
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Coolpad Group Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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Coolpad 酷派
COOLPAD GROUP LIMITED
酷派集團有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 2369)

**PROPOSALS FOR
GRANT OF ISSUE MANDATE AND REPURCHASE MANDATE,
RE-ELECTION OF RETIRING DIRECTORS,
PROPOSED BONUS ISSUE OF SHARES,
PROPOSED TERMINATION OF THE EXISTING SHARE OPTION
SCHEME AND ADOPTION OF SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting ("AGM") of the Company to be held at Conference Room 5, 29A, Admiralty Centre I, 18 Harcourt Road, Hong Kong on Friday, 23 May 2014 at 3:00 p.m. is set out on pages 27 to 33 of this circular. Whether or not you intend to attend and vote at the AGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjourned meeting should you so wish.

15 April 2014

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Accompanying: Form of proxy for AGM

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

EXPECTED TIMETABLE

The expected timetable for the implementation of the proposed Bonus Issue and the associated trading arrangements are set out below:

2014

Latest time for lodging forms of proxy for the AGM	3:00 p.m. Wednesday 21 May
AGM.	3:00 p.m. Friday 23 May
Announcement of poll results of AGM	Friday 23 May
Last day of trading in Shares cum entitlements to the Bonus Issue.	Monday 26 May
First day of trading in Shares ex entitlements to the Bonus Issue.	Tuesday 27 May
Latest time for lodging transfer forms of Shares to qualify for entitlements to the Bonus Issue	4:30 p.m. Wednesday 28 May
Closure of register of members (both days inclusive).	Thursday 29 May to Tuesday 3 June
Record date for determination of entitlements to the Bonus Issue.	Tuesday 3 June
Register of members re-opens	9:30 a.m. Wednesday 4 June
Dispatch of share certificates for Bonus Shares	Friday 13 June
First day of trading in Bonus Shares on the Stock Exchange	Monday 16 June

Dates or deadlines specified in the expected timetable above are indicative only. If there are any consequential changes to the expected timetable, the Company will make a further announcement where necessary.

Notes:

- All times and dates in this circular refer to Hong Kong local times and dates.*
- If there is (i) a tropical cyclone warning signal number 8 or above; or (ii) a “black” rainstorm warning signal in force between 9:00 a.m. and 4:00 p.m. on the above relevant dates, a further announcement will be made by the Company in respect of the relevant date may be adjourned to other business day which does not have either of those warnings in force in Hong Kong.*

DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be convened and held at Conference Room 5,29A,Admiralty Centre I,18 Harcourt Road, Hong Kong on Friday, 23 May 2014 at 3:00 p.m., the notice of which is set out on pages 27 to 33 of this circular
“Articles”	the articles of association of the Company
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bonus Issue”	issue of one Bonus Share for every one Share in issue to the Shareholders whose names appear on the register of members of the Company at the close of business on the Record Date
“Bonus Share(s)”	new Share(s) to be issued by way of Bonus Issue by the Company as described herein
“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
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“CCASS”	Central Clearing and Settlement System established and operated by HKSCC
“Directors”	the directors of the Company
“Existing Share Option Scheme”	the existing share option scheme adopted by the Company on 21 November 2004
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

DEFINITIONS

“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Mandate”	the proposed general mandate to be granted to the Directors at the AGM to allot, issue and deal with new Shares up to 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of an ordinary resolution granting such mandate
“Latest Practicable Date”	8 April 2014, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Committee”	the listing sub-committee of the board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Overseas Shareholder(s)”	Shareholder(s) whose address(es) as shown on the register of members of the Company on the Record Date is/are outside Hong Kong
“PRC”	The People’s Republic of China and for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Record Date”	3 June 2014, being the date for determining the entitlement to the Bonus Issue
“Repurchase Code”	the Code on Share Repurchase of Hong Kong
“Repurchase Mandate”	the proposed general mandate to be granted to the Directors at the AGM to exercise the powers of the Company to repurchase the fully paid up Shares up to 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the ordinary resolution granting such mandate
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“Share Option Scheme”	the share option scheme to be adopted by an ordinary resolution to be passed by the Shareholders at the AGM
“Share Option(s)”	share option(s) granted or to be granted to the entitled persons to subscribe for Share(s) under the Existing Share Option Scheme, the and any other share option scheme(s) of the Company
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the same meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong
“%”	per cent

LETTER FROM THE BOARD

Coolpad 酷派
COOLPAD GROUP LIMITED
酷派集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2369)

Executive Directors:

Mr. Guo Deying

(Chairman and Chief Executive Officer)

Mr. Jiang Chao

Mr. Li Bin

Mr. Li Wang

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Independent non-executive Directors:

Dr. Huang Dazhan

Mr. Xie Weixin

Mr. Chan King Chung

*Head office and principal place
of business in the PRC:*

No. 2 Flat

Coolpad Cyber Park

Mengxi Boulevard

Northern Part of Science

& Technology Park

Nanshan District

Shenzhen

*Principal place of business
in Hong Kong:*

Room 1902, MassMutual Tower

38 Gloucester Road

Wanchai

Hong Kong

15 April 2014

To the Shareholders

Dear Sir/Madam,

**PROPOSALS FOR
GRANT OF ISSUE MANDATE AND REPURCHASE MANDATE,
RE-ELECTION OF RETIRING DIRECTORS,
PROPOSED BONUS ISSUE OF SHARES,
PROPOSED TERMINATION OF THE EXISTING SHARE OPTION
SCHEME AND ADOPTION OF SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information regarding certain resolutions to be proposed at the AGM to enable you to make an informed decision on whether to vote for or against those resolutions.

LETTER FROM THE BOARD

At the AGM, resolutions will be proposed for the Shareholders to approve, among other things, (i) the grant of the proposed Issue Mandate; (ii) the grant of the proposed Repurchase Mandate and the extension of the Issue Mandate; (iii) the re-election of retiring Directors, (iv) the proposed Bonus Issue and (v) the proposed termination of the Existing Share Option Scheme and adoption of the Share Option Scheme.

1. PROPOSED ISSUE MANDATE AND REPURCHASE MANDATE

At the AGM, the following ordinary resolutions will be proposed:

- (a) to grant the Issue Mandate to the Directors to allot, issue and otherwise deal with new Shares up to 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the ordinary resolution;
- (b) to grant the Repurchase Mandate to the Directors to exercise the powers of the Company to repurchase Shares up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company in issue as at the date of passing of the ordinary resolution; and
- (c) to extend the Issue Mandate by an amount representing the aggregate nominal amount of the Shares repurchased by the Company pursuant to and in accordance with the Repurchase Mandate.

