects made between the Company and Wuchuan Construction are not required to be aggregated and treated as one transaction.

As the highest applicable percentage ratio for each of the Coolpad Information Harbour Construction Contracts exceeded 5% but was less than 25%, each of the Coolpad Information Harbour Construction Contracts constituted discloseable transactions of the Company under Chapter 14 of the Listing Rules and should have been subject to the reporting and announcement requirements but were exempt from circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio for the Dongguan Construction Contract exceeded 25% but was less than 100%, the Dongguan Construction Contract constituted a major transaction of the Company and should have been subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Due to inadvertent misunderstanding and oversight of the Listing Rules, the Group failed to comply with the applicable reporting, announcement and, where applicable, shareholders' approval requirements under Chapter 14 of the Listing Rules in respect of each of the Coolpad Information Harbour Construction Contracts and the Dongguan Construction Contract at the relevant time.

Considering (i) construction of the Dongguan Phase III Project has commenced for over two years and it would be impracticable to unwind the Dongguan Construction Contract; and (ii) the Dongguan Phase III Project is ongoing, even though the Dongguan Construction Contract was subject to the shareholders' approval requirement as set out above, the Company considers that it might not be meaningful and therefore does not intend to despatch any circular or convene any general meeting of the Company for the purpose of approving or ratifying the Dongguan Construction Contract.

INTRODUCTION

On 8 August 2018, Shenzhen Yulong, a wholly-owned subsidiary of the Company, entered into the Coolpad Information Harbour Construction Contracts with Wuchuan Construction, pursuant to which Wuchuan Construction agreed to act as main contractor for construction works of Phases Two and Three of Coolpad Information Harbour Project.

On 14 October 2020, Dongguan Yulong, a wholly-owned subsidiary of the Company, entered into the Dongguan Construction Contract with Wuchuan Construction, pursuant to which Wuchuan Construction agreed to act as main contractor for construction works of the Dongguan Phase III Project.

The principal terms of each of the Coolpad Information Harbour Construction Contracts and Dongguan Construction Contract are set out below.

THE COOLPAD INFORMATION HARBOUR CONSTRUCTION CONTRACTS

Date : 8 August 2018

Parties : (i) Shenzhen Yulong
(ii) Wuchuan Construction

Scope of works : **The Phase Two Construction Contract**

The construction of two buildings and ancillary facilities for Phase Two of Coolpad Information Harbour Project with the total construction area of 154,310.54 square metres.

The Phase Three Construction Contract

The construction of one building and ancillary facilities for Phase Three of Coolpad Information Harbour Project with the total construction area of 42,241.20 square metres.

Under the Coolpad Information Harbour Construction Contracts, Wuchuan Construction, as the main contractor, is responsible for the design, purchase of facilities and materials, construction, management and technical services, ongoing progress and quality monitoring, as well as the repair, maintenance and protection of the construction works. Wuchuan Construction would engage sub-contractors (which are approved by the Group) to carry out parts of the construction works under its supervision and management.

Contract sum : The contract sum of Phase Two Construction Contract and Phase Three Construction Contract is RMB699,456,000 and RMB202,757,080.23, respectively (subject to adjustments for any variations and additional works as in accordance with the respective contract). The contract sum of Phase Two Construction Contract and Phase Three Construction Contract includes safety and civilization construction fees (安全文明施工費) (“**Safety Construction Fees**”) of RMB17,486,400 and RMB4,865,266.70, respectively.

Pursuant to the Coolpad Information Harbour Construction Contracts, the respective contract sum shall be paid by way of progress payments in the following manners:

- (i) After Wuchuan Construction has entered the site and commenced constructions works, upon Wuchuan Construction's payment application, Shenzhen Yulong shall pay Wuchuan Construction an advance payment in the amount of RMB5,245,920 and RMB1,459,580.01, representing 30% of the Safety Construction Fees for the Phase Two Construction Contract and Phase Three Construction Contract, respectively.
- (ii) The work fees shall be paid on a monthly basis. Wuchuan Construction shall submit the monthly construction progress report to Shenzhen Yulong, which shall pay 80% of such monthly work fees within the following month.
- (iii) 85% of the contract sum shall have been paid after the construction work is inspected and accepted by the relevant PRC quality supervision authorities.
- (iv) 97% of the contract sum shall have been paid after completion of the construction work. The remaining 3% of the contract sum shall be retained by Shenzhen Yulong as the warranty fund, which shall be paid to Wuchuan Construction upon expiration of the works quality warranty period.

Works quality warranty period : Under both Phase Two Construction Contract and Phase Three Construction Contract, the foundation and the main structure, the warranty shall cover a reasonable period of usage as per detailed design documentations. For waterproof related matters (including anti-leakage works for toilets, rooms and external walls), the warranty period is five years. For electrical piping works, drainage works and the related system installation works, fitting-out works and other matters, the warranty period shall be two years.

