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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)

**PROPOSED RIGHTS ISSUE ON THE BASIS OF
ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING SHARES
HELD ON THE RECORD DATE
AND
CLOSURE OF REGISTER OF MEMBERS**

Underwriter to the Rights Issue



Kingston Securities Limited

Financial Adviser to the Company



Kingston Corporate Finance Limited

PROPOSED RIGHTS ISSUE

The Company proposes to raise not less than approximately HK\$1,008 million and not more than approximately HK\$1,028 million, before expenses, by way of the Rights Issue of not less than 3,600,799,740 Rights Shares and not more than 3,672,863,490 Rights Shares to the Qualifying Shareholders at a subscription price of HK\$0.28 per Rights Share on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date. The Rights Issue (subject to the Irrevocable Undertaking) will be fully underwritten by the Underwriter on the terms and conditions set out in the Underwriting Agreement.

The estimated net proceeds from the Rights Issue will be not less than approximately HK\$981 million but not more than approximately HK\$1,001 million after deduction of all estimated expenses (equivalent to a net price of approximately HK\$0.27 per Rights Share). The Company intends to use the net proceeds in the following manner:

- (i) approximately 30% for the repayment of existing indebtedness of the Group;
- (ii) approximately 50% for the expansion of the Group's business, in particular the mobile business in the PRC (including the development, operation and promotion of its own mobile phone operating systems, the preparation of mobile phone business in the PRC and the expansion of business channels);
- (iii) approximately 10% for the acquisition of and/or the investment in businesses that can take advantage of the Group's competitive edge when suitable opportunities arise; and
- (iv) approximately 10% for the general working capital of the Group.

THE IRREVOCABLE UNDERTAKING

As at the date of this announcement, Mr. Chen, indirectly through Great Shine, holds 897,437,000 Shares, representing approximately 12.46% of the issued share capital of the Company.

On 4 May 2021, the Company received from Mr. Chen and Great Shine the Irrevocable Undertaking, pursuant to which:

- (i) the IU Shareholders have irrevocably undertaken to the Company and the Underwriter that they shall not transfer or otherwise dispose of or create any rights in respect of any of the 897,437,000 IU Shares currently beneficially owned by them and which will remain beneficially owned by them on the Record Date; and
- (ii) the IU Shareholders have irrevocably undertaken to the Company and the Underwriter to take up and pay for, in accordance with the terms of the Prospectus Documents, all the Rights Shares which will be provisionally allotted to it/him in respect of the IU Shares pursuant to the Rights Issue.

UNDERWRITING AGREEMENT

On 4 May 2021, the Company and the Underwriter entered into the Underwriting Agreement in respect of the proposed Rights Issue, pursuant to which, the Underwriter has agreed to underwrite, on a fully-underwritten basis, up to 3,152,081,240 Rights Shares, being the minimum total number of Rights Shares issuable (assuming no change in the issued share capital of the Company on or before the Record Date), or up to 3,224,144,990 Rights Shares, being the maximum total number of Rights Shares issuable (assuming new Shares are issued on or before the Record Date pursuant to the exercise of all Vested Share Options, but otherwise no other change in the issued share capital of the Company on or before the Record Date), excluding the Rights Shares in respect of the IU Shares to be taken up by the IU Shareholders pursuant to the Irrevocable Undertaking. Details of the Underwriting Agreement are set out in the section headed “Underwriting Arrangement” in this announcement.

The Rights Issue is conditional upon the obligations of the Underwriter under the Underwriting Agreement becoming unconditional and the Underwriter not terminating the Underwriting Agreement.

The Underwriting Agreement contains detailed conditions and events which may cause the Underwriting Agreement to be terminated by the Underwriter. Please refer to the section headed “Underwriting Arrangement” in this announcement for details of the conditions and grounds of termination of the Underwriting Agreement. If the Underwriting Agreement does not become unconditional or is terminated, the Rights Issue will not proceed.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 26 May 2021 to Wednesday, 2 June 2021 (both dates inclusive) for the purpose of determining entitlements to the Rights Issue. During this period, no transfer of Shares will be registered.

LISTING RULES IMPLICATIONS

Given that the Rights Issue will increase the issued share capital and the market capitalization of the Company by not more than 50% within the 12-month period immediately preceding the date of this announcement, the Rights Issue is not conditional on approval by the Shareholders pursuant to Rule 7.19A of the Listing Rules. The Rights Issue will be carried out in compliance with Rule 7.21(1) of the Listing Rules.

GENERAL

The Prospectus containing, among other things, details of the Rights Issue is expected to be despatched by the Company to the Qualifying Shareholders on the Posting Date. The PALs and the EAFs will also be sent to the Qualifying Shareholders on the same date. A copy of the Prospectus will also be made available on the websites of the Company (www.coolpad.com.hk) and the Stock Exchange (www.hkexnews.hk). Subject to the advice of the Company’s legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company may send copies of the Prospectus to the Non-Qualifying Shareholders, as well as to the holders of the Share Options for their information only but will not send any PAL or EAF to them.

WARNING OF THE RISKS OF DEALING IN SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with its terms. It should also be noted that the Underwriting Agreement contains provisions granting the Underwriter the right to terminate its obligations on the occurrence of certain events including force majeure. Please refer to the section headed “The Underwriting Arrangement – Termination of the Underwriting Agreement” in this announcement for further details. Accordingly, the Rights Issue may or may not proceed.

The Shares are expected to be dealt in on an ex-entitlement basis from Friday, 24 May 2021. Dealings in the Rights Shares in nil-paid form are expected to take place from Monday, 7 June 2021 to Tuesday, 15 June 2021 (both dates inclusive).

Any dealings in the Shares from the date of this announcement up to the date on all the conditions of the Rights Issue are fulfilled, and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or Rights Shares in their nil-paid form are recommended to consult their professional advisers.

