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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)**

## **CONNECTED TRANSACTION DISPOSAL OF CERTAIN INTEREST IN A SUBSIDIARY**

**Financial advisor to the Company**



### **DISPOSAL OF CERTAIN INTEREST IN A SUBSIDIARY**

The Board announces that on 25 May 2015, the Company, Tech Time and Coolpad E-Commerce entered into the Disposal Agreement, pursuant to which the Company agreed to transfer 90 Coolpad E-Commerce Shares, representing 4.5% of the issued share capital of Coolpad E-Commerce as at the date of this announcement, to Tech Time at a consideration of US\$45 million (equivalent to approximately HK\$348.75 million). Following the completion of the Disposal, the Company's shareholding in Coolpad E-Commerce will be reduced from 55% to 50.5%.

As Tech Time owns 45% shareholding in Coolpad E-Commerce as at the date of this announcement, Tech Time is a substantial shareholder of the Company's subsidiary and thus a connected person of the Company. The transactions contemplated under the Disposal Agreement constitute connected transactions for the Company under the Listing Rules.

As one or more applicable percentage ratios (other than the profits ratio) for the Disposal exceeds 1% but is less than 5%, the Disposal is subject to the reporting and announcement requirements under the Listing Rules and is exempt from the independent shareholders' approval requirement under the Listing Rules.

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## **THE DISPOSAL AGREEMENT**

The principal terms of the Disposal Agreement are as follows:

### **Date**

25 May 2015

### **Parties**

- (1) the Company
- (2) Tech Time, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Qihoo 360

To the best knowledge, information and belief of the Directors, (i) Tech Time is an investment holding company; and (ii) for Qihoo 360, its shares are listed on the New York Stock Exchange and it is a leading Internet company in China.

- (3) Coolpad E-Commerce

### **Assets to be disposed of**

The subject matter of the Disposal under the Disposal Agreement is 90 Coolpad E-Commerce Shares, representing 4.5% of the issued share capital of Coolpad E-Commerce as at the date of this announcement. Following completion of the Disposal, the Company will be interested in 50.5% shareholding in Coolpad E-Commerce.

### **Consideration**

The consideration for the Disposal is US\$45 million (equivalent to approximately HK\$348.75 million), which was arrived at after arm's length negotiations between the parties taking into account the parties' assessment on the possible future prospects of the business of the Coolpad E-Commerce Group. Such consideration shall be paid in full by Tech Time to the Company on or before 30 May 2015 by way of telegraphic transfer.

### **Other terms**

The parties agree that the number of members of the board of directors of Coolpad E-Commerce will become six and each of the Company and Tech Time can appoint three directors. They will enter into an amendment to the Shareholders' Agreement to give effect to this.

## **INFORMATION ABOUT THE COOLPAD E-COMMERCE**

Coolpad E-Commerce is an investment holding company incorporated in the Cayman Islands with limited liability established by the Company in September 2014. Coolpad E-Commerce Group is principally engaged in the research, development, designing, manufacturing, distribution, marketing and sales of Internet and other terminal products that are distributed through Internet as the primary channel (“Internet terminal products”) and the research, development, operating and provision of services for the key components, software and/or applications of the said Internet terminal products.

## **REASONS AND BENEFITS FOR THE DISPOSAL**

The Group is principally engaged in developing wireless telecommunications technological know-how in wireless telecommunications across multiple wireless telecommunications network standards and providing integrated solutions for smartphone sets, mobile data platform system, and value-added business operations.

Upon completion of the Disposal, the shareholding of Tech Time in Coolpad E-Commerce will increase. The Disposal allows for a more balanced and stronger collaboration between the Company, Tech Time and Coolpad E-Commerce, which the Directors believe can help to strengthen the Group’s mobile Internet and Internet related smartphone segments. Further, the Group intends to use the consideration received for the Disposal for general working capital purposes. Upon completion of the disposal, Coolpad E-Commerce will continue to be a subsidiary (as defined under the Listing Rules) of the Company and will become a joint venture under the relevant accounting standard. Taking into account the remaining equity interest of the Group in Coolpad E-Commerce Group and the consideration of the Disposal, the Group preliminarily expects to record a gain of over US\$300 million from the Disposal. This figure may change depending on the actual amount of assets attributable to the Disposal upon completion and is subject to audit. This expected gain will have significant impact on the profit for the six months ended 30 June 2015. However, as this expected gain from the Disposal is one-off and non-recurring and does not arise from the normal operation of the Group, Shareholders and potential investors are advised to exercise caution in dealing in the shares in the Company.

Based on the above, the Board (including the independent non-executive Directors), considers the terms of the Disposal Agreement are fair and reasonable, the Disposal is on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

None of the Directors have a material interest in the transactions contemplated under the Disposal Agreement and therefore none of the Directors have abstained from voting on the board resolution approving the Disposal Agreement.

## **LISTING RULES IMPLICATIONS**

As Tech Time owns 45% shareholding in Coolpad E-Commerce as at the date of this announcement, Tech Time is a substantial shareholder of the Company’s subsidiary and thus a connected person of the Company. The transactions contemplated under the Disposal Agreement constitute connected transactions for the Company under the Listing Rules.

As one or more applicable percentage ratios (other than the profits ratio) for the Disposal exceeds 1% but is less than 5%, the Disposal is subject to the reporting and announcement requirements under the Listing Rules and is exempt from the independent shareholders' approval requirement under the Listing Rules.

## DEFINITIONS

In this announcement, the following terms and expressions (unless the context otherwise requires) shall have the following meanings:

“Board”	the board of Directors
“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 (Stock Code:2369)
“Coolpad E-Commerce”	Coolpad E-Commerce Inc., a company incorporated in the Cayman Islands with limited liability and a non wholly-owned subsidiary of the Company
“Coolpad E-Commerce Group”	Coolpad E-Commerce and its subsidiaries
“Coolpad E-Commerce Shares”	ordinary shares of US\$0.01 each in the share capital of Coolpad E-Commerce
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of 90 Coolpad E-Commerce Shares by the Company to Tech Time
“Disposal Agreement”	the agreement dated 25 May 2015 entered into between the Company, Tech Time and Coolpad E-Commerce
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“HK\$”	Hong Kong dollars
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Qihoo 360”	Qihoo 360 Technology Co. Ltd., the shares of which are listed on the New York Stock Exchange (stock code: QIHU)
“Shareholder(s)”	holder(s) of the shares in the Company

“Shareholders Agreement”	the shareholders’ agreement dated 9 January 2015 and entered into among the Company, Coolpad E-Commerce and Tech Time, details of which are set out in the Company’s announcement dated 9 January 2015 and the Company’s circular dated 12 February 2015
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tech Time”	Tech Time Development Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Qihoo 360
“US\$”	United States Dollars, the lawful currency of the United States of America
“%”	per cent.

*For ease of reference, the exchange rates between United States dollars and Hong Kong dollars provided in this announcement are US\$1.00=HK\$7.75 respectively. The provision of such exchange rates do not mean that Hong Kong dollars could be converted into United States dollars based on such exchange rates.*

By order of the Board  
**Coolpad Group Limited**  
**GUO DEYING**  
*Chairman*

Hong Kong, 25 May 2015

*As at the date of this announcement, 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.*