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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)

**SUBSCRIPTION OF SHARES
UNDER GENERAL MANDATE**

The Board is pleased to announce that on 15 June 2020, the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for 200,000,000 Subscription Shares at the Subscription Price of HK\$0.130 per Subscription Share.

The Subscription Shares represent (i) approximately 3.43% of the existing issued share capital of the Company as at the date of this announcement and (ii) approximately 3.31% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming that there will be no change in the share capital of the Company from the date of the Subscription Agreement to the date of Completion save for the allotment and issue of the Subscription Shares). To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Subscriber is a third party to the Company and its connected persons.

The Subscription Shares will be allotted and issued under the General Mandate.

The gross proceeds from the Subscription will be HK\$26.0 million. The net proceeds from the Subscription (after deducting the expenses incurred in the Subscription) is estimated to be approximately HK\$25.5 million.

Shareholders and potential investors should note that completion of the Subscription is subject to fulfilment of the conditions under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

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THE SUBSCRIPTION AGREEMENT

Principal terms of the Subscription Agreement are as follows:

Date

15 June 2020

Parties to the Subscription Agreement

- (i) the Company as the issuer of the Subscription Shares; and
- (ii) the Subscriber as the subscriber for the Subscription Shares.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Subscriber is a third party independent of the Company and its connected persons.

Subscription Shares

Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for 200,000,000 Subscription Shares at the Subscription Price of HK\$0.130 per Subscription Share.

Assuming that there will be no change in the share capital of the Company from the date of the Subscription Agreement to the date of Completion save for the allotment and issue of the Subscription Shares, the Subscription Shares represent:

- (i) approximately 3.43% of the existing issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 3.31% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The aggregate nominal value of the Subscription Shares is HK\$2 million.

Subscription Price

The Subscription Price of HK\$0.130 per Subscription Share represents:

- (i) a discount of approximately 12.16% to the closing price of HK\$0.148 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement;
- (ii) a discount of approximately 15.03% to the average closing price of approximately HK\$0.153 per Share as quoted on the Stock Exchange for the last five (5) trading days up to and including the Last Trading Day; and
- (iii) a discount of approximately 14.47% to the average closing price of approximately HK\$0.152 per Share as quoted on the Stock Exchange for the last ten (10) trading days up to and including the Last Trading Day.

The net proceeds from the Subscription, after deduction of relevant expenses, is estimated to be approximately HK\$25.5 million. The net Subscription Price per Subscription Share, after deduction of relevant expenses, is estimated to be approximately HK\$0.1275 per Subscription Share.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Subscriber taking into account the prevailing market price of the Shares and the trading volume of the Shares. The Directors are of the view that the Subscription Price is fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

Ranking

The Subscription Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with all other Shares in issue at the time of allotment and issue of the Subscription Shares.

Conditions precedent

The obligations of the Subscriber to subscribe and pay for, and the obligations of the Company to issue, the Subscription Shares to the Subscriber are subject to the fulfilment or waiver (as the case may be) of the following conditions precedent:

- (a) the granting of the approval for the listing of, and permission to deal in, the Subscription Shares by the Listing Committee of the Stock Exchange;
- (b) the current listing of the Shares on the Stock Exchange not having been cancelled or withdrawn, the Shares continuing to be traded on the Stock Exchange at all times from the date of the Subscription Agreement to the date of Completion (save for any temporary suspension for not more than 10 Business Days) (or such other period as the Subscriber may agree) and neither the Stock Exchange nor the Securities and Futures Commission having indicated that either one of them will qualify, object to, cancel or withdraw such listing and/or dealings in the Shares for reasons related to or arising from the transactions contemplated in the Subscription Agreement;
- (c) the Group having obtained all consents from third parties which are necessary to be obtained for the execution and performance of the Subscription Agreement and any of the transactions contemplated under the Subscription Agreement; and
- (d) the warranties being true, accurate and correct in all respects at Completion (except for such warranties that speak as of a specific date, which shall be true and correct as of such specified date) and each of the Parties having performed in all respects all its obligations under the Subscription Agreement to be performed before Completion.

The condition set out in paragraph (a) above is not waivable by either Party. The Subscriber may at any time by notice in writing to the Company waive any of the conditions set out in paragraphs (b) to (c) above. The Company may at any time by notice in writing to the Subscriber waive the conditions set out in paragraph (d) above in respect of the warranties and obligations of the Subscriber and the Subscriber may at any time by notice in writing to the Company waive the conditions set out in paragraph (d) above in respect of the warranties and obligations of the Company.

Completion

Completion shall take place within 3 Business Days (or otherwise agreed by the Parties in writing) after the fulfilment (or waiver, if applicable) of the Conditions Precedent. In the event that any of the Conditions Precedent has not been fulfilled (or waived, as the case may be) on or prior to the Long Stop Date, then neither Party shall be bound to proceed with the transaction contemplated under the Subscription Agreement and the Subscription Agreement shall cease to be of any effect save for certain specified clauses.