PROPOSED RIGHTS ISSUE

The Company proposes to raise not less than approximately HK\$1,008 million and not more than approximately HK\$1,028 million, before expenses, by way of the Rights Issue of not less than 3,600,799,740 Rights Shares and not more than 3,672,863,490 Rights Shares to the Qualifying Shareholders at a subscription price of HK\$0.28 per Rights Share on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date. The Rights Issue (subject to the Irrevocable Undertaking) will be fully underwritten by the Underwriter on the terms and conditions set out in the Underwriting Agreement.

The terms of the Rights Issue are set out below:

Rights Issue Statistics

Basis of the Rights Issue	:	One (1) Rights Share for every two (2) existing Shares held by the Shareholders on the Record Date
Subscription Price	:	HK\$0.28 per Rights Share
Number of Shares in issue as at the date of this announcement	:	7,201,599,480 Shares
Number of Rights Shares to be issued under the Rights Issue	:	not less than 3,600,799,740 Rights Shares (<i>Note 1</i>) and not more than 3,672,863,490 Rights Shares (<i>Note 2</i>)
IU Shares	:	897,437,000 Shares, being the aggregate number of Shares beneficially owned by the IU Shareholders as at the date of the Irrevocable Undertaking
Aggregate nominal value of the Rights Shares	:	not less than HK\$36,007,997.40 (<i>Note 1</i>) and not more than HK\$36,728,634.90 (<i>Note 2</i>)
Total number of issued Shares as enlarged by the allotment and issue of the Rights Shares	:	not less than 10,802,399,220 Shares (<i>Note 1</i>) and not more than 11,018,590,470 Shares (<i>Note 2</i>)
Underwriter	:	Kingston Securities Limited
Total funds to be raised (before expenses)	:	not less than approximately HK\$1,008 million (<i>Note 1</i>) and not more than approximately HK\$1,028 million (<i>Note 2</i>)

Note:

1. Assuming no change in the issued share capital of the Company on or before the Record Date.
2. Assuming new Shares are issued on or before the Record Date pursuant to the exercise of all Vested Share Options, but otherwise no other change in the issued share capital of the Company on or before the Record Date.

Under the Rights Issue, the 3,600,799,740 nil-paid Rights Shares proposed to be provisionally allotted represent 50% of the existing issued share capital of the Company as at the date of this announcement and approximately 33.33% of the issued share capital of the Company as enlarged by the Rights Issue (assuming no change in the issued share capital of the Company on or before the Record Date).

As at the date of this announcement, there are 144,127,500 Vested Share Options. Assuming exercise of all Vested Share Options, the maximum number of new Shares that would fall to be allotted and issued under the Share Option Scheme on or before the Record Date would be 144,127,500 Shares, which would result in the issue and allotment of 72,063,750 additional Rights Shares.

As at the date of this announcement, save as disclosed above, the Company has no other outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible or exchangeable into or confer any right to subscribe for Shares in the Rights Issue. Other than as a result of the exercise of the Share Options, the Company has no intention to issue or grant any Shares, convertible securities, warranties and/or options on or before the Record Date.

Subscription Price

The Subscription Price of HK\$0.28 per Rights Share is payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of Rights Shares or, where applicable, applies for excess Rights Shares or when a transferee of nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 41.1% to the closing price of HK\$0.475 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 41.2% to the average closing price per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.476;

- (iii) a discount of approximately 42.2% to the average closing price per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.485;
- (iv) a discount of approximately 42.7% to the average closing price per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.488;
- (v) a discount of approximately 31.7% to the theoretical ex-entitlement price of approximately HK\$0.410 per Share based on the closing price of HK\$0.475 per Share as quoted on the Stock Exchange on the Last Trading Day and the number of Shares as enlarged by the Rights Shares;
- (vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 14.5% represented by the theoretical diluted price of approximately HK\$0.424 to the benchmarked price of approximately HK\$0.496 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.475 per Share and the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date on which the Subscription Price of HK\$0.28 per Share is fixed); and
- (vii) a premium of approximately 52.9% to the consolidated net asset value per Share attributable to the Shareholders as at 31 December 2020 of approximately HK\$0.183 per Share calculated based on the audited consolidated net assets of the Group attributable to the Shareholders of approximately HK\$1,318,853,000 as at 31 December 2020 as set out in the annual results announcement of the Company for the year ended 31 December 2020 and 7,201,599,480 Shares in issue as at the date of this announcement.

The Subscription Price was determined with reference to, among other things, the recent market prices of the Shares, the current market conditions, and the amount of funds the Company intends to raise under the Rights Issue. The Directors consider that the Subscription Price at a discount to the current market price of the Shares would encourage the Shareholders to participate in the Rights Issue.

The Directors consider that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The net price per Rights Share (i.e. Subscription Price less the estimated cost and expenses to be incurred in the Rights Issue) upon full acceptance of the relevant provisional allotment of Rights Shares will be approximately HK\$0.27 per Rights Share.

Basis of provisional allotment

The basis of the provisional allotment shall be one (1) Rights Share for every two (2) existing Shares held by the Shareholders as at the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing a PAL and lodging the same with a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before 4:00 p.m. on the Latest Acceptance Date.

If a Qualifying Shareholder wishes to accept only a part of, or to renounce or transfer a part of, the Rights Shares provisionally allotted to him/her/it under the PAL, such Qualifying Shareholder will need to split his/her/its PAL into the denominations required. Details as to how to split the PALs will be set out in the Prospectus.

Qualifying Shareholders

The Rights Issue will only be available to the Qualifying Shareholders. The Company will send the Prospectus Documents to the Qualifying Shareholders. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company may send copies of the Prospectus to the Non-Qualifying Shareholders as well as to the holders of the Share Options for their information only but will not send any PAL or EAF to them.

