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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
QUARTERLY UPDATE ON RECENT DEVELOPMENT OF
SUSPENSION OF TRADING**

This announcement is made by Coolpad Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 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 announcements of the Company dated 30 March 2017, 31 March 2017, 26 April 2017, 23 May 2017, 29 June 2017, 28 July 2017, 15 August 2017, 21 September 2017, 31 October 2017, 29 November 2017, 28 December 2017, 16 January 2018, 19 January 2018, 26 January 2018, 31 January 2018, 28 February 2018, 20 March 2018, 3 April 2018, 4 May 2018, 10 May 2018, 18 May 2018, 6 June 2018 and 23 July 2018 (collectively the “**Announcements**”). Unless the context otherwise requires, the capitalised terms used herein shall have the same meanings as defined in the Announcements.

This announcement sets out the business operations of the Group for the third quarter of 2018 and the update on the implementation of the resumption proposal by the Company and satisfying the resumption conditions as of the date of this announcement.

BUSINESS OPERATIONS

Development and sales of smartphone still remain as the main business of the Group for the third quarter of 2018. During the mentioned period, based on the unaudited management accounts of the Group, the Group recorded a decrease in the revenue from the sales of smartphones as compared to the corresponding period of last year. The decrease in revenue was mainly attributable to the fierce competition arising from smartphones markets in the PRC, as a result of which, the Company gave up parts of its products that were considered to cause losses so as to minimize losses. Revenue contributed by the United States also recorded a decrease as compared to the corresponding period of last year due to the reason that products sold in the third quarter of 2018 were almost in the end of the product cycle. New products will be progressively launched in the fourth quarter of 2018 and it is expected that revenue of the Group will be gradually improved. On the other hand, the Group and its management will continue to control expenses strictly so as to minimize losses.

The Group will continue to take various measures to enhance its liquidity and financial position, including but not limited to the consideration of the disposal of certain investment properties of the Group and the equity interest of non-core operating subsidiaries of the Company, and communicate and negotiate proactively with banks, organizations and interested parties to seek for banking borrowings or financing.

UPDATE ON THE IMPLEMENTATION OF THE RESUMPTION PROPOSAL AND SATISFYING THE RESUMPTION CONDITIONS

Ernst & Young, the external auditors of the Company, is at the final stage of auditing the Group's financial statements for the year ended 31 December 2017. As the Group took longer time than anticipated to prepare the said financial results and handle the audit work, the said audit was slightly delayed. The Company is making its efforts to work with the auditors to publish the 2017 annual results and despatch the 2017 annual report as soon as possible. After the publication of the 2017 annual results, the Company will prepare the interim results and interim report for the six months ended 30 June 2018 as soon as possible. Please refer to the revised timetable below for the expected publication dates of all the outstanding financial results and the resumption plan.

The Company has submitted to the Stock Exchange for review the report on the agreed-upon procedures tailored made to address the audit issues raised by the Auditors in relation to the financial statements for the year ended 31 December 2016, as well as the report on the first stage overall review on the internal control system of the Group, prepared by Baker Tilly Hong Kong Risk Assurance Limited, the professional consultant of the Company. To accelerate the resumption of trading, the Group has been taking improvement measures on the internal control system in accordance with the recommendations of the professional consultant, and has requested the professional consultant to follow up on the progress of the Group's implementation of its recommendations. Due to the fact that the Group has been taking improvement measures at the same time and there was more work than expected in relation to the cooperation with the internal control system review, the aforesaid reports required more time for preparation than expected. The Group is also about to submit the draft independent legal opinion to the Stock Exchange for review, which is being prepared by Baker & McKenzie, the independent legal adviser of the New IBC. Upon the formal issue of the professional consultant's reports and the independent legal adviser's legal opinion, the New IBC will finalize its investigation which is expected to be concluded by mid-late November 2018.

The Board believes that the aforesaid delay in publication of the annual results for the year ended 31 December 2017 would delay the overall implementation of the resumption plan. However, as at the date of this announcement, the Board does not aware of any new material adverse findings relating to the implementation of the resumption plan. The Company will carry on its preparation to meet the resumption conditions. Please refer to the revised timetable as disclosed below:

Key events	Expected Dates	Status
Submission of independent legal opinion to the Stock Exchange for review, which is being prepared by Baker & McKenzie	By the end of October 2018	Baker & McKenzie is at the final stage of review of the reports prepared by Baker Tilly Hong Kong Risk Assurance Limited

Announcement of (i) interim results for the six months ended 30 June 2017; and (ii) annual results for the year ended 31 December 2017 and the notice of annual general meeting	Early November 2018	The auditor is at the stage of internal review and finalizing the draft audit report, and the Company is preparing the relevant announcements and interim/annual reports
Publication of 2017 interim report and 2017 annual report	Mid November 2018	Pending implementation
Conclusion of the investigation by the New IBC and publish the findings and actions to be taken in relation to the investigation	Mid-Late November 2018	Pending implementation
Announcement of interim results for the six months ended 30 June 2018	Early-Mid December 2018	Pending implementation
Annual general meeting to (i) adopt the audited financial statements together with the reports of the directors and independent auditor for the year ended 31 December 2017; and (ii) re-appoint auditor to hold office until the conclusion of next annual general meeting of the Company	Mid December 2018	Pending implementation
Publication of 2018 interim report	Mid-Late December 2018	Pending implementation
Resumption of trading in shares of the Company	By the end of December 2018	Pending implementation

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9 a.m. on 31 March 2017. Further announcement will be made by the Company as and when appropriate.

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

By order of the Board
Coolpad Group Limited
Jiang Chao
Vice Chairman
Chief Executive Officer

Hong Kong, 19 October 2018

As at the date of this announcement, the executive Directors are Mr. Jiang Chao, 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.