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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)

**DELAY IN PUBLICATION OF 2016 ANNUAL RESULTS
DELAY IN DESPATCH OF 2016 ANNUAL REPORT
POSTPONEMENT OF BOARD MEETING
AND
SUSPENSION OF TRADING**

This announcement is made by Coolpad Group Limited (the “**Company**”, together with its subsidiaries shall be referred to as the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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).

REASONS FOR DELAY IN PUBLICATION OF THE 2016 ANNUAL RESULTS

Reference are made to the announcements of the Company dated 30 March 2017, 31 March 2017 and 26 April 2017 (the “**Announcements**”) in relation to delay in publication of annual results for the year ended 31 December 2016 (the “**2016 Annual Results**”).

As disclosed in the Announcement, as agreed between the Company and the Auditor, certain outstanding information must be provided to the Auditor in order to complete its audit procedures. The Company would like to clarify that there are six outstanding auditing issues for publication of 2016 Annual Results, which are set forth below:

1. Prepayment to Agent

This matter concerns two transfers of a total sum of USD120 million from the Company to a company incorporated in Hong Kong (the “**Agent**”) between August and September 2016. The transfers were a prepayment to the Agent for a proposed acquisition from a potential vendor of shares in a company incorporated in the USA, which engages in the advanced automobile business (the “**Acquisition**”).

Under the two investment agreements entered into between the Company and the Agent (the “**Investment Agreements**”), if the Agent fails to procure the Acquisition for and on behalf of the Company, then the Agent is required to return the prepayment and accrued interest to the Company by two prescribed deadlines, i.e. 31 October 2016 and 25 December 2016. By those deadlines, the Agent did not procure the Acquisition under the Investment Agreements and hence, it was contractually required to repay the prepayment and interest to the Company.

In late March 2017, the Agent/its associate repaid the prepayment (in Renminbi instead of USD and with certain accrued interest unpaid) to the Company/its associate. Nonetheless, the Auditor continued to have enquiries regarding the nature and details of the transaction under the Investment Agreements as well as the repayment arrangements.

2. Prepayment to Company A

This matter concerns a prepayment of a sum of RMB300 million from the Company/its associate to a company incorporated in China, (“**Company A**”) in December 2016. The prepayment was made under a Sale and Purchase Framework Contract entered into between a subsidiary of the Company, i.e. Dongguan Yulong Telecommunication Tech Co., LTD. (東莞宇龍通信科技有限公司) (“**Dongguan Yulong**”) and Company A dated 20 December 2016, for the purchase and sale of touch screen display module and relevant components.

In between February and March 2017, Company A terminated the cooperation under the Sale and Purchase Framework Contract with Dongguan Yulong and returned the prepayment to Dongguan Yulong. Nonetheless, the Auditor continued to have enquiries regarding the nature and details of the transaction under the Sale and Purchase Framework Contract.

3. Going Concern

The Auditor raised queries regarding the going concern of the Company and its subsidiaries (the “**Group**”) and requested the Board to provide relevant documents including operating plan and cash flow forecast of the Group in one year, and management evaluation.

4. Related Party Transaction/Continuing Connected Transaction

The Auditor requested the Company to provide, among others, settlement materials and supporting documents of the related party transactions/continuing connected transactions of the Company.

5. Loans/payments to seven PRC entities

This matter concerns seven payments of a total sum of RMB485 million from a subsidiary of the Company, named Yulong Computer Telecommunication Scientific (Shenzhen) Co., LTD. (宇龍計算機通信科技(深圳)有限公司) (“**Shenzhen Yulong**”), to seven PRC entities between 21 March 2017 and 28 March 2017. Subject to further instructions, six of those seven payments were loan payments made under various respective loan agreement(s), whereas the remaining one payment was made in consideration of advertising services to be provided to the Company/its associate under an advertising agreement entered into between Shenzhen Yulong and an advertisement company incorporated in China dated 22 March 2017.

6. Prepayment to Company B

On 9 May 2017, the Auditor raised an additional audit issue for the Company. According to the Auditor, the issue is regarding two payments of a total of RMB300 million from Dongguan Yulong to a company incorporated in China (“**Company B**”) in August 2016. In December 2016, that payment has been returned to Dongguan Yulong.

