
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares in Coolpad Group Limited, you should at once hand this circular to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular appears for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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)

**(1) CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO THE INDUSTRIAL PARK
MANAGEMENT SERVICES AGREEMENT;
(2) NOTICE OF EGM; AND
(3) CLOSURE OF REGISTER OF MEMBERS**

Independent financial adviser to the Company



FDB Financial Group Ltd
灃展金融集團有限公司

Capitalised terms used in this cover shall have the same meanings as defined in this circular.

A letter from the Board is set out on pages 4 to 16 of this circular. A notice convening the extraordinary general meeting of the Company (the “EGM”) to be held at 20th Floor, Block C, Coolpad Building, No. 8 of Gaoxin North 1st Road, North of Hi-tech Park, Nanshan District, Shenzhen, the PRC on Thursday, 31 August 2023 at 3:00 p.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use by the Shareholders at the EGM (and at any adjournment thereof) is also enclosed herein.

Whether or not you intend to attend and vote at the EGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong as soon as possible and in any event not later than 48 hours before the time of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

15 August 2023

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	4
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	17
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	19
APPENDIX — GENERAL INFORMATION	35
NOTICE OF EGM	EGM-1

Accompanying: Form of proxy for EGM

DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions shall have the following meanings:

“2022 Property Management Services Agreement”	the property management services agreement dated 23 December 2022 entered into between Yulong Computer Telecommunication Scientific (Shenzhen) Co., Ltd. (宇龍計算機通信科技(深圳)有限公司), an indirect wholly-owned subsidiary of the Company, and Shenzhen Kingkey in relation to the provision of property management services in respect of Coolpad Building situated in Shenzhen, PRC by Shenzhen Kingkey
“Announcement”	the announcement of the Company dated 14 July 2023
“Annual Caps”	the proposed annual caps for the continuing connected transactions contemplated under the Industrial Park Management Services Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“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)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Dongguan Kingkey”	Dongguan Kingkey Property Management Company Limited (東莞市京基物業管理有限公司), a company incorporated under the laws of the PRC and a wholly-owned subsidiary of Shenzhen Kingkey
“Dongguan Yulong”	Dongguan Yulong Telecommunication Tech Co., Ltd. (東莞宇龍通信科技有限公司), a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be convened and held at 20th Floor, Block C, Coolpad Building, No. 8 of Gaoxin North 1st Road, North of Hi-tech Park, Nanshan District, Shenzhen, the PRC on Thursday, 31 August 2023 at 3:00 p.m., or any adjournment thereof
“Group”	the Company, its subsidiaries and controlled entities
“Independent Board Committee”	the independent committee of the Board, comprising all of the independent non-executive Directors, formed to advise the Independent Shareholders on the Industrial Park Management Services Agreement and the transactions contemplated thereunder (including the Annual Caps)
“Independent Financial Adviser”	FDB Financial Group Limited, being appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Industrial Park Management Services Agreement and the transactions contemplated thereunder (including the Annual Caps)
“Independent Shareholders”	Shareholder(s) who do not have material interests in the transactions contemplated under the Industrial Park Management Services Agreement
“Industrial Park”	factory plants and dormitories situated at Industrial West One Road, Songshan Lake, Dongguan, PRC (東莞市松山湖園區工業西一路)
“Industrial Park Management Services Agreement”	the property management services agreement dated 14 July 2023 entered into between Dongguan Yulong and Shenzhen Kingkey in relation to the provision of property management services in respect of the Industrial Park by Shenzhen Kingkey
“Kingkey Group”	Kingkey Group Co., Ltd. and its subsidiaries
“Latest Practicable Date”	8 August 2023, being the latest practicable date prior to the publication of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Management Fees”	has the meaning ascribed to it under the section headed “Letter from the Board – The Industrial Park Management Services Agreement – Management Fees” of this circular
“Parties” and each a “Party”	the parties to the Industrial Park Management Services Agreement namely, Dongguan Yulong and Shenzhen Kingkey
“PRC”	the People’s Republic of China, which, for the purpose of this circular, excludes Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan Region
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Shenzhen Kingkey”	Shenzhen Kingkey Property Management Company Limited (深圳市京基物業管理有限公司), a company incorporated under the laws of the PRC. It is a wholly-owned subsidiary of Kingkey Group Co. Ltd., which is ultimately controlled by Mr. Chen Hua, who is an immediate family member of Mr. Chen Jiajun, a substantial Shareholder, an executive Director, the chief executive officer and chairman of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

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)

Executive Directors:

Mr. Chen Jiajun (*Chairman and Chief Executive Officer*)

Mr. Ma Fei

Non-executive Directors:

Mr. Ng Wai Hung

Mr. Liang Rui

Mr. Xu Yibo

Independent Non-executive Directors:

Mr. Chiu Sin Nang Kenny

Mr. Ngai Tsz Hin Michael

Mr. Guo Jinghui

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman

KY1-1111

Cayman Islands

*Head office and principal place
of business in the PRC:*

Coolpad Information Harbor

No. 8 of Gaoxin North 1st Road

Hi-Tech Industry Park (Northern)

Nanshan District

Shenzhen

*Principal place of business
in Hong Kong:*

44/F, Office Tower

Convention Plaza

1 Harbour Road

Wanchai

Hong Kong

15 August 2023

To the Shareholders

Dear Sir/Madam,

- (1) CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO THE INDUSTRIAL PARK
MANAGEMENT SERVICES AGREEMENT;
(2) NOTICE OF EGM; AND
(3) CLOSURE OF REGISTER OF MEMBERS**

LETTER FROM THE BOARD

INTRODUCTION

Reference is made to the Announcement.

The purpose of this circular is to provide you with, among other things, (i) further details of the Industrial Park Management Services Agreement and the transactions contemplated thereunder; (ii) the recommendations of the Independent Board Committee; (iii) the advice of the Independent Financial Adviser; and (iv) notice of the EGM.

THE INDUSTRIAL PARK MANAGEMENT SERVICES AGREEMENT

Date:	14 July 2023
Parties:	(i) Dongguan Yulong (ii) Shenzhen Kingkey
Property to be managed:	The Industrial Park which comprises production plants, dormitory buildings and amenities with a total area of approximately 378,000 square metres. As at the Latest Practicable Date, the Industrial Park is under construction.
Subject Matter:	Shenzhen Kingkey agreed to provide, through itself or its wholly-owned project company incorporated for the purpose of providing services to the Group under the Industrial Park Management Services Agreement, Dongguan Kingkey, property management services in respect of the Industrial Park, including management, repairs and maintenance of communal areas and facilities, cleaning, parking and traffic safety management, security control and greening and landscape maintenance.
Term:	A term commencing from the delivery of the Industrial Park, which is expected to be on 1 October 2023, and ending on 31 December 2025 (both dates inclusive).

LETTER FROM THE BOARD

Management Fees:

The fees to be charged by Shenzhen Kingkey include property management service fees, private property repair and maintenance service fees and carparking spaces and vacant properties management fees (collectively, the “**Management Fees**”), which shall be determined by the Parties based on arm’s length negotiations between the Parties and prevailing market prices of similar or comparable services offered by Shenzhen Kingkey to other independent third parties and shall be adjustable according to reasonable costs and the market conditions. Such Management Fees shall not, in any event, be higher than the relevant services fees offered by Shenzhen Kingkey to other independent third parties.

In assessing and comparing the terms offered by Shenzhen Kingkey, the Group has compared the prevailing market rates charged by independent third parties offering comparable management services for properties of comparable scale and grade in the vicinity. In particular, the Group has obtained the quotations from two other independent third parties through tender invitation (the “**Tender Process**”). The Group considers that the price and terms of services (including the standard and qualities of services) offered by Shenzhen Kingkey are no less favourable to the Group than those offered by independent third party service providers.

The Management Fees payable by Dongguan Yulong to Shenzhen Kingkey and/or Dongguan Kingkey (as the case may be) under the Industrial Park Management Services Agreement represent an all-inclusive fees for all services to be provided by Shenzhen Kingkey and Dongguan Kingkey. Shenzhen Kingkey and Dongguan Kingkey shall bear the costs of managing the Industrial Park, including any shortfall in the event that the cost of services is higher than the Management Fees received from Dongguan Yulong.

