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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)

UPDATE ON RECENT DEVELOPMENT OF SUSPENSION OF TRADING

This announcement is made by Coolpad Group Limited (the “**Company**”) 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, 23 July 2018, 19 October 2018 and 21 December 2018 (collectively the “**Announcements**”). Unless the context otherwise requires, the capitalised terms used therein shall have the same meanings as defined in the Announcements.

BUSINESS OPERATIONS

Development and sales of smartphone remain as the main business of the Company in the past several months. During the abovementioned period, the Group recorded a decrease in revenue from the sales of smartphones as compared to the corresponding period in 2018, as shown in the management accounts of the Company. Regional sales in the United States contributed the largest part of the Group but recorded a slight decrease due to the reason that the Company cleared the stock of old products in the fourth quarter of 2018 while new products did not follow up. It is expected that new products will be progressively launched in March and April 2019 and that contribution from United States will be gradually improved. The Group recorded a slight increase in the sales in the Southeast Asian and South Asian region and the Company is exploring a new market, Egypt, and the Group expects to receive a positive feedback in the early of April 2019.

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 will communicate proactively with banks and interested parties to seek financing.

In relation to the patent infringement disputes between Shenzhen Yulong and Xiaomi Telecom and other Defendants as disclosed in the Company's announcement dated 13 November 2018, the PRB issued the Decision to affirm the Patent to be valid in part in respect of the request for invalidation of the Patent submitted by Xiaomi Telecom to the PRB. As advised by the Company's PRC legal advisers, the Company believes that the Decision of the PRB has provided favorable evidence for Shenzhen Yulong in the trial of the Cases in the future. So far, the legal proceedings are still ongoing. The Company will make further announcement(s) to provide updates to the market and the Shareholders regarding the status of the legal proceedings as and when appropriate.

UPDATE ON THE RESUMPTION PROPOSAL AND STATUS OF SATISFACTION OF THE RESUMPTION CONDITIONS

Set out below are certain developments since the last update announcement dated 21 December 2018:

1. An annual general meeting of the Company was held on 11 January 2019 at which, among other things, the ordinary resolutions to (i) receive and consider the audited consolidated financial statements and the reports of the Directors and the auditors of the Company for the year ended 31 December 2017, and (ii) re-appoint Ernst & Young as auditors of the Company for the year ended 31 December 2018 were passed.
2. The Company has been discussing its resumption plan with its professional advisers. The Company will submit a resumption proposal to the Stock Exchange as soon as practicable.
3. Baker Tilly Hong Kong Risk Assurance Limited is preparing the report of the second stage overall review on the internal control system of the Group in relation to the improvement works taken in response to the first report and the report on the agreed-upon procedures (the "**Second Stage Review**"). As the aforesaid second stage review investigation took longer time than anticipated, the conclusion of the investigation and the said publishing of findings and actions to be taken in relation to the investigation were delayed. Please refer to the revised timetable below for the expected publication dates of the New IBC findings and actions to be taken in relation to the investigation and the resumption plan.

PROPOSED RESUMPTION TIMETABLE

Key Events	Expected Dates	Status
Completion of the Second Stage Review and issue of the second stage internal control review report	By the end of February 2019	In the process and Baker Tilly Hong Kong Risk Assurance Limited is preparing the report
Conclusion of the investigation by the New IBC and publish the findings and actions to be taken in relation to the investigation	By the end of March 2019	Pending the issue of the report of the Second Stage Review
Announcement of the interim results for the six months ended 30 June 2018 and the annual results for the year ended 31 December 2018	By the end of March 2019	The Company is finalising the 2018 interim results and 2018 annual results
Publication of the 2018 interim report and the 2018 annual report	By early of April 2019	The Company is finalising the 2018 interim report and the 2018 annual report
Resumption of trading in the shares of the Company	By mid of April 2019	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 should exercise caution when dealing in the shares of the Company.

By order of the Board
Coolpad Group Limited
Leung Siu Kee
Executive Director
Company Secretary

Hong Kong, 15 February 2019

As at the date of this announcement, the executive Directors are Mr. Chen Jiajun, 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.