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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 NEW SHARES
UNDER GENERAL MANDATE**

The Board is pleased to announce that on 3 February 2021 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, the Subscription Shares at the Subscription Price of HK\$0.28 per Subscription Share.

The Subscription Shares represent (i) approximately 10.19% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.25% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming 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 enquiries, the Subscriber is a third party independent of 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\$186,480,000. The net proceeds from the Subscription (after deducting the expenses incurred in the Subscription) is estimated to be approximately HK\$186,000,000.

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

3 February 2021 (after trading hours)

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 enquiries, 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, the Subscription Shares at the Subscription Price of HK\$0.28 per Subscription Share.

Assuming 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 10.19% of the existing issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 9.25% 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\$6,660,000.

Subscription Price

The Subscription Price of HK\$0.28 per Subscription Share represents:

- (i) a discount of approximately 18.84% to the closing price of HK\$0.345 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement;
- (ii) a discount of approximately 12.50% to the average closing price of approximately HK\$0.32 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day; and
- (iii) a discount of approximately 9.68% to the average closing price of approximately HK\$0.31 per Share as quoted on the Stock Exchange for the last ten 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\$186,000,000. The net Subscription Price per Subscription Share, after deduction of relevant expenses, is estimated to be approximately HK\$0.2793 per Subscription Share.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Subscriber after 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 is conditional upon the fulfilment of the following conditions precedent:

- (a) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Subscription Shares (subject to customary conditions) and such approval not having been withdrawn by the Listing Committee of the Stock Exchange; and
- (b) each party to the Subscription Agreement having obtained all approvals and 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.

The conditions set out in paragraphs (a) and (b) above cannot be waived by any party to the Subscription Agreement.

Completion

Completion shall take place within 3 Business Days (or otherwise agreed by the Parties in writing) after the fulfilment of the Conditions Precedent. In the event that any of the Conditions Precedent have not been fulfilled (or waived, as the case may be) on or prior to the Long Stop Date, then none of the Parties 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 and save in respect of claims arising out of any antecedent breach of the Subscription Agreement.

Lock-up undertaking

Pursuant to the Subscription Agreement, the Subscriber undertakes to the Company that it will not, for a period of 3 months from the date of the issuance of the Subscription Shares to the Subscriber, without the prior written consent of the Company:

- (a) offer, lend, pledge, charge, issue, sell, mortgage, assign, dispose of, or otherwise grant or create any options, rights, interests or encumbrances, either directly or indirectly, conditionally or unconditionally, in respect of any of the Subscription Shares; or
- (b) agree or contract to enter into any transaction described in paragraph (a) above.

INFORMATION ON THE SUBSCRIBER

Based on information provided to the Company, the Subscriber is an experienced investor. It is expected that the Subscriber will not become a substantial shareholder of the Company following the Subscription.

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 1,166,681,496 Shares, representing 20% of the issued share capital of the Company as at the date of the AGM. Since the date of the AGM and up to and including the date of this announcement, no Shares have been allotted and issued pursuant to the General Mandate save for the 500,000,000 Shares allotted and issued to Allove Group Limited as disclosed in the announcement of the Company dated 4 November 2020. 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 additional Shareholders' approval.

APPLICATION FOR LISTING

An 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 mean of raising additional capital for the business operations of the Group and to further strengthen the Group's financial position 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 after arm's length negotiation and are fair and reasonable.

The gross proceeds from the Subscription will be HK\$186,480,000. The net proceeds from the Subscription (after deducting the expenses incurred in the Subscription) is estimated to be approximately HK\$186,000,000. The Company intends to apply the net proceeds from the Subscription towards business expansion, capital expenditures and general working capital of research, development, manufacturing and sale of smart phones.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE-MONTH PERIOD

Save as disclosed below, the Company had not conducted any equity fund raising activities in the twelve months immediately preceding the date of this announcement.

Event and Date	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds up to the date of this announcement
Issue and allotment of 500,000,000 Shares on 13 November 2020	HK\$89,500,000	Business expansion, capital expenditures and general working capital of research, development, manufacturing and sale of smart phones	The net proceeds of HK\$89,500,000 have been fully applied as intended and as disclosed in the announcement of the Company dated 4 November 2020, amongst which approximately HK\$4.1 million was utilized for daily operating expenses and approximately HK\$85.4 million was applied as general working capital of manufacturing and sale of smart phones.
Issue and allotment of 200,000,000 Shares on 30 June 2020	HK\$25.5 million	Capital for the repayment of trade payables and purchase of raw materials of the Group	As disclosed in the announcement of the Company dated 4 November 2020, the net proceeds of HK\$25.5 million has been fully utilized as intended and as disclosed in the announcement of the Company dated 15 June 2020.

EFFECTS ON SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 6,534,347,480 Shares in issue. Set out below is a summary of the shareholding structure of the Company (i) as at the date of this announcement; and (ii) upon Completion (assuming there are no other changes in the issued share capital of the Company from the date of this announcement and up to the date of Completion):

Shareholder	Note	As at the date of this announcement		Immediately following Completion	
		Number of Shares	% (Approx.)	Number of Shares	% (Approx.)
Great Shine Investment Limited	1	897,437,000	13.73	897,437,000	12.46
New Prestige Developments Limited	2	689,412,000	10.55	689,412,000	9.58
Mr. Zhuo Kun		–	–	666,000,000	9.25
Other public Shareholders		4,947,498,480	75.72	4,947,498,480	68.71
Total		6,534,347,480	100	7,200,347,480	100

Notes:

- The 897,437,000 Shares are directly held by Great Shine Investment Limited (formerly known as Kingkey Financial Holdings (Asia) Limited), which is ultimately owned by Mr. CHEN Jiajun, chairman, executive Director and chief executive officer of the Company.
- As disclosed in the announcement of the Company dated 19 December 2019, 800,000,000 Shares were allotted and issued to New Prestige Developments Limited (“**New Prestige**”), which is ultimately owned by Mr. TU Erfan. As at the date of this announcement, New Prestige holds 689,412,000 Shares. Upon Completion, the shareholding of New Prestige will drop below 10% hence it will no longer be a substantial shareholder of the Company.
- All percentages stated in the above table are approximations and certain amounts and percentage figures included have been subject to rounding adjustments. Accordingly, figures shown as totals in the above table may not be an arithmetic aggregation of the figures preceding them.

WARNINGS

Shareholders and potential investors should note that completion of the Subscription is subject to fulfilment of the conditions under the Subscription Agreement. Therefore, the Subscription may or may not proceed. Shareholders and potential investors of the Company 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 19 June 2020
“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
“Director(s)”	director(s) 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 People’s Republic of China
“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 associates
“Last Trading Day”	3 February 2021, 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”	12 March 2021
“PRC”	the People’s Republic of China which, 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 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”	Mr. ZHUO Kun (卓坤)
“Subscription Agreement”	the conditional subscription agreement dated 3 February 2021 entered into between the Company, the Subscriber in relation to the Subscription
“Subscription Price”	the subscription price of HK\$0.28 per Subscription Share
“Subscription Shares”	an aggregate total of 666,000,000 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
Chen Jiajun
Executive Director
Chief Executive Officer
Chairman

Hong Kong, 3 February 2021

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