LETTER FROM THE BOARD

Pricing Basis

The Management Fees are determined after arm's length negotiations and shall be calculated as follows:

1. Property management service fees: The property management service fee is calculated based on the agreed charging rates applicable to different types of properties and the gross floor area of the relevant properties to be managed. Details of the monthly charging rates (inclusive of tax) are set out below:

Types of Property	Monthly charging rate <i>(RMB/square meter)</i>
Phase 1 Factory Plant	3.8
Phase 1 Dormitory	2.5
Phase 2 (幸福樓) Dormitory	3.3
Phase 2 (幸福樓) Amenities	3.8
Phase 3 Factory Plant	6.5

The fixed monthly charging rate is determined with reference to a number of factors including:

- (a) arm's length negotiations on normal commercial terms between Dongguan Yulong and Shenzhen Kingkey during the Tender Process, during which a number of considerations, including service fees quotation, service quality and business reputation, were taken into account when assessing the eligibility of the three service providers who participated in the Tender Process. The Group considers that the price and terms of services (including the standard and qualities of services) offered by Shenzhen Kingkey are no less favourable to the Group than those offered by other two Tender Process participants; and
- (b) the anticipated operational costs (including salary and staff costs).

As at the Latest Practicable Date, there was no price guidance promulgated by the Price Control Department (物價管理部門) where the Industrial Park is located. The Group will take into account the price guidance subsequently issued by the relevant government authority (if any) in determining the Management Fees.

2. Pre-delivery management fees: To ensure that seamless management services can be provided, in line with common market practice, Shenzhen Kingkey and/or Dongguan Kingkey will provide pre-delivery management services prior to the delivery of the Industrial Park, including cleaning, property checks and inspections, equipment and electrical appliances installation and testing; quality check assistance and trial run. No

LETTER FROM THE BOARD

pre-delivery management services will be provided after the delivery of the Industrial Park, which is expected to be on 1 October 2023. Pre-delivery management fees including wages and expenses incurred prior to the date of delivery of the Industrial Park shall be calculated on an “at-cost” basis, and are required to be confirmed and approved in advance by the Group.

3. Property repair and maintenance fees: Contribution to property maintenance fund shall be made in accordance with the relevant provisions promulgated by the municipal government. The property repair and maintenance fees are customarily subject to negotiations between the Parties based on actual needs on an “at-cost” basis. Where applicable, the maintenance fees shall first be settled from the property maintenance fund, with the shortfall to be provided by Dongguan Yulong.
4. Carparking spaces management fees: The Group expects to lease carparking spaces to independent third party tenants. The carparking spaces management fees shall be determined based on the revenue received from the carparking spaces leased, taking into account the prevailing market rate generally offered by independent service providers in respect of similar services. Shenzhen Kingkey and/or Dongguan Kingkey (as the case may be) shall bear the costs and expenses for carparking spaces management. To ensure that the fees to be paid by the Group represent the prevailing market price and are on normal commercial terms that are comparable to those with independent third parties and no less favorable to the Group, before entering into separate agreement(s) for carparking spaces management fees, the Group will obtain quotations from at least two other independent third party service providers. As part of the Group’s internal control measures, the Group will also conduct ongoing review of the pricing terms as agreed between the Group and Shenzhen Kingkey and/or Dongguan Kingkey. For details, please refer to the section headed “Internal Control Procedures”. The fees shall be settled by the Group on a monthly basis. In the event of conflicts between the terms of the carparking spaces management agreement and the terms of the Industry Park Management Services Agreement, the terms of the Industry Park Management Services Agreement shall prevail.
5. Vacant properties management fees: The vacant properties management fees are customarily subject to negotiations between the Parties based on the costs of such services. To ensure that the fees to be paid by the Group represent the prevailing market price and are on normal commercial terms that are comparable to those with independent third parties and no less favorable to the Group, before entering into separate agreement(s) for vacant properties management fees, the Group will obtain quotations from at least two other independent third party service providers. As part of the Group’s internal control measures, the Group will also conduct ongoing review of the pricing terms as agreed between the Group and Shenzhen Kingkey and/or Dongguan Kingkey. For details, please refer to the section headed “Internal Control Procedures”. The settlement terms shall be separately determined between the Parties. The fees shall be settled by the Group on a monthly basis. In the event of conflicts

LETTER FROM THE BOARD

between the terms of the vacant properties management agreement and the terms of the Industry Park Management Services Agreement, the terms of the Industry Park Management Services Agreement shall prevail.

Based on the assessment of the comparable price and terms of services obtained from the Tender Process and the above factors, the Group considers that the price and terms of services (including the standard and qualities of services) offered by Shenzhen Kingkey are no less favourable to the Group than those offered by independent third party service providers.

Annual Caps

The Annual Caps for the transactions contemplated under the Industrial Park Management Services Agreement shall be RMB8,000,000, RMB22,000,000 and RMB22,000,000 for each of the year ending 31 December 2023, 2024 and 2025, respectively, which is determined with reference to the Management Fees plus other related charges on the following basis:

1. Assuming full occupancy of the Industrial Park, the annualised property management service fees which is estimated to be less than RMB20,000,000, calculated based on the agreed charging rates as set out under the paragraph headed “Pricing Basis” above multiplied by the estimated capacity area of the relevant type of property of the Industrial Park.
2. The annualised maximum amount payable for other related charges which is estimated to be less than RMB2,000,000 taking into account the total capacity area of the Industrial Park. Such other related charges represent fees for “add-on services” which are calculated on an “at-cost” basis. These “add-on services” include (without limitation) additional cleaning services, property maintenance and repair service, greenery and plant renting service, landscape maintenance, pest control, tailor-made security system, and planning and coordination of large-scale events.

The Annual Cap for the year ending 31 December 2023 is estimated based on the aggregate of:

- (i) the annualised property management service fees and other related charges calculated on a pro-rata basis for a three-month period between October 2023 and December 2023, being RMB5,500,000; and
- (ii) the pre-delivery management fees which is estimated to be less than RMB2,500,000. As set out in the paragraph headed “Pricing Basis” above, prior to the delivery of the Industrial Park and commencement of the term of the Industrial Park Management Services Agreement, Shenzhen Kingkey and/or Dongguan Kingkey will provide pre-delivery management services at the Industrial Park. The estimated pre-delivery management fees is estimated taking into account the personnel required for provision

LETTER FROM THE BOARD

of the pre-delivery management services, including general manager, administrative team, engineers and security officers; and the capacity area and items of the Industrial Park which require testing and cleaning.

From the date of the Industrial Park Management Services Agreement up until the Latest Practicable Date, there had been no actual transaction amount incurred under the Industrial Park Management Services Agreement. Accordingly, the Company will ensure that, from the date of the Industrial Park Management Services Agreement up until and including the date of the EGM, the highest applicable percentage ratio in relation to the annual maximum transaction amount (if any) under the Industrial Park Management Services Agreement shall remain below 5%.

INTERNAL CONTROL PROCEDURES

In order to ensure that the Company complies with the pricing policies, the monitoring of the aggregate accumulated transaction amount and, if applicable, the approval of the Annual Caps under the Industrial Park Management Services Agreement, the Company has adopted a series of internal control policies in its daily operations, including:

1. the pricing policy for the continuing connected transactions contemplated under the Industrial Park Management Services Agreement will be supervised and monitored by the property management department, the legal compliance department and the finance department of the Group (the “**Responsible Departments**”) to ensure that all the continuing connected transactions are conducted on normal commercial terms and in accordance with the pricing policy of the Group and will not be prejudicial to the interests of the Company and the Shareholders as a whole. In particular, prior to entering into separate agreement(s) for carparking spaces management and vacant properties management, the Group will obtain quotations from at least two other independent third party service providers. The Responsible Departments will evaluate the terms offered by other independent third parties to ensure that the terms of the transactions under the Industry Park Management Services Agreement are reasonable and no less favourable to the Group;
2. the Responsible Departments will conduct regular checks and assess whether individual transactions contemplated under the Industrial Park Management Services Agreement are conducted in accordance with the terms of the agreement and will also regularly review whether the price charged for the relevant property management services thereunder is fair and reasonable and in accordance with the aforesaid pricing policy. In particular, the Group will monitor the transaction amount incurred for the transactions contemplated under the Industrial Park Management Services Agreement on a monthly basis to ensure that the accumulated transaction amount does not exceed the Annual Caps;

LETTER FROM THE BOARD

3. the Group will prepare a continuing connected transaction report (“**CCT Report**”) once every six months on the continuing connected transactions with Shenzhen Kingkey, which will be submitted to the Company’s audit committee for consideration. The content of the CCT Report will include, amongst others: (i) the transaction amount incurred for the transactions contemplated under the Industrial Park Management Services Agreement within the relevant reporting period; and (ii) the status of compliance with the Industrial Park Management Services Agreement and utilisation of the Annual Caps;
4. the Company’s audit committee will convene meetings at least twice a year to discuss and assess the implementation of the continuing connected transactions of the Group (which include, among others, the transactions contemplated under the Industrial Park Management Services Agreement);
5. the independent non-executive Directors will conduct an annual review with respect to the continuing connected transactions of the Group (which include, among others, the transactions contemplated under the Industrial Park Management Services Agreement) throughout the preceding financial year and give confirmation on the transaction amount and terms of the transactions in each annual report of the Group; and
6. the external auditors of the Company will also conduct an annual review on the pricing terms and annual cap in relation to the continuing connected transactions of the Group in accordance with Rule 14A.56 of the Listing Rules.

