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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)

ANNOUNCEMENT A LAWSUIT RELATED TO THE GROUP

This announcement is made by Coolpad Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Company has recently received a civil complaint (the “**Civil Complaint**”) from Shanghai Pudong Development Bank Co., Ltd., Shenzhen Branch (the “**Loan Bank**” or the “**Plaintiff**”) against Dongguan Yulong Telecommunication Tech Co., LTD., a subsidiary of the Company, (the “**Borrower**”), Coolpad Software Tech (Shenzhen) Co., Ltd., a subsidiary of the Company, (the “**First Guarantor**”) and Yulong Computer Telecommunication Scientific (Shenzhen) Co., LTD., a subsidiary of the Company, (the “**Second Guarantor**”).

According to the Civil Complaint, the Plaintiff alleges that it signed the “Financing Limit Agreement” (the “**Financing Limit Agreement**”) with the Borrower on 18 July 2016. According to the Financing Limit Agreement, the Loan Bank shall provide credit facilities up to a maximum limit of RMB171,420,000 to the Borrower for a period from 18 July 2016 to 18 July 2017. The First Guarantor and the Second Guarantor have signed a related guarantee contract with the Plaintiff to jointly provide joint and several guarantee liability to the Plaintiff. In view of the the above Financing Limit Agreement and the related guarantee contract, the Plaintiff signed the Agreement for the Opening Bank Acceptance Bills Business and the Guarantee Charge Agreement with the Borrower on 12 July 2017, pursuant to which the Plaintiff has agreed to accept the bank acceptance bills totalling RMB66,000,000 with the Borrower as the drawer and the Second Guarantor as the payee, and the Borrower shall provide 30% security deposit in the sum of RMB19,800,000. On 12 July 2017, the Borrower has deposited a security deposit in the sum of RMB19,800,000 in accordance with the agreements, and the Plaintiff has opened and accepted a bank acceptance bill in the sum of RMB66,000,000 which is expiring on 12 January 2018 in accordance with the agreements. In addition, the Plaintiff signed the Agreement for the Opening Bank Acceptance Bills Business and the Guarantee Charge Agreement with the Borrower on 13 July 2017, pursuant to which the Plaintiff has agreed to accept the bank acceptance bills totalling RMB62,570,000 with the Borrower as the drawer and the Second Guarantor as the payee, and the Borrower shall provide 30% security deposit in the sum of RMB18,771,000. On 13 July 2017, the Borrower has deposited a security deposit in the sum of RMB18,771,000 in accordance with

the agreements, and the Plaintiff has opened and accepted a bank acceptance bill in the sum of RMB62,570,000 which is expiring on 13 January 2018 in accordance with the agreements. After investigation, the Plaintiff alleges that the Borrower, the First Guarantor and the Second Guarantor are involved in a number of litigation cases, and the key assets have been seized and locked up by the court. Pursuant to the relevant terms of the Financing Limit Agreement, two Agreements for the Opening Bank Acceptance Bill and the related guarantee contract, the above circumstances have constituted breaches by the Borrower, the First Guarantor and the Second Guarantor against the Plaintiff, so the Plaintiff filed a lawsuit to Shenzhen Futian People's Court, requesting the Court:

1. To order that the Borrower to immediately make up for the shortfall of security deposit of the bank acceptance bills in the sum of RMB89,967,125.03 to the Plaintiff;
2. To order that the Second Guarantor to undertake the joint and several guarantee liability for the debts of the Borrower regarding the above making up of the shortfall of security deposit of the bank acceptance bills with the Plaintiff;
3. To order that the First Guarantor to undertake the joint and several guarantee liability for the debts of the Borrower regarding the above making up of the shortfall of security deposit of the bank acceptance bills with the Plaintiff; and
4. To order that the Borrower, the First Guarantor and the Second Guarantor shall jointly bear all litigation expenses.

The Company is of the view that these acceptance bills are not due yet. The Company has consulted PRC lawyers and has been actively collecting evidence to defend itself against the Civil Complaint.

The Company will make further announcement in due course to inform the shareholders of the Company of the progress.

Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

By order of the Board
Coolpad Group Limited
JIA YUETING
Chairman

Hong Kong, 21 August 2017

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