As at the Latest Practicable Date, the number of Shares in issue was 2,129,193,000 Shares. Accordingly, the exercise of the Issue Mandate in full would enable the Company to issue a maximum of 143,730,000 new Shares (assuming no Share is issued or repurchased after the Latest Practicable Date and up to the passing of the relevant resolution). The Directors believe that the granting of the Issue Mandate will provide flexibility and discretion to the Directors in the event that the Company becomes desirable to issue new Shares to raise capital to facilitate any expansion plan as the Directors consider appropriate, and it is in the best interests of the Company and the Shareholders to continue to have a general authority from the Shareholders to enable the Directors to repurchase Shares on the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders as a whole.

An explanatory statement, required by the Listing Rules, on the Repurchase Mandate is set out in Appendix I to this circular. This contains all information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolutions.

LETTER FROM THE BOARD

2. PROPOSED RE-ELECTION OF RETIRING DIRECTORS

As at the Latest Practicable Date, the executive Directors were Mr. Guo Deying, Mr. Jiang Chao, Mr. Li Bin and Mr. Li Wang, and the independent non-executive Directors were Dr. Huang Dazhan, Mr. Xie Weixin and Mr. Chan King Chung.

Pursuant to Article 87(1) of the Articles, Mr. Chan King Chung, Dr. Huang Dazhan and Mr. Xie Weixin shall retire from their respective offices at the AGM, and, being eligible, will offer themselves for re-election.

Pursuant to Code A.4.3 of the Corporate Governance Code and Corporate Governance Report in Appendix 14 of the Listing Rules, (a) having served the Company for more than nine years could be relevant to the determination of a non-executive Director's independence and (b) if an independent non-executive Director has served more than nine years, his further appointment should be subject to a separate resolution to be approved by Shareholders.

Each of Mr. Chan King Chung, Dr. Huang Dazhan and Mr. Xie Weixin was appointed as an independent non-executive director of the Company for more than nine years since November 2004. Each of Mr. Chan King Chung, Dr. Huang Dazhan and Mr. Xie Weixin has not been involved in the daily management of the Company nor in any relationships or circumstances which would impair his independent judgment and each of them has consistently demonstrated his abilities to provide independent, balanced and objective advice and insight on the Company's affairs. In addition, the Board is of the opinion that each of Mr. Chan King Chung, Dr. Huang Dazhan and Mr. Xie Weixin continues to be independent after reviewing and assessing his annual confirmations of independence based on the criteria set out in Rule 3.13 of the Listing Rules. Accordingly, the Board recommends each of them for re-election at the AGM.

Details of the Directors proposed to be re-elected at the AGM are set out in Appendix II to this circular.

3. PROPOSED BONUS ISSUE

As announced by the Company on 20 March 2014, the Board is pleased to announce that the Directors recommended the Bonus Issue to the Shareholders on the basis of one Bonus Share for every one Share in issue held on the Record Date. The Bonus Shares will be credited as fully paid by way of capitalisation of an amount of about HK\$21,291,930 in the share premium account of the Company. Assuming that no further Shares will be issued and/or repurchased by the Company before the Record Date, 2,129,193,000 Bonus Shares will be issued pursuant to the Bonus Issue. The Bonus Shares will rank *pari passu* in all respects with the Shares and the Company will not allot any fractions of Bonus Shares.

LETTER FROM THE BOARD

Conditions of the Bonus Issue

The Bonus Issue is conditional upon:

- (i) the passing of an ordinary resolution by the Shareholders at the AGM for approving the Bonus Issue;
- (ii) the Listing Committee granting the listing of, and permission to deal in, the Bonus Shares; and
- (iii) immediately following the date of the issue of the Bonus Shares, the Company shall be able to pay its debt as they fall due in the ordinary course of business.

Reason for the Bonus Issue

The Board believes that the Bonus Issue is a return to the support of the Shareholders. The Bonus Issue will also allow the Shareholders to participate in the business growth of the Company by way of capitalisation of a portion of the share premium account.

Closure of register of members

The register of members of the Company will be closed from 29 May 2014 to 3 June 2014, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for the Bonus Issue, all transfers of Shares must be duly completed, accompanied by the relevant share certificates and lodged with the share registrar of the Company no later than 4:30 p.m. on 28 May 2014.

Listing and dealing

Application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Bonus Shares. Subject to the grant of such permission, the Bonus Shares are to be listed on the Stock Exchange. No part of the securities of the Company is listed or dealt in, nor is listing or permission to deal in the securities of the Company being or proposed to be sought, on any other stock exchange.

Subject to the granting of the approval for the listing of, and permission to deal in, the Bonus Shares on the Stock Exchange, the Bonus Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in the CCASS. Shareholders should seek the advice of their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests. All activities under CCASS are subject to the general rules of CCASS and CCASS operational procedures in effect from time to time.

Subject to the conditions as set out in the paragraph headed “Conditions of the Bonus Issue” above, (i) the share certificates for the Bonus Shares (which are not renounceable) are expected to be issued and posted to the persons entitled thereto at their own risk on or about 13 June 2014; and (ii) dealings in the Bonus Shares are expected to commence on 16 June 2014.

Stamp duty in Hong Kong will be payable in respect of dealings in the Bonus Shares.

LETTER FROM THE BOARD

Overseas Shareholders

Based on the register of members of the Company as at the Latest Practicable Date, there was one Overseas Shareholder with registered addresses in the BVI (“the BVI Shareholder”). If at 4:30 p.m. on the Record Date, the register of members of the Company reveals there are Overseas Shareholders, an enquiry will be made by the Board pursuant to Rule 13.36(2)(a) of the Listing Rules. Upon such enquiry, if the Board considers that it would be necessary or expedient on account either of 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 those Overseas Shareholders having registered addresses outside Hong Kong (the “Excepted Shareholders”) but not having corresponding addresses in Hong Kong from the Bonus Issue, the Bonus Shares will not be granted to the Excepted Shareholders. In such circumstance, arrangement will be made for the Bonus Shares which would otherwise have been issued to the Excepted Shareholders to be sold in the market as soon as practicable after dealings commence. Any net proceeds of such sale, after deduction of expenses, of HK\$100 or more will be distributed in Hong Kong dollars to the relevant Excepted Shareholders, by ordinary post at their own risk, unless the amount falling to be distributed to any such person is less than HK\$100 in which case it will be retained for the benefit of the Company.