To qualify for the Rights Issue, a Shareholder must:

- (i) be registered as a member of the Company at the close of business on the Record Date; and
- (ii) not be a Non-Qualifying Shareholder.

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company and are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date. In order to be registered as members of the Company on the Record Date, the Shareholders must lodge any transfer documents of the Shares (together with the relevant share certificates) with the Registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong by no later than 4:30 p.m. on Tuesday, 25 May 2021.

The Company expects to send the Prospectus Documents to the Qualifying Shareholders on Thursday, 3 June 2021.

Holders of Share Options who wish to participate in the Rights Issue should exercise the Share Options in accordance with the terms and conditions of the Share Option Scheme and be registered as holders of the Shares so allotted and issued to them pursuant to such exercise with the Company on or before the Record Date.

Qualifying Shareholders who take up their pro-rata entitlement in full under the Rights Issue will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). **If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.**

Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders on the Record Date, if any, may not be eligible to take part in the Rights Issue as explained below.

Pursuant to Rule 13.36(2)(a) of the Listing Rules, the Directors will make enquiries regarding the legality and feasibility of extending the Rights Issue to the Overseas Shareholder(s) under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, after making such enquiries, the Directors are of the opinion that it would be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place to exclude such Overseas Shareholder(s) from the Rights Issue, no Rights Shares (whether in nil-paid or fully-paid form) will be offered to such Overseas Shareholder(s). In such circumstances, the Rights Issue will not be extended to the Non-Qualifying Shareholder(s). Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company may send copies of the Prospectus to the Non-Qualifying Shareholders as well as holders of Share Options for their information only on the Posting Date, but will not send any PAL and EAF to them.

Arrangements will be made for the nil-paid Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market as soon as practicable after dealings in nil-paid Rights Shares commence, and in any event before the last day for dealings in nil-paid Rights Shares if a premium (net of expenses) can be obtained. The net proceeds of each sale, less expenses and stamp duty, of not less than HK\$100 will be paid pro-rata (rounded down to the nearest cent) to the relevant Non-Qualifying Shareholder(s) in Hong Kong dollars. The Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlements of the Non-Qualifying Shareholders, together with any Rights Shares provisionally allotted but not accepted, will be made available for excess application on EAFs by the Qualifying Shareholders.

Overseas Shareholders and beneficial owners of the Shares who are residing outside Hong Kong should note that they may or may not be entitled to the Rights Issue subject to the results of the enquiries to be made by the Directors pursuant to Rule 13.36(2)(a) of the Listing Rules. The Company reserves the right to permit any Shareholder (whether as a direct holder or beneficial owner) whose registered address is in, or who otherwise resides in, a jurisdiction other than Hong Kong to take up Rights Shares if the Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations in that jurisdiction which would otherwise give rise to restrictions upon the offer or take-up of Rights Shares in that jurisdiction and treat as invalid any acceptances of or applications for the Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, such Overseas Shareholders and beneficial owners of the Shares should exercise caution when dealing in the Shares.

Status of the Rights Shares

When allotted and fully paid, each Rights Share will have a nominal value of HK\$0.01. The Rights Shares, when allotted, issued and fully paid, will rank pari passu in all respects with the Shares in issue at the time. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid by the Company after the date of allotment and issue of the Rights Shares.

Fractional entitlements to the Rights Shares

The Company will not provisionally allot and will not accept application for any fractions of the Rights Shares. All fractions of the Rights Shares will be aggregated (and rounded down to the nearest whole number). Fractional entitlements to any Rights Shares will be disregarded and will be aggregated and allocated to satisfy excess applications (if any) and/or disposed of in such manner as the Directors in their absolute discretion deem appropriate and for the benefit and interests of the Company and more particularly described in the paragraph headed “Application for excess Rights Shares” below.

Odd lot trading arrangement

Upon completion of the Rights Issue, the board lots of the Shares will remain as 4,000 Shares. In order to facilitate the trading of odd lots of Shares which will arise upon the Rights Issue, the Company will procure Kingston Securities Limited to stand in the market and provide matching services on a best effort basis for the holders of odd lots of Shares during the period between Tuesday, 29 June 2021 to Tuesday, 20 July 2021 (both days inclusive). Holders of odd lots of Shares who wish to take advantage of this facility either to dispose of their odd lots of Shares or to top up to board lots of 4,000 Shares may contact Kingston Securities Limited as soon as possible during the period. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, Kingston Securities Limited is an independent third party not connected with the Company or any of the directors, chief executives, or substantial shareholders of the Company or any of its subsidiaries or associates. Holders of Shares in odd lots should note that the matching services mentioned above are on a “best effort” basis only and successful matching of the sale and purchase of odd lots of Shares is not guaranteed and will depend on there being an adequate amount of odd lots of Shares available for matching. Shareholders are advised to consult their financial advisers if they are in doubt about the above arrangements. Further details of the odd lot matching services will be provided in the Prospectus.

Application for excess Rights Shares

Qualifying Shareholders shall be entitled to apply for, by way of excess application:

- (i) any unsold Rights Shares which would have been allotted to the Non-Qualifying Shareholders had they been Qualifying Shareholders;
 - (ii) any Rights Shares provisionally allotted to but not validly accepted by the Qualifying Shareholders or otherwise subscribed for by renounees or transferees of Rights Shares in nil-paid form; and
 - (iii) any unsold Rights Shares created by aggregating fractions of Rights Shares in nil-paid form.
- (i) to (iii) are collectively referred to as “**Untaken Rights**”.

Applications for excess Rights Shares may be made only by the Qualifying Shareholders and only by duly completing and signing the EAF (in accordance with the instructions printed thereon) and lodging the same with a separate cheque or banker's cashier order for the sum payable for the excess Rights Shares being applied for with the Registrar by a time which is currently expected to be 4:00 p.m. on Friday, 18 June 2021 or such other time or date as the Company and the Underwriter may agree in writing.