In view of the above, the Company considers that there are adequate internal control procedures and external supervision measures to ensure that the transactions contemplated under the Industrial Park Management Services Agreement will comply with the terms of the Industrial Park Management Services Agreement and will be conducted on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

GENERAL INFORMATION OF THE GROUP AND THE PARTIES

The Group

The Group is principally engaged in the production and sale of mobile phones and accessories, and the provision of wireless application services.

Dongguan Yulong

Dongguan Yulong is principally engaged in the manufacturing of mobile phones and accessories.

LETTER FROM THE BOARD

Shenzhen Kingkey

Shenzhen Kingkey is a company incorporated in the PRC. It is a wholly-owned subsidiary of Kingkey Group Co., Ltd., which is ultimately controlled by Mr. Chen Hua, who is an immediate family member of Mr. Chen Jiajun, a substantial Shareholder, an executive Director, the chief executive officer and chairman of the Company. Shenzhen Kingkey is principally engaged in property management and property leasing.

REASONS FOR AND BENEFITS OF ENTERING INTO THE INDUSTRIAL PARK MANAGEMENT SERVICES AGREEMENT

As the construction of the Industrial Park is expected to complete in the second half of the year, to ensure the smooth management and usage of the Industrial Park, which would expand the Group's production capacity and efficiency, the Group has been preparing for the predelivery work of the Industrial Park.

Shenzhen Kingkey is a subsidiary of Kingkey Group and possesses requisite qualifications and certifications for providing property management services, including Grade I Qualification for Property Management issued by the Ministry of Housing and Urban-Rural Development of the PRC; ISO 14001:2015 Standard Environmental Management System Certificate; and ISO 9001:2015 Quality Management System Certificate. Shenzhen Kingkey mainly serves high-end office buildings and upscale residential communities owned and developed by Kingkey Group.

The Group has been engaging Shenzhen Kingkey for provision of property management services at its another property, Coolpad Building at Shenzhen, since 2020. For further details of the Group's current transactions with Shenzhen Kingkey, please refer to the Group's announcements dated 25 March 2020, 6 May 2020 and 23 December 2022. The Company has maintained efficient communication with Shenzhen Kingkey and believes that Shenzhen Kingkey has a more thorough understanding of the requirements of the Group's services need.

To the best of the Directors' knowledge and information, the property owners and tenants of Coolpad Building provided positive feedback regarding Shenzhen Kingkey's services. In particular, the Group and Shenzhen Kingkey received a letter of commendation from the Culture, Broadcasting, Tourism and Sports Bureau of Nanshan District, Shenzhen, a property unit owner of Coolpad Building, in June 2022 in recognition of the quality property management services. Shenzhen Kingkey was also awarded the 2022 Nanshan District Safety Production Management Excellence Project by the Housing and Construction Bureau of Nanshan District, Shenzhen in May 2023 for its management of Coolpad Building. Accordingly, the Company believes that Shenzhen Kingkey is competent to provide competitive and high-quality property management services to the Group.

Taking into account (i) Kingkey Group, the holding company of Shenzhen Kingkey, is a reputable property management services provider in the PRC; (ii) the level of satisfaction of the services currently provided by Shenzhen Kingkey; (iii) through its professional qualifications and cooperation experience with our Group, Shenzhen Kingkey is familiar with the Group's

LETTER FROM THE BOARD

property projects and services requirements; and (iv) based on the comparison of the price and terms of services (including the standard and qualities of services) from the Tender Process, the terms offered by Shenzhen Kingkey are no less favourable to the Group than those offered by independent third party service providers, the Directors consider that it is in the interest of the Group to acquire property management services from Shenzhen Kingkey under the Industrial Park Management Services Agreement to ensure quality property management practices being in place upon completion of the Industrial Park.

The Directors (including the members of the Independent Board Committee whose opinion is set forth in the section headed “Letter from the Independent Board Committee” in this circular after considering the letter of advice from the Independent Financial Adviser) consider that the terms of the Industrial Park Management Services Agreement (including the Annual Caps) and the transactions contemplated thereunder are on normal commercial terms after arm’s length negotiations and in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As at the Latest Practicable Date, Dongguan Yulong was an indirect wholly-owned subsidiary of the Company. Shenzhen Kingkey is ultimately controlled by Mr. Chen Hua, who is an immediate family member of Mr. Chen Jiajun, a substantial Shareholder, an executive Director, the chief executive officer and chairman of the Company. Accordingly, Shenzhen Kingkey is an associate of Mr. Chen Jiajun and a connected person of the Company, and the transactions contemplated under the Industrial Park Management Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Reference is made to the Company’s announcement dated 23 December 2022 in relation to the 2022 Property Management Services Agreement. Pursuant to Rules 14A.81 and 14A.82 of the Listing Rules, as the transactions under the Industrial Park Management Services Agreement and the 2022 Property Management Services Agreement are of similar nature and have been entered into with the same party within a 12-month period, the Industrial Park Management Services Agreement is required to be aggregated with the 2022 Property Management Services Agreement as a series of transactions.

As one or more of the applicable percentage ratio in respect of the Annual Caps under the Industrial Park Management Services Agreement and when aggregated with the 2022 Property Management Services Agreement exceed 5%, the transactions contemplated under the Industrial Park Management Services Agreement shall be subject to the annual review, reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

As Shenzhen Kingkey is an associate of Mr. Chen Jiajun, Mr. Chen Jiajun has a material interest in the Industrial Park Management Services Agreement and the transactions contemplated thereunder, and has abstained from voting on the relevant resolutions of the Board. Save as disclosed above, none of the Directors has a material interest in the Industrial Park Management Services Agreement and the transactions contemplated thereunder or is otherwise required to abstain from voting on the relevant resolutions of the Board.

EGM

The EGM will be convened for the purpose of considering and, if thought fit, approving, among other things, the Industrial Park Management Services Agreement and the transactions contemplated thereunder. A notice convening the EGM to be held at 20th Floor, Block C, Coolpad Building, No. 8 of Gaoxin North 1st Road, North of Hi-tech Park, Nanshan District, Shenzhen, the PRC on Thursday, 31 August 2023 at 3:00 p.m. is set out on pages EGM-1 to EGM-2 of this circular.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder, other than Mr. Chen Jiajun and his associates, has a material interest in the Industrial Park Management Services Agreement which is different from other Shareholders. Therefore, Mr. Chen Jiajun and his associate(s) will abstain from voting at the EGM. As at the Latest Practicable Date, Mr. Chen Jiajun and his associate(s) held 3,131,355,500 Shares, which represent approximately 22.94% of the issued Shares. To the best of the Directors' knowledge, information and belief, other than Mr. Chen Jiajun, no Shareholder is required to abstain from voting at the EGM.

ACTIONS TO BE TAKEN

A form of proxy for use by the Shareholders at the EGM is enclosed in this circular. Whether or not you intend to attend and vote at the EGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Such form of proxy for use at the EGM is also published on the website of the Stock Exchange at www.hkexnews.hk. Completion and return of the proxy form will not preclude you from subsequently attending and voting at the EGM or any adjourned meeting should you so wish.

The Company reminds all shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the meeting as their proxy to vote on the relevant resolutions at the EGM instead of attending the EGM in person, by completing and returning the proxy form. If you have any questions about the resolutions to be considered at the EGM, you may send them to the Company's investor relations email address, ir@coolpad.com, and the Company will answer the questions on a timely basis.

LETTER FROM THE BOARD

RECOMMENDATION

Your attention is drawn to (i) the letter of advice from the Independent Board Committee to the Independent Shareholders on the Industrial Park Management Services Agreement and the transactions contemplated thereunder (including the Annual Caps); and (ii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Industrial Park Management Services Agreement and the transactions contemplated thereunder (including the Annual Caps).

The Board (including the members of the Independent Board Committee whose opinion is set forth in the section headed “Letter from the Independent Board Committee” in this circular after considering the letter of advice from the Independent Financial Adviser), is of the view that the Industrial Park Management Services Agreement and the transactions contemplated thereunder (including the Annual Caps) are on normal commercial terms after arm’s length negotiations and in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Board recommends that the Independent Shareholders to vote in favour of the ordinary resolution(s) relating thereto at the EGM.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 28 August 2023 to 31 August 2023 (both days inclusive) during which period no transfer of share(s) will be effected. Members whose name appear on the register of members of the Company on 31 August 2023 will be entitled to attend and vote at the Meeting. In order to ensure that the Shareholders are entitled to attend and vote at the Meeting, all transfer documents, together with the relevant share certificates, should be lodged no later than 4:30 p.m. on Friday, 25 August 2023 at the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong.

