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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)**

### **CONTINUING CONNECTED TRANSACTIONS**

#### **(1) MEMBERSHIP SERVICES PROCUREMENT FRAMEWORK CONTRACT**

#### **(2) MEMBERSHIP PROMOTION FRAMEWORK AGREEMENT**

#### **(3) EUI PROMOTION FRAMEWORK AGREEMENT**

#### **(4) ADVERTISEMENT PROMOTION FRAMEWORK AGREEMENT**

**AND**

#### **(5) PRE-INSTALLATION AGREEMENT**

#### **MEMBERSHIP SERVICES PROCUREMENT FRAMEWORK CONTRACT**

On 28 October 2016, Yulong Shenzhen, an indirectly wholly-owned subsidiary of the Company, entered into the Membership Services Procurement Framework Contract with Horgos Company, pursuant to which Yulong Shenzhen agreed to procure the Membership Benefits Services from Horgos Company.

#### **MEMBERSHIP PROMOTION FRAMEWORK AGREEMENT**

On 28 October 2016, Yulong Shenzhen entered into the Membership Promotion Framework Agreement with Horgos Company, pursuant to which Yulong Shenzhen agreed to promote the Memberships for Horgos Company.

#### **EUI PROMOTION FRAMEWORK AGREEMENT**

On 28 October 2016, Yulong Shenzhen entered into the EUI Promotion Framework Agreement with Le Co., pursuant to which Yulong Shenzhen agreed to promote the EUI for Le Co. by pre-installation of the EUI on the EUI Terminals.

#### **ADVERTISEMENT PROMOTION FRAMEWORK AGREEMENT**

On 28 October 2016, Yulong Shenzhen entered into the Advertisement Promotion Framework Agreement with Le Co., pursuant to which Yulong Shenzhen agreed to promote the corporate images, products and services of Le Co. and the Related Companies via advertisements on the Apps.

## **PRE-INSTALLATION AGREEMENT**

On 28 October 2016, Yulong Shenzhen entered into the Pre-Installation Agreement with LeEco, pursuant to which Yulong Shenzhen agreed to carry out Pre-Installation and OTA Push for LeEco.

## **LISTING RULES IMPLICATION**

LeEco, Horgos Company and Le Co., each as an associate of Mr. Jia Yueting (a Director of the Company), are connected persons of the Company. Accordingly, the transactions contemplated under the Contracts constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14A.06 of the Listing Rules) in respect of the proposed annual cap of the transactions contemplated under the Membership Services Procurement Framework Contract for the year ending 31 December 2016 exceed 0.1% but are less than 5%, the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The transactions contemplated under the Promotion Framework Agreements, which are all entered into between Yulong Shenzhen and the Connected Group, are aggregated pursuant to Rule 14A.81 for purpose of calculating the percentage ratios (as defined under Rule 14A.06 of the Listing Rules). As one or more of the applicable percentage ratios (as aggregated) in respect of the proposed annual caps of the transactions contemplated under the Promotion Framework Agreements for the year ending 31 December 2016 exceed 0.1% but are less than 5%, the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Board is pleased to announce that on 28 October 2016, Yulong Shenzhen, an indirectly wholly-owned subsidiary of the Company, entered into (1) the Membership Services Procurement Framework Contract and the Membership Promotion Framework Agreement with Horgos Company; (2) the EUI Promotion Framework Agreement and the Advertisement Promotion Framework Agreement with Le Co.; and (3) the Pre-Installation Agreement with LeEco.

## **MEMBERSHIP SERVICES PROCUREMENT FRAMEWORK CONTRACT**

<b>Date</b>	28 October 2016
<b>Parties</b>	(a) Yulong Shenzhen (b) Horgos Company
<b>Major Terms and Conditions</b>	Yulong Shenzhen has agreed to procure the Membership Benefits Services from Horgos Company. The Membership Benefits Services will be presented to the Consumers by Yulong Shenzhen.

During the term of the Membership Services Procurement Framework Contract, Yulong Shenzhen shall notify Horgos Company of its demand for the Membership Benefits Services via e-mail by way of procurement orders, stating the specific information of the Memberships Benefits Services including the category, quantity and price.

Horgos Company shall deliver the Memberships Benefits Services to Yulong Shenzhen by way of electronic redeem codes according to the deliver time and contact information as stipulated in the procurement orders within five business days after Horgos Company's receipt of such procurement orders.

