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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 ISSUE OF NEW SHARES
UNDER GENERAL MANDATE**

The Board is pleased to announce that on 27 August 2023, the Company entered into the Subscription Agreements with each of the Subscribers and the Guarantors, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscribers have conditionally agreed to subscribe for, an aggregate of 2,730,000,000 Subscription Shares at the Subscription Price of HK\$0.033 per Subscription Share.

The Subscription Shares represent (i) approximately 20.00% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% 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 Agreements 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, each of the Subscribers 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 Subscriptions will be HK\$90.09 million. The net proceeds from the Subscriptions (after deducting the expenses incurred in the Subscriptions) is estimated to be approximately HK\$89.0 million.

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

Subscription Shares

The Company has conditionally agreed to issue, and each of the Subscribers has conditionally agreed to subscribe for, the Subscription Shares as follows at the Subscription Price of HK\$0.033 per Subscription Share.

Subscribers	Number of Subscription Shares <i>million</i>	Nominal value of the Subscription Shares <i>HK\$ million</i>
(a) Subscriber A	455	4.55
(b) Subscriber B	818	8.18
(c) Subscriber C	297	2.97
(d) Subscriber D	160	1.60
(e) Subscriber E	606	6.06
(f) Subscriber F	303	3.03
(g) Subscriber G	91	0.91
Total	2,730	27.30

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

- (a) approximately 20.00% of the existing issued share capital of the Company as at the date of this announcement; and
- (b) approximately 16.67% 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\$27,300,000.

Subscription Price

The Subscription Price of HK\$0.033 per Subscription Share represents:

- (a) a discount of approximately 13.2% to the closing price of HK\$0.038 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (b) a discount of approximately 17.5% to the average closing price of approximately HK\$0.040 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day.

The net proceeds from the Subscriptions, after deduction of relevant expenses, is estimated to be approximately HK\$89.0 million. The net Subscription Price per Subscription Share, after deduction of relevant expenses, is estimated to be approximately HK\$0.0326 per Subscription Share.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Subscribers 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.

Guarantee

Each Guarantor under the relevant Share Subscription Agreement has agreed to irrevocably and unconditionally guarantee the obligations of the relevant Subscriber under the relevant Share Subscription Agreement.

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 each of the Subscribers to subscribe and pay for, and the obligations of the Company to issue, the Subscription Shares are conditional upon the fulfilment of the following conditions precedent:

- (a) the Listing Committee 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; and
- (b) each party to the Subscription Agreements having obtained all approvals and consents from third parties which are necessary to be obtained for the execution and performance of the Subscription Agreements and any of the transactions contemplated under the Subscription Agreements.

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

As at the date of this announcement, none of the conditions precedent to the Subscriptions have been satisfied. The Completion of each of the Subscription Agreements is not inter-conditional upon the Completion of any of the other Subscription Agreements.

Completion

Completion shall take place within three 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 Agreements and the Subscription Agreements 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 Agreements.

Lock-up undertaking

Pursuant to the Subscription Agreements, each of the Subscribers undertakes to the Company that it will not, for a period of three months from the date of the issuance of the Subscription Shares to the Subscribers, 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,

provided that the foregoing shall not restrict any transfer to any affiliate(s) of the Subscriber or any transfer made pursuant to or in connection with any security interest granted in favour of one or more banks or other institutions (including any nominee, agent or trustee of or on behalf of such banks or other institutions) to whom such Subscription Shares have been charged or pledged by way of security.

INFORMATION OF THE COMPANY

The Company is an investment holding company. The Group is principally engaged in the production and sale of mobile phones and accessories, the provision of wireless application services and leases of properties.

INFORMATION OF THE SUBSCRIBERS AND THE GUARANTORS

Based on the information provided by the Subscribers and the Guarantors:

Subscriber A and Guarantor A

Subscriber A is an investment holding company incorporated in the BVI with limited liability and is wholly-owned by Guarantor A. Guarantor A engages in investment and treasury finance.

Subscriber B and Guarantor B

Subscriber B is an investment holding company incorporated in the BVI with limited liability and is wholly-owned by Guarantor B. Guarantor B engages in investment and treasury finance.

