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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 A LAWSUIT RELATED TO THE GROUP

This announcement is made by Coolpad Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) 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).

The Company has recently received a civil complaint (the “**Civil Complaint**”) from Ping An Bank Co., Ltd. Shenzhen Branch (the “**Loan Bank**” or the “**Plaintiff**”) against a subsidiary of the Company, Yulong Computer Communication Technology (Shenzhen) Co., Ltd. (the “**Borrower**”), two subsidiaries of the Group and the beneficial owner of the single largest shareholder of the Company and his associate (collectively the “**Guarantors**”).

According to the Civil Complaint, the plaintiff alleges that it signed the “Comprehensive Credit Line Contract” (the “**Comprehensive Credit Line Contract**”) and the “Loan Contract” (the “**Loan Contract**”) with the Borrower on 16 February 2016 and 29 August 2016, respectively. Pursuant to the Loan Contract, the Plaintiff loaned RMB80 million (the “**Loan**”) to the Borrower, for a term up to 15 August 2017. The Guarantors have entered into relevant security contracts with the Plaintiff to provide guarantees for the Borrower of repaying all the debts incurred under the Credit Line Contract or the Loan Contract. The Plaintiff alleges that as per the Loan Contract, it has the right to directly recover all the loans in case the operation or the financial condition of the Borrower or the Guarantor deteriorates, or the Borrower, the Borrower’s shareholder or the actual controller, the legal representative of the Guarantors are subject to mandatory measures such as their main assets being taken in property preservation. After investigation, the Plaintiff alleged that the financial situation of a subsidiary of the Group, as one of the Guarantors, has deteriorated, which will seriously affect the Borrower’s business and performance, so the Plaintiff filed a lawsuit to Shenzhen Intermediate People’s Court, requesting the Court:

1. To order an immediate repayment of all principals and interests of the Loan for a total of RMB80 million (of which, the principal amount is RMB80 million, interests amount is nil, penalty interests amount is nil and compound interests amount is nil; the amounts of interests, penalty interests and compound interests were temporarily calculated up to 11 July 2017. The subsequent interests, penalty interests and compound interests shall be calculated according to the contract as of the date of actual repayment, and the actual amount shall be applied) by the Borrower to the Plaintiff, and to double the interests incurred during the period of delay in performance of the judgment;

2. To order the Borrower to reimburse the Plaintiff part of the legal fee for the realization of the creditor's rights of RMB150,000;
3. To order the Guarantors to undertake the joint and several responsibilities for all the debts of the Borrower mentioned above; and
4. To order the Borrower and the Guarantors to undertake the joint and several responsibilities for all litigation expenses and other related costs regarding the case (including but not limited to the preservation fee and the announcement fee).

The Company is of the view that the loan has not yet expired. The Company has consulted its PRC lawyers and has been actively collecting evidence to defend itself against the Civil Complaint.

The Company will make further announcement in due course to inform the shareholders of the Company of the progress.

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, 26 July 2017

As at the date of this announcement, the executive directors of the Company 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.