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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)

UPDATES ON RESUMPTION PROGRESS

This announcement is made by Coolpad Group Limited (the “**Company**”) 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, 6 June 2018, 23 July 2018, 19 October 2018, 21 December 2018 and 15 February 2019.

UPDATES ON THE RESUMPTION PROGRESS

As disclosed in the Company’s announcement dated 29 June 2017, the Stock Exchange imposed on the Company the following resumption conditions (the “**Resumption Conditions**”):

- (a) publish all outstanding financial results under the Listing Rules and address any audit qualifications;
- (b) conduct appropriate investigation(s) to address the audit issues raised by the Company’s auditors (the “**Audit Issues**”); and
- (c) inform the market of all material information for shareholders and investors to appraise the Company’s position.

The board of directors of the Company (the “**Board**”) would like to provide the following updates on the status of satisfaction of the Resumption Conditions.

Resumption Condition (a) – publish all outstanding financial results under the Listing Rules and address any audit qualifications

As of the date of this announcement, the Company has published all outstanding financial results. The table below sets out the date of publication of, and the respective weblink to, the relevant financial results and reports.

Financial results/reports	Date of publication	Weblink
2016 final results (final results for the year ended 31 December 2016)	3 April 2018	http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/0403/LTN201804033094.pdf
2016 annual report (annual report for the year ended 31 December 2016)	18 April 2018	http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/0418/LTN20180418023.pdf
2017 interim results (interim results for the 6 months ended 30 June 2017)	5 December 2018	http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/1205/LTN20181205007.pdf
2017 interim report (interim report for the 6 months ended 30 June 2017)	10 December 2018	http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/1210/LTN20181210091.pdf
2017 final results (final results for the year ended 31 December 2017)	5 December 2018	http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/1205/LTN20181205011.pdf
2017 annual report (annual report for the year ended 31 December 2017)	10 December 2018	http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/1210/LTN20181210103.pdf
2018 interim results (interim results for the 6 months ended 30 June 2018)	29 March 2019	http://www3.hkexnews.hk/listedco/listconews/SEHK/2019/0331/LTN20190331095.pdf
2018 interim report (interim report for the 6 months ended 30 June 2018)	17 April 2019	http://www3.hkexnews.hk/listedco/listconews/SEHK/2019/0417/LTN20190417011.pdf
2018 final results (final results for the year ended 31 December 2018)	31 March 2019	http://www3.hkexnews.hk/listedco/listconews/SEHK/2019/0331/LTN20190331125.pdf
2018 annual report (annual report for the year ended 31 December 2018)	17 April 2019	http://www3.hkexnews.hk/listedco/listconews/SEHK/2019/0417/LTN20190417015.pdf

Resumption Condition (b) – conduct appropriate investigation(s) to address the Audit Issues

As disclosed in the Company's announcement dated 31 January 2018, the Board established the new independent board committee (the "**New IBC**") to look into and investigate the Audit Issues.

As disclosed in the Company's announcement dated 3 April 2018, Corporate Governance Professionals Limited (formerly known as Baker Tilly Hong Kong Risk Assurance Limited) (the "**Consultant**") has been engaged to conduct certain agreed-upon procedures tailored to address the Audit Issues.

The Consultant has completed the agreed-upon procedures and issued the report (the "**AUP Report**"). The New IBC and the Board have reviewed and considered the findings set out in the AUP Report prepared by the Consultant, and adopted the AUP Report in full.

In addition, the New IBC has engaged the Consultant to conduct an overall review and to identify the deficiencies of the Group's internal control system, and the Consultant has issued the internal control review reports (the "**Internal Control Review Reports**").

The Company will disclose the key findings of the AUP Report and the Internal Control Review Reports in due course.

Resumption Condition (c) – inform the market of all material information for shareholders and investors to appraise the Company's position

Since the suspension of trading of the Shares, the Company has been informing its shareholders and investors of all material information to appraise the Company's position by way of announcements on the website of the Stock Exchange.

Submission of Resumption Proposal

The Company has submitted a resumption proposal to the Stock Exchange and understand that the resumption proposal is under review. The Company will continue to work towards resumption and aims to resume the trading of its shares by the end of May 2019. The Company will continue to disclose further material updates as and when appropriate.

BUSINESS OPERATIONS

Development and sales of smartphones remain as the main business of the Company in the past several months. During the abovementioned period, the Group recorded a decrease in revenue from the sales of smartphones as compared to the corresponding period of last year.

Regional sales in the United States remains as the Group's key sales region and contributed the most to the Group, but it recorded a further decrease in sales volume as compared to the previous several months as the Group did not launch any new products to the market in the first quarter of 2019. As new products for the United States market have been delivered to the United States progressively since April 2019, it is currently expected that the contribution from sales in the United States will likely increase in the second quarter of 2019.

While maintaining the stable growth in the sales in the Southeast Asian and South Asian regions, the Group expanded its product categories from smartphones to feature phones and smart accessories, which enhanced its profitability and anti-risk capability. The Group has recently made breakthroughs in new markets such as Egypt and received the first batch of orders and payments, and will record sales revenue starting from the second quarter. The Group has started the design, research and development of a mid-to-high end product for the PRC market, which will be launched to the market in the second half of this year.

The Group expects to record an increase in sales revenue in the second quarter of 2019 as compared to the first quarter. In order to reduce losses and improve profitability of the Group, the Group will continue to strictly control various expenses, strive to explore sales channels and increase the sales contribution from smart hardware accessories and other products.

The Group will continue to take various measures to enhance its liquidity and financial position. The Group is also actively communicating with banks and potential partners to seek financing. The Group entered into a supplemental agreement with Kingkey Group on 20 March 2019, pursuant to which Kingkey Group agreed to extend the term of the loans under the loans agreement dated 18 May 2018 from 12 months to 36 months.

As disclosed in the announcement of the Company dated 25 April 2019, Xi'an Coolpad Telecommunications Equipment Co., Ltd., the vendor and a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with the purchaser, Xi'an High-tech Industrial Development Zone Land Reserve Center (西安高新技術產業開發區土地儲備中心), pursuant to which the purchaser agreed to purchase the land use rights and construction in progress of the land from the vendor at a consideration of RMB236,292,626.00.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9 a.m. on 31 March 2017. Further announcement will be made by the Company as and when appropriate.

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

By order of the Board
Coolpad Group Limited
Leung Siu Kee
Executive Director
Company Secretary

Hong Kong, 8 May 2019

As at the date of this announcement, the executive Directors are Mr. Chen Jiajun, 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.