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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 –
PROPERTY MANAGEMENT SERVICES AGREEMENT**

The Board is pleased to announce that on 25 March 2020, Yulong Shenzhen, an indirect wholly-owned subsidiary of the Company, and Shenzhen Kingkey, a connected person, entered into the Property Management Services Agreement, pursuant to which Shenzhen Kingkey agreed to provide to Yulong Shenzhen property management services in respect of the Property.

ANNUAL CAP

The Annual Cap for the transactions contemplated under the Property Management Services Agreement shall be RMB30,000,000 for each year from the commencement date of the Term and ending on the third year thereafter.

IMPLICATIONS UNDER THE LISTING RULES

Yulong Shenzhen is an indirect wholly-owned subsidiary of the Company. Shenzhen Kingkey is ultimately controlled by Mr. Chen Hua, who is an immediate family member of Mr. Chen Jiajun, a substantial Shareholder and the chairman of the Company. Accordingly, Shenzhen Kingkey is a connected person of the Company and the transactions contemplated under the Property Management Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratio calculated with reference to the Annual Caps for the Property Management Services Agreement is more than 0.1% but less than 5%, such continuing connected transactions 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.

As Shenzhen Kingkey is an associate of Mr. Chen Jiajun, Mr. Chen Jiajun has a material interest in the Property Management Services Agreement and the transactions contemplated thereunder and has abstained from voting on the relevant resolutions of the Board. Save as disclosed above, none of the Directors has a material interest in the Property Management Services Agreement and the transactions contemplated thereunder.

INTRODUCTION

The Board is pleased to announce that on 25 March 2020, Yulong Shenzhen, an indirect wholly-owned subsidiary of the Company, and Shenzhen Kingkey, a connected person, entered into the Property Management Services Agreement, pursuant to which Shenzhen Kingkey agreed to provide to Yulong Shenzhen property management services in respect of the Property.

THE PROPERTY MANAGEMENT SERVICES AGREEMENT

- Date** : 25 March 2020
- Parties** : (i) Yulong Shenzhen
(ii) Shenzhen Kingkey
- Subject Matter** : Shenzhen Kingkey agreed to provide property management services in respect of the Property, including repairs and maintenance of communal areas and facilities, cleaning, traffic safety management, security and greening services.
- Term** : The period beginning from the date on which the Property is delivered, which is estimated to be 1 August 2020, or a date otherwise specified by Yulong Shenzhen in writing one (1) month in advance, until 31 December 2022 (the “**Term**”).
- Management Fees** : The fees to be charged by Shenzhen Kingkey include property management service fees, private property repair and maintenance service fees and pre-delivery management fees (collectively, the “**Management Fees**”), which shall be determined by the Parties based on arm’s length negotiations between the Parties and prevailing market prices of similar or comparable services offered by Shenzhen Kingkey to other independent third parties and shall be adjustable according to market conditions. Such Management Fees shall not, in any event, be higher than the relevant services fees offered by Shenzhen Kingkey to other independent third parties.

In assessing and comparing the terms offered by Shenzhen Kingkey, the Group has compared the prevailing market rates charged by independent third parties offering comparable management services for properties of comparable scale and grade in the vicinity. The Group considers that the price and terms of services (including the standard and qualities of services) offered by Shenzhen Kingkey are no less favourable to the Group than those offered by independent third party service providers.

In relation to the property management service fees, Shenzhen Kingkey is entitled to retain the full amount of property management fees received from property owners and residents of the Property (determined with reference to the rate of RMB25 per square metre per month (inclusive of tax and central air-conditioning charges over a specified time period)) but it shall bear specified costs of managing the Property, including costs associated with staff salary, maintenance and repair of communal areas, cleaning, greening and public safety management. The means and method of payment of management fees for vacant properties shall be negotiated between the Parties. The designated personnel and expenses incurred prior to the date of delivery of the Property shall be confirmed and approved in advance by the Group.

Annual Cap

The annual cap (the “**Annual Cap**”) for the transactions contemplated under the Property Management Services Agreement shall be RMB30,000,000 for each year from the commencement date of the Term and ending on the third year thereafter, which is determined with reference to the property management fees payable by Shenzhen Kingkey at the rate of up to RMB25 per square metre per month (inclusive of tax) multiplied by the estimated total capacity area of the Property, being 87,369.56 square metres, plus other related charges.

INTERNAL CONTROL PROCEDURES

As a general principle, the price and terms of the individual service agreements in respect of the transactions contemplated under the Property Management Services Agreement will be determined in the ordinary course of business, on normal commercial terms, negotiated on arm’s length basis, on similar basis as Yulong Shenzhen’s transactions with other independent third parties and shall be on terms which are no less favourable to Kingkey Shenzhen than those offered to independent third parties.

The pricing policy for all the continuing connected transactions of the Group (including the transactions contemplated under the Property Management Services Agreement) will be supervised and monitored by the relevant personnel and management of the Group to ensure that all the continuing connected transactions are conducted on normal commercial terms and in accordance with the pricing policy of the Group and will not be prejudicial to the interests of the Company and the Shareholders as a whole. The relevant personnel and management of the Group will conduct regular checks and assess whether individual transactions contemplated under the Property Management Services Agreement are conducted in accordance with the terms of the agreement and will also regularly review whether the price charged for the relevant property management services thereunder is fair and reasonable and in accordance with the aforesaid pricing policy. The independent non-executive Directors will review the transactions contemplated under the Property Management Services Agreement and the auditors of the Company will also conduct an annual review on the pricing terms and annual cap thereof in accordance with Rule 14A.56 of the Listing Rules.