Notwithstanding the provisions in the Prospectus Documents, the Company reserves the right to permit any Shareholder (whether as a direct holder or beneficial owner) whose registered address is in, or who is otherwise resident in, a jurisdiction other than Hong Kong to take up excess Rights Shares if the Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations in that jurisdiction which would otherwise give rise to restrictions upon the offer or take-up of Rights Shares in that jurisdiction. Subject to the requirements of Rule 7.21(3)(b) of the Listing Rules, the Directors will allocate the excess Rights Shares (if any) at their discretion on a fair and equitable basis and on the following principles:

- (i) as far as practicable, in proportion to the number of excess Rights Shares being applied for under each application;
- (ii) no preference will be made to the Rights Shares subscribed through applications by PALs or the existing number of Shares held by Qualifying Shareholders; and
- (iii) no preference will be given to applications made for topping up odd lot holdings to whole board lot holdings.

If the aggregate number of Rights Shares underlying the Untaken Rights is greater than the aggregate number of excess Rights Shares being applied for under EAFs, the Directors will allocate to each Qualifying Shareholder who applies for excess Rights Shares the actual number of excess Rights Shares being applied for.

In the event that the Board notes unusual patterns of excess applications and has reason to believe that any excess application may have been made with the intention to abuse the mechanism, such application(s) for excess Rights Shares may be rejected at the sole discretion of the Board.

Investors whose Shares are held by a nominee company (including HKSCC Nominees Limited) should note that for the purpose of the Rights Issue, the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Investors whose Shares are held by a nominee company (including HKSCC Nominees Limited) are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owners prior to the Record Date. Shareholders and investors should consult their professional advisers if they are in doubt as to their status.

For those investors whose Shares are held by a nominee company (including HKSCC Nominees Limited) and would like to have their names registered on the register of members of the Company, all necessary documents must be lodged with the Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by 4:30 p.m. on Tuesday, 25 May 2021.

Any Rights Shares (excluding the those in respect of the IU Shares) not taken up by the Qualifying Shareholders and not taken up by excess applications will be taken up by the Underwriter and/or subscribers procured by it pursuant to the terms and conditions of the Underwriting Agreement.

Taxation

Shareholders are advised to consult their professional advisers if they are in any doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the Rights Shares in their nil-paid or fully-paid forms and, regarding the Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sale of the nil-paid Rights Shares on their behalf.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange. No part of the share capital of the Company is listed or dealt in or on which listing or permission to deal in is being or is proposed to be sought on any other stock exchange.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Both the nil-paid Rights Shares and the fully-paid Rights Shares will be traded in board lots of 4,000 Shares.

Stamp duty and other applicable fees

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy or any other applicable fees and charges in Hong Kong.

Share certificates and refund cheques for the Rights Shares

Subject to the fulfilment of the conditions of the Rights Issue as set out below, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered address, at their own risks, on or before Monday, 28 June 2021. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be despatched on or before Monday, 28 June 2021 to the applicants without interest at their registered addresses by ordinary post at their own risk.

If the Rights Issue does not become unconditional or does not proceed, the monies received in respect of the relevant provisional allotments and/or applications for excess Rights Shares (if any) will be refunded to the Qualifying Shareholders or such other person to whom the Rights Shares in nil-paid form have been validly renounced or transferred or, in the case of joint acceptances, to the first-named person, without interest and by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other person to their registered addresses by the Registrar on or before Monday, 28 June 2021.

THE IRREVOCABLE UNDERTAKING

As at the date of this announcement, Mr. Chen, indirectly through Great Shine, holds 897,437,000 Shares, representing approximately 12.46% of the issued share capital of the Company.

On 4 May 2021, the Company received from Mr. Chen and Great Shine the Irrevocable Undertaking, pursuant to which:

- (i) the IU Shareholders have irrevocably undertaken to the Company that they shall not transfer or otherwise dispose of or create any rights in respect of any of the 897,437,000 IU Shares currently beneficially owned by them and which will remain beneficially owned by them on the Record Date; and
- (ii) the IU Shareholders have irrevocably undertaken to the Company to take up and pay for, in accordance with the terms of the Prospectus Documents, all the Rights Shares which will be provisionally allotted to it/him in respect of the IU Shares pursuant to the Rights Issue.

Save for the Irrevocable Undertaking, the Company has not received any information or irrevocable undertaking from any other Shareholders of their intention in relation to the Rights Shares to be allotted to them under the Rights Issue as at the date of this announcement.

UNDERWRITING ARRANGEMENT

On 4 May 2021, the Company and the Underwriter entered into the Underwriting Agreement in respect of the proposed Rights Issue, pursuant to which the Rights Shares other than those in respect of the IU Shares will be fully underwritten by the Underwriter.

Principal terms of the Underwriting Agreement are as follows:

Date : 4 May 2021

Underwriter : Kingston Securities Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation to carry on business in Type 1 regulated activity under the SFO and underwriting is in the ordinary and usual course of business of the Underwriter.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Underwriter and its ultimate beneficial owners are Independent Third Parties.

- Number of Rights Shares to be underwritten : Up to 3,152,081,240 Rights Shares, being the minimum total number of Rights Shares issuable (assuming no change in the issued share capital of the Company on or before the Record Date), or up to 3,224,144,990 Rights Shares, being the maximum total number of Rights Shares issuable (assuming new Shares are issued on or before the Record Date pursuant to the exercise of all Vested Share Options, but otherwise no other change in the issued share capital of the Company on or before the Record Date), excluding the Rights Shares in respect of the IU Shares to be taken up by Mr. Chen and Great Shine pursuant to the Irrevocable Undertaking.
- Commission : 2.5% of the aggregate Subscription Price in respect of the Underwritten Shares, which was determined with reference to the prevailing market rate of similar transactions.

