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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: 02369)

ANNOUNCEMENT ON RECENT DEVELOPMENT OF 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 “**Stock Exchange**”) (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).

References are made to the announcement of the Company dated 21 August 2017 (the “**Announcement**”). Unless the context otherwise requires, the capitalised terms used herein shall have the same meanings as defined in the Announcement.

The Company has recently received the Letter of Settlement Agreement issued by 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**”) to Shanghai Pudong Development Bank Co., Ltd., Shenzhen Branch (the “**Loan Bank**” or the “**Plaintiff**”). The Company received the response letter (the “**Response Letter**”) on 9 January 2018, pursuant to which the parties have arrived at the following settlement agreement to the case:

1. In the event that the Borrower makes up for the shortfall of security deposit of the bank acceptance bills up to the sum of RMB128,570,000 to the Loan Bank before 13 January 2018 (note: as of 4 January 2018, the Borrower’s remaining balance in the security deposit account of the Loan Bank was RMB38,779,860.38, therefore the shortfall of security deposit to be made up was RMB89,790,139.62, of which the security deposit to be deposited as at 12 January 2018 and 13 January 2018 was RMB46,200,000 and RMB43,590,139.62, respectively), within two business days after the Borrower makes up for the shortfall of security deposit in full and on schedule, the Loan Bank will submit an application to the Court for changing the litigation claims as an application for the Borrower to bear only the preservation fee and the case application fee.
2. After the Loan Bank submits an application to the Court for changing the litigation claims, the Borrower shall pay the Loan Bank the litigation expenses of RMB496,636 (including the case application fee and asset preservation fee) advanced by the Loan Bank before 17 January 2018.

3. Within three working days after the Borrower makes up for the shortfall of security deposit of the bank acceptance bills and pays in full and on schedule the litigation expenses as mentioned above, the Loan Bank will submit a lawsuit withdrawal application to the Court and submit a written application of seize (lock up) release to the Court as an application for the Court to release all seized and locked up assets of the Borrower. The Loan Bank shall pay the losses incurred upon the Borrower in the event that the Loan Bank fails to apply to the Court to withdraw the lawsuit and release the seized assets.
4. Provided that the Court rules to reduce the litigation expenses to be received or returned, the Loan Bank shall return the excess litigation expenses received from the Borrower by way of the same transfer method within three working days after the relevant legal documents (including the settlement letter, the withdrawal verdict or judgment) issued by the Court come into effect.

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
LIU HONG
Chairman

Hong Kong, 9 January 2018

As at the date of this announcement, the executive Directors are Mr. Liu Hong, and Mr. Jiang Chao; the independent non-executive Directors are Dr. Huang Dazhan, Mr. Xie Weixin, and Mr. Chan King Chung.