LETTER FROM THE BOARD

FORWARD-LOOKING STATEMENTS

There can be no assurance that any forward-looking statements regarding the business development of the Group set out in this circular and any of the matters set out herein are attainable, will actually occur or will be realised or are complete or accurate. Shareholders and/or potential investors of the Company are advised to exercise caution when dealing in the securities of the Company and not to place any excessive reliance on the information disclosed herein. Any Shareholder or potential investor who is in doubt is advised to seek advice from professional advisors.

Yours faithfully,
For and on behalf of
Coolpad Group Limited
Chen Jiajun
Executive Director
Chief Executive Officer
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Industrial Park Management Services Agreement (including the Annual Caps) for inclusion in this circular.

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)

15 August 2023

To the Independent Shareholders

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE INDUSTRIAL PARK MANAGEMENT SERVICES AGREEMENT

Dear Sir or Madam,

We refer to the circular issued by the Company to its Shareholders dated 15 August 2023 (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed by the Board to form an independent board committee to consider and advise you as to whether the terms of the Industrial Park Management Services Agreement and the transactions contemplated thereunder (including the Annual Caps) are on normal commercial terms after arm’s length negotiations and in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to recommend as to whether the Independent Shareholders should approve the entering into of the Industrial Park Management Services Agreement and the transactions contemplated thereunder (including the Annual Caps). FDB Financial Group Limited has been appointed to act as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board, as set out on pages 4 to 16 of the Circular and a letter of advice from FDB Financial Group Limited, as set out on pages 19 to 34 of the Circular, both of which provide details of the Industrial Park Management Services Agreement and the transactions contemplated thereunder (including the Annual Caps).

Having considered the terms of the Industrial Park Management Services Agreement and the transactions contemplated thereunder (including the Annual Caps), the advice and

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

recommendation from FDB Financial Group Limited and the relevant information contained in the letter from the Board, we are of the opinion that the Industrial Park Management Services Agreement and the transactions contemplated thereunder (including the Annual Caps) are on normal commercial terms after arm's length negotiations and in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend you to vote in favour of the resolution to be proposed at the EGM to approve the Industrial Park Management Services Agreement and the transactions contemplated thereunder (including the Annual Caps).

Yours faithfully,

For and on behalf of

the Independent Board Committee

Mr. Guo Jinghui

Independent

non-executive director

Mr. Chiu Sin Nang Kenny

Independent

non-executive director

Mr. Ngai Tsz Hin Michael

Independent

non-executive director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from FDB Financial Group Limited, the Independent Financial Adviser, for the purpose of inclusion in this circular, to the Independent Board Committee and the Independent Shareholders in relation to the Industrial Park Management Services Agreement and transactions contemplated thereunder.



FDB Financial Group Ltd
灃展金融集團有限公司

15 August 2023

*To: The Independent Board Committee and
the Independent Shareholders of Coolpad Group Limited*

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE INDUSTRIAL PARK MANAGEMENT SERVICES AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Industrial Park Management Services Agreement and the transactions contemplated thereunder, together with the Annual Caps, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 15 August 2023 (the “**Circular**”), of which this letter forms a part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

Reference is made to the announcement of the Company dated 14 July 2023 (the “**Announcement**”) in relation to the Industrial Park Management Services Agreement.

As at the Latest Practicable Date, Dongguan Yulong was an indirect wholly-owned subsidiary of the Company. Shenzhen Kingkey is ultimately controlled by Mr. Chen Hua, who is an immediate family member of Mr. Chen Jiajun, a substantial Shareholder, an executive Director, the chief executive officer and chairman of the Company. Accordingly, Shenzhen Kingkey is an associate of Mr. Chen Jiajun and a connected person of the Company, and the transactions contemplated under the Industrial Park Management Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Reference is made to the Company’s announcement dated 23 December 2022 in relation to the 2022 Property Management Services Agreement. Pursuant to Rules 14A.81 and 14A.82 of the Listing Rules, as the transactions under the Industrial Park Management Services Agreement

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

and the 2022 Property Management Services Agreement are of similar nature and have been entered into with the same party within a 12-month period, the Industrial Park Management Services Agreement is required to be aggregated with the 2022 Property Management Services Agreement as a series of transactions.

As one or more of the applicable percentage ratio in respect of the Annual Caps under the Industrial Park Management Services Agreement and when aggregated with the 2022 Property Management Services Agreement exceed 5%, the transactions contemplated under the Industrial Park Management Services Agreement shall be subject to the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Shenzhen Kingkey is an associate of Mr. Chen Jiajun, Mr. Chen Jiajun has a material interest in the Industrial Park Management Services Agreement and the transactions contemplated thereunder, and has abstained from voting on the relevant resolutions of the Board. Save as disclosed above, none of the Directors has a material interest in the Industrial Park Management Services Agreement and the transactions contemplated thereunder or is otherwise required to abstain from voting on the relevant resolutions of the Board.

The Independent Board Committee (comprising all independent non-executive Directors), namely, Mr. Guo Jinghui, Mr. Chiu Sin Nang Kenny and Mr. Ngai Tsz Hin Michael, has been established in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders on the Industrial Park Management Services Agreement and the transactions contemplated thereunder, together with the Annual Caps. We, FDB Financial Group Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Industrial Park Management Services Agreement, the transactions contemplated thereunder and the Annual Caps are on normal commercial terms and in the ordinary and usual course of business of the Group, and fair and reasonable so far as the Independent Shareholders are concerned, in the interests of the Company and the Shareholders as a whole, and whether the Independent Shareholders should vote in favour of the approval of the Industrial Park Management Services Agreement and the transactions contemplated thereunder, together with the Annual Caps.

OUR INDEPENDENCE

During the past two years, we did not have any relationship with or interest in the Company and any other parties that could reasonably be regarded as relevant to our independence. During the past two years, we did not have any engagement with the Company or the Directors, chief executives and substantial shareholders of the Company or any of their associates. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence and we are independent from the Company pursuant to Rule 13.84 of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have considered, among other things, (i) the Company's annual report for the year ended 31 December 2022 (the "**2022 Annual Report**"); (ii) the Company's annual report for the year ended 31 December 2021 (the "**2021 Annual Report**"); (iii) the Company's annual report for the year ended 31 December 2020 (the "**2020 Annual Report**"); (iv) the Industrial Park Management Services Agreement; (v) the 2022 Property Management Services Agreement; (vi) the Announcement; and (vii) other information as set out in the Circular. In arriving at our recommendations, we have relied on the statements, information and representations contained in the Circular and the information and representations provided to us by the Company, the Directors and the management of the Company. We have assumed that all information, representations and opinions contained or referred to in the Circular and all information and representations which have been provided by the Company, the Directors and the management of the Company for which they are solely and wholly responsible, are true and accurate at the time they were made and will continue to be accurate as at the Latest Practicable Date. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement therein or the document misleading.

We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any material facts or circumstances which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided by the Company, the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs of the Group and any parties in relation to the Industrial Park Management Services Agreement.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Industrial Park Management Services Agreement and the transactions contemplated thereunder, together with the Annual Caps. Except for its inclusion in the Circular, this letter is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In assessing whether the terms of the Industrial Park Management Services Agreement and the transactions contemplated thereunder, together with the Annual Caps are on normal commercial terms and are fair and reasonable as the Independent Shareholders are concerned, we have considered the following principal factors and reasons:

1. Background of and reasons for entering into the Industrial Park Management Services Agreement

The Group is principally engaged in the production and sale of mobile phones and accessories, and the provision of wireless application services. Dongguan Yulong, an indirect wholly-owned subsidiary of the Company, is principally engaged in the manufacturing of mobile phones and accessories.

As advised by the Directors, the Industrial Park is composed of production factories, dormitory buildings, and facilities, with a total area of approximately 378,000 square meters. As disclosed in the Letter from the Board, we understand the construction of the Industrial Park is expected to complete in the second half of the year, to ensure the smooth management and usage of the Industrial Park, which would expand the Group's production capacity and efficiency, the Group has been preparing for the predelivery work of the Industrial Park. We are given the understanding that it is important to appoint a reputable property management services provider to (i) provide pre-delivery management services to the Industrial Park; and (ii) ensure quality property management practices being in place upon completion of the Industrial Park.

Shenzhen Kingkey is principally engaged in property management and property leasing. Kingkey Group, the holding company of Shenzhen Kingkey, was granted with the Grade I Qualification for Property Management issued by the Ministry of Housing and Urban-Rural Development of the PRC on 13 March 2017. Shenzhen Kingkey has been providing property management services to the Group's other property since 2020. As confirmed by the Directors, during the term of engagement, (i) the Group was satisfied with the quality of services provided by Shenzhen Kingkey; and (ii) there were no complaints, disputes, conflicts, defaults or breaches of contractual obligations, legal issues or otherwise, between the Group and Shenzhen Kingkey.

