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COOLPAD GROUP LIMITED

酷派集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2369)

**DISCLOSEABLE TRANSACTION
ACQUISITIONS OF LISTED SECURITIES IN RELATION TO
CRYPTO ASSETS**

(1) INVESTMENT PLAN

In early May 2024, the Company has adopted an Investment Plan, under which the Group may acquire up to US\$28 million (equivalent to approximately HK\$219 million) of listed securities listed in the United States in relation to the crypto assets sector in open market transactions.

(2) THE ACQUISITIONS

The Board announces that the Group has conducted a series of acquisitions on the open market as follows:

- (i) during the period from 16 April 2024 to 8 May 2024 (Eastern Standard Time), Digital Tech, a direct wholly-owned subsidiary of the Company acquired a total of 1,500,000 CLSK Shares at an aggregate consideration of approximately US\$23.84 million (equivalent to approximately HK\$186.43 million) (excluding stamp duty and related expenses), representing approximately US\$15.89 (equivalent to approximately HK\$124.26) per CLSK Share; and
- (ii) during the period from 19 April 2024 to 8 May 2024 (Eastern Standard Time), Digital Tech acquired a total of 113,000 IBIT Shares at an aggregate consideration of approximately US\$4.03 million (equivalent to approximately HK\$31.51 million) (excluding stamp duty and related expenses), representing approximately US\$35.64 (equivalent to approximately HK\$278.70) per IBIT Share.

Implications under the Listing Rules

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the aggregated amount of the Acquisitions exceeds 5% but is below 25%, the Acquisitions, on an aggregated basis, constitute a discloseable transaction for the Company pursuant to Chapter 14 of the Listing Rules and is therefore subject to reporting and announcement requirement but exempt from the shareholders' approval requirement under the Listing Rules.

(1) INVESTMENT PLAN

In early May 2024, the Company has adopted an investment plan (the “**Investment Plan**”), under which the Group may acquire up to US\$28 million (equivalent to approximately HK\$219 million) of listed securities listed in the United States in the crypto assets sector in open market transactions.

Acquisitions of such listed securities shall be executed at the Board's discretion according to market conditions. The Board will exercise the powers to purchase such listed securities pursuant to the Investment Plan and in accordance with the Listing Rules, the amended and restated memorandum of association and articles of association of the Company, and all other applicable laws and regulations.

Information of the listed securities to be acquired under the Investment Plan

The Board intends to acquire listed securities in the crypto assets sector, such as CLSK and interests in exchange-traded funds that are listed in the United States from time to time, including but not limited to IBIT, ARK 21Shares Bitcoin ETF (NYSE stock symbol: ARKB), Bitwise Bitcoin ETF (NYSE stock symbol: BITB), Franklin Bitcoin ETF (NYSE stock symbol: EZBC), Fidelity Wise Origin Bitcoin Fund (NYSE stock symbol: FBTC), Grayscale Bitcoin Trust (NYSE stock symbol: GBTC), Hashdex Bitcoin Futures ETF (NYSEARCA stock symbol: DEFI), Invesco Galaxy Bitcoin ETF (NYSE stock symbol: BTCO), VanEck Bitcoin Trust (NYSE stock symbol: HODL), Valkyrie Bitcoin Fund (NASDAQ stock symbol: BRRR) and WisdomTree Bitcoin Fund (NYSE stock symbol: BTCW).

Details of CLSK and IBIT are set out in the sections headed “Information of CLSK” and “Information of IBIT” in this announcement, respectively.

Reasons for and benefits of the Investment Plan

As disclosed in the announcements of the Company dated 26 October 2023 and 3 November 2023, the Group is actively pursuing opportunities to enter into the digital currency sector. Having considered the atmosphere, market trend and outlook for blockchain technology and crypto assets, the Board is of the view that investment in listed securities in the crypto assets sector is an opportunity for the Company to expand its digital currencies business. The Board believes that the Investment Plan would allow the Group to achieve a more diversified business segments balance, and provide an alternative channel of income to the Group.

Shareholders and potential investors should note that any listed securities that the Group may purchase under the Investment Plan will depend on market conditions and will be made at the Board's discretion. The crypto assets market is volatile in the near term and the prices of such listed securities may be subject to fluctuations. There is therefore no assurance as to the timing, quantity, type or price of any listed securities to be purchased and/or sold under the Investment Plan. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

The Company will continue to comply with the relevant requirements under the Listing Rules in relation to the Investment Plan.