### **Pricing Policy**

The prices of the Membership Benefits Services offered by Horgos Company to Yulong Shenzhen are identical with the prices (the "**Public Prices**") available to the public for purchasing the same as disclosed by Horgos Company on the website of LeTV (www.le.com). If the Public Prices are adjusted, the adjusted Public Prices will be adopted as the prices of the Membership Benefits Services offered by Horgos Company to Yulong Shenzhen. Horgos Company has undertaken that the prices of the Membership Benefits Services to be offered to Yulong Shenzhen be no higher than those to be offered to independent third parties under the same conditions.

### **Payment Arrangements**

Yulong Shenzhen and Horgos Company shall complete the verification and confirmation of the procurement orders of the preceding quarter before the 10th day of the first calendar month of each quarter, after which they shall perform the settlement process simultaneously. The corresponding payment shall be completed by Yulong Shenzhen by way of bank transfer within 15 days after the receipt of the valid VAT invoices issued by Horgos Company.

### **Term**

The Membership Services Procurement Framework Contract will take effect upon being signed/chopped by both parties and obtaining all internal and external approvals (including but not limited to the approval of the Board) as required by laws and regulations, the articles of association of the parties and relevant regulatory requirements, and will expire on 31 December 2016.

Any party wishing to renew the Membership Services Procurement Framework Contract shall notify the other party in writing within 30 days before its expiration. Such renewal will be subject to the procedures (if necessary) required by relevant laws and regulations, articles of association of the parties and relevant regulatory requirements.

### **Others**

Yulong Shenzhen is entitled to return the Membership Benefits Services procured, which are not presented to the Consumers, to Horgos Company before the 10th day of the calendar month following the expiry of the Membership Services Procurement Framework Contract.

## Proposed Annual Cap

The proposed annual cap, being the consideration payable by Yulong Shenzhen to Horgos Company, of the Membership Services Procurement Framework Contract for the year ending 31 December 2016 is set out below:

**Year ended 31 December 2016**  
(RMB)

Proposed annual cap (tax inclusive) 275,000,000

Yulong Shenzhen did not procure any Membership Benefits Service from Horgos Company in the past. The proposed annual cap set out above was determined based on the following:

1. the actual price at which Horgos Company provided Membership Benefits Services as announced at the website of LeTV;
2. the estimated number of Consumers to whom the Group will present Membership Benefits Services for the year ending 31 December 2016;
3. the actual demand of the Group for Membership Benefits Services and the market demand trends of Membership Benefits Services for the year ending 31 December 2016;
4. the smartphone market conditions and competition in the PRC during the year ending 31 December 2016;
5. the respective operation plans of the Group and Horgos Company formulated according to the prevailing economic environment, the market conditions and economic indicators of the telecommunications industry, and internal business strategies.

## MEMBERSHIP PROMOTION FRAMEWORK AGREEMENT

**Date** 28 October 2016

**Parties** (a) Yulong Shenzhen  
(b) Horgos Company

**Major Terms and Conditions** Yulong Shenzhen has agreed to promote the Memberships for Horgos Company via promoting channels including offline exposure, offline introduction and introduction by mobile phone promoters, leveraging on the Mobile Terminals, so as to enhance the Consumers' understanding and cognition of the Memberships and to promote the Memberships.

Horgos Company shall provide the information needed by Yulong Shenzhen for purpose of the Membership Promotion Services.

## **Pricing Policy**

The price of the Member Promotion Services payable by Horgos Company to Yulong Shenzhen shall be determined taking into account the quantity and categories of the Memberships to be promoted by Yulong Shenzhen to the Consumers, with reference to the higher of (i) the then prevailing market prices of the same or similar promotion services; and (ii) the prices of the same or similar promotion services provided by Yulong Shenzhen to third parties.

Horgos Company has undertaken that the price to be paid to Yulong Shenzhen for the Member Promotion Services be no lower than that to be paid to independent third parties under the same conditions.

## **Payment Arrangements**

Yulong Shenzhen and Horgos Company shall complete the verification and confirmation of the promotion fees before the 10th day of the first calendar month of each quarter, after which they shall perform the settlement process simultaneously. Horgos Company shall pay the promotion fees of the quarter in a lump sum by way of bank transfer within 15 days after its receipt of the valid VAT invoices issued by Yulong Shenzhen.