The terms of the Underwriting Agreement (including the commission rate) were determined after arm's length negotiation between the Company and the Underwriter by reference to the financial position of the Group, the size of the Rights Issue, the current and expected market condition, the market price of the Shares and the prevailing market rate of similar transactions. The Directors consider that the terms of the Underwriting Agreement, including the commission rate, are fair and reasonable and in the interest of the Company and the Shareholders as a whole. None of the Directors has a material interest in the transaction contemplated under the Underwriting Agreement.

Subject to the fulfillment (or waiver) of all the conditions (save and except conditions (i), (ii), (iii) and (iv) set out in the section headed "Conditions of the Underwriting Agreement" which cannot be waived) contained in the Underwriting Agreement and provided that the Underwriting Agreement is not terminated prior to the Latest Time for Termination in accordance with the terms thereof, the Underwriter shall subscribe or procure subscription on the terms of the Prospectus Documents (insofar as the same are applicable) for such Untaken Shares.

Termination of the Underwriting Agreement

If, in the absolute opinion of the Underwriter, at or prior to the Latest Time for Termination:

- (i) there develops, occurs or comes into force:
 - (a) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which, in the absolute opinion of the Underwriter, may have a Material Adverse Effect or materially and adversely affects the Rights Issue or makes it inadvisable or inexpedient to proceed therewith; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of an economic, financial, political or military or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets, which, in the absolute opinion of the Underwriter, may have a Material Adverse Effect or materially and adversely affects the Rights Issue or makes it inadvisable or inexpedient to proceed therewith; or
 - (c) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, moratorium, suspension or material restriction or trading in securities) which, in the absolute opinion of the Underwriter, may have a Material Adverse Effect or materially and adversely affects the Rights Issue or makes it inadvisable or inexpedient to proceed therewith; or
- (ii) any Specified Event comes to the knowledge of the Underwriter; or
- (iii) there is any change in the circumstances of the Company or any member of the Group which, in the absolute opinion of the Underwriter, will adversely affect the prospects of the Group as a whole, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or

- (iv) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would, in the absolute opinion of the Underwriter, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (v) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (vi) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of the Underwriter, a material omission in the context of the Rights Issue; or
- (vii) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than five (5) consecutive Business Days, excluding any suspension in connection with the clearance of this announcement or the Prospectus Documents or other announcements or circulars in connection with the Rights Issue; or
- (viii) the Prospectus, when published, contains information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the absolute opinion of the Underwriter be material to the Group as a whole upon completion of the Rights Issue and is likely to affect materially and adversely the success of the Rights Issue,

then and in any such case the Underwriter may by notice in writing to the Company given at any time up to the Latest Time for Termination terminate (save as specified otherwise in the Underwriting Agreement) the Underwriting Agreement and thereupon all obligations of the Company and the Underwriter shall cease and determine, in which event the Company and the Underwriter shall thereupon forthwith give instructions to the Registrar to return all moneys received from subscribers for the Rights Shares and provided further that the provisions of certain specified clauses in the Underwriting Agreement shall continue in full force and effect and all costs, charges and expenses which have been reasonably and properly incurred by the Underwriter in connection with the Rights Issue referred to in the Underwriting Agreement (excluding sub-underwriting fees, if any, and related expenses) shall still be borne and paid by the Company.

If the Underwriter terminates the Underwriting Agreement, the Rights Issue will not proceed. A further announcement would be made by the Company if the Underwriting Agreement is terminated by the Underwriter.

Conditions of the Underwriting Agreement

The obligations of the Underwriter to subscribe or procure subscribers for the Underwritten Shares pursuant to the Underwriting Agreement are conditional upon the happening of the following events by no later than the dates and times (where relevant) specified below, respectively (or, in each case, such later date or time as the Underwriter may agree with the Company in writing):

- (i) the issue and publication of this announcement as soon as practicable and, in any event, within two Business Days of the date of the Underwriting Agreement;
- (ii) the posting on or before the Posting Date of the Prospectus Documents to the Qualifying Shareholders and, to the extent permissible under applicable laws and regulations in the relevant jurisdiction and to the extent reasonably practicable, the Prospectus and NQS Letter to the Non-Qualifying Shareholders;
- (iii) the filing and registration of the Prospectus Documents as required by law to be filed by and registered with the Registrar of Companies in Hong Kong;
- (iv) the Listing Committee of the Stock Exchange granting or agreeing in principle to grant (subject to allotment), and not having revoked the grant of, listing of and permission to deal in the Rights Shares in both their nil-paid and fully-paid forms;
- (v) the Shares remaining listed on the Stock Exchange at all times up to and including the first day of dealings in the fully-paid Rights Shares and the listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than five (5) trading days at any time prior to the Latest Time for Termination, excluding any suspension in connection with the clearance of this announcement or the Prospectus Documents or other announcements or circulars in connection with the Rights Issue;

- (vi) the obligations of the Underwriter becoming unconditional and the Underwriting Agreement is not terminated in accordance with its terms;
- (vii) compliance with and performance of all undertakings and obligations of the Company under the Underwriting Agreement;
- (viii) each condition to enable the nil-paid Rights Shares to be admitted as eligible securities for deposit, clearance and settlement in CCASS having been satisfied on or before the Business Day prior to the commencement of trading of the nil-paid Rights Shares;
- (ix) on or before the Latest Acceptance Date, the IU Shareholders or its/his associates or nominees (including the relevant CCASS participant(s), if applicable) having taken up and paid for the Rights Shares provisionally allotted to it/him in respect of the IU Shares, by way of accepting the provisional allotments of such Rights Shares, accompanied by cheque or other remittances for the respective amounts payable on acceptance; and
- (x) all the representations, warranties and undertakings of the Company in the Underwriting Agreement as at the date of the Underwriting Agreement and up to and including the Latest Time for Termination remaining true and accurate and not misleading, and there being, by the Latest Time for Termination: (1) no breach in any respect; (2) no cause for the Underwriter to reasonably believe a breach has occurred or may occur; and (3) no matter having arisen which would reasonably be expected to give rise to a breach or claim.

