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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)**

**MAJOR TRANSACTION  
IN RELATION TO THE DISPOSAL OF  
THE ENTIRE EQUITY INTEREST IN  
SHENZHEN HUIYING FINANCE CO., LTD\***

The Board announces that on 17 April 2020 (after trading hours), the Vendor (an indirect wholly-owned subsidiary of the Company) and the Purchaser entered into the Equity Transfer Agreement, pursuant to which the Vendor has agreed to dispose of, and the Purchaser has agreed to acquire, the entire equity interest in the Subject Company for an aggregate consideration of RMB328,000,000.

Upon Completion, the Company shall cease to hold (directly or indirectly) any interest in the Subject Company, and therefore, the Subject Company will cease to be a subsidiary of the Company and the financial results thereof will no longer be consolidated into the consolidated financial statements of the Group.

**LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio (as calculated in accordance with Rule 14.07 of the Listing Rules) in respect of the Equity Transfer exceeds 25% but is less than 75%, the Equity Transfer constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. Accordingly, the Equity Transfer Agreement and the transactions contemplated thereunder are subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

**GENERAL**

The EGM will be convened and held by the Company to consider and, if thought fit, to approve the Equity Transfer Agreement and the transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder or any of its close associates has a material interest in the Equity Transfer Agreement and the transactions contemplated thereunder, hence no Shareholder would be required to abstain from voting on the relevant resolutions to be proposed at the EGM.

A circular containing, among other things: (i) further details regarding the Equity Transfer; and (ii) a notice convening the EGM is expected to be despatched to the Shareholders on or before 15 May 2020.

**Shareholders and potential investors of the Company should be aware that the Equity Transfer is subject to certain conditions being satisfied, therefore the Equity Transfer may or may not proceed. Accordingly, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

## **INTRODUCTION**

The Board announces that on 17 April 2020 (after trading hours), the Vendor (an indirect wholly-owned subsidiary of the Company) and the Purchaser entered into the Equity Transfer Agreement, pursuant to which the Vendor has agreed to dispose of, and the Purchaser has agreed to acquire, the entire equity interest in the Subject Company for an aggregate consideration of RMB328,000,000.

## **EQUITY TRANSFER AGREEMENT**

The principal terms and conditions of the Equity Transfer Agreement are set out below.

### **Date**

17 April 2020 (after trading hours)

### **Parties**

The Vendor (as vendor), the Purchaser (as purchaser) and the Subject Company

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Purchaser and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

### **Assets to be disposed of**

Pursuant to the Equity Transfer Agreement, the Vendor has agreed to dispose of, and the Purchaser agreed to acquire, the entire equity interest in the Subject Company.

## **Consideration and payment terms**

The aggregate consideration for the Equity Transfer is RMB328,000,000, and shall be payable, in cash, by the Purchaser in three instalments:

- (1) the first instalment of RMB100,000,000 is payable within five days upon the execution of the Equity Transfer Agreement and the approval(s) with respect to the Equity Transfer by the Financial Development Services Office of the People's Government of Shenzhen having been obtained (whichever is later);
- (2) the second instalment of RMB223,000,000 is payable on the date of Completion and the date of completion of the registration of change of the legal representative, director(s), supervisor(s) and senior management of the Subject Company (whichever is later); and
- (3) the third instalment of RMB5,000,000 is payable within 60 days from the date of Completion and the date of completion of the registration of change of the legal representative, director(s), supervisor(s) and senior management of the Subject Company (whichever is later).

## **Basis of determination**

The consideration was determined after arm's length negotiations between the Vendor and the Purchaser after taking into account factors including (1) the unaudited net asset value of the Subject Company as at 31 December 2019 of approximately RMB325,279,000; (2) the historical financial performance of the Subject Company; (3) the registered capital of the Subject Company; and (4) other reasons for and benefits of the Equity Transfer as stated under the section headed "Reasons for and Benefits of the Disposal" in this announcement. The Directors consider that the consideration is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **Conditions precedent**

Completion is conditional upon the following conditions being satisfied on or before the Long Stop Date:

- (1) the Equity Transfer Agreement and the transactions contemplated thereunder having been approved by the Shareholders at the EGM in compliance with the Listing Rules; and
- (2) the applicable regulatory approval(s) in respect of the Equity Transfer having been obtained.

In the event that the above conditions precedent are not fulfilled before the Long Stop Date, the Purchaser and the Vendor may agree in writing to postpone such date to a later date, or to terminate the Equity Transfer Agreement. In the event of termination, the Purchaser is entitled to receive a refund in the amount of RMB100,000,000 (being the first instalment), free of interest, from the Vendor within five days from the date of termination of the Equity Transfer Agreement.

## **Completion**

Completion shall take place within 5 days following fulfillment of all conditions precedent.

Upon Completion, the Company shall cease to hold (directly or indirectly) any interest in the Subject Company, and therefore, the Subject Company will cease to be a subsidiary of the Company and the financial results thereof will no longer be consolidated into the consolidated financial statements of the Group.