## **Term**

The Membership Promotion Framework Agreement shall take effect upon being signed/chopped by both parties and obtaining all internal and external approvals (including but not limited to the approval of the Board) as required by laws and regulations, the articles of association of the parties and relevant regulatory requirements, and will expire on 31 December 2016.

Any party wishing to renew the Membership Promotion Framework Agreement shall notify the other party in writing within 30 days before its expiration. Such renewal will be subject to the procedures (if necessary) required by relevant laws and regulations, articles of association of the parties and relevant regulatory requirements.

## **Proposed Annual Cap**

The proposed annual cap, being the promotion fees payable by Horgos Company to Yulong Shenzhen, of the Membership Promotion Framework Agreement for the year ending 31 December 2016 is set out below:

**Year ended 31 December 2016**  
(RMB)

Proposed annual cap (tax inclusive)	218,000,000
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Yulong Shenzhen did not provide any Membership Promotion Services to Horgos Company in the past. The proposed annual cap set out above was determined based on the following:

1. the estimated price at which the Group will provide Membership Promotion Services;
2. the actual demand of Horgos Company for Membership Promotion Services and the market demand trends of promotion services which are the same as or similar to Membership Promotion Services for the year ending 31 December 2016;
3. the estimation on Membership Promotion Services to be provided to Horgos Company made by the Group based on the actual demand of Horgos Company for Membership Promotion Services and the relevant promotion plans formulated by the Group accordingly for the year ending 31 December 2016;
4. the respective operation plans of the Group and Horgos Company formulated according to the prevailing economic environment, the market conditions and economic indicators of the telecommunications industry and the film, television and video membership industry, and internal business strategies.

## **EUI PROMOTION FRAMEWORK AGREEMENT**

**Date** 28 October 2016

**Parties** (a) Yulong Shenzhen  
(b) Le Co.

**Major Terms and Conditions** Yulong Shenzhen has agreed to promote the EUI, being the installation system integrating a series of permitted applications developed by Le Co. and the Related Companies for purpose of pre-installation on mobile terminals, for Le Co. by pre-installation of the same on the EUI Terminals during the term of the EUI Promotion Framework Agreement.

**Pricing Policy** The prices of the EUI Promotion Services payable by Le Co. to Yulong Shenzhen shall be determined taking into account the unit prices, the sales channels and the actual output of the EUI Terminals, with reference to the higher of (i) the then prevailing market prices of the same or similar promotion services; and (ii) the prices of the same or similar promotion services provided by Yulong Shenzhen to third parties. The specific promotion prices shall be confirmed by both parties in writing prior to the corresponding promotion.

Le Co. has undertaken that the prices to be paid to Yulong Shenzhen for the EUI Promotion Services be no lower than those to be paid to independent third parties under the same conditions.

**Payment Arrangements** The settlement under the EUI Promotion Framework Agreement shall be conducted according to the promotion price per EUI Terminal agreed by both parties and the actual output of the EUI Terminals.

Yulong Shenzhen and Le Co. shall complete the verification and settlement of the output statement of the EUI Terminals in the previous quarter before the 10th day of the first calendar month of each quarter. Le Co. shall pay the promotion fees according to the amount confirmed by both parties by way of bank transfer within 10 days after its receipt of the VAT invoices compliant with the tax laws of the PRC issued by Yulong Shenzhen.

## **Term**

The EUI Promotion Framework Agreement shall take effect upon being signed/chopped by both parties and obtaining all internal and external approvals (including but not limited to the approval of the Board) as required by laws and regulations, the articles of association of the parties and relevant regulatory requirements, and will expire on 31 December 2016.

Any party wishing to renew the EUI Promotion Framework Agreement shall notify the other party in writing within 30 days before its expiration. Such renewal will be subject to the procedures (if necessary) required by relevant laws and regulations, articles of association of the parties and relevant regulatory requirements.

## **Proposed Annual Cap**

The proposed annual cap, being the promotion fees payable by Le Co. to Yulong Shenzhen, of the EUI Promotion Framework Agreement for the year ending 31 December 2016 is set out below:

**Year ended 31 December 2016**  
(RMB)

Proposed annual cap (tax inclusive)	25,900,000
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Yulong Shenzhen did not provide any EUI Promotion Services to Le Co. in the past. The proposed annual cap set out above was determined based on the following:

1. the actual historical transaction amount of the Group for providing promotion services similar to EUI Promotion Services;
2. the estimation of the Group on the output of EUI Terminals and the price of EUI Promotion Services for the year ending 31 December 2016;
3. the estimated demand of Le Co. for EUI Promotion Services and the market demand trends of similar promotion services for the year ending 31 December 2016;
4. the smartphone market conditions and competition in the PRC during the year ending 31 December 2016;
5. the respective operation plans of the Group and Le Co. formulated according to the prevailing economic environment, the market conditions and economic indicators of the telecommunications industry, and internal business strategies.