The Company has been advised by its legal advisers on the laws of the BVI that if the Bonus Issue is made by the Company outside the BVI and the Company is satisfied that the BVI Shareholder is business company incorporated or registered under the BVI Business Companies Act 2004: (a) there are no securities law or other similar laws in the BVI that limit the Bonus Issue to be offered to the BVI Shareholder and (b) there are no legal restrictions in the BVI that prohibit the Bonus Issue to be extended to the BVI Shareholder. Based on the advice of the Company’s legal advisers on the laws of the BVI and after taking reasonable steps, able to ascertain if such BVI Shareholder is business company incorporated or registered under the BVI Business Companies Act 2004, the Directors believe that the documents relating to the Bonus Issue would not be required to be registered under the laws and regulations of the BVI and may be dispatched to the BVI Shareholder which is business company incorporated or registered under the BVI Business Companies Act 2004 without any restrictions. In view of the above, the Directors have decided to extend the Bonus Issue to the BVI Shareholder as such BVI Shareholder will be entitled to the Bonus Issue. The Company will send this circular and other documents relating to the Bonus Issue (if any) to the BVI Shareholder. The Company will continue to ascertain whether there is any other Overseas Shareholder on the Record Date and will, if necessary, make further enquiries with its legal advisers in other overseas jurisdiction(s) regarding the feasibility of extending the Bonus Issue to such other Overseas Shareholders on the Record Date.

4. PROPOSED TERMINATION OF THE EXISTING SHARE OPTION SCHEME AND ADOPTION OF THE SHARE OPTION SCHEME

Termination of the Existing Share Option Scheme

According to the terms of the Existing Share Option Scheme, the Company may by resolution in general meeting at any time resolve to terminate the operation of the Existing Share Option Scheme and in such event, no further Share Options will be offered but the

LETTER FROM THE BOARD

provisions of the Existing Share Option Scheme will remain in force to the extent necessary to give effect to the exercise of any Share Option granted prior to the termination or otherwise as may be required in accordance with the provisions of the Existing Share Option Scheme and Share Options granted prior to such termination will continue to be valid and exercisable in accordance with the Existing Share Option Scheme.

The Board proposes to terminate the operation of the Existing Share Option Scheme and adopt the Share Option Scheme before the Existing Share Option Scheme is due to expire on 21 November 2014. The Board considers that it is in the interest of the Company to terminate the Existing Share Option Scheme and adopt the Share Option Scheme so as to continue to provide incentives or rewards to the selected participants for their contributions to the Group. It is proposed that subject to the Share Option Scheme becoming unconditional and coming into effect, the operation of the Existing Share Option Scheme shall be terminated (such that no further Share Options could thereafter be offered under the Existing Share Option Scheme but in all other respects the provisions of the Existing Share Option Scheme shall remain in full force and effect) and the Share Option Scheme will take effect.

Apart from the Existing Share Option Scheme, the Company had no other subsisting share option scheme as at the Latest Practicable Date.

As at the Latest Practicable Date, the Company had 143,730,000 outstanding Share Options granted under the Existing Share Option Scheme, which shall continue to be valid and exercisable during the prescribed exercisable period in accordance with the Existing Share Option Scheme.

Adoption of the Share Option Scheme

The Board proposes the adoption of the Share Option Scheme. A summary of the principal terms proposed for the Share Option Scheme is set out in Appendix III to this circular. A copy of the Share Option Scheme is available for inspection at the Company's principal place of business in Hong Kong (i.e., Room 1902, Mass Mutual Tower, 38 Gloucester Road, Wanchai, Hong Kong) during normal business hours from the date hereof up to the date of AGM.

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The provisions of the Share Option Scheme will comply with the requirements of Chapter 17 of the Listing Rules.

As at the Latest Practicable Date, there were 2,129,193,000 Shares in issue. Assuming that no further Share will be allotted, issued or repurchased prior to the AGM, the total number of Shares that may fall to be allotted and issued under the Share Option Scheme after the resolution regarding the proposed adoption of the Share Option Scheme is passed at the AGM would be 212,919,300 Shares, representing approximately 10% of the total number of Shares in issue.

LETTER FROM THE BOARD

In accordance with the Listing Rules, the Directors are encouraged to disclose in this circular the value of the options that can be granted under the Share Option Scheme as if they had been granted pursuant to the Share Option Scheme on the Latest Practicable Date. The Board considers it inappropriate to state such value given that a number of variables which are necessary for the calculation of the value of such options cannot be ascertained at this stage. Such variables include the exercise price, exercise period, interest rate, expected stock price volatility and other relevant variables. The Board believes that any calculation of such value of any options on the Latest Practicable Date would be based on a number of speculative assumptions and would therefore not be meaningful but would instead be misleading to Shareholders.

None of the Directors is a trustee of the Share Option Scheme nor has a direct or indirect interest in the trustees of the Share Option Scheme (if any).

Conditions precedent of the Share Option Scheme

The adoption of the Share Option Scheme is conditional upon:

- (i) the passing of ordinary resolution(s) by the Shareholders at a general meeting of the Company to adopt the Share Option Scheme; and
- (ii) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, any Share on the Stock Exchange which may fall to be allotted and issued by the Company pursuant to the exercise of the Share Options in accordance with the terms and conditions of the Share Option Scheme.

Subject to the obtaining of the Shareholders' approval with respect to the adoption of the Share Option Scheme at the AGM, the total number of Shares which may be issued upon the exercise of all Share Options to be granted under the Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the total issued share capital of the Company as at the date on which the Share Option Scheme is adopted unless the Company obtains a fresh approval from Shareholders to renew the 10% limit on the basis that the maximum number of Shares in respect of which Share Options may be granted under the Share Option Scheme together with any Share Options outstanding and yet to be exercised under the Share Option Scheme and any other share option schemes shall not exceed 30% of the issued share capital of the Company from time to time.

Application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of the Share Options granted under the Share Option Scheme.

As at the Latest Practicable Date, no Shareholder had a material interest in the adoption of the Share Option Scheme. As such, no Shareholder is required to abstain from voting on the resolution in relation thereto at the AGM.

LETTER FROM THE BOARD

5. AGM

A notice convening the AGM to be held at Conference Room 5, 29A, Admiralty Centre I, 18 Harcourt Road, Hong Kong on Friday, 23 May 2014 at 3:00 p.m., is set out on pages 27 to 33 of this circular.

According to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at the AGM will be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands and an announcement on the results of the poll will be made after the AGM pursuant to Rule 13.39(5) of the Listing Rules.