## INFORMATION OF THE GROUP, THE VENDOR, THE PURCHASER AND THE SUBJECT COMPANY

### 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.

### The Vendor

The Vendor is a leading developer and provider of integrated solutions for smartphone sets under the brand name “Coolpad”, mobile data platform system, and value-added business operations in the PRC. It mainly provides “Coolpad” products for enterprises, government and mobile operators as well as individual consumers in the PRC.

### The Purchaser

The Purchaser is a group holding company incorporated under the laws of the PRC and is principally engaged in the provision of asset management services.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Purchaser and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

### The Subject Company

The Subject Company is a company incorporated under the laws of the PRC which is principally engaged in the provision of a range of financing services in Mainland China. As at the date of this announcement, the Subject Company is an indirect wholly-owned subsidiary of the Company, and the registered capital of which is RMB300,000,000.

Set out below are the unaudited financial information of the Subject Company for the two years ended 31 December 2019 and 31 December 2018, respectively:

	<b>For the year ended 31 December 2019 <i>HKD</i></b>	<b>For the year ended 31 December 2018 <i>HKD</i></b>
Revenue	21,427,000	22,868,000
Profit before tax	3,663,000	1,973,000
Profit after tax	2,438,000	1,406,000
	<b><i>RMB</i></b>	<b><i>RMB</i></b>
Net asset value	325,279,000	323,135,000

## **FINANCIAL EFFECT OF THE EQUITY TRANSFER**

Upon Completion, the Group is expected to record a gain (after tax) of approximately RMB2,000,000 as a result of the Equity Transfer.

The estimated gain was calculated with reference to the receipt of total consideration for the Equity Transfer of RMB328,000,000 (equivalent to approximately HKD359,511,152), the registered capital of the Subject Company being RMB300,000,000, the unaudited net asset value of the Subject Company being RMB325,279,000, deducting the related expenses for the Equity Transfer. The above financial impact is shown for illustrative purpose only and Shareholders shall note that the actual gain or loss as a result of the Equity Transfer to be recognised in the consolidated financial statements of the Group is subject to review and final audit by the auditors of the Company.

After deducting the expenses related to the Equity Transfer, it is expected that the Company will have net proceeds of approximately RMB2,000,000 (equivalent to approximately HKD2,192,141), which is intended to be applied for the Group's general working capital.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The diminishing domestic demand for loan financing coupled with stringent supervision by regulators over micro-finance companies have, over the recent years, hardened the business landscape for micro-financing in Mainland China, and have limited overall business performance for many small-scale loan financing companies. Looking ahead, having considered the difficult business environment surrounding the micro-financing industry in the Mainland China, the Equity Transfer offers an opportunity for the Group to dispose of the Subject Company under the current circumstances. It also allows the Group to reallocate its resources to better focus on the ongoing principal businesses and long term development of the Group. Based on the foregoing, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Equity Transfer Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio (as calculated in accordance with Rule 14.07 of the Listing Rules) in respect of the Equity Transfer exceeds 25% but is less than 75%, the Equity Transfer constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. Accordingly, the Equity Transfer Agreement and the transactions contemplated thereunder is subject to reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

## GENERAL

The EGM will be convened and held by the Company for the Shareholders to consider and, if thought fit, to approve the Equity Transfer Agreement and the transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder or any of its close associates has a material interest in the Equity Transfer Agreement and the transactions contemplated thereunder, therefore no Shareholder would be required to abstain from voting on the relevant resolutions to be proposed at the EGM. A circular containing, among other things: (i) further details regarding the Equity Transfer; and (ii) a notice convening the EGM is expected to be despatched to the Shareholders on or before 15 May 2020.

**Shareholders and potential investors of the Company should be aware that the Equity Transfer is subject to certain conditions being satisfied, therefore the Equity Transfer may or may not proceed. Accordingly, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

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

“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)
“Completion”	completion of the Equity Transfer
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the same meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the Equity Transfer Agreement and the transactions contemplated thereunder
“Equity Transfer” or “Disposal”	the transfer of the entire equity interest in the Subject Company by the Vendor to the Purchaser pursuant to the terms and conditions of the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement entered into among the Vendor, the Purchaser and the Subject Company on 17 April 2020 in relation to the Equity Transfer
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HKD”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	14 September 2020, or such later date as may be agreed between the Vendor and the Purchaser in writing
“PRC” or “Mainland China”	the People’s Republic of China which, for the purpose of this announcement excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Purchaser”	Shenzhen Foresee Capital Group Limited* (深圳市四海恒通投資控股集團有限公司), a company incorporated under the laws of the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subject Company”	Shenzhen Huiying Finance Co., Ltd.* (深圳市匯盈小額貸款有限責任公司), a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Vendor”	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

\* *In this announcement, the English translation of certain Chinese names, entities and addresses is included for information purpose only and should not be regarded as official English translation of such Chinese names, entities and addresses.*

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

Hong Kong, 17 April 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.*