## ADVERTISEMENT PROMOTION FRAMEWORK AGREEMENT

**Date** 28 October 2016

**Parties** (a) Yulong Shenzhen  
(b) Le Co.

**Major Terms and Conditions** Yulong Shenzhen has agreed to promote the corporate images, products and services of Le Co. and the Related Companies via advertisements on the Apps.

During the term of the Advertisement Promotion Framework Agreement, both parties shall confirm the placement locations, placement time and placement amount of the advertisements to be placed by Yulong Shenzhen for Le Co. in the following month by way of promotion confirmations. Le Co. shall deliver the relevant information, including the contents and materials of the advertisements, to Yulong Shenzhen in writing no later than 15 business days prior to the first day of the corresponding promotion period as confirmed by the parties in the promotion confirmations.

Under circumstances where the aforesaid placement locations of the advertisements as agreed by both parties in the promotion confirmations are not available for such purpose due to revisions on the Apps, placement locations of the same price shall be provided by Yulong Shenzhen in substitute according to the actual promotion fees payable by Le Co., failing which adjustments shall be made regarding such placement locations as separately agreed between Yulong Shenzhen and Le Co.

**Pricing Policy** The prices of the Advertisement Promotion Services payable by Le Co. to Yulong Shenzhen shall be determined after arm's length negotiations between both parties according to the unit prices as set out in the rate cards of Yulong Shenzhen, taking into account Le Co.'s industry nature, market circumstances, the placement position and placement time of the advertisements and the size thereof, the number of App users and other factors.

Rate cards refer to Yulong Shenzhen's price lists of advertisement promotion on the Apps. The rate cards are determined with reference to the placement position and placement size of the advertisements together with other factors. Yulong Shenzhen may adjust such rate cards, mainly referring to market changes and changes in the number of App users. Le Co. has undertaken that the prices to be paid to Yulong Shenzhen for the Advertisement Promotion Services be no lower than those to be paid to independent third parties under the same conditions.



## **Payment Arrangements**

The confirmation of the amount of the promotion fees of the previous quarter to be settled and the settlement of the same shall be completed before the 10th day of the first calendar month of each quarter. Le Co. shall pay such promotion fees by way of bank transfer within 10 days after its receipt of the VAT invoices compliant with the tax laws of the PRC issued by Yulong Shenzhen.

## **Term**

The Advertisement Promotion Framework Agreement will be effective upon being signed/chopped by both parties and obtaining all internal and external approvals (including but not limited to the approval of the Board) as required by laws and regulations, the articles of association of the parties and relevant regulatory requirements, and will expire on 31 December 2016.

Any party wishing to renew the Advertisement Promotion Framework Agreement shall notify the other party in writing within 30 days before its expiration. Such renewal will be subject to the procedures (if necessary) required by relevant laws and regulations, articles of association of the parties and relevant regulatory requirements.

## **Proposed Annual Cap**

The proposed annual cap, being the promotion fees payable by Le Co. to Yulong Shenzhen, of the Advertisement Promotion Framework Agreement for the year ending 31 December 2016 is set out below:

**Year ended 31 December 2016**  
(RMB)

Proposed annual cap (tax inclusive)	28,800,000
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Yulong Shenzhen did not provide any Advertisement Promotion Services to Le Co. in the past. The proposed annual cap set out above was determined based on the following:

1. the actual historical transaction amount of the Group for providing promotion services similar to Advertisement Promotion Services;
2. the estimated demand of Le Co. for Advertisement Promotion Services and the market demand trends of similar promotion services for the year ending 31 December 2016;
3. the estimation of the Group on the price of Advertisement Promotion Services for the year ending 31 December 2016;
4. the smartphone market conditions and competition in the PRC during the year ending 31 December 2016;

5. the respective operation plans of the Group and Le Co. formulated according to the prevailing economic environment, the market conditions and economic indicators of the telecommunications industry, and internal business strategies.