6. ACTIONS TO BE TAKEN

A form of proxy for use by the Shareholders at the AGM is enclosed in this circular. Whether or not you intend to attend and vote at the AGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Such form of proxy for use at the AGM is also published on the website of the Stock Exchange at www.hkexnews.hk. Completion and return of the proxy form will not preclude you from subsequently attending and voting at the AGM or any adjourned meeting should you so wish.

7. RECOMMENDATION

The Directors consider that (i) the proposed grant of the Issue Mandate and the extension of the Issue Mandate; (ii) the proposed grant of the Repurchase Mandate; (iii) the proposed re-election of retiring Directors; (iv) the proposed Bonus Issue; and (v) the proposed termination of the Existing Share Option Scheme and adoption of the Share Option Scheme are in the best interest of the Company and the Shareholders as a whole and accordingly recommend all Shareholders to vote in favour of all resolutions set out in the AGM notice.

Yours faithfully,
For and on behalf of
COOLPAD GROUP LIMITED
Guo Deying
Chairman

This appendix serves as an explanatory statement as required under the Listing Rules, to provide the requisite information to you for consideration of the proposed Repurchase Mandate.

I. SHARE CAPITAL

As at the Latest Practicable Date, the Company had 2,129,193,000 Shares in issue or an issued share capital of HK\$21,291,930. As at the Latest Practicable Date, there were outstanding share options entitling the holders thereof to subscribe for an aggregate of 143,730,000 Shares respectively.

Subject to the passing of the proposed ordinary resolution approving the proposed Repurchase Mandate and on the basis that none of the outstanding share options is exercised and no further Shares is issued, allotted or repurchased by the Company prior to the AGM, the exercise of the proposed Repurchase Mandate in full would result in up to a maximum of 212,919,300 Shares, representing 10% of the total number of Shares in issue and a share capital of HK\$2,129,193, being repurchased by the Company during the period ending on the earlier of the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required to be held by law or the date upon which the proposed Repurchase Mandate is revoked or varied by an ordinary resolution of the Shareholders at a general meeting of the Company.

II. REASONS FOR SHARES REPURCHASE

Although the Directors have no present intention of exercising the proposed Repurchase Mandate, they believe that the flexibility afforded by the proposed Repurchase Mandate would be beneficial to the Company and the Shareholders. At any time in the future when the Shares are traded at a discount to their underlying value, the ability of the Company to repurchase the Shares will be beneficial to the Shareholders who retain their investment in the Company as their percentage interest in the assets of the Company would increase in proportion to the number of Shares repurchased by the Company from time to time and thereby resulting in an increase in net assets and/or earnings per share of the Company. Such repurchases will only be made when the Directors believe that such exercises will benefit the Company and the Shareholders as a whole.

III. FUNDING OF REPURCHASE

The Directors propose that the repurchase of Shares under the proposed Repurchase Mandate would be financed from the Company's internal resources.

In repurchasing the Shares, the Company may only apply funds legally available for such purposes in accordance with the memorandum of association and the Articles and the applicable laws of the Cayman Islands. The laws of the Cayman Islands provide that the amount of capital repaid in connection with a share repurchase may only be paid out of the capital paid up on the relevant shares (subject to the Articles and the laws of the Cayman Islands), profit or the proceeds of a new issue of the shares made for such purpose. It is envisaged that the funds required for any repurchase of Shares would be derived from the capital paid up on the Shares being repurchased and from the distributable profits of the Company.

The exercise of the proposed Repurchase Mandate in full will not have a material adverse impact on the working capital or the gearing level of the Company (as compared with the position disclosed in its most recent published audited accounts as at 31 December 2013).

The number of the Shares to be repurchased on any occasion and the price and other terms upon which the same are purchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining.

IV. SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange during each of the previous twelve months preceding the Latest Practicable Date were as follows:

	Price per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2013		
April	3.14	2.48
May	3.92	3.07
June	3.61	2.69
July	3.02	2.33
August	3.33	2.43
September	3.37	3.03
October	3.27	2.80
November	3.00	2.39
December	2.82	2.34
2014		
January	4.20	2.39
February	5.36	4.08
March	5.32	3.72
April (up to the Latest Practicable Date)	4.26	3.80

V. DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the proposed Repurchase Mandate in accordance with the Articles, the Listing Rules and the applicable laws of the Cayman Islands.

VI. DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS

None of the Directors or, to the best of their knowledge and belief having made all reasonable enquiries, any of their respective associates has any present intention, in the event that the proposed Repurchase Mandate is approved by the Shareholders, to sell any Shares or other securities to the Company. No connected person has notified the Company that he/she/it has a present intention to sell any Shares to the Company nor has undertaken not to do so, in the event that the proposed Repurchase Mandate is approved by the Shareholders.

VII. TAKEOVERS CODE

If, as a result of repurchase of the Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purposes of Rule 32 of the Takeovers Code and Rule 6 of the Repurchase Code. Accordingly, a Shareholder, or group of Shareholders acting in concert, depending on the level of increase of the Shareholder's interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date and insofar as the Directors are aware, substantial shareholders of the Company having an interests representing 5% or more in the issued share capital of the Company which are disclosable under Part XV of the SFO are as follows:

Name	Notes	Nature of shares in which interested (Note 3)	Nature of interest	Percentage of the Company's issued share capital
Data Dreamland Holding Limited ("Data Dreamland")	1	831,171,248(L)	Beneficial owner	39.04%
Barrie Bay Limited ("Barrie Bay")	2	831,171,248(L)	Interest of controlled corporation	39.04%
HSBC International Trustee Limited ("HSBC Trustee")	2	831,171,248(L)	Trustee	39.04%
Mr. Guo Deying ("Mr. Guo")	1	842,149,248 (L)	Founder of Trust/Interest in Controlled Corporation	39.55%
Ms. YANG Xiao ("Ms. YANG")	1	842,149,248(L)	Spouse interest	39.55%
UBS AG		124,471,161(L)	Beneficial owner	5.85%
UBS AG		5,744,000(S)	Beneficial owner	0.27%

Notes:

1. The entire issued share capital of Data Dreamland is held by Barrie Bay. Barrie Bay is acting as the trustee of the Barrie Bay Trust. The Barrie Bay Unit Trust is a unit trust held by HSBC Trustee, which is acting as the trustee of the Barrie Bay Unit Trust. The Barrie Bay Unit Trust is a discretionary trust set up by Mr. GUO and Ms. YANG and the discretionary objects of which include the children of Mr. GUO and Ms. YANG. Further, Mr. Guo is also taken to be interested in the 10,978,000 Shares held by Wintech Consultants Limited as he is one out of the three directors of Wintech Consultants Limited and the other two directors were accustomed to act in accordance with Mr. Guo's direction. Ms. YANG is deemed to be interested in all the shares which are interested by Mr. Guo, the spouse of Ms. YANG.
2. The 831,171,248 Shares are held by Data Dreamland, the entire share capital of which is held by Barrie Bay, which is acting as the trustee of the Barrie Bay Unit Trust and the entire issued share capital of which is held by HSBC Trustee.
3. (L) – Long Position, (S) – Short Position.