In view of the above, the Company considers that there are adequate internal control procedures and external supervision measures to ensure that the transactions contemplated under the Property Management Services Agreement will comply with the terms of the Property Management Services Agreement and the transactions contemplated under the Property Management Services Agreement will be conducted on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

GENERAL INFORMATION OF THE GROUP AND THE PARTIES

The Group

The Group is principally engaged in developing 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 leading developer and provider of integrated solutions for Coolpad smartphone sets, mobile data platform system, and value-added business operations in the PRC. It mainly provides its Coolpad products for enterprises, government and mobile operators as well as individual consumers in the PRC.

Shenzhen Kingkey

Shenzhen Kingkey is a company incorporated in the PRC. It is a wholly-owned subsidiary of Kingkey Group Co., Limited, which is ultimately controlled by Mr. Chen Hua, who is an immediate family member of Mr. Chen Jiajun, a substantial Shareholder and the chairman of the Company. Shenzhen Kingkey is principally engaged in property management and property leasing.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PROPERTY MANAGEMENT SERVICES AGREEMENT

The Group seeks to engage a professional property management company to provide property management services, which typically include security, cleaning, landscaping, repair and maintenance of common area and shared facilities, in order to ensure the provision of sound property management services and the maintenance of good building conditions and environment to enhance satisfaction of property owners and tenants and enhance property value.

Taking into account the Kingkey Group is reputable in the PRC for providing reliable, efficient and satisfactory property management services to property developers in the PRC, as compared to other services providers who are independent third parties, the Company believes that it generally maintains better and more efficient communication with the Group and more thorough understanding of the conditions of the Group's property projects and the requirements of the services needed.

The Directors (including the independent non-executive Directors) consider that the terms of the Property Management Services Agreement (including the annual caps) and the transactions contemplated thereunder are on normal commercial terms after arm's length negotiations and in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Yulong Shenzhen is an indirect wholly-owned subsidiary of the Company. Shenzhen Kingkey is ultimately controlled by Mr. Chen Hua, who is an immediate family member of Mr. Chen Jiajun, a substantial Shareholder and the chairman of the Company. Accordingly, Shenzhen Kingkey is a connected person of the Company and the transactions contemplated under the Property Management Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratio calculated with reference to the Annual Caps for the Property Management Services Agreement is more than 0.1% but less than 5%, such continuing connected transactions 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.

As Shenzhen Kingkey is an associate of Mr. Chen Jiajun, Mr. Chen Jiajun has a material interest in the Property Management Services Agreement and the transactions contemplated thereunder and has abstained from voting on the relevant resolutions of the Board. Save as disclosed above, none of the Directors has a material interest in the Property Management Services Agreement and the transactions contemplated thereunder.

DEFINITIONS

In this announcement, the following expressions have the following meanings, unless the context otherwise requires.

“Annual Cap”	has the meaning ascribed to it under the section headed “The Property Management Services Agreement – Annual Cap” of this announcement
“associate”	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)
“connected person”	has the meaning ascribed to it under the Listing Rules

“Director(s)”	director(s) of the Company (including independent non-executive director(s))
“Group”	the Company and its subsidiaries
“Kingkey Group”	Kingkey Group Company Limited and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Management Fees”	has the meaning ascribed to it under the section headed “The Property Management Services Agreement – Management Fees” of this announcement
“Parties” and each a “Party”	the parties to the Property Management Services Agreement namely, Yulong Shenzhen and Shenzhen Kingkey
“PRC”	the People’s Republic of China, for the purpose of this announcement excludes Hong Kong, Taiwan and Macau S.A.R
“Property Management Services Agreement”	the property management services agreement dated 25 March 2020 entered into between Yulong Shenzhen and Shenzhen Kingkey in relation to the provision of property management services in respect of the Property by Shenzhen Kingkey
“Property”	the building under the name of Coolpad Information Harbor No. 1 Building (酷派信息港一期大廈) situated at No. 8 Gaoxinbeiyi Boulevard, Hi-Tech Industry Park (Northern), Nanshan District, Shenzhen, PRC (深圳南山高新產業園北區高新北一道8號)
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the shares of the Company
“Shenzhen Kingkey”	Shenzhen Kingkey Property Management Company Limited (深圳市京基物業管理有限公司), a company incorporated under the laws of the PRC. It is a wholly-owned subsidiary of Kingkey Group Co. Ltd., which is ultimately controlled by Mr. Chen Hua, who is an immediate family member of Mr. Chen Jiajun, a substantial shareholder and the chairman of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Term”	has the meaning ascribed to it under the section headed “The Property Management Services Agreement – Term” of this announcement
“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 and an indirect wholly-owned subsidiary of the Company
“%”	per cent

By order of the Board
Coolpad Group Limited
Ma Fei
Executive Director
Joint Company Secretary

Hong Kong, 25th March 2020

As at the date of this announcement, the executive Directors are Mr. Chen Jiajun, Mr. Liang Rui, Mr. Ma Fei, Mr. Xu Yibo and Mr. Lam Ting Fung Freeman; the non-executive Director is Mr. Ng Wai Hung; the independent non-executive Directors are Dr. Huang Dazhan, Mr. Xie Weixin, Mr. Chan King Chung and Mr. Guo Jinghui.