INFORMATION ON THE SUBSCRIBER

Based on information provided to the Company, the Subscriber is an experienced investor and businessman engaged in property and equity investment.

GENERAL MANDATE TO ISSUE THE SUBSCRIPTION SHARES

The Subscription Shares will be issued and allotted under the General Mandate. The General Mandate entitles the Directors to issue, allot and deal with up to 1,006,681,496 Shares, representing 20% of the issued share capital of the Company as at the date of the AGM. As at the date of this announcement, 206,681,496 Shares remain available for issuance under the General Mandate. Accordingly, the General Mandate is sufficient for the allotment and issue of the Subscription Shares and the allotment and issue of the Subscription Shares is not subject to the Shareholders' approval.

APPLICATION FOR LISTING

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

REASONS FOR AND BENEFIT OF THE SUBSCRIPTION AND USE OF PROCEEDS

The Directors are of the view that the Subscription is in the interests of the Company and the Shareholders as a whole and the allotment and issue of the Subscription Shares is an appropriate means of raising additional capital for the business operations of the Group since it will provide the Company with immediate funding and the shareholders' base of the Company will be broadened. The Directors consider that the terms of the Subscription Agreement are on normal commercial terms and are fair and reasonable.

The gross proceeds from the Subscription will be HK\$26.0 million. The net proceeds from the Subscription (after deducting the expenses incurred in the Subscription) is estimated to be approximately HK\$25.5 million. The Company intends to apply the net proceeds from the Subscription for the repayments of trade payables and purchase of raw materials.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE-MONTH PERIOD

Details of the fund raising activity carried out by the Company in the past twelve months are set out below.

Date of announcement	Event	Net proceeds and intended use	Actual use of proceeds
19 December 2019	Allotment and issue of 800,000,000 Shares to a subscriber at the subscription price of HK\$0.215 per subscription Share under the General Mandate	The net proceeds (after deducting the expenses incurred) was estimated to be approximately HK\$171 million. The Company intended to apply the net proceeds: (i) as to HK\$94 million for the repayments of maturing debt and (ii) as to HK\$77 million for working capital and other general corporate purposes.	The net proceeds of HK\$171 million has been used as intended.

Save as disclosed, the Company has not carried out any equity fund raising activity in the twelve months immediately prior to the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 5,833,407,480 Shares in issue. The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately following the Completion (assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to the date of Completion) are summarised as follows:

Shareholders	<i>Note</i>	As at the date of this announcement		Immediately following Completion	
		<i>Numbers of Shares</i>	<i>% (Approx.)</i>	<i>Numbers of Shares</i>	<i>% (Approx.)</i>
Kingkey Financial Holdings (Asia) Limited	1	897,437,000	15.38	897,437,000	14.87
New Prestige Developments Limited	2	800,000,000	13.71	800,000,000	13.26
Subscriber		–	–	200,000,000	3.31
Other public shareholders		4,135,970,480	70.91	4,135,970,480	68.56
Total		5,833,407,480	100	6,033,407,480	100

Note:

- The 897,437,000 Shares were directly held by Kingkey Financial Holdings (Asia) Limited, and Kingkey Financial Holdings (Asia) Limited is ultimately owned by Mr. Chen Jiajun.

2. The 800,000,000 shares were directly held by New Prestige Developments Limited and New Prestige Developments Limited is ultimately owned by Mr. Tu Erfan.

Shareholders and potential investors should note that completion of the Subscription is subject to fulfilment of the conditions under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 24 May 2019
“Board”	the board of Directors
“Business Day”	a day (other than Saturday or Sunday or public holiday and days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are open for general banking business
“Company”	Coolpad Group Limited (酷派集團有限公司), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange
“Conditions Precedent”	the conditions precedent to Completion, as more particularly set out under the paragraph headed “The Subscription Agreement – Conditions precedent”
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Completion”	completion of the Subscription pursuant to the terms and conditions of the Subscription Agreement
“Directors”	directors of the Company
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to issue, allot and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars
“independent third party(ies)”	an individual or a company who or which is independent of and not connected with (within the meaning of the Listing Rules) any Directors, chief executive or substantial shareholders, of the Company, its subsidiaries or any of their respective associate

“Last Trading Day”	15 June 2020, being the last trading day immediately prior to the entering into of the Subscription Agreement
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	31 July 2020
“PRC”	the People’s Republic of China and for the sole purpose of this announcement shall exclude Hong Kong, Macau Special Administrative Region and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscriber”	Kung, Chak Ming
“Subscription Agreement”	the conditional subscription agreement dated 15 June 2020 entered into between the Company and the Subscriber in relation to the Subscription
“Subscription Price”	the subscription price of HK\$0.130 per Subscription Share
“Subscription Shares”	an aggregate total of 200,000,000 new Shares to be issued and allotted by the Company to the Subscriber pursuant to the terms and conditions of the Subscription Agreement
“%”	per cent.

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

Hong Kong, 15 June 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.