Data Dreamland, Barrie Bay and HSBC Trustee are interested in the same 831,171,248 Shares. Each of Mr. Guo and Ms. Yang is taken to be interested in the 831,171,248 Shares held by Data Dreamland as each of them is a settlor of the Barrie Bay Unit Trust and by virtue of the interests of their children under the Barrie Bay Unit Trust. In addition, as Mr. Guo is also taken to be interested in the 10,978,000 Shares held by Wintech Consultants Limited as he is one out of the three directors of Wintech Consultants Limited and the other two directors were accustomed to act in accordance with Mr. Guo's direction. Accordingly, Data Dreamland, Barrie Bay, HSBC Trustee and Mr. Guo are interested in an aggregate of 842,149,248 Shares, representing approximately 39.55% of the issued share capital of the Company. In the event that the Directors should exercise the proposed Repurchase Mandate in full to repurchase Shares, the aggregate shareholding of Data Dreamland, Barrie Bay, HSBC Trustee and Mr. Guo will be increased to approximately 43.95% of the issued share capital of the Company which may give rise to an obligation on them to make mandatory offers under Rule 26 of the Takeovers Code. However, the Directors have no present intention to exercise the proposed Repurchase Mandate to the extent that the obligation to make a general offer on the part of the above-mentioned substantial Shareholders will be triggered under the Takeovers Code.

Assuming that there is no further issue of the Shares between the Latest Practicable Date and the date of repurchase, the exercise of the proposed Repurchase Mandate in full will not result in less than 25% of the issued share capital of the Company being held by the public as required by Rule 8.08 of the Listing Rules.

VIII. SHARES REPURCHASED BY THE COMPANY

The Company did not repurchase any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

Mr. CHAN King Chung

Mr. CHAN King Chung, aged 51, is an independent non-executive Director and joined the Group in November 2004. He obtained a bachelor's degree in business administration and accountancy from the Chinese University of Hong Kong in 1987 and City University of Hong Kong in 1993, respectively. Mr. CHAN also obtained a Master degree in accountancy and business administration. He is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of The Hong Kong Institute of Company Secretaries. Mr. CHAN has more than 20 years of experience in corporate governance, management and financial controlling.

Pursuant to the existing appointment letter between Mr. Chan and the Company, the appointment of Mr. Chan was for a fixed term of 1 year commencing from 21 November 2013. Under the existing appointment letter, the current director's fee is HK\$120,000 per year taking into account the experience of Mr. Chan and by reference to the market rate of independent non-executive directorship in companies of comparable scale in the same sector. Mr. Chan does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company and does not hold any other positions with the Company or other members of the Group. As at the Latest Practicable Date, Mr. Chan is deemed to be interested in 192,000 Share under Part XV of the SFO. Mr. Chan has no information to be disclosed pursuant to paragraphs (h)-(w) of Rule 13.51(2) of the Listing Rules. Save as disclosed above, there are no other matters that need to be brought to the attention of the Shareholders.

Dr. HUANG Dazhan

Dr. Huang, aged 56, is an independent non-executive Director and joined the Group in November 2004. Dr. Huang obtained his doctorate degree from The Victoria University of Manchester, England, the United Kingdom in 1993. Dr. Huang now serves at China Merchants Group. Dr. Huang did not hold any other directorship in any Hong Kong or overseas listed public companies in the last three years.

Pursuant to the existing appointment letter between Dr. Huang and the Company, the appointment of Dr. Huang was for a fixed term of 1 year commencing from 21 November 2013. Under the existing appointment letter, the current director's fee is HK\$120,000 per year taking into account the experience of Dr. Huang and by reference to the market rate of independent non-executive directorship in companies of comparable scale in the same sector. Dr. Huang does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company and does not hold any other positions with the Company or other members of the Group. As at the Latest Practicable Date, Dr. Huang is deemed to be interested in 144,000 shares under Part XV of the SFO. Dr. Huang has no information to be disclosed pursuant to paragraphs (h)-(w) of Rule 13.51(2) of the Listing Rules. Save as disclosed above, there are no other matters that need to be brought to the attention of the Shareholders.

Mr. XIE Weixin

Mr. XIE Weixin, aged 72, is an independent non-executive Director and joined the Group in November 2004. Mr. Xie graduated from the Department of Electronics Engineering of Xi'an University of Electronics Technology in 1965. Mr. Xie was a visiting scholar in University of Pennsylvania during the period from 1981 to 1983 and from 1989 to 1990, respectively. He was honored as one of the national outstanding middle-aged and young experts. Mr. Xie currently is the chairman of the Academic Committee of Shenzhen University, a professor in College of Information Engineering of Shenzhen University, and an independent non-executive director of Shenzhen Sed Industry Co. Limited (深圳桑達實業有限公司) (the shares of which are listed on the Shenzhen Stock Exchange, Stock Code: 000032). Save as disclosed above, Mr. Xie did not hold any directorship in other Hong Kong or overseas listed public companies in the last three years.

Pursuant to the existing appointment letter between Mr. Xie and the Company, the appointment of Mr. Xie was for a fixed term of 1 year commencing from 21 November 2013. Under the existing appointment letter, the current directors' fee is RMB120,000 per year. Mr. Xie does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company and does not hold any other positions with the Company or other members of the Group. As at the Latest Practicable Date, Mr. Xie is deemed to be interested in 192,000 Share under Part XV of the SFO. Mr. Xie has no information to be disclosed pursuant to paragraphs (h)-(w) of Rule 13.51(2) of the Listing Rules. Save as disclosed above, there are no other matters that need to be brought to the attention of the Shareholders.

The following is a summary of the principal terms of the Share Option Scheme:–

(a) Purpose

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group.