## **PRE-INSTALLATION AGREEMENT**

**Date** 28 October 2016

**Parties** (a) Yulong Shenzhen  
(b) LeEco

**Major Terms and Conditions** Yulong Shenzhen has agreed to pre-install the Applications on the Mobile Terminals for LeEco, and to push the Applications to the Mobile Terminals by way of OTA Push for LeEco during the term of the Pre-Installation Agreement.

**Pricing Policy**

- Pre-Installation: The consideration payable by LeEco for Pre-Installation shall be determined based on the Pre-Installation price per Mobile Terminal and the actual sales volume of the Mobile Terminals on which Pre-Installation is conducted.

The Pre-Installation price per Mobile Terminal shall be determined after arm's length negotiations between both parties with reference to the higher of (i) the then prevailing market prices of pre-installation per mobile phone of the same or similar pre-installation services; and (ii) the prices of pre-installation per mobile phone of the same or similar pre-installation services provided by Yulong Shenzhen to independent third parties.

LeEco has undertaken that the consideration to be paid to Yulong Shenzhen for the Pre-Installation be no lower than paid to independent third parties under the same conditions.

- OTA Push: The consideration payable by LeEco for OTA Push shall be determined based on the OTA Push price per Activation and the actual volume of Activations.

The OTA Push price per Activation shall be determined after arm's length negotiations between both parties with reference to the higher of (i) the then prevailing market prices of OTA push price per activation of the same or similar push services; and (ii) the prices of OTA push price per activation of the same or similar push services provided by Yulong Shenzhen to independent third parties.

LeEco has undertaken that the consideration to be paid to Yulong Shenzhen for the OTA Push be no lower than that to be paid to independent third parties under the same conditions.

## Payment Arrangements

Settlements under the Pre-Installation Agreement shall be conducted by the parties every calendar month for the previous month (from the first day to the last day thereof).

- Pre-Installation: Yulong Shenzhen shall provide the statistical table of the output of the Mobile Terminals on which the Applications are pre-installed and the settlement statements of the previous month to LeEco within the initial 5 working days of each month.
- OTA Push: LeEco shall provide the settlement statements of Activations generating from Yulong Shenzhen's push of the Applications by way of OTA Push on the Mobile Terminals of the previous month to Yulong Shenzhen within the initial 5 working days each month.

The party receiving the settlement data from the other party shall verify such data within 5 working days upon receipt. If no confirmation or objection is made within such period, the receiving party shall be deemed to have approved such settlement data and shall settle accordingly. In case of disagreements regarding such settlement data, the parties shall settle the agreed part according to the normal procedures. For the disagreed part, the disagreeing party shall be entitled to engage a neutral third party jointly with the other party for confirmation of such data with fees borne by the party providing the wrong data, after which such part shall be settled.

LeEco shall transfer the corresponding amount into the designated collection account of Yulong Shenzhen within 15 working days after receipt of the formal VAT invoices issued by Yulong Shenzhen.

Upon the expiry or termination of the Pre-Installation Agreement, Yulong Shenzhen shall cease Pre-Installation and OTA Push immediately. During the period from such expiry or termination up to one year (365 days) afterwards, LeEco shall continue to pay the consideration of the Pre-Installation according to the continuous sales volume of the Mobile Terminals on which the Pre-Installation was completed before such expiry or termination, and shall continue to pay the consideration of OTA Push according to the Activations arising from OTA Push completed before such expiry or termination.

**Term** The Pre-Installation Agreement will take effect on the date of being signed/chopped by both parties and obtaining all internal and external approvals (including but not limited to the approval of the Board and the approval of the board of directors of LeEco) as required by laws and regulations, the articles of association of the parties and relevant regulatory requirements, and will expire on 31 December 2016.

Any party wishing to renew the Pre-Installation Agreement shall notify the other party in writing within 30 days before its expiration. Such renewal will be subject to the procedures (if necessary) required by relevant laws and regulations, articles of association of the parties and relevant regulatory requirements.