Having considered that (i) Kingkey Group is a reputable property management services provider in the PRC; (ii) the level of satisfaction of the services currently provided by Shenzhen Kingkey; and (iii) Shenzhen Kingkey has more thorough understanding of the conditions of the Group's property projects and services requirements, as compared to other services providers who are independent third parties of the Company, we concur with the Directors' view that it is in the interest of the Group to procure property management services from Shenzhen Kingkey under the Industrial Park Management Services Agreement to ensure quality property management practices being in place upon completion of the Industrial Park.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Furthermore, we have reviewed the Industrial Park Management Services Agreement and note that price and terms of services offered by Shenzhen Kingkey shall be no less favourable to the Group than those offered by independent third party service providers. For further details regarding our analysis on the terms and pricing basis of the Industrial Park Management Services Agreement, please refer to the paragraph headed “Principal terms of the Industrial Park Management Services Agreement” below.

In light of that (i) the property management services is essential to the operation of the Industrial Park which is the principal business of the Group; (ii) Shenzhen Kingkey has been delivering high quality property management services to the Group in the past few years; and (iii) the price and terms of services offered by Shenzhen Kingkey under the Industrial Park Management Services Agreement shall be no less favourable to the Group than those offered by independent third party service providers, we consider that the entering into the Industrial Park Management Services Agreement and the transactions contemplated thereafter form part of the ordinary and usual course of the Group’s business and are in the interest of the Group and the Shareholders as a whole.

2. Industrial Park Management Services Agreement

2.1 Principal terms of the Industrial Park Management Services Agreement

The principal terms of the Industrial Park Management Services Agreement, among others, are set out below:

Date:	14 July 2023
Parties:	(i) Dongguan Yulong (ii) Shenzhen Kingkey
Property to be managed:	The Industrial Park which comprises production plants, dormitory buildings and amenities with a total area of approximately 378,000 square metres. As at the Latest Practicable Date, the Industrial Park was under construction.
Subject matter:	Shenzhen Kingkey agreed to provide, through itself or its wholly-owned project company incorporated for the purpose of providing services to the Group under the Industrial Park Management Services Agreement, Dongguan Kingkey, property management services in respect of the Industrial Park, including management, repairs and maintenance of communal areas and facilities, cleaning, parking and traffic safety management, security control and greening and landscape maintenance.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Term: A term commencing from the delivery of the Industrial Park, which is expected to be on 1 October 2023, and ending on 31 December 2025 (both dates inclusive).

Management fee: The fees to be charged by Shenzhen Kingkey include property management service fees, private property repair and maintenance service fees and carparking spaces and vacant properties management fees (collectively, the “**Management Fees**”), which shall be determined by the Parties based on arm’s length negotiations between the Parties and prevailing market prices of similar or comparable services offered by Shenzhen Kingkey to other independent third parties and shall be adjustable according to reasonable costs and the market conditions. Such Management Fees shall not, in any event, be higher than the relevant services fees offered by Shenzhen Kingkey to other independent third parties.

In assessing and comparing the terms offered by Shenzhen Kingkey, the Group has compared the prevailing market rates charged by independent third parties offering comparable management services for properties of comparable scale and grade in the vicinity. In particular, the Group has obtained the quotations from two other independent third parties through tender invitation (the “**Tender Process**”). The Group considers that the price and terms of services (including the standard and qualities of services) offered by Shenzhen Kingkey are no less favourable to the Group than those offered by independent third party service providers.

The Management Fees payable by Dongguan Yulong to Shenzhen Kingkey and/or Dongguan Kingkey (as the case may be) under the Industrial Park Management Services Agreement represent an all-inclusive fees for all services to be provided by Shenzhen Kingkey and Dongguan Kingkey. Shenzhen Kingkey and Dongguan Kingkey shall bear the costs of managing the Industrial Park, including any shortfall in the event that the cost of services is higher than the Management Fees received from Dongguan Yulong.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Directors have confirmed that the price and terms of services agreed between Dongguan Yulong and Shenzhen Kingkey under the Industrial Park Management Services Agreement are fair and reasonable, negotiated on an arm's length negotiations and are on normal commercial terms.

To assess the fairness and reasonableness of the terms as stipulated under the Industrial Park Management Services Agreement, we have obtained and reviewed the Industrial Park Management Services Agreement. For due diligence purpose, we have obtained and reviewed (i) 2022 Property Management Services Agreement; and (ii) three sets of agreements entered into between Shenzhen Kingkey and its clients for provision of property management services to its clients. Although the properties of the said sample agreements are not located in the area where the Industry Park is located, we consider the said sample agreements to be fair and adequate as Shenzhen Kingkey entered into standardised property management service agreements with its clients which offered similar terms (except for the monthly charging rate of property management service fee) with the Industrial Park Management Services Agreement. Based on the review of these samples, we note that the terms (except for the monthly charging rate of property management service fee) of the Industrial Park Management Services Agreement were comparable and no less favourable to 2022 Property Management Services Agreement and agreements entered into between Shenzhen Kingkey and its clients. Given that the principal business of the Group is production and sale of mobile phones and accessories, and the provision of wireless application services instead of property development or property investment, save for the Industry Park, the Group only owns Coolpad Building situated in Shenzhen, the PRC which requires the provision of property management services from property management companies. Pursuant to the 2022 Property Management Services Agreement, the Group engaged Shenzhen Kingkey to provide property management services to Coolpad Building. Besides, as confirmed by the management of the Company, the Group had not received property management services from any other independent third party service providers. Given the fact that there was no comparable agreement entered into between the Group and other independent third party service providers for direct comparison, we are of the view that it is sufficient, fair and reasonable to use the said sample agreements as alternative comparables. We further discussed with the management of the Company in relation to the pricing basis as stated above.

Pricing Basis

1. Property management service fees:

As disclosed in the Letter from the Board, the property management service fees are calculated based on the agreed charging rates applicable to different types of properties and the gross floor area of the relevant properties to be managed. The fixed monthly charging rate is determined with reference to a number of factors including: (a) arm's length negotiations on normal commercial terms between Dongguan Yulong and Shenzhen Kingkey during the Tender Process, during which a number of considerations, including service fees

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

quotation, service quality and business reputation, were taken into account when assessing the eligibility of the three service providers who participated in the Tender Process. The Group considers that the price and terms of services (including the standard and qualities of services) offered by Shenzhen Kingkey are no less favourable to the Group than those offered by other two Tender Process participants; and (b) the anticipated operational costs (including salary and staff costs). Please refer to paragraph headed “The Industrial Park Management Services Agreement – Pricing Basis” in the Letter from the Board for further details.

As advised by the management of the Company, during the Tender Process, save for the quotation from Shenzhen Kingkey, the Group had also obtained quotations from two Tender Process participants for such property management services. The management of the Company had then compared three quotations offered by the respective participants and conducted an assessment, considering factors such as their background, business reputation, industry track records, financial strength, service fees, scope, and quality of services offered by the participants. After the abovementioned comparison and assessment, the management of the Company considered that the price and terms of services (including the standard and qualities of services) offered by Shenzhen Kingkey were no less favourable to the Group than those offered by two Tender Process participants. In this regard, we have obtained and reviewed (i) quotation from Shenzhen Kingkey; (ii) quotations from two Tender Process participants; and (iii) the results of assessment of Shenzhen Kingkey and two Tender Process participants. Based on the above, we concur with the Directors’ view that the property management service fees offered by Shenzhen Kingkey are no less favourable to the Group than those offered by other two Tender Process participants.

As advised by the management of the Company, as at the Latest Practicable Date, there is no price guidance promulgated by the Price Control Department where the Industrial Park is located. The management of the Company are of the view that the property management service fees are adjustable according to any price guidance subsequently promulgated by the Price Control Department when available. Based on our desktop search, as at the Latest Practicable Date, we are no aware of any price guidance promulgated by the Price Control Department or any market prices available on public domain for property management service fees where the Industrial Park is located. As mentioned above, we obtain and review (i) 2022 Property Management Services Agreement; and (ii) three sets of agreements entered into between Shenzhen Kingkey and its clients. However, as advised by the management of the Company, as the properties of the said sample agreements are located in Shenzhen while the Industry Park is located in Dongguan, the monthly charging rate of property management service fees of the said sample agreements are not comparable to that of the Industrial Park Management Services Agreement. Having considered that (i) there was no comparable agreement entered into between the Group and independent third

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

party service providers for direct comparison of property management service fees; (ii) there is no price guidance promulgated by the Price Control Department where the Industrial Park is located; and (iii) the monthly charging rate of property management service fees of the said sample agreements are not comparable to that of the Industrial Park Management Services Agreement due to the different locations of properties, we are of the view that property management service fees as stipulated under the quotations from two Tender Process participants are the only reference but fair and reasonable reference for assessment of the prevailing market rate for property management service fees under the Industry Park Management Service Agreement.