(b) Who may join

The Directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants, to take up options to subscribe for Shares at a price calculated in accordance with sub-paragraph (f) below:–

- (i) any employee (whether full-time or part-time and including any executive director), consultants or advisers of or to the Company, any of its subsidiaries or any entity (“Invested Entity”) in which the Group holds an equity interest;
- (ii) any non-executive directors (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity;
- (iii) any supplier of goods or services to any member of the Group or any Invested Entity;
- (iv) any customer of the Group or any Invested Entity;
- (v) any person or entity that provides research, development or other technological support to the Group or any Invested Entity; and
- (vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity,

and for the purposes of the Share Option Scheme, the options may be granted to any company wholly owned by one or more persons belonging to any of the above classes of participants. For the avoidance of doubt, the grant of any options by the Company for the subscription of Shares or other securities of the Group to any person who fall within any of the above classes of participants shall not, by itself, unless the Directors otherwise determine, be construed as a grant of option under the Share Option Scheme.

The basis of eligibility of any of the above class of participants to the grant of any options shall be determined by the Directors from time to time on the basis of their contribution to the development and growth of the Group.

(c) Maximum number of Shares

- (i) The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 30% of the issued share capital of the Company from time to time.

- (ii) The total number of Shares which may be issued upon exercise of all outstanding options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 212,919,300 Shares, being 10% of the Shares in issue at the date of AGM (the “General Mandate Limit”).
- (iii) Subject to (i) above and without prejudice to (iv) below, the Company may seek approval of its shareholders in general meeting to refresh the General Mandate Limit. However, the total number of shares which may be issued upon exercise of all outstanding options to be granted under the Share Option Scheme under the limit as “refreshed” must not exceed 10% of the shares in issue as at the date of approval of the limit. Options previously granted under the Share Option Scheme or any other share option scheme of the Company (including those outstanding, cancelled, lapsed in accordance with the Share Option Scheme or other share option scheme or exercised options) will not be counted for the purpose of calculating the limited as “refreshed”. The Company will send a circular to its shareholders containing the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.
- (iv) Subject to (i) above and without prejudice to (iii) above, the Company may seek separate approval by its shareholders in general meeting for granting options beyond the General Mandate Limit provided the options in excess of the limit are granted only to participants specifically identified by the Company before such approval is sought. The Company will send a circular to the shareholders containing a generic description of the specified participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose, the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.

(d) Maximum entitlement of each participant and connected persons

- (i) Unless approved by shareholders of the Company, the total number of Shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the Shares in issue.
- (ii) Where any further grant of options to a participant would result in the Shares issued and to be issued to such participant (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by shareholders of the Company in general meeting with such participant and his associates abstaining from voting. The Company will send a

circular to the shareholders and the circular must disclose the identity of the participant, the number and terms of the options to be granted (and options previously granted to such participant), the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules. The number and terms (including the exercise price) of options to be granted to such participant must be fixed before shareholders' approval and the date of the board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 17.03(9) of the Listing Rules.

- (iii) Notwithstanding the aforesaid, such grant of options to a Director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by the Company's independent non-executive Directors (excluding any independent non-executive Director who is the grantee).
- (iv) If any grant to a Substantial Shareholder or an independent non-executive Director or any of their respective associates would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) under the Share Option Scheme to such person in the 12-month period up to and including the date of such grant:–
 - (a) representing in aggregate over 0.1% of the Shares in issue; and
 - (b) having an aggregate value, based on the closing price of the Shares at the date of a grant is made, in excess of HK\$5 million, such further grant of options must be approved by shareholders of the Company. The Company must send a circular to the shareholders. All connected persons of the Company must abstain from voting in favour at such general meeting. Any vote taken at the meeting to approve the grant of such option must be taken on a poll.

(e) Minimum period of holding an option and performance target

The Directors will have the absolute discretion to fix the minimum period for which an option must be held before it can be exercised, and the performance targets that must be achieved and/or any other conditions that must be fulfilled before the options can be exercised upon the grant of an option to a participant.

(f) Subscription price for Shares

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price will not be less than the highest of (i) the nominal value of the Shares, (ii) the average of the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for the five consecutive trading days immediately preceding the date of offer of grant of

the option on which there were dealings in the Shares on the Stock Exchange (or during any period when the Company has been listed for less than five trading days, the Offer Price shall be taken as the closing price for any such day falling within the period before listing) and (iii) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of offer of grant of the option (which must be a trading day). A nominal consideration of HK\$1.00 is payable on acceptance of the grant of an option.

(g) Rights are personal to grantee

An option may not be transferred or assigned and is personal to the grantee.

(h) Time of exercise of option

An option may be accepted by a participant within 28 days from the date of the offer of grant of the option.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day upon which the offer for the grant of the option is accepted but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof.

(i) Rights on ceasing employment or death

If the grantee, who is an employee of the Group or any Invested Entity at the time of the grant of the Option, ceases to be an employee of the Group or Invested Entity for any reason other than death, ill-health or retirement, the grantee may exercise the option (to the extent not already exercised) within a period of 12 months following the date of such cessation, which date shall be the last actual working day with the Group or Invested Entity whether salary is paid in lieu of notice or not, or such longer period as the Directors may determine.

If the grantee, who is an employee of the Group or Invested Entity at the time of the grant of the Option, ceases to be an employee of the Group or Invested Entity by reason other than death, ill-health or retirement in accordance with his contract of employment or serious misconduct or certain other grounds specified in the Share Option Scheme, before exercise of option in full, the grantee, his or her lawful personal representative(s) may exercise the option in whole or in part (to the extent not already exercised) within a period of 12 months thereafter, failing which it will lapse.

(j) Rights on a general offer, a compromise or arrangement

If a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable

endeavours to procure that such offer is extended to all the grantees (or his personal representative(s)) on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, shareholders of the Company. If such offer becomes or is declared unconditional or arrangement is formally proposed to shareholders of the Company, a grantee (or his personal representative(s)) shall be entitled to exercise his option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to the Company in accordance with the provisions of the share option scheme at any time before the close of such offer (or any revised offer) or the record date for entitlements under scheme of arrangement, as the case may be.

(k) Rights on winding-up

In the event of a resolution being proposed for the voluntary winding up of the Company during the option period, the grantee of an option (or his or her legal personal representative(s)) may by notice in writing to the Company at any time prior to the date on which such resolution is passed, exercise his option either to its full extent or to the extent specified in the provisions of the Share Option Scheme, such notice to be accompanied by the subscription price for the Shares in respect of which the notice is given, whereupon the grantee will be entitled in respect of the Shares falling to be allotted and issued upon exercise of his option, to participate in the distribution of the assets of the Company available in the liquidation *pari passu* with the holders of Shares in issue on the day prior to the date of such resolution.