### **Proposed Annual Cap**

The proposed annual cap, being the consideration payable by LeEco to Yulong Shenzhen, of the Pre-Installation Agreement for the year ending 31 December 2016 is set out below:

**Year ended 31 December 2016**  
(RMB)

Proposed annual cap (tax inclusive)	15,000,000
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Yulong Shenzhen did not carry out Pre-Installation or OTA Push for LeEco in the past. The proposed annual cap set out above was determined based on the following:

1. the actual historical transaction amount of the Group for pre-installation and/or OTA push of products similar to the Applications;
2. the estimation of Yulong Shenzhen on the output of the Mobile Terminals on which Pre-Installation and OTA Push are to be conducted for the year ending 31 December 2016;
3. the actual demand of LeEco for Pre-Installation and OTA Push of Applications and the market demand trends of similar pre-installation and OTA push for the year ending 31 December 2016;
4. the estimation of the Group on the price of Pre-Installation and OTA Push for the year ending 31 December 2016;
5. the smartphone market conditions and competition in the PRC during the year ending 31 December 2016;
6. the respective operation plans of the Group and LeEco formulated according to the prevailing economic environment, the market conditions and economic indicators of the telecommunications industry, and internal business strategies.

## **INTERNAL CONTROL MEASURES OF THE CONTRACTS**

- (1) The product operation department of the Company is responsible for monitoring, collecting and evaluating the market data, including but not limited to the prevailing market and then market price of comparable services on a monthly basis. Based on such market research report, the product operation department, the supply chain management department, the purchasing department, and the business department of the Company will together initially draft the service policy (the “**Service Policy**”) covering the procurement and provision of services. Generally, the Service Policy applies uniformly to the services, rather than the vendors/purchasers thereof. Meanwhile, the above departments will also compare the prices offered by/to the Connected Group against the prices offered by/to independent third parties to ensure that the prices are fair and reasonable, on normal commercial terms, as well as no less favorable to the Group than terms available from/to independent third parties;
- (2) After the review of the Service Policy by designated person of the product operation department of the Company, the Service Policy will be submitted to the finance department and the operation management department of the Company for review. The Service Policy is then subject to final review and approval by the general manager of the Company;
- (3) The legal and compliance department of the Company is responsible for monitoring, collecting and evaluating the detailed information of the continuing connected transactions of the Group, including but not limited to the pricing terms, payment arrangements and actual transaction amount under each of the specific implementation agreements on a monthly basis to ensure it does not exceed the applicable cap;
- (4) The independent non-executive Directors will review the continuing connected transactions contemplated under the Contracts to ensure that such transactions are entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and the terms of the related agreements are fair and reasonable, and in the interest of the Company and the Shareholders as a whole; and
- (5) The auditors of the Company will also conduct an annual review on the pricing and annual cap of such continuing connected transactions.

Taking into account of: (i) the above methods and procedures comprise necessary components of an internal control system with designated department and responsible officer, clear approval process and monitoring system and detailed and explicit assessment criteria; and (ii) the above-mentioned review procedures and approval process against the detailed and explicit assessment criteria can ensure that the transactions will be executed in compliance with the pricing principles stipulated in the Contracts, the Directors (including the independent non-executive Directors) are of the view that such methods and procedures can ensure that the transactions contemplated under Contracts will be conducted on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

## **IMPLEMENTATION AGREEMENTS OF THE CONTRACTS**

The parties of the Contracts will enter into, from time to time and as necessary, separate implementation agreements for each of the specific transaction contemplated under the Contracts during their terms. Each implementation agreement will set out the details of the services to be procured or provided, the prices thereof and other relevant terms.

As the implementation agreements provide for the specific transactions as contemplated under the Contracts, they do not constitute new categories of connected transactions. Any such implementation agreements will be within the ambit of the Contracts and the relevant annual caps, and if they are exceeded, the Company will comply with the relevant Listing Rules accordingly.

## **REASONS AND BENEFITS FOR ENTERING INTO THE CONTRACTS**

### **Membership Services Procurement Framework Contract**

The Company is of the view that Membership Benefits Services to be purchased under the Membership Services Procurement Framework Contract and to be presented to the Consumers will provide the Consumers with exclusively-abundant mobile Internet contents, which will in turn improve the Group's competitiveness in the smartphone market.

### **Membership Promotion Framework Agreement**

The Company is of the view that leveraging its diversified offline promotion channels to promote the Memberships to consumers will enhance the attractiveness of the Memberships, which will in turn improve the sales of Coolpad smartphones presenting the Memberships as gifts.

### **EUI Promotion Framework Agreement**

The Company is of the view that the EUI, being the best platform of LeEco content integrating all LeEco contents including music, sports, live show, etc., could provide superb user experience to the Consumers, which will in turn improve the sales of Coolpad smartphones.

### **Advertisement Promotion Framework Agreement**

The Company is of the view that leveraging on the Apps to promote the corporate images, products and services for Le Co. will be of high efficiency and will increase the revenue generating from the Apps as well as the total gross margin of the Group, facilitating the Company's undergoing transformation into an Internet company operating both software and hardware.