Subscriber C and Guarantor C

Subscriber C is an investment holding company incorporated in the BVI with limited liability and is wholly-owned by Guarantor C. Guarantor C engages in investment and treasury finance.

Subscriber D and Guarantor D

Subscriber D is an investment holding company incorporated in the BVI with limited liability and is wholly-owned by Guarantor D. Guarantor D engages in business and trading investment.

Subscriber E

Subscriber E is an experienced investor in new energy and AI sectors.

Subscriber F

Subscriber F engages in business operations and investment.

Subscriber G

Subscriber G is an experienced investor.

It is expected that each of the Subscribers will not become a substantial shareholder of the Company following the Subscriptions.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Subscribers (and where applicable, its ultimate beneficial owners) is a third party independent of the Company and its connected persons as at the date of this announcement.

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 2,730,201,591 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. 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 BENEFITS OF THE SUBSCRIPTIONS AND USE OF PROCEEDS

The Directors are of the view that the Subscriptions 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 Agreements are on normal commercial terms after arm's length negotiation and are fair and reasonable.

The gross proceeds from the Subscriptions will be HK\$90.09 million. The net proceeds from the Subscriptions (after deducting the expenses incurred in the Subscriptions) is estimated to be approximately HK\$89.0 million. The Company intends to apply the net proceeds from the Subscriptions as to (i) approximately HK\$80.0 million (or approximately 89.9%) for the new supply chain procurement demand due to the expansion of the Group's mobile business in the PRC, which is expected to be fully utilised before 30 June 2024; and (ii) approximately HK\$9.0 million (or approximately 10.1%) for the general working capital of the Group, which is expected to be fully utilised before 30 June 2024.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE-MONTH PERIOD

The Company had not conducted any equity fund raising activities in the twelve months immediately preceding the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 13,651,007,955 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	As at the date of this announcement		Immediately following Completion	
	Number of Shares	Approximate per cent. (%)	Number of Shares	Approximate per cent. (%)
<i>Directors (Note 1)</i>				
Mr. Chen Jiajun (Note 2)	3,131,355,500	22.94	3,131,355,500	19.12
Mr. Xu Yibo	4,500,000	0.03	4,500,000	0.03
<i>Substantial Shareholders (Other than Mr. Chen Jiajun)</i>				
Mr. Liu Feng (Note 3)	1,420,260,000	10.40	1,420,260,000	8.67
Sub-total of non-public Shareholders	4,556,115,500	33.38	4,556,115,500	27.81
<i>Public Shareholders</i>				
Guarantor A (Note 4)	106,216,000	0.78	561,216,000	3.43
Subscriber B	–	–	818,000,000	4.99
Subscriber C	–	–	297,000,000	1.81
Subscriber D	–	–	160,000,000	0.98
Subscriber E	–	–	606,000,000	3.70
Subscriber F	–	–	303,000,000	1.85
Subscriber G	–	–	91,000,000	0.56
Other public Shareholders	8,988,676,455	65.85	8,988,676,455	54.87
Sub-total of non-public Shareholders	9,094,892,455	66.62	11,824,892,455	72.19
Total	13,651,007,955	100.00	16,381,007,955	100.00

Notes:

1. As at the date of this announcement, each of Mr. Ma Fei, Mr. Xu Yibo, Mr. Liang Rui, Mr. Ng Wai Hung and Mr. Guo Jinghui, was interested in 13,058,819, 19,588,236, 32,647,060, 3,047,060 and 1,958,824 Shares (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)), respectively, being the underlying Shares of the options granted to the relevant Directors by the Company under the share option scheme adopted by the Company on 23 May 2014. For the purpose of this announcement, the above table does not include any underlying shares to be issued under any share options granted to the Directors.
2. As at the date of this announcement: (a) 2,331,355,500 Shares were directly held by Great Shine Investment Limited, which is 100% directly held by Great Splendid Holdings Limited. Mr. Chen Jiajun is the director of Great Splendid Holdings Limited and holds 100% shares of Great Splendid Holdings Limited; and (b) 800,000,000 Shares were directly held by Elite Mobile Limited, which was ultimately controlled by Mr. Chen Jiajun. Therefore, Mr. Chen Jiajun, executive Director, chief executive officer and chairman of the Company, was indirectly interested in 3,131,355,500 Shares, of which 2,331,355,500 Shares were held through Great Shine Investment Limited and 800,000,000 Shares were held through Elite Mobile Limited.
3. As at the date of this announcement: (a) 920,260,000 Shares were directly held by YH Fund SPC – YH01 SP I, which was ultimately controlled by Mr. Liu Feng; and (b) 500,000,000 Shares were directly held by Mr. Liu Feng.
4. As at the date of this announcement, Subscriber A was not interested in any Shares. As at the date of this announcement, Guarantor A, the ultimate beneficial owner of Subscriber A, was interested in 106,216,000 Shares. Guarantor A is also deemed to be interested in the 455,000,000 Shares held by Subscriber A immediately after the Completion pursuant to Part XV of the SFO.
5. 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 Subscriptions is subject to fulfilment of the conditions under the Subscription Agreements. Therefore, the Subscriptions 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 21 June 2023
“Board”	the board of Directors of the Company

“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
“BVI”	British Virgin Islands
“Company”	Coolpad Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2369)
“Completion”	the completion of the Share Subscriptions under the Share Subscription Agreements
“Conditions Precedent”	the conditions precedent to Completion, as more particularly set out under the paragraph headed “The Subscription Agreements – Conditions precedent”
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company (including independent non-executive director(s))
“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
“Guarantor A”	Mr. Cheung Sze Wah Sam
“Guarantor B”	Mr. Lin Weihao
“Guarantor C”	Ms. Peng Yan
“Guarantor D”	Ms. Qi Yanfang
“Guarantors”	collectively, Guarantor A, Guarantor B, Guarantor C and Guarantor D

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars
“Last Trading Day”	25 August 2023, being the last trading day immediately prior to the entering into of the Subscription Agreements
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	10 October 2023
“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 of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber A”	Beyond Merchant Limited, a company incorporated in the BVI with limited liability, which is ultimately beneficially owned by Guarantor A as at the date of this announcement
“Subscriber B”	Saints Aura Investment Holdings Limited, a company incorporated in the BVI with limited liability, which is ultimately beneficially owned by Guarantor B as at the date of this announcement
“Subscriber C”	Fly Smart Limited (飛帥有限公司), a company incorporated in the BVI with limited liability, which is ultimately beneficially owned by Guarantor C as at the date of this announcement
“Subscriber D”	Xinyang Asia Limited (信陽亞洲有限公司), a company incorporated in the BVI with limited liability, which is ultimately beneficially owned by Guarantor D as at the date of this announcement

“Subscriber E”	Mr. Li Guanwen
“Subscriber F”	Mr. Du Tianzhao
“Subscriber G”	Ms. Lam Ka Ying
“Subscribers”	collectively, Subscriber A, Subscriber B, Subscriber C, Subscriber D, Subscriber E, Subscriber F and Subscriber G
“Subscription(s)”	the subscription of the Subscription Shares by the Subscribers pursuant to each of the Subscription Agreements
“Subscription Agreement(s)”	the subscription agreements dated 27 August 2023 entered into between the Company and each of the Subscribers and the Guarantors in relation to the Subscriptions
“Subscription Price”	the subscription price of HK\$0.033 per Subscription Share
“Subscription Shares”	an aggregate of 2,730,000,000 new Shares to be issued and allotted by the Company to the Subscribers pursuant to the terms and conditions of the Subscription Agreements
“substantial shareholder”	has the meaning ascribed thereto in the Listing Rules
“%”	per cent.

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

Hong Kong, 27 August 2023

As at the date of this announcement, the Board comprises (i) two executive Directors, namely Mr. Chen Jiajun and Mr. Ma Fei; (ii) three non-executive Directors, namely Mr. Liang Rui, Mr. Ng Wai Hung and Mr. Xu Yibo; and (iii) three independent non-executive Directors, namely Mr. Guo Jinghui, Mr. Chiu Sin Nang Kenny and Mr. Ngai Tsz Hin Michael.