The payment is in respect of a sale and purchase of touch screen display module and relevant components. The Auditor have enquiries regarding the nature and details of the transaction.

MEASURES TAKEN BY THE BOARD FOR SOLVING THE OUTSTANDING AUDIT ISSUES

The Board has taken steps to respond to the Auditor’s enquiries, including but not limited to forming an independent board committee consisting of directors who had no knowledge of and did not involve in the decision-making process or execution of any agreement in the relevant transactions to look into the subject matter, engaging legal advisors to the independent board committee to advise on the same, collating information and documents, arranging meetings with responsible individuals within the Company and with parties external to the Company, and having discussions and meetings with the Auditor to provide a constant update of progress and findings. During the same time, the Auditor took some auditing measures towards the limited information/documents provided by the Company but no conclusion by now.

As at the date of this announcement, it is still an ongoing process for the Company to provide all the information/documents requested by the Auditor, because of the varying complexity of the six matters, and the difficulty that some of the requisite information/documents requires the cooperation and input of parties and which are not within the possession or control of the Company. For reasons above, the Company is not able to publish the 2016 Annual Results by the end of May 2017 as disclosed in the Announcement, but nonetheless it is closely liaising with the Auditor with the aim to finalise and publish the 2016 Annual Results by the end of June 2017.

DELAY IN PUBLICATION OF THE 2016 ANNUAL RESULTS AND DELAY IN DESPATCH OF 2016 ANNUAL REPORT

The Board acknowledges that the delay in the publication of the 2016 Annual Results constitutes a non-compliance of Rule 13.49(1) of the Listing Rules. The delay in despatch of the annual report of the Company for the year ended 31 December 2016 (the “**2016 Annual Report**”), if it materialises, will constitute a non-compliance with Rule 13.46(1) of the Listing Rules. The Company will use its best endeavours to publish the 2016 Annual Results and despatch the 2016 Annual Report to the shareholders of the Company as soon as possible.

Rule 13.49(3) of the Listing Rules provides that where an issuer is unable to issue its preliminary results, it must announce its results based on the financial results, which have yet to be agreed with the auditor (so far as the information is available). The Company acknowledges that the non-publication of the 2016 Unaudited Management Accounts constitutes a non-compliance of Rule 13.49(3) of the Listing Rules. The Company is expected to publish the management accounts for the year ended 31 December 2016 as soon as possible, which is subject to the approval by the Board.

POSTPONEMENT OF BOARD MEETING

Reference is made to the announcement of the Company dated 21 March 2017 in relation to the date of a meeting of the Board (the “**Board Meeting**”) to be held on 31 March 2017 for the purpose of, among other matters, considering and approving the 2016 Annual Results and its publication and considering the recommendation of final dividend, if any. Due to the aforesaid to the aforesaid delay, the Board Meeting will be postponed.

The Company will publish further announcement(s) to inform the shareholders and potential investors of the Company the date of the Board Meeting to approve the 2016 Annual Results and its publication or any update information as and when appropriate.

SUSPENSION OF TRADING

Trading in the shares of the Company has been halted with effect from 9:00 a.m. on 31 March 2017, pending the publication of the 2016 Annual Results and the proposed follow-up work arrangements that is yet to be agreed between the Company and the Auditor in relation to any material audit findings.

As the request of the Company, trading in the shares of the Company on The Stock Exchange of Hong Kong Limited will be suspended with effect from 9 a.m. on 3 April 2017 pending the publication of the 2016 Annual Results.

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

By order of the Board
Coolpad Group Limited
Jia Yueting
Chairman

Hong Kong, 23 May 2017

As at the date of this announcement, the executive Directors are Mr. Jia Yueting, Mr. Jiang Chao, Mr. Liu Hong, Mr. Liu Jiangfeng, Mr. Abulikemu Abulimiti and Mr. Zhang Wei, and the independent non-executive Directors are Dr. Huang Dazhan, Mr. Xie Weixin, and Mr. Chan King Chung.