### **Pre-Installation Agreement**

The Company is of the view that Pre-Installation and OTA Push are efficient ways for the Consumers to enjoy LeEco contents, which will enhance the user experience of the Consumers and in turn improve the sales of Coolpad smartphones effectively.

Based on the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Contracts and the transactions contemplated thereunder are (i) on normal commercial terms; (ii) entered into in the ordinary and usual course of business of the Group; and (iii) fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mr. Jia Yueting and Mr. Liu Hong, as Directors of the Company, are deemed to have material interests in the transactions under the Contracts and have abstained from voting on the board resolutions approving the Contracts and the proposed annual caps thereof. Other than those Directors mentioned above, none of the other Directors has or is deemed to have material interest in such transactions.

## **LISTING RULES IMPLICATION**

LeEco, Horgos Company and Le Co., each as an associate of Mr. Jia Yueting (a Director of the Company), are connected persons of the Company. Accordingly, the transactions contemplated under the Contracts constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14A.06 of the Listing Rules) in respect of the proposed annual cap of the transactions contemplated under the Membership Services Procurement Framework Contract for the year ending 31 December 2016 exceed 0.1% but are less than 5%, the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The transactions contemplated under the Promotion Framework Agreements, which are all entered into between Yulong Shenzhen and the Connected Group, are aggregated pursuant to Rule 14A.81 for purpose of calculating the percentage ratios (as defined under Rule 14A.06 of the Listing Rules). As one or more of the applicable percentage ratios (as aggregated) in respect of the proposed annual caps of the transactions contemplated under the Promotion Framework Agreements for the year ending 31 December 2016 exceed 0.1% but are less than 5%, the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **GENERAL INFORMATION OF THE GROUP AND THE PARTIES**

### **The Group**

The Group is principally engaged in developing wireless telecommunications technological know-how in wireless telecommunications across multiple wireless telecommunications network standards and providing integrated solutions for smartphone sets, mobile data platform system, and value-added business operations.

### **Yulong Shenzhen**

Yulong Shenzhen is a company incorporated under the laws of the PRC with limited liability, and is principally engaged in developing smartphone sets, mobile data platform system and value-added business operations, as well as providing integrated solutions thereof in PRC. Yulong Shenzhen mainly provides its Coolpad products for enterprises, government and mobile operators as well as individual consumers in PRC.

### **Horgos Company**

Horgos Company is a company incorporated under the laws of the PRC with limited liability, and is principally engaged in marketing business and operating business for Leshi membership products.

## **Le Co.**

Le Co. is a company incorporated under the laws of the PRC with limited liability, and is principally engaged in building a complete and open system covering video business, smartphone business, sports broadcasting business, TV business, super car business, Internet cloud service business, Internet finance business and other business.

## **LeEco**

LeEco is joint-stock company incorporated under the laws of PRC with limited liability and listed on the GEM of Shenzhen Stock Exchange, and is principally engaged in advertising business in online video industry, terminal business, membership and distribution business and other business.

## **DEFINITIONS**

In this announcement, the following terms and expressions (unless the context otherwise requires) shall have the following meanings:

“Activation(s)”	the initial connection(s) to the Internet of the Applications, which are installed on the Mobile Terminals for the first time
“Advertisement Promotion Framework Agreement”	the Advertisement Promotion Cooperative Framework Agreement entered into on 28 October 2016 between Yulong Shenzhen and Le Co., pursuant to which Yulong Shenzhen agreed to promote the corporate images, products and services of Le Co. and the Related Companies via advertisements on the Apps
“Advertisement Promotion Service(s)”	the advertisement promotion service(s) to be provided by Yulong Shenzhen to Le Co. under the Advertisement Promotion Framework Agreement
“App(s)”	the mobile Internet application(s) of Yulong Shenzhen, including but not limited to Internet browsers, Coolpad BBS (酷友社區), Coolyun (酷雲) and Zuimei Weather (最美天气)
“Application(s)”	the applications provided by LeEco, the intellectual property rights of which are owned by LeEco or which LeEco is licensed to use, consisting of related text, sound, videos, pictures, codes or similar formats, or formats which might be developed in the future
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“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)
“Contracts”	the Membership Services Procurement Framework Contract and the Promotion Framework Agreements