(l) Ranking of Shares

The Shares to be allotted upon the exercise of an option will be subject to all the provisions of the articles of association of the Company for the time being in force and will rank *pari passu* with the other fully-paid Shares in issue on the date of exercise of the option and accordingly will entitle the holders to participate in all dividends or other distributions paid or made after the date of exercise of the option other than any dividend or other distribution declared or recommended or resolved to be paid or made by reference to a record date falling on or before the date of exercise of the option.

(m) Period of the Share Option Scheme

Unless terminated by the Company by resolution in general meeting, the Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date on which the Share Option Scheme becomes unconditional.

(n) Alteration of the Share Option Scheme

The Share Option Scheme may be altered in any respect by resolution of the Directors Board except that any material alteration to its terms and conditions, any change to the terms of options granted (except for changes which automatically take effect under the existing terms of the Share Option Scheme) and the matters contained in Rule 17.03 of the Listing Rules shall

not be altered to the advantage of the grantees or the prospective grantees without the prior sanction of a resolution of the Company in general meeting. The amended terms of the Share Option Scheme or the options must still comply with the relevant requirements under Chapter 17 of the Listing Rules. Any change to the authority of the directors or scheme administrators in relation to any alteration to the terms of the Share Option Scheme shall be approved by the shareholders of the Company in general meeting.

(o) Effect of alterations to capital

In the event of any alteration in the capital structure of the Company whilst any option remains exercisable or the Share Option Scheme remains in effect, and such event arises from a capitalization of profits or reserves, rights issue, consolidation, sub-division or reduction of the share capital of the Company, such corresponding alterations (if any) certify in writing by the auditors for the time being of or an independent financial adviser to the Company as fair and reasonable will be made to the number of Shares subject to the share option scheme or the option so far as unexercised and/or the subscription price of any unexercised options and/or the method of exercise of the unexercised option and/or the maximum number of shares referred to in the paragraph headed “Maximum number of Shares” provided that (i) any such adjustment shall be made on the basis that the aggregate subscription price payable by a grantee on the full exercise of any option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event; (ii) no such adjustment shall be made the effect of which would be enable a Share to be issued at less than its nominal value; (iii) no such adjustment shall be made the effect of which would be to increase or decrease the proportion of the issued share capital of the Company for which any grantee would have been entitled to subscribe had he exercised all the options held by him immediately prior to such adjustment; and (iv) the issue of securities of the Company as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment. In addition, in respect of any such adjustments, other than any made on a capitalisation issue, such auditors or independent financial adviser must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provision of the Listing Rules.

(p) Cancellation of options

The Board may effect the cancellation of any options granted but not exercised in accordance with the terms of the Share Option Scheme on such terms as may be agreed with the relevant grantee, as the Board may in its absolute discretion see fit and in a manner that complies with all applicable legal requirements for cancellation. Where the Company cancels any options granted and offers to grant or grants new options to the same grantee, the offer or grant of such new options may only be made under the Share Option Scheme and only if there is available unissued options (excluding the cancelled options) within each of the limits as referred of in paragraph (c) above.

(q) Conditions of the Share Option Scheme

The Share Option Scheme is conditional on (i) the passing of ordinary resolution(s) by the Shareholders at a general meeting of the Company to adopt the Share Option Scheme; and (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of such options.

(r) Termination of the Share Option Scheme

The Company by resolution in general meeting may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but options granted prior to such termination shall continue to be valid and exercisable in accordance with the provisions of the Share Option Scheme.

NOTICE OF AGM

Coolpad 酷派
COOLPAD GROUP LIMITED
酷派集團有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 2369)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (“Meeting”) of Coolpad Group Limited (the “Company”) will be held at Conference Room 5, 29A, Admiralty Centre I, 18 Harcourt Road, Hong Kong on Friday, 23 May 2014 at 3:00 p.m. for the following purposes:

As Ordinary Business

ORDINARY RESOLUTIONS

1. To receive and consider the audited consolidated financial statements and the reports of the directors of the Company (collectively, “Directors” and individually, a “Director”) and the auditors of the Company (“Auditors”) for the year ended 31 December 2013.
2. (A) (i) To re-elect Mr. Chan King Chung as an independent non-executive Director who has served more than 9 years in the Company.

(ii) To re-elect Dr. Huang Dazhan as an independent non-executive Director who has served more than 9 years in the Company.

(iii) To re-elect Mr. Xie Weixin as an independent non-executive Director who has served more than 9 years in the Company.

(B) To authorise the board of directors (“Board”) to fix the remuneration of the Directors.
3. To re-appoint Ernst & Young as Auditors and to authorise the Board to fix their remuneration.

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As Special Business

ORDINARY RESOLUTIONS

4. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution of the Company:

“THAT:

- (a) subject to paragraph (c) below of this Resolution, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares of HK\$0.01 each in the capital of the Company (the “Shares”) or securities convertible into Shares, or options, warrants or similar rights to subscribe for any Shares, and to make or grant offers, agreements and options which would or might require the exercise of such powers, be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this Resolution shall be in addition to any other authorisations given to the Directors and shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such powers at any time during or after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) of this Resolution, otherwise than pursuant to:
 - (i) a Rights Issue (as defined in paragraph (e) of this Resolution);
 - (ii) an exercise of rights of subscription or conversion under terms of any warrants issued by the Company or any securities which are convertible into Shares;
 - (iii) an exercise of the subscription rights under any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries or such other persons eligible to participate in any such scheme(s) or arrangement of Shares or rights to acquire Shares;
 - (iv) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company (the “Articles”) or a specific authority granted by the Shareholders in general meeting,

shall not exceed 20 percent of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this Resolution and the said approval shall be limited accordingly;

NOTICE OF AGM

- (d) subject to the passing of each of the paragraphs (a), (b) and (c) of this Resolution, any prior approvals of the kind referred to in paragraphs (a), (b) and (c) of this Resolution which had been granted to the Directors and which are still in effect be and are hereby revoked; and
 - (e) for the purpose of this Resolution:
 - (i) “**Relevant Period**” means the period from the passing of this Resolution until whichever is the earliest of:
 - (aa) the conclusion of the next annual general meeting of the Company;
 - (bb) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any applicable laws of the Cayman Islands to be held; or
 - (cc) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the Shareholders in general meeting.
 - (ii) “**Rights Issue**” means an offer of Shares or other equity securities of the Company open for a period fixed by the Directors to the holders of Shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of, any recognised regulatory body or any stock exchange in any territory outside the Hong Kong Special Administrative Region of the People’s Republic of China applicable to the Company).”
5. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution of the Company:

“**THAT:**

- (a) subject to paragraph (b) below of this Resolution, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to repurchase Shares on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the Shares may be listed and recognised for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and regulations of Hong Kong, the Cayman Islands, the Articles and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or rules of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

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- (b) the aggregate nominal amount of Shares to be repurchased or agreed conditionally or unconditionally to be repurchased by the Company pursuant to the approval in paragraph (a) of this Resolution during the Relevant Period (as defined below) shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this Resolution and the said approval shall be limited accordingly;
- (c) subject to the passing of each of the paragraphs (a) and (b) of this Resolution, any prior approvals of the kind referred to in paragraphs (a) and (b) of this Resolution which had been granted to the Directors and which are still in effect be and hereby revoked; and
- (d) for the purpose of this Resolution:

“**Relevant Period**” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any applicable laws of the Cayman Islands to be held; or
 - (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the Shareholders in general meeting.”
6. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution of the Company:

“**THAT** conditional upon the passing of Resolutions 4 and 5 set out in this notice of annual general meeting dated 23 May 2014 (the “AGM Notice”) convening this meeting, the aggregate nominal amount of share capital of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to and in accordance with the general mandate granted under Resolution 4 set out in the AGM Notice be and is hereby extended by the addition thereto of the aggregate nominal amount of the shares in the capital of the Company which may be repurchased by the Company pursuant to and in accordance with the general mandate granted under Resolution 5 set out in the AGM Notice, provided that such amount shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this Resolution 6.”

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7. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution of the Company:

“**THAT** conditional upon (i) the listing sub-committee of the board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting or agreeing to grant listing of, and permission to deal in, the Bonus Shares (as hereinafter in paragraph (a) of this resolution defined) to be issued, pursuant to this resolution; and (ii) immediately following the date of the issue of Bonus Shares, the Company is able to pay its debt as they fall due in the ordinary course of business.

- (a) the amount standing to the credit of the share premium account of the Company as would be required to be applied in paying up in full at par new ordinary shares of HK\$0.01 each in the capital of the Company (the “Shares”), such Shares, credited as fully paid, to be allotted and distributed (subject as referred to in paragraph (b) below) among members of the Company whose names appear on the register of members of the Company on Tuesday, 3 June 2014 in the proportion of one new Share (the “Bonus Share”) for every existing Share then held, be capitalised and applied in such manner and the Directors be and are hereby authorised to allot and issue such Bonus Shares;
- (b) no fractional Bonus Shares shall be allotted to members of the Company and fractional entitlements (if any) will be aggregated and sold for the benefit of the Company;
- (c) the Bonus Shares to be issued pursuant to paragraph (a) above shall rank *pari passu* in all respects with the existing issued and unissued Shares as at the date of issue of such Bonus Shares except that they will not rank for the bonus issue of shares mentioned in this resolution; and
- (d) the Directors be and are hereby authorised to do all acts and things as may be necessary and expedient in connection with the issue of Bonus Shares referred to in paragraph (a) of this resolution, including but not limited to determining the amount to be capitalised out of the share premium account and the number of Bonus Shares to be allotted and distributed in the manner referred to in paragraph (a) of this resolution.”
8. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution of the Company:

“**THAT:**

- (a) subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting the approval for the listing of, and the permission to deal in, the ordinary shares of HK\$0.01 each in the share capital of the Company (or such nominal amount as shall result

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from a capitalisation issue, rights issue, sub-division, consolidation, re-classification, reconstruction or reduction of share capital of the Company from time to time) (the “Share(s)”) to be issued pursuant to the exercise of the share options granted which may be granted under the share option scheme (the “Share Option Scheme”), a copy of which is tabled at the meeting and marked “A” and initialled by the chairman of the meeting for identification purpose, the Share Option Scheme be and is hereby approved and adopted; and the directors of the Company be and are hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Share Option Scheme, including but without limitation:

- (i) to administer the Share Option Scheme under which share options will be granted to the persons eligible under the Share Option Scheme to subscribe for Shares, including but not limited to determining and granting the share options in accordance with the terms of the Share Option Scheme;
- (ii) to modify and/or amend the Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the Share Option Scheme relating to the modification and/or amendment and subject to Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”);
- (iii) to allot and issue from time to time such number of Shares in the share capital of the Company as may be required to be allotted and issued pursuant to the exercise of the share options under the Share Option Scheme and subject to the Listing Rules;
- (iv) make application at appropriate time or times to the Stock Exchange and any other stock exchanges upon which the issued Shares may for the time being be listed, for listing of, and permission to deal in, any eligible persons (Shares which may hereafter from time to time be allotted and issued pursuant to the exercise of the share options under the Share Option Scheme; and
- (v) to consent, if it so deems fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the Share Option Scheme.

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- (b) **THAT** with effect from the date of the Share Option Scheme becoming unconditional and coming into effect, the existing share option scheme of the Company adopted on 21 November 2004 (the “**Existing Share Option Scheme**”) is hereby terminated and that no further share options will be granted under the Existing Share Option Scheme but in other respects the provisions of the Existing Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any share options granted prior thereto or otherwise be required in accordance with the provisions of the Existing Share Option Scheme and share options granted prior to such termination shall continue to be valid and exercisable in accordance with the Existing Share Option Scheme and that any one director of the Company be authorised to take all such steps as may be necessary or desirable to implement this resolution.”

By Order of the Board of
COOLPAD GROUP LIMITED
GUO DEYING
Chairman and Chief Executive Officer

Hong Kong, 15 April 2014

Notes:

1. The register of members of the Company will be closed from 21 May 2014 to 23 May 2014 (both days inclusive) during which period no transfer of share(s) will be effected. Members whose name appear on the register of members of the Company at the close of business on 23 May 2014 will be entitled to attend and vote at the Meeting.
2. Any shareholder entitled to attend and vote at the Meeting is entitled to appoint another person as his/her proxy to attend and vote on his/her behalf. A shareholder who is the holder of two or more shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a shareholder of the Company.
3. Where there are joint registered holders of any shares, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such shares as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most, or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand in the register in respect of the relevant joint holding.
4. In order to be valid, a form of proxy in the prescribed form together with the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time fixed for holding the annual general meeting or adjournment thereof.
5. Please refer to Appendix II of the circular of the Company dated 15 April 2014 for the details of the retiring Directors subject to re-election at the Meeting.

As at the date of this notice, the executive Directors are Mr. Guo Deying, Mr. Jiang Chao, Mr. Li Bin and Mr. Li Wang, and the independent non-executive Directors are Dr. Huang Dazhan, Mr. Xie Weixin and Mr. Chan King Chung.