Save for the conditions set out in (i), (ii), (iii) and (iv) above which cannot be waived, the conditions set out above may be waived in whole or in part by the Underwriter. If the conditions set out above are not fulfilled (or waived in whole or in part by the Underwriter) by the relevant dates and times specified therein, or in any case within four months of the date of the Underwriting Agreement (or such later date or time as the Underwriter may agree with the Company in writing pursuant to the Underwriting Agreement), then all liabilities of the parties will cease and determine and no party will have any claim against the others (except in respect of any antecedent breaches), save that the certain provisions of the Underwriting Agreement shall continue in full force and effect and save that all out-of-pocket expenses (excluding sub-underwriting fees, if any, and related expenses) as may have been reasonably and properly incurred by the Underwriter in connection with the proposed Rights Issue referred to in the Underwriting Agreement shall be borne by the Company and paid, or, where appropriate, reimbursed, to the Underwriter, within seven Business Days, on demand.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 26 May 2021 to Wednesday, 2 June 2021 (both dates inclusive) for the purpose of determining entitlements to the Rights Issue. During this period, no transfer of Shares will be registered.

CONDITIONS OF THE RIGHTS ISSUE

The Rights Issue is conditional upon the obligations of the Underwriter under the Underwriting Agreement becoming unconditional and the Underwriter not terminating the Underwriting Agreement.

The Underwriting Agreement contains detailed conditions and events which may cause the Underwriting Agreement to be terminated by the Underwriter. Please refer to the section headed “Underwriting Arrangement” in this announcement for details of the conditions and grounds of termination of the Underwriting Agreement. If the Underwriting Agreement does not become unconditional or is terminated, the Rights Issue will not proceed.

EXPECTED TIMETABLE

The expected timetable in respect of the Rights Issue is set out below:

Event	Time and Date 2021
Last day of dealing in the Shares on a cum-entitlement basis	Friday, 21 May
First day of dealing in the Shares on an ex-entitlement basis	Monday, 24 May
Latest time for lodging transfer of shares for entitlement to the Rights Issue	4:30 p.m. on Tuesday, 25 May
Closure of register of members to determine entitlements to the Rights Issue (both dates inclusive)	Wednesday, 26 May to Wednesday, 2 June
Record Date for determining entitlements under Rights Issue	Wednesday, 2 June

Register of members of the Company re-opens	Thursday, 3 June
Despatch of Prospectus Documents (including the PAL, the EAF and the Prospectus) (in case of the Non-Qualifying Shareholders, the Prospectus only)	Thursday, 3 June
First day of dealing in nil-paid Rights Shares	Monday, 7 June
Latest time for splitting of the PAL	4:30 p.m. on Wednesday, 9 June
Last day of dealing in nil-paid Rights Shares	Tuesday, 15 June
Latest time for acceptance of and payment for the Rights Shares and application for and payment for excess Rights Shares	4:00 p.m. on Friday, 18 June
Latest time for the Rights Issue to become unconditional	4:00 p.m. on Wednesday, 23 June
Announcement of results of the Rights Issue	Friday, 25 June
Despatch of refund cheques for wholly or partially unsuccessful excess applications or if the Rights Issue does not become unconditional	Monday, 28 June
Despatch of share certificates for fully-paid Rights Shares	Monday, 28 June
First day of dealings in fully-paid Rights Shares	Tuesday, 29 June
Commencement of odd lot matching services	Tuesday, 29 June
Cessation of odd lot matching services	Tuesday, 20 July

All times and dates in this announcement refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above or in other parts of this announcement are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be announced or notified to the Shareholders and the Stock Exchange as and when appropriate.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The latest time for acceptance of and payment for the Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, a “black” rainstorm warning signal and/or extreme conditions is:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares and for application will be rescheduled to 4:00 p.m. on the following Business Day which does not have any of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares does not take place on or before 4:00 p.m. on Friday, 18 June 2021, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

EFFECT OF THE RIGHTS ISSUE ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below are the changes in the shareholding structure of the Company arising from the Rights Issue: (i) assuming no change in the issued share capital of the Company on or before the Record Date; and (ii) assuming new Shares are issued on or before the Record Date pursuant to the exercise of all Vested Share Options, but otherwise no other change in the issued share capital of the Company on or before the Record Date.

- (a) Assuming no change in the issued share capital of the Company on or before the Record Date:

Shareholder	As at the date of this announcement		Immediately after completion of the Rights Issue assuming all Qualifying Shareholders take up their respective allotment of the Rights Shares in full		Immediately after completion of the Rights Issue (assuming no Qualifying Shareholders take up any of the Rights Shares (other than the IU Shareholders who shall take up the Rights Shares in respect of the IU Shares pursuant to the Irrevocable Undertaking and the Underwriter and/or subscriber(s) procured by it who shall take up all the Untaken Shares))	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Mr. Chen	897,437,000	12.46	1,346,155,500	12.46	1,346,155,500	12.46
Other Directors	4,053,600	0.06	6,080,400	0.06	4,053,600	0.04
The Underwriter and/or subscriber(s) procured by it	-	-	-	-	3,152,081,240	29.18
Other public shareholders	<u>6,300,108,880</u>	<u>87.48</u>	<u>9,450,163,320</u>	<u>87.48</u>	<u>6,300,108,880</u>	<u>58.32</u>
Total	<u>7,201,599,480</u>	<u>100</u>	<u>10,802,399,220</u>	<u>100</u>	<u>10,802,399,220</u>	<u>100</u>

- (b) Assuming new Shares are issued on or before the Record Date pursuant to the exercise of all Vested Share Options, but otherwise no other change in the issued share capital of the Company on or before the Record Date:

Shareholder	As at the date of this announcement		Immediately after exercise of all Vested Share Options but otherwise no other change in the issued share capital of the Company from the date of this announcement up to the Record Date		Immediately after completion of the Rights Issue assuming all Qualifying Shareholders take up their respective allotment of the Rights Shares in full		Immediately after completion of the Rights Issue (assuming no Qualifying Shareholders take up any of the Rights Shares (other than the IU Shareholders who shall take up the Rights Shares in respect of the IU Shares pursuant to the Irrevocable Undertaking and the Underwriter and/or subscriber(s) procured by it who shall take up all the Untaken Shares))	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Mr. Chen	897,437,000	12.46	897,437,000	12.21	1,346,155,500	12.21	1,346,155,500	12.21
Other Directors	4,053,600	0.06	4,053,600	0.06	6,080,400	0.06	4,053,600	0.04
Holders of the Vested Share Options	-	-	144,127,500	1.96	216,191,250	1.96	144,127,500	1.31
The Underwriter and/or subscriber(s) procured by it	-	-	-	-	-	-	3,224,144,990	29.26
Other public shareholders	6,300,108,880	87.48	6,300,108,880	85.77	9,450,163,320	85.77	6,300,108,880	57.18
Total	7,201,599,480	100	7,345,726,980	100	11,018,590,470	100	11,018,590,470	100

Shareholders and public investors should note that the above shareholding changes are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Shares. Further announcements will be made by the Company in accordance with the Listing Rules following the completion of the Rights Issue upon which the Rights Shares are allotted and issued.

REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

The Group is principally engaged in developing wireless telecommunications and technological know-how in wireless telecommunications across multiple wireless telecommunications network standards and developing proprietary technologies and patents in mobile operating systems, radio frequency, protocols and wireless data decomposed transmission technology.

The estimated net proceeds from the Rights Issue will be not less than approximately HK\$981 million but not more than approximately HK\$1,001 million after deduction of all estimated expenses (equivalent to a net price of approximately HK\$0.27 per Rights Share). The Company intends to use the net proceeds in the following manner:

- (i) approximately 30% for the repayment of existing indebtedness of the Group;
- (ii) approximately 50% for the expansion of the Group's business, in particular the mobile business in the PRC (including the development, operation and promotion of its own mobile phone operating systems, the preparation of mobile phone business in the PRC and the expansion of business channels);
- (iii) approximately 10% for the acquisition of and/or the investment in businesses that can take advantage of the Group's competitive edge when suitable opportunities arise; and
- (iv) approximately 10% for the general working capital of the Group.

The Board considers that the Rights Issue provides a good opportunity for the Group to strengthen its capital base without increasing debt or incurring financing cost and to enhance its financial position, while at the same time the Rights Issue will enable all Shareholders to participate in the future development of the Company on equal terms. The Board considers that it is in the interests of the Company and the Shareholders as a whole to raise capital through the Rights Issue.

POSSIBLE ADJUSTMENT TO THE SHARE OPTIONS UNDER THE SHARE OPTION SCHEME

The Rights Issue may lead to adjustments to the exercise price and/or the number of Shares to be issued upon exercise of the Share Options under the Share Option Scheme.

The Company will notify the holders of such Share Options and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made (if any) pursuant to the terms of the Share Option Scheme and such adjustment will be certified by an independent financial adviser or auditors of the Company (as the case may be).

EQUITY FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS FROM THE DATE OF THIS ANNOUNCEMENT

Save as disclosed below, the Company had not conducted any equity fund raising activities in the 12 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 666,000,000 Shares on 8 March 2021	HK\$186 million	Business expansion, capital expenditures and general working capital of research, development, manufacturing and sale of smart phones	The net proceeds of HK\$186 million have been fully applied as intended and as disclosed in the announcement of the Company dated 3 February 2021, amongst which approximately HK\$102.3 million was utilized for general working capital of manufacturing and sale of smart phones, approximately HK\$10.3 million was utilized for capital expenditures and approximately HK\$73.4 million was utilized for daily operating expenses.

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\$89.5 million	Business expansion, capital expenditures and general working capital of research, development, manufacturing and sale of smart phones	The net proceeds of HK\$89.5 million 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.

LISTING RULES IMPLICATIONS

Given that the Rights Issue will increase the issued share capital and the market capitalization of the Company by not more than 50% within the 12-month period immediately preceding the date of this announcement, the Rights Issue is not conditional on approval by the Shareholders pursuant to Rule 7.19A of the Listing Rules. The Rights Issue will be carried out in compliance with Rule 7.21(1) of the Listing Rules.

GENERAL

The Prospectus containing, among other things, details of the Rights Issue is expected to be despatched by the Company to the Qualifying Shareholders on the Posting Date. The PALs and the EAFs will also be sent to the Qualifying Shareholders on the same date. A copy of the Prospectus will also be made available on the websites of the Company (www.coolpad.com.hk) and the Stock Exchange (www.hkexnews.hk). Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company may send copies of the Prospectus to the Non-Qualifying Shareholders, as well as to the holders of the Share Options for their information only but will not send any PAL or EAF to them.

WARNING OF THE RISKS OF DEALING IN SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with its terms. It should also be noted that the Underwriting Agreement contains provisions granting the Underwriter the right to terminate its obligations on the occurrence of certain events including force majeure. Please refer to the paragraph headed "The Underwriting Arrangement — Termination of the Underwriting Agreement" in this announcement for further details. Accordingly, the Rights Issue may or may not proceed.

The Shares are expected to be dealt in on an ex-entitlement basis from Friday, 24 May 2021. Dealings in the Rights Shares in nil-paid form are expected to take place from Monday, 7 June 2021 to Tuesday, 15 June 2021 (both dates inclusive).