We have also obtained the breakdown of anticipated operational costs (including salary and staff costs) prepared by Shenzhen Kingkey and note that the property management service fees charged by Shenzhen Kingkey are generally in accordance with the anticipated operational costs.

2. Pre-delivery management fees:

To ensure that seamless management services can be provided, in line with common market practice, Shenzhen Kingkey and/or Dongguan Kingkey will provide pre-delivery management services prior to the delivery of the Industrial Park, including cleaning, property checks and inspections, equipment and electrical appliances installation and testing; quality check assistance and trial run. No pre-delivery management services will be provided after the delivery of the Industrial Park, which is expected to be on 1 October 2023. Based on our review of relevant agreements as mentioned above, we note that it is not uncommon to have pre-delivery management services for properties under development. Pre-delivery management fees including wages and expenses incurred prior to the date of delivery of the Industrial Park shall be calculated on an “at-cost” basis, and are required to be confirmed and approved in advance by the Group. We are given the understanding that the management of the Company is of the view that such pricing basis on a dollar-for-dollar cost basis is fair and reasonable and not less favourable to the Group. After review of the Industrial Park Management Services Agreement and discussion with the management of the Company, we note that the Group will (i) review the budget submitted by Shenzhen Kingkey before commencement of the pre-delivery management services; and (ii) examine the reasonableness of Shenzhen Kingkey’s incurred costs by researching for the prevailing market price of similar services in order to ensure the pre-delivery management service fees are fair and reasonable. We have obtained and reviewed the breakdown of the estimated pre-delivery management fees, and note that the pre-delivery management fees mainly comprise the (i) costs of manpower required for two months prior to completion of the Industry Park; and (ii) costs of one-off cleaning services to all properties inside the Industry Park upon completion. For due diligence purpose, we have performed desktop search regarding the market rate of salary of different job duties required for the pre-delivery management services to examine the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

reasonableness of the costs of manpower. Although such research is only based on the job offers of similar role in Songshan Lake, Dongguan, the PRC available on recruitment website, we consider that it provides a general reference on the market rate for various different job duties required for the pre-delivery management services under similar market conditions and sentiment. Based on such research, we note that the estimated costs of manpower is generally in line with the market rate. We have also obtained and reviewed three quotations prepared by independent third party service providers for the one-off cleaning services to all properties inside the Industry Park upon completion. Based on the review of these quotations, we note that the estimated costs of one-off cleaning services by Shenzhen Kingkey are no less favourable to the Group than those offered by independent third party service providers. Hence, having considered the above, in particular that there are procedures in place to ensure the such fees will be on normal commercial terms after arm's length negotiations between the Parties and no less favourable than those offered to the Group by independent third party service providers, we are of the view that the pre-delivery management fees will be on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

3. Property repair and maintenance fees:

The property repair and maintenance fees are customarily subject to negotiations between the Parties based on actual needs on an "at-cost" basis. Where applicable, the maintenance fees shall first be settled from the property maintenance fund, with the shortfall to be provided by Dongguan Yulong. We are given the understanding that the management of the Company is of the view that such pricing basis on a dollar-for-dollar cost basis without any profit margin charged by Shenzhen Kingkey is fair and reasonable and not less favourable to the Group as it is not uncommon for the property management companies to charge at cost plus profit margin of a certain percentage. After review of the Industrial Park Management Services Agreement and discussion with the management of the Company, we note that the Group will (i) review the budget for each repair and maintenance submitted by Shenzhen Kingkey; and (ii) examine the reasonableness of Shenzhen Kingkey's incurred costs by researching for the prevailing market price of similar services in order to ensure the property repair and maintenance fees are fair and reasonable. Hence, given that (i) such fees are based on an "at-cost" basis without any profit margin charged by Shenzhen Kingkey; (ii) property repair and maintenance services from Shenzhen Kingkey are ad-hoc and customised in nature; and (iii) there are procedures in place to ensure the such fees will be fair and reasonable and no less favourable to prevailing market price charged by independent third parties, we are of the view that the property repair and maintenance fees will be on normal commercial terms and no less favourable than those offered to the Group by independent third parties and are fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4. Carparking spaces management fees:

The Group expects to lease carparking spaces to independent third party tenants. The carparking spaces management fees shall be determined based on the revenue received from the carparking spaces leased, taking into account the prevailing market rate generally offered by independent service providers in respect of similar services. Shenzhen Kingkey and/or Dongguan Kingkey (as the case may be) shall bear the costs and expenses for carparking spaces management. The fees shall be settled by the Group on a monthly basis. As advised by the management of the Company, it is not uncommon for parties under a master property management agreement to enter into individual management agreement(s) setting out specific terms for certain services. As confirmed by the management of the Company, before entering into individual management agreement(s) for carparking spaces management fees, the Group will obtain quotations from at least two other independent third party service providers for assessing the prevailing market rate of the similar services. Having considered the above, in particular that there are procedures in place to ensure such fees will be on normal commercial terms after arm's length negotiations between the Parties and no less favourable than those offered to the Group by independent third parties, we are of the view that the carparking spaces management fees will be on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned. Furthermore, as confirmed by the management of the Company, in the event of conflicts between the terms of the individual management agreement(s) and the terms of the Industry Park Management Services Agreement, the terms of the Industry Park Management Services Agreement shall prevail.

5. Vacant properties management fees:

The vacant properties management fees are customarily subject to negotiations between the Parties based on the costs of such services. The settlement terms shall be separately determined between the Parties. The fees shall be settled by the Group on a monthly basis. As advised by the management of the Company, it is not uncommon for parties under a master property management agreement to enter into individual management agreement(s) setting out specific terms for certain services. As confirmed by the management of the Company, before entering into individual management agreement(s) for vacant properties management fees, the Group will obtain quotations from at least two other independent third party service providers for assessing the prevailing market rate of the similar services. Having considered the above, in particular that there are procedures in place to ensure such fees will be on normal commercial terms after arm's length negotiations between the Parties and no less

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

favourable than those offered to the Group by independent third parties, we are of the view that the vacant properties management fees will be on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned. Furthermore, as confirmed by the management of the Company, in the event of conflicts between the terms of the individual management agreement(s) and the terms of the Industry Park Management Services Agreement, the terms of the Industry Park Management Services Agreement shall prevail.

Having considered the above, we are of the view that the price and terms of services (including the standard and qualities of services) of the Industrial Park Management Services Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

2.2 Annual caps for the Industrial Park Management Services Agreement

The following table sets forth the Annual Caps for the transaction contemplated under the Industrial Park Management Services Agreement for each of the three years ending 31 December 2023, 2024 and 2025, respectively.

	For the year ending 31 December		
	2023	2024	2025
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Annual cap	8.0	22.0	22.0

As stated in the Letter from the Board, the Annual Caps were determined with reference to Management Fees plus other related charges on the following basis:

1. Assuming full occupancy of the Industrial Park, the annualised property management service fees which is estimated to be less than RMB20,000,000, calculated based on the agreed charging rates as set out under the paragraph headed “The Industry Park Management Services Agreement – Pricing Basis” in the Letter from the Board multiplied by the estimated capacity area of the relevant type of property of the Industrial Park.
2. The annualised maximum amount payable for other related charges which is estimated to be less than RMB2,000,000 taking into account the total capacity area of the Industrial Park. Such other related charges represent fees for “add-on services” which are calculated on an “at-cost” basis. These “add-on services” include (without limitation) additional cleaning services, property maintenance and repair service, greenery and plant renting service, landscape maintenance, pest control, tailor-made security system, and planning and coordination of large-scale events.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The annual cap for the year ending 31 December 2023 is estimated based on the aggregate of: (i) the annualised property management service fees and other related charges calculated on a pro-rata basis for a three-month period between October 2023 and December 2023, being RMB5,500,000; and (ii) the pre-delivery management fees which is estimated to be less than RMB2,500,000. As set out in the paragraph headed “The Industrial Park Management Services Agreement – Pricing Basis” in the Letter from the Board, prior to the delivery of the Industrial Park and commencement of the term of the Industrial Park Management Services Agreement, Shenzhen Kingkey and/or Dongguan Kingkey will provide pre-delivery management services at the Industrial Park. The estimated pre-delivery management fees is estimated taking into account the personnel required for provision of the pre-delivery management services, including general manager, administrative team, engineers and security officers; and the capacity area and items of the Industrial Park which require testing and cleaning.

In order to assess the fairness and reasonableness of the Annual Caps, we have obtained and reviewed the calculation of the Annual Caps, and discussed with the management of the Company on the bases and assumptions for the determination of the Annual Caps.