“Connected Group”	Mr. Jia Yueting and his associates
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consumer(s)”	the consumers of the Mobile Terminals
“Director(s)”	director(s) of the Company
“EUI”	the installation system integrating a series of permitted applications developed by Le Co. and the Related Companies for purpose of pre-installation on mobile terminals
“EUI Promotion Framework Agreement”	the EUI Pre-installation Promotion Cooperative Framework Agreement entered into on 28 October 2016 between Yulong Shenzhen and Le Co., pursuant to which Yulong Shenzhen agreed to promote the EUI for Le Co. by pre-installation of the EUI on the EUI Terminals
“EUI Promotion Service(s)”	the EUI promotion service(s) to be provided by Yulong Shenzhen to Le Co. under the EUI Promotion Framework Agreement
“EUI Terminal(s)”	the Mobile Terminal(s) on which the EUI is pre-installed according to the EUI Promotion Framework Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Horgos Company”	Horgos Le New Generation Culture Media Co., Ltd. (霍爾果斯樂視新生代文化傳媒有限公司), a company incorporated under the laws of the PRC with limited liability
“LeEco”	Leshi Internet Information & Technology Corp. Beijing (樂視網信息技術(北京)股份有限公司), a joint-stock company incorporated under the laws of PRC with limited liability and listed on the GEM of Shenzhen Stock Exchange
“Le Co.”	LE Holding (Beijing) Co. Ltd. (樂視控股(北京)有限公司), a company incorporated under the laws of the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Membership(s)”	Le Dimension Film and Television Membership(s) (樂次元影視會員) and Le Super Film and Television Membership(s) (樂視超級影視會員)
“Membership Benefits Service(s)”	the membership benefits service(s) to be provided to the owners of the Memberships

“Membership Promotion Framework Agreement”	the Le Film and Television Membership Promotion Cooperative Framework Agreement entered into on 28 October 2016 between Yulong Shenzhen and Horgos Company, pursuant to which Yulong Shenzhen agreed to promote the Memberships for Horgos Company
“Membership Promotion Service(s)”	the promotion service(s) to be provided by Yulong Shenzhen to Horgos Company under the Membership Promotion Framework Agreement
“Membership Services Procurement Framework Contract”	the Le Film and Television Membership Benefits Services Procurement Framework Contract entered into on 28 October 2016 between Yulong Shenzhen and Horgos Company, pursuant to which Horgos Company agreed to supply and Yulong Shenzhen agreed to procure the Membership Benefits Services
“Mobile Terminals”	the mobile phones to be produced by Yulong Shenzhen
“OTA Push”	the installation of the Applications on the Mobile Terminals along with the system update packages to be downloaded for updating the systems of such Mobile Terminals
“PRC”	the People’s Republic of China, which, for the purpose of this announcement only, does not include Hong Kong, the Macau Special Administrative Region and Taiwan
“Pre-Installation”	the pre-installation of the Applications on the Mobile Terminals
“Pre-Installation Agreement”	the Application Software Pre-Installation Cooperation Agreement entered into on 28 October 2016 between Yulong Shenzhen and LeEco, pursuant to which Yulong Shenzhen agreed to carry out Pre-Installation and OTA Push for LeEco
“Promotion Framework Agreements”	the Membership Promotion Framework Agreement, the EUI Promotion Framework Agreement, the Advertisement Promotion Framework Agreement and the Pre-Installation Agreement
“Related Companies”	any companies, enterprises or other legal entities controlled by or commonly controlled by Le Co. (for purpose of defining this term only, “control” denotes the power to influence an entity, either directly or indirectly, by proprietary rights, shares bearing voting rights, contracts or other ways)
“RMB”	Renminbi, the lawful currency of PRC
“Shareholder(s)”	holder(s) of the shares in the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Yulong Shenzhen”

Yulong Computer Telecommunication Scientific (Shenzhen) Co., Ltd. (宇龍計算機通信科技(深圳)有限公司), a company incorporated under the laws of the PRC with limited liability

“%”

per cent

By order of the Board  
**Coolpad Group Limited**  
**JIA YUETING**  
*Chairman*

Hong Kong, 28 October 2016

*As at the date of this announcement, the executive Directors are Mr. Jia Yueting, Mr. Jiang Chao, Mr. Liu Hong, Mr. Liu Jiangfeng, Mr. Li Bin and Mr. Abulikemu Abulimiti and the independent non-executive Directors are Dr. Huang Dazhan, Mr. Xie Weixin and Mr. Chan King Chung.*