Any dealings in the Shares from the date of this announcement up to the date on all the conditions of the Rights Issue are fulfilled, and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or Rights Shares in their nil-paid form are recommended to consult their professional advisers.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, a Sunday, a public holiday and a day 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 are open for general banking business in Hong Kong throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“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)
“Director(s)”	the director(s) of the Company
“EAF(s)”	the excess application form(s) for use by the Qualifying Shareholders who wish to apply for Rights Shares in excess for their pro-rata entitlements under the Rights Issue
“Great Shine”	Great Shine Investment Limited (宏暉投資有限公司), a company incorporated in the British Virgin Islands with limited liability and a substantial shareholder of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administration Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of the Company and not a connected person (as defined in the Listing Rules) of the Company
“IU Share(s)”	897,437,000 Shares, being the aggregate number of Shares beneficially owned by the IU Shareholders as at the date of the Irrevocable Undertaking

“IU Shareholders”	collectively, Mr. Chen and Great Shine
“Irrevocable Undertaking”	the irrevocable undertaking dated 4 May 2021 given by Mr. Chen and Great Shine in favour of the Company and the Underwriter, the principal terms of which are disclosed in the section headed “The Irrevocable Undertaking” in this announcement
“Last Trading Day”	3 May 2021, being the last full trading day for the Shares immediately prior to the date of this announcement
“Latest Acceptance Date”	Tuesday, 18 June 2021, being the last day for acceptance of and payment for the Rights Shares and for application or such other date as the Company and the Underwriter may determine
“Latest Time for Termination”	4:00 p.m. on Wednesday, 23 June 2021 or such later time or date as may be agreed between the Company and the Underwriter in writing, being the third Business Day after the Latest Acceptance Date, which shall be the latest time for termination of the Underwriting Agreement
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Chen”	Mr. Chen Jiajun, an executive Director and a substantial shareholder of the Company
“Material Adverse Effect”	a material adverse effect on the financial conditions of the Group as a whole
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) whom the Directors, after making due and careful enquiries regarding the legal restrictions under the laws of the relevant jurisdictions or the requirements of the relevant overseas regulatory bodies or stock exchanges, consider it necessary or expedient to exclude them from the Rights Issue
“NQS Letter”	to the extent permissible under applicable laws and regulations in the relevant jurisdiction and to the extent reasonably practicable, a letter in agreed form explaining the circumstances in which the Non-Qualifying Shareholders are not permitted to participate in the Rights Issue to be posted to the Non-Qualifying Shareholders
“Overseas Shareholder(s)”	the Shareholder(s) (whose names appear on the register of members of the Company at 5:00 p.m. on the Record Date) with registered address(es) outside Hong Kong

“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Posting Date”	Thursday, 3 June 2021 or such other date as the Company and the Underwriter may agree in writing, being the date on which the Prospectus Documents are posted to the Qualifying Shareholders
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Prospectus”	the prospectus to be issued to the Shareholders containing, among other things, details of the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL(s) and the EAF(s) to be issued by the Company
“Qualifying Shareholder(s)”	Shareholder(s), whose name(s) appear on the register of members of the Company at the close of business on the Record Date, other than the Non-Qualifying Shareholders
“Record Date”	Wednesday, 2 June 2021 or on such other date as the Company and the Underwriter may agree in writing, being the date by reference to which the Shareholders’ entitlements to the Rights Issue are to be determined
“Registrar”	Computershare Hong Kong Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company
“Rights Issue”	the proposed offer for subscription of the Rights Shares at the Subscription Price on the basis of one (1) Rights Shares for every two (2) existing Shares held by the Shareholders on the Record Date and subject to the conditions set out in the section headed “Conditions of the Rights Issue” in this announcement
“Rights Shares”	the new Share(s) to be allotted and issued under the Rights Issue, being not less than 3,600,799,740 Rights Shares (assuming no change in the issued share capital of the Company on or before the Record Date) and not more than 3,672,863,490 Rights Shares (assuming new Shares are issued on or before the Record Date pursuant to the exercise of all Vested Share Options, but otherwise no other change in the issued share capital of the Company on or before the Record Date)

“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Share(s)”	ordinary share(s) of nominal value of HK\$0.01 each in the share capital of the Company
“Share Options”	a right to subscribe for Shares pursuant to the Share Option Scheme or any share option
“Share Option Scheme”	the share option scheme adopted by the Company on 23 May 2014
“Shareholder(s)”	holder(s) of the Share(s)
“Specified Event”	an event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which, if it had occurred or arisen before the date of the Underwriting Agreement, would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.28 per Rights Share
“substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Underwriter”	Kingston Securities Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation to carry on business in Type 1 regulated activity under the SFO
“Underwriting Agreement”	the underwriting agreement dated 4 May 2021 entered into between the Company and the Underwriter and as revised, supplemented and/or amended from time to time in accordance with its terms
“Underwritten Shares”	up to 3,152,081,240 Rights Shares, being the minimum total number of Rights Shares issuable (assuming no change in the issued share capital of the Company on or before the Record Date), or up to 3,224,144,990 Rights Shares, being the maximum total number of Rights Shares issuable (assuming new Shares are issued on or before the Record Date pursuant to the exercise of all Vested Share Options, but otherwise no other change in the issued share capital of the Company on or before the Record Date), excluding the Rights Shares in respect of the IU Shares to be taken up by the IU Shareholders pursuant to the Irrevocable Undertaking

“Untaken Share(s)”	those (if any) of the Underwritten Shares in respect of which valid applications under the PALs and EAFs have not been received on or before the Latest Acceptance Date
“Vested Share Options”	outstanding and vested Share Options granted to subscribe for 144,127,500 Shares pursuant to the Share Option Scheme that are exercisable on or before the Record Date
“%”	per cent.

By order of the Board
Coolpad Group Limited
Chen Jiajun
Executive Director
Chief Executive Officer
Chairman

Hong Kong, 4 May 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.