We are given to understand that in estimating the annual cap of RMB8.0 million for the year ending 31 December 2023, the management of the Company had considered the (i) estimated property management service fees for the three months ending 31 December 2023 of approximately RMB5.0 million; (ii) estimated pre-delivery management fees incurred in 2023 of approximately RMB2.5 million; and (iii) estimated maximum amount payable for other related charges for the three months ending 31 December 2023 of approximately RMB0.5 million. For the annual cap of RMB22.0 million for each of the year ending 31 December 2024 and 2025, the management of the Company had considered (i) estimated annualised property management service fees for each of the year ended 31 December 2024 and 2025 of approximately RMB20.0 million; and (ii) estimated annualised maximum amount payable for other related charges for the each of the year ended 31 December 2024 and 2025 of approximately RMB2.0 million.

We note that the property management service fees are estimated based on the agreed charging rates applicable to different types of properties as set out under the paragraph headed “The Industrial Park Management Services Agreement – Pricing Basis” in the Letter from the Board multiplied by the estimated capacity area of the relevant type of properties of the Industrial Park as stipulated under the Industrial Park Management Services Agreement. In light of our analysis on the fairness and reasonableness of the property management service fees in the paragraph headed “Principal terms of the Industrial Park Management Services Agreement – Pricing Basis” above, we are of the view that it is fair and reasonable for the Group to estimate the maximum property management service fees through such direct approach for each of the three years ending 31 December 2023, 2024 and 2025.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As disclosed in the Letter from the Board, the other related charges represent fees for “add-on services” which are calculated on an “at-cost” basis. As advised by the management of the Company, they had also considered the fees for each type of services as per the preliminary pricing guideline provided by Shenzhen Kingkey. After review of the Industrial Park Management Services Agreement and discussion with the management of the Company, we note that the Group will (i) review the budget for those add-on services submitted by Shenzhen Kingkey; and (ii) examine the reasonableness of Shenzhen Kingkey’s incurred costs by researching for the prevailing market price of similar services in order to ensure the add-on services fees are fair and reasonable. Thus, given that (i) such fees are based on an “at-cost” basis without any profit margin charged by Shenzhen Kingkey; (ii) such services from Shenzhen Kingkey are ad-hoc and customised in nature; and (iii) there are procedures in place to ensure the fees of such services will be fair and reasonable and no less favourable to prevailing market price charged by independent third parties, we are of the view that the add-on services fees will be on normal commercial terms and no less favourable than those offered to the Group by independent third parties and are fair and reasonable so far as the Independent Shareholders are concerned. We consider that it is fair and reasonable for the management of the Company to separately reserve certain amount of Annual Caps to procuring additional services from Shenzhen Kingkey which are ad-hoc in nature.

As disclosed in the Letter from the Board, the pre-delivery management fees to be incurred in 2023 is estimated to be approximately RMB2.5 million. The pre-delivery management fees including wages and expenses incurred prior to the date of delivery of the Industrial Park shall be calculated on an “at-cost” basis, and are required to be confirmed and approved in advance by the Group. Based on our review of breakdown of the estimated pre-delivery management fees, we note that the pre-delivery management fees mainly comprise the (i) costs of manpower required for two months prior to completion of the Industry Park; and (ii) costs of one-off cleaning services to all properties inside the Industry Park upon completion. In light of our analysis and due diligence work on the fairness and reasonableness of the pre-delivery management service fees stated in the paragraph headed “Principal terms of the Industrial Park Management Services Agreement – Pricing Basis” above, we consider that the pre-delivery management service fees of RMB2.5 million are reasonably estimated.

Having taken into consideration of the above, we are of the view that the Annual Caps are reasonably estimated and are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

INTERNAL CONTROL MEASURES OF THE COMPANY

We have discussed with the management of the Company and are given to understand that the Group has adopted a series of the internal control policies in monitoring the transactions contemplated under the Industrial Park Management Services Agreement, which are set out in the Letter from the Board, in order to safeguard the interests of the Company and the Shareholders as a whole.

Furthermore, we noted from the 2020 Annual Report, 2021 Annual Report and 2022 Annual Report, that the independent non-executive Directors had reviewed the historical continuing connected transactions contemplated under the previous property management services agreement dated 25 March 2020 (“**Previous Property Management Services Agreement**”) and confirmed such continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the relevant agreements governing these transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole. We also noted that the Company has engaged its auditor to report on the Group’s continuing connected transactions and issued an unqualified letter containing their findings and conclusions in respect of the Group’s continuing connected transactions in respect of the Previous Property Management Services Agreement during respective financial years. Having considered the transactions contemplated under the Industrial Park Management Services Agreement and the Previous Property Management Services Agreement are of similar nature, we are of the view that the Group is also capable to monitor the transactions contemplated under Industrial Park Management Services Agreement.

Given the above, we concur with the Directors’ view that the Group has implemented adequate internal control procedures and external supervision measures to ensure that the transactions contemplated under the Industrial Park Management Services Agreement will be in accordance with the terms under the Industrial Park Management Services Agreement and will be conducted on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

RECOMMENDATION

Taking into consideration the above factors and reasons, we are of the view that (i) the entering into the Industrial Park Management Services Agreement is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole; (ii) the terms of the Industrial Park Management Services Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (iii) the Annual Caps are reasonably determined, and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to recommend the Independent

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Shareholders, to vote in favour of the relevant resolution(s) to be proposed at the EGM to approve the Industrial Park Management Services Agreement and the transactions contemplated thereunder (including the Annual Caps).

Yours faithfully,
For and on behalf of
FDB Financial Group Limited
Wallace Cheung
Executive Director

Mr. Wallace Cheung is a licensed person registered with the Securities and Futures Commission and regarded as a responsible officer of FDB Financial Group Limited to carry out type 6 (advising on corporate finance) regulated activities under the SFO and has over 10 years of experience in corporate finance industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) The Directors' or chief executive's interests or short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations

Based on the register kept by the Company, as at the Latest Practicable Date, the interests or short positions of each Director or chief executive of the Company in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and to the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO, including interests or short positions which they were taken or deemed to have under such provisions of the SFO, or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules, were as follows:

Name	Notes	Number of shares interested	Nature of interest	Total number of Shares interested	Approximate % of issued share capital as at the Latest Practicable Date
Mr. Chen Jiajun	1	3,131,355,500	Interest of controlled corporation	3,131,355,500	22.94
Mr. Ma Fei	2	13,058,819	Share option	13,058,819	0.10
Mr. Xu Yibo	2	4,500,000 19,588,236	Beneficial owner Share option	24,088,236	0.18
Mr. Liang Rui	2	32,647,060	Share option	32,647,060	0.24

Name	Notes	Number of		Total number of Shares interested	Approximate
		shares interested	Nature of interest		% of issued share capital as at the Latest Practicable Date
Mr. Ng Wai Hung	2	3,047,060	Share option	3,047,060	0.02
Mr. Guo Jinghui	2	1,958,824	Share option	1,958,824	0.01

Notes:

- (1) As at the Latest Practicable Date: (i) 2,331,355,500 Shares were directly held by Great Shine Investment Limited (“**Great Shine**”) (formerly known as Kingkey Financial Holdings (Asia) Limited), which is 100% directly held by Great Splendid Holdings Limited. Mr. Chen Jiajun is the director of Great Splendid Holdings Limited and holds 100% shares of Great Splendid Holdings Limited; and (ii) 800,000,000 Shares were directly held by Elite Mobile Limited, which was ultimately controlled by Mr. Chen Jiajun. Therefore, Mr. Chen Jiajun was indirectly interested in 3,131,355,500 Shares, of which 2,331,355,500 Shares were held through Great Shine and 800,000,000 Shares were held through Elite Mobile Limited.
- (2) The interests of these Directors are in the underlying Shares of the options granted to the relevant Directors by the Company under the share option scheme adopted by the Company on 23 May 2014.

Save as disclosed above, none of the Directors or chief executives of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO.