Contract schedule : **Phase Two Construction Contract**

Date of commencement: 1 December 2018

Date of completion: 1 September 2021

Phase Three Construction Contract

Date of commencement: 1 July 2018

Date of completion: 15 September 2020

Following the signing of the Coolpad Information Harbour Construction Contracts, development and construction of Phases Two and Three of Coolpad Information Harbour has not commenced until 2021. Pursuant to a cooperation agreement (the “**Cooperation Agreement**”) between Shenzhen Yulong and Shenzhen Xinghuaan Real Estate Development Co., Ltd.* (深圳市星華安房地產開發有限公司) (“**Xinghuaan**”) dated 12 January 2021, the parties agreed to cooperate in the development of Phases Two and Three of Coolpad Information Harbour, and Xinghuaan shall, among others, provide all funds, taxes and fees originated from the construction and operation. For further details of the Cooperation Agreement, please refer to the Company’s announcement dated 12 January 2021 and circular dated 27 April 2021. As at the date of this announcement, the construction work of Phases Two and Three of Coolpad Information Harbour is in progress.

THE DONGGUAN CONSTRUCTION CONTRACT

Date : 14 October 2020

Parties : (i) Dongguan Yulong
(ii) Wuchuan Construction

Scope of works : The construction of Dongguan Phase III Project with the total construction area of 227,327.32 square metres.

Wuchuan Construction, as the main contractor, is responsible for the design, purchase of facilities and materials, construction, management and technical services, ongoing progress and quality monitoring, as well as the repair, maintenance and protection of the construction works. Wuchuan Construction would engage sub-contractors (which are approved by the Group) to carry out parts of the construction works under its supervision and management.

Contract sum : The contract sum of RMB750,000,000 (subject to adjustments for any variations and additional works as in accordance with the Dongguan Construction Contract), which includes green construction and safety protection measure fees (綠色施工安全防護措施單列費) (“**Green Construction Measure Fees**”) of RMB20,000,000, shall be paid by way of progress payments in the following manners:

- (i) After Wuchuan Construction has entered the site and commenced constructions works, upon Wuchuan Construction’s payment application, Dongguan Yulong shall pay Wuchuan Construction an advance payment in the amount of RMB6,000,000, representing 30% of the Green Construction Measure Fees.
- (ii) The work fees shall be paid on a monthly basis. Wuchuan Construction shall submit the monthly construction progress report to Dongguan Yulong, which shall pay 80% of such monthly work fees within the following month.
- (iii) 85% of the contract sum shall have been paid after the construction work is inspected and accepted by the relevant PRC quality supervision authorities.
- (iv) 97% of the contract sum shall have been paid after completion of the construction work. The remaining 3% of the contract sum shall be retained by Dongguan Yulong as the warranty fund, which shall be paid to Wuchuan Construction upon expiration of the works quality warranty period.

Works quality warranty period : For the foundation and the main structure, the warranty shall cover a reasonable period of usage as per detailed design documentations. For waterproof related matters (including anti-leakage works for toilets, rooms and external walls), the warranty period is five years. For electrical piping works, drainage works and the related system installation works, fitting-out works and other matters, the warranty period shall be two years.

Contract schedule : Date of commencement: 1 November 2020

Date of completion: 31 May 2023

As at the date of this announcement, the construction work of Dongguan Phase III Project is ongoing.

Pricing Basis

The consideration of each of the aforementioned contracts was determined after arm's length negotiations between the Group and Wuchuan Construction and on normal commercial terms with reference to the market price of construction works of comparable scale and complexity. Wuchuan Construction was selected as the main contractor for the Coolpad Information Harbour Project and Dongguan Phase III Project through public tender and the Group has considered Wuchuan Construction's reasonable price, quality of work, specialised technological know-hows, qualifications and experience in carrying out construction works of similar nature.

Since the respective signing date of the Coolpad Information Harbour Construction Contracts and Dongguan Construction Contract and up to the year ended 31 December 2022, the Company has incurred fees payable of approximately RMB78.34 million and RMB567.48 million under the respective contracts. Pursuant to the Cooperation Agreement, the construction fees under the Coolpad Information Harbour Construction Contracts are borne by Xinghuan. In respect of the Dongguan Construction Contract, the total contract sum was settled by the Group with internal resources.

GENERAL INFORMATION OF THE GROUP AND THE PARTIES

The Group

The Group is principally engaged in the production and sale of mobile phones and accessories, and the provision of wireless application services.

Shenzhen Yulong

Shenzhen Yulong is committed to be a leading developer and provider of integrated solutions for Coolpad smartphone sets, mobile data platform system, and value-added business operations in the PRC.

Dongguan Yulong

Dongguan Yulong is principally engaged in the manufacturing of mobile phones and accessories.

Wuchuan Construction

Wuchuan Construction is a company incorporated in the PRC which is principally engaged in building construction and real estate development and operation businesses. It has various qualifications for construction projects, covering general construction contracting, building decoration engineering and municipal public works. Based on public information, the single largest ultimate beneficial owners of Wuchuan Construction are Yang Xiaoyong and Huang Yumei, each of whom holds 15% equity interest of Wuchuan Construction.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the respective signing date of the Coolpad Information Harbour Construction Contracts and Dongguan Construction Contract and up to the date of this announcement, each of Wuchuan Construction and its ultimate beneficial owner(s) is a third party independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONSTRUCTION CONTRACTS

The Directors are of the view that the construction of Phases Two and Three of the Coolpad Information Harbour Project and the Dongguan Phase III Project are beneficial to the long term development of the Group.

