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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)

**ANNOUNCEMENT
QUARTERLY UPDATE ON RECENT DEVELOPMENT OF
SUSPENSION OF TRADING**

This announcement is made by Coolpad Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements of the Company dated 30 March 2017, 31 March 2017, 26 April 2017, 23 May 2017, 29 June 2017, 28 July 2017, 15 August 2017, 21 September 2017, 31 October 2017, 29 November 2017, 28 December 2017, 16 January 2018, 19 January 2018, 26 January 2018, 31 January 2018, 28 February 2018, 20 March 2018, 3 April 2018, 4 May 2018, 10 May 2018, 18 May 2018 and 6 June 2018 (collectively the “**Announcements**”). Unless the context otherwise requires, the capitalised terms used herein shall have the same meanings as defined in the Announcements.

This announcement sets out the business operations of the Group for the first half of 2018 and the update on the implementation of the resumption proposal by the Company and satisfying the resumption conditions as of the date of this announcement.

BUSINESS OPERATIONS

Development and sales of smartphones still remain as the main business of the Company for the first half of the year ended 30 June 2018. During the mentioned period, the Group recorded a significant decrease in the revenue from the sales of smartphones as compared to the corresponding period, as shown in the management accounts of the Company. The decrease in revenue was mainly attributable to the fierce competition arising from smartphones markets in China and sales in China’s regional and Southeast Asian markets continued to decline, as a result of which, the Company gave up part of its products that generate revenue but may cause losses so as to minimize losses. Regional sales in the United States continue to maintain its growth momentum, but sales contribution and growth rate were limited in the first half of the year, the recent bid-winning products will be progressively launched to the markets in the second half of 2018 and in 2019. The Group has given up part of its low-margin products while at the same time strictly controlling expenses so as to minimize losses.

In order to improve liquidity condition in the short term, Yulong Computer Telecommunication Scientific (Shenzhen) Co., Ltd. (“**Yulong**”), a wholly-owned subsidiary of the Company, and Kingkey Group Company Limited (京基集團有限公司) (“**Kingkey Group**”) entered into a maximum loan contract (the “**Loan Contract**”) on 18 May 2018, whereby Kingkey Group has agreed to provide a loan with maximum amount no more than RMB500,000,000 to Yulong for corporate operation. For details, please refer to the announcement of the Company dated 18 May 2018.

During the above period, the Group also filed legal proceedings in Mainland China and filed an application for cessation of infringement to protect the Group’s invention patent. For details, please refer to the announcements of the Company dated 26 January 2018, 4 May 2018 and 10 May 2018, respectively.

The Group will continue to take various measures to enhance its liquidity and financial position, including but not limited to the consideration of the disposal of certain investment properties of the Group and the equity of individual subsidiaries of the Company, and communicate and negotiate proactively with banks, organizations and interested parties to acquire banking borrowings or financing.

UPDATE ON IMPLEMENTATION OF THE RESUMPTION PROPOSAL AND SATISFYING THE RESUMPTION CONDITIONS

The following table sets forth the pending events and update in the expected timetable for resumption of trading of the Company:

Key events	2018	Conditions
Announcement of (i) interim results for the six months ended 30 June 2017 and (ii) annual results for the year ended 31 December 2017 and the notice of annual general meeting	End of August	2017 annual audit work is in the process and the Company is preparing the relevant reports
Publication of 2017 interim report and 2017 annual report	Early September	Pending implementation
Annual general meeting to (i) adopt the audited financial statements together with the reports of the directors and independent auditor for the year ended 31 December 2017; and (ii) re-appoint auditor to hold office until the conclusion of next annual general meeting of the Company	End of September	Pending implementation
Announcement of interim results for the six months ended 30 June 2018	End of October	Pending implementation
Publication of 2018 interim report	Mid to November	Pending implementation
Resumption of trading in the shares of the Company	End of November	Pending implementation

Baker Tilly Hong Kong Risk Assurance Limited, the internal control consultant of the Company, has been preparing reports on the agreed-upon procedures tailored made to address the audit issues raised by the Auditor and has basically completed most of the fundamental review work regarding the internal control system of the Group and has been preparing the reports.

Ernst & Young, the external auditor of the Company, is conducting an audit of the Group's 2017 annual financial statements. The Company makes its efforts in working with the auditor to publish the 2017 Annual Results and dispatch the 2017 Annual Report as soon as possible. Due to the slight delay in the previous works, the estimated completion time of the first three items in the above timetable is also slightly delayed compared with the expected resumption time of the Company published on 28 February 2018. The original expected resumption time will not be affected.

NEW RULES FOR DELISTING AND APPLICATION

The Company hereby informs the shareholders and investors of the Company that, according to the new rules of the Listing Rules on delisting that will take effect on 1 August 2018 (the “**Effective Date**”), since the shares of the Company will have been suspended from trading for more than 12 months as of the Effective Date, if trading in the shares of the Company remains suspended for 12 continuous months from the Effective Date, the Stock Exchange may cancel the listing of the shares of the Company; i.e. if the Company fails to meet all the resumption conditions to the Exchange's satisfaction and fails to resume trading in its shares as of 31 July 2019, the Listing Department will recommend to the Listing Committee to proceed with the cancellation of the listing of the shares of the Company. The Stock Exchange is also entitled to impose a shorter remedial period (where appropriate) on the Company pursuant to Rule 6.10 of the Listing Rules. As mentioned above, the Company will carry on with its preparation to comply with the resumption conditions and resume trading in the shares before 31 July 2019.

The Company hereby reminds that the information contained in this announcement can only be treated as a preliminary assessment by the Board based on information currently available to the Group and is not based on any figures or information that has been audited or reviewed by the auditor of the Company. It is expected that the Company will publish updated quarterly announcement by the end of October 2018 in respect of the business operations of the Company for the period from July 2018 to September 2018 and the update on the implementation of resumption proposal and satisfying the resumption conditions.

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9 a.m. on 31 March 2017.

Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

By order of the Board
Coolpad Group Limited
Jiang Chao
Vice Chairman
Chief Executive Officer

Hong Kong, 23 July 2018

As at the date of this announcement, the executive Directors are Mr. Jiang Chao, Mr. Leung Siu Kee, Mr. Lam Ting Fung Freeman and Mr. Liang Rui; the non-executive Director is Mr. Ng Wai Hung; the independent non-executive Directors are Dr. Huang Dazhan, Mr. Xie Weixin and Mr. Chan King Chung.