(b) Substantial Shareholders' interests or short positions in the Shares and underlying Shares*Long Positions in the Shares*

Based on the register kept by the Company, as at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, the following persons, had interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

Name	Notes	Number of shares		Total number of Shares interested	Approximate % of issued share capital as at the Latest Practicable Date
		interested	Nature of interest		
Mr. Chen Jiajun	1	3,131,355,500	Interest of controlled corporation	3,131,355,500	22.94
Mr. Jeffrey Steven Yass	2	1,600,000,000	Interest of controlled corporation	1,600,000,000	11.72
Mr. Liu Feng	3	920,260,000 500,000,000	Interest of controlled corporation Beneficial owner	1,420,260,000	10.40
Mr. Tu Erfan	4	903,696,000	Interest of controlled corporation	903,696,000	6.62
Great Shine Investment Limited	1	2,331,355,500	Beneficial owner	2,331,355,500	17.08
Elite Mobile Limited	1	800,000,000	Beneficial owner	800,000,000	5.86

Name	Notes	Number of shares interested	Nature of interest	Total number of Shares interested	Approximate % of issued share capital as at the Latest Practicable Date
SAI Growth Fund I, LLLP	2	800,000,000	Beneficial owner	1,600,000,000	11.72
		800,000,000	Derivative interest of warrants		
YH Fund SPC – YH01 SP I	3	920,260,000	Beneficial owner	920,260,000	6.74
New Prestige Developments Limited	4	903,696,000	Beneficial owner	903,696,000	6.62

Notes:

- (1) As at the Latest Practicable Date: (i) 2,331,355,500 Shares were directly held by Great Shine (formerly known as Kingkey Financial Holdings (Asia) Limited), which is 100% directly held by Great Splendid Holdings Limited. Mr. Chen Jiajun is the director of Great Splendid Holdings Limited and holds 100% shares of Great Splendid Holdings Limited; and (ii) 800,000,000 Shares were directly held by Elite Mobile Limited, which was ultimately controlled by Mr. Chen Jiajun. Therefore, Mr. Chen Jiajun was indirectly interested in 3,131,355,500 Shares, of which 2,331,355,500 Shares were held through Great Shine and 800,000,000 Shares were held through Elite Mobile Limited.
- (2) The 800,000,000 Shares were directly held by SAI Growth Fund I, LLLP which was ultimately controlled by Mr. Jeffrey Steven Yass. The warrants conferring the rights to subscribe for a maximum number of 800,000,000 warrant shares based on the initial exercise price were issued to SAI Growth Fund I, LLLP by the Company on 17 December 2021. Therefore, Mr. Jeffrey Steven Yass is indirectly interested in the 1,600,000,000 shares of the Company.
- (3) As at the Latest Practicable Date: (i) 920,260,000 Shares were directly held by YH Fund SPC – YH01 SP I, which was ultimately controlled by Mr. Liu Feng; and (ii) 500,000,000 Shares were directly held by Mr. Liu Feng.
- (4) The 903,696,000 Shares were directly held by New Prestige Developments Limited, which was ultimately controlled by Mr. Tu Erfan. Accordingly, as at the Latest Practicable Date, Mr. Tu Erfan is also interested in 903,696,000 Shares.

Save as disclosed above, as at the Latest Practicable Date, so far as the Directors are aware, there were no other persons, other than the Directors and chief executive of the Company, who had interests or short positions in the shares, underlying shares or debentures of the Company which would be required to be disclosed to the Company

under the provisions of Divisions 2 and 3 of Part XV of the SFO and were required to be recorded in the register required to be kept pursuant to Section 336 of the SFO.

3. COMPETING BUSINESS

As at the Latest Practicable Date, to the best knowledge and belief of the Directors after having made all reasonable enquiries, none of the Directors and their respective close associates were considered to have any interests in businesses which competed or were likely to compete, either directly or indirectly, with the businesses of the Group.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group which does not expire or is not terminable by the Group within one year without payment of compensation, other than statutory compensation.

5. DIRECTORS' INTEREST IN ASSETS

As at the Latest Practicable Date, none of the Directors or proposed Director had any direct or indirect interest in any asset which had been, since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Company were made up, and up to the Latest Practicable Date, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

6. DIRECTORS' INTEREST IN CONTRACT

There was no contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date in which any Director was materially interested and which was significant to the business of the Group.

7. LITIGATION

As at 31 December 2022, the Group received several civil complaints in 2022 from suppliers demanding the Group to immediately repay the overdue accounts payable balance of RMB10,853,000 (equivalent to HK\$12,150,000). As at the Latest Practicable Date, the arbitration procedures of the civil complaints were still in progress.

As at the Latest Practicable Date, save as disclosed above, no member of the Group was engaged in any litigation or claim of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

9. QUALIFICATION AND CONSENT OF EXPERT

- (a) The following is the qualification of the expert who has given opinion or advice contained in this circular:

Name	Qualification
FDB Financial Group Limited	A licensed corporation to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

- (b) As at the Latest Practicable Date, FDB Financial Group Limited did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (c) FDB Financial Group Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they appear respectively.
- (d) As at the Latest Practicable Date, FDB Financial Group Limited did not have any interest, direct or indirect, in any assets which have been, since 31 December 2022, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group, or proposed to be acquired or disposed of by or leased to any member of the Group.

10. MISCELLANEOUS

- (a) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (b) The head office and principal place of business of the Company in the PRC is Coolpad Information Harbor, No. 8 of Gaoxin North 1st Road, Hi-Tech Industry Park (Northern), Nanshan District, Shenzhen, the PRC. The principal place of business of the Company in Hong Kong is 44/F, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong.

- (c) The joint company secretaries of the Company are Mr. Ma Fei, who is an executive Director and chief financial officer of the Group, and Mr. Tsang Hing Bun, who is a member of The Hong Kong Institute of Certified Public Accountants, an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.
- (d) The Company's principal share registrar and transfer office is Suntera (Cayman) Limited, Suite 3204, Unit 2A, Block 3, Building D, P.O. Box 1586, Gardenia Court, Camana Bay, Grand Cayman, KY1-1100, Cayman Islands.
- (e) The Company's branch share registrar and transfer office in Hong Kong is Computershare Hong Kong Investor Services Limited, which is located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (f) The English text of this circular shall prevail over the Chinese text, in case of any inconsistency.

11. DOCUMENTS ON DISPLAY

A copy of the Industrial Park Management Services Agreement will be published on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.coolpad.com.hk>) for a period of 14 days from the date of this circular (both days inclusive).

NOTICE OF EGM

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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Coolpad Group Limited (the “**Company**”) to be held at 20th Floor, Block C, Coolpad Building, No. 8 of Gaixin North 1st Road, North of Hi-tech Park, Nanshan District, Shenzhen, the PRC on Thursday, 31 August 2023 at 3:00 p.m. for the purpose of considering and, if thought fit, passing the following ordinary resolution:

ORDINARY RESOLUTION

“THAT:

- (a) the Industrial Park Management Services Agreement (as defined in the circular of the Company dated 15 August 2023 of which this notice forms part (the “**Circular**”)) (a copy of which is tabled at the meeting and marked “A” and initialled by the chairman of the meeting for the purpose of identification) and the transactions contemplated thereunder, and the implementation thereof be and are hereby approved, confirmed and ratified;
- (b) the Annual Caps (as defined in the Circular) for the respective financial years ending on 31 December 2023, 31 December 2024 and 31 December 2025 be and are hereby approved; and
- (c) any one of the directors (“**Directors**”) of the Company be and is authorised to do all such acts and things, to sign and execute such documents or agreements or deeds on behalf of the Company and to do such other things and to take all such actions as he considers necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the Industrial Park Management Services Agreement and all transactions contemplated thereunder, and to agree to such variation, amendments or waiver or matters relating thereto as such Director deems appropriate.”

Yours faithfully,
By order of the Board
Coolpad Group Limited
Chen Jiajun
Executive Director
Chief Executive Officer
Chairman

Hong Kong, 15 August 2023

NOTICE OF EGM

Notes:

1. The register of members of the Company will be closed from 28 August 2023 to 31 August 2023 (both days inclusive) during which period no transfer of share(s) will be effected. Members whose name appear on the register of members of the Company on 31 August 2023 will be entitled to attend and vote at the Meeting. In order to ensure that the Shareholders are entitled to attend and vote at the Meeting, all transfer documents, together with the relevant share certificates, should be lodged no later than 4:30 p.m. on Friday, 25 August 2023 at the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong.
2. Any shareholder entitled to attend and vote at the EGM is entitled to appoint another person as his/her proxy to attend and vote on his/her behalf. A shareholder who is the holder of two or more shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a shareholder of the Company.
3. Where there are joint registered holders of any shares, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such shares as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most, or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand in the register in respect of the relevant joint holding.
4. In order to be valid, a form of proxy in the prescribed form together with the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong not less than 48 hours before the time fixed for holding the extraordinary general meeting or adjournment thereof.
5. The Company reminds all shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the meeting as their proxy to vote on the relevant resolutions at the EGM instead of attending the EGM in person, by completing and returning the proxy form. If you have any questions about the resolutions to be considered at the EGM, you may send them to the Company’s investor relations email address, ir@coolpad.com, and the Company will answer the questions on a timely basis.

As at the date of this notice, the Board comprises (i) two executive directors, namely Mr. Chen Jiajun and Mr. Ma Fei; (ii) three non-executive directors, namely Mr. Liang Rui, Mr. Ng Wai Hung and Mr. Xu Yibo; and (iii) three independent non-executive directors, namely Mr. Guo Jinghui, Mr. Chiu Sin Nang Kenny and Mr. Ngai Tsz Hin Michael.