The Coolpad Information Harbour Construction Contracts are for the construction of Phases Two and Three of the Coolpad Information Harbour Project, an urban renovation project initiated by the Group with an aim to construct a technology park. Upon completion of the said project, the Group intends to keep the properties for its own use and leasing to other high-technology enterprises, which will enable the Group to realise value and generate income.

The Dongguan Construction Contract is for the construction of factory plants and ancillary facilities for Dongguan Phase III Project, which could be used to expand the Group's production capacity and enhance production efficiency, and in turn improve the Group's sale of mobile phones and related accessories business.

The Directors consider that the terms of the Coolpad Information Harbour Construction Contracts and Dongguan Construction Contract are on normal commercial terms and are fair and reasonable and that the transaction contemplated under these contracts are in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As each of the Coolpad Information Harbour Project and Dongguan Phase III Project is for the Group's own use in its usual course of business, according to Rule 14.23A of the Listing Rules, the transaction contemplated under the construction of these projects made between the Company and Wuchuan Construction are not required to be aggregated and treated as one transaction.

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Due to inadvertent misunderstanding and oversight of the Listing Rules, the Group failed to comply with the applicable reporting, announcement and, where applicable, shareholders' approval requirements under Chapter 14 of the Listing Rules in respect of each of the Coolpad Information Harbour Construction Contracts and the Dongguan Construction Contract at the relevant time.

Considering (i) construction of the Dongguan Phase III Project has commenced for over two years and it would be impracticable to unwind the Dongguan Construction Contract; and (ii) the Dongguan Phase III Project is ongoing, even though the Dongguan Construction Contract was subject to the shareholders' approval requirement as set out above, the Company considers that it might not be meaningful and therefore does not intend to despatch any circular or convene any general meeting of the Company for the purpose of approving or ratifying the Dongguan Construction Contract.

RATIFICATION AND REMEDIAL ACTIONS TO BE TAKEN BY THE COMPANY

In order to prevent reoccurrence of similar incidents in the future, the Group will put in place the following internal control measures:

1. arrange regular training on regulatory compliance matters relating to notifiable transactions to the Directors, senior management and responsible staff to ensure that they fully understand the requirements of the Listing Rules;
2. strengthen the coordination and reporting arrangements between different departments of the Group in respect of requirements under the Listing Rules that may be relevant to the Group and monitor the Group's on-going compliance with the Listing Rules; and
3. consult professional advisers prior to any proposed transactions or events so as to ensure that the Group could timely comply with the relevant requirements under the Listing Rules.

DEFINITIONS

In this announcement, in addition to terms defined above, the following expressions shall have the following meanings, unless the context requires otherwise:

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|-------------|--|
| “associate” | has the meaning ascribed to it under the Listing Rules |
| “Board” | the board of Directors of the Company |

“Company”	Coolpad Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2369)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Coolpad Information Harbour Construction Contracts”	collectively, the Phase Two Construction Contract and Phase Three Construction Contract
“Coolpad Information Harbour Project”	buildings being constructed at Coolpad Information Harbour Project located at Keyuan Main Road, Nanshan District, the PRC to be used by the Group for research purpose and office use
“Director(s)”	director(s) of the Company (including independent non-executive director(s))
“Dongguan Construction Contract”	the main contractor contract between Dongguan Yulong and Wuchuan Construction dated 14 October 2020 in respect of the construction works of Dongguan Phase III Project
“Dongguan Phase III Project”	factory plants being constructed at Dongguan Songshan Lake Hi-Tech Industrial Development Zone, the PRC to be used by the Group for industrial use
“Dongguan Yulong”	Dongguan Yulong Telecommunication Tech Co., Ltd. (東莞宇龍通信科技有限公司), an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Phase Three Construction Contract”	the main contractor contract between Shenzhen Yulong and Wuchuan Construction dated 8 August 2018 in respect of the construction works of Phase Three of Coolpad Information Harbour Project
“Phase Two Construction Contract”	the main contractor contract between Shenzhen Yulong and Wuchuan Construction dated 8 August 2018 in respect of the construction works of Phase Two of Coolpad Information Harbour Project

“PRC”	the People’s Republic of China, for the purpose of this announcement excludes Hong Kong, Taiwan and Macau S.A.R
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the shares of the Company
“Shenzhen Yulong”	Yulong Computer Telecommunication Scientific (Shenzhen) Co., Ltd. (宇龍計算機通信科技(深圳)有限公司), an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Wuchuan Construction”	Guangdong Wuchuan Construction and Installation Engineering Co.* (廣東吳川建築安裝工程有限公司), a company incorporated in the PRC
“%”	per cent

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

Hong Kong, 18 June 2023

As at the date of this announcement, the Board comprises (i) two executive directors, namely Mr. Chen Jiajun and Mr. Ma Fei; (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, Mr. Chiu Sin Nang Kenny and Mr. Ngai Tsz Hin Michael.

* *For identification purpose only*