(2) THE ACQUISITIONS

The Board announces that the Group has conducted a series of acquisitions on the open market as follows (collectively, the “**Acquisitions**”):

- (i) during the period from 16 April 2024 to 8 May 2024 (Eastern Standard Time), Digital Tech, a direct wholly-owned subsidiary of the Company, acquired a total of 1,500,000 CLSK Shares at an aggregate consideration of approximately US\$23.84 million (equivalent to approximately HK\$186.43 million) (excluding stamp duty and related expenses), representing approximately US\$15.89 (equivalent to approximately HK\$124.26) per CLSK Share; and
- (ii) during the period from 19 April 2024 to 8 May 2024 (Eastern Standard Time), Digital Tech acquired a total of 113,000 IBIT Shares at an aggregate consideration of approximately US\$4.03 million (equivalent to approximately HK\$31.51 million) (excluding stamp duty and related expenses), representing approximately US\$35.64 (equivalent to approximately HK\$278.70) per IBIT Share.

As the Acquisitions were conducted in the open market, the identities of the counterparties to the Acquisitions cannot be ascertained. To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, each of the counterparties to the Acquisitions and their respective ultimate beneficial owner(s) is a third party independent of the Company and its connected persons as at the date of this announcement.

Following the Acquisitions, according to publicly available information as at the date of this announcement, the Group holds approximately 0.67% and 0.02% of the total number of outstanding shares of CLSK and IBIT, respectively. CLSK and IBIT will not be subsidiaries of the Company following the Acquisitions.

Consideration

The aggregate consideration of the Acquisitions amounts to approximately US\$27.86 million (equivalent to approximately HK\$217.87 million) (excluding stamp duty and related expenses).

The consideration, which had been settled in cash by the Group's internal financial resources, represented the then prevailing market prices of the relevant shares acquired at the relevant time of the Acquisitions.

Information of CLSK

According to publicly available information, CLSK is a bitcoin mining company incorporated in the State of Nevada, the United States. Its common stock is listed on the Nasdaq Capital Market. CLSK independently owns and operates five data centers in Georgia for a total developed capacity of 230 megawatts, and is developing an additional 150 megawatts at its data center in Sandersville, GA, which is expected to energize in early 2024. As of 30 September 2023, CLSK operated 88,954 bitcoin mining machines, with a hash rate capacity of approximately 9.6 EH/s and a fleetwide efficiency of 28.4 J/TH. In fiscal year 2023, CLSK mined 6,903 bitcoins, an 84% increase over the 3,752 bitcoins mined in fiscal year 2022.

Set out below is the financial information of CLSK as extracted from the published documents of CLSK:

	For the year ended		For the year ended		For the	
	30 September 2022		30 September 2023		three months ended	
	(audited)		(audited)		(unaudited)	
	US\$'000	HK\$'000	US\$'000	HK\$'000	US\$'000	HK\$'000
Revenue	131,525	1,028,526	168,408	1,316,951	73,786	577,007
Income/(loss) before income tax	(40,089)	(313,496)	(131,303)	(1,026,789)	27,308	213,549
Net income/(loss)	(57,326)	(448,290)	(136,589)	(1,068,126)	25,909	202,608

Based on CLSK's published documents, it had an unaudited consolidated net asset value of approximately US\$810.561 million (equivalent to approximately HK\$6,339 million) as at 31 December 2023, an audited consolidated net asset value of approximately US\$677.227 million (equivalent to approximately HK\$5,296 million) as at 30 September 2023 and US\$404.012 million (equivalent to approximately HK\$3,159 million) as at 30 September 2022, respectively.

Information of IBIT

According to publicly available information, IBIT is a statutory trust formed in the State of Delaware, the United States. IBIT aims to reflect the general performance of the price of bitcoin. Its primary purpose is to purchase and own bitcoin in exchange for IBIT Shares, which are listed on the Nasdaq Stock Market LLC. IBIT's assets consist primarily of bitcoin held by a custodian on behalf of IBIT.

Based on IBIT's published documents, IBIT did not record any income for the period from 27 October 2023, which is the date of seeding, to 31 December 2023. IBIT had an audited consolidated net asset value of US\$100,000 (equivalent to approximately HK\$782,000) as at 31 December 2023.

Information of the Group and Digital Tech

The Group is principally engaged in the production and sale of mobile phones and accessories, the provision of wireless application services and leases of properties. The Group actively pursues opportunities in Web 3.0 digital currency business.

Digital Tech is an investment holding company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of the Company.

Reasons for and benefits of the Acquisitions

As stated in the section headed “Reasons For and Benefits of the Investment Plan” in this announcement, the Group is actively pursuing opportunities to enter into the digital currency sector. Having considered the principal activities, future prospect and development potential of CLSK and IBIT, the Board is of the view that the Acquisitions are opportunities for the Group to acquire attractive investment, which will enhance investment return and allow the Group to expand its digital currencies business.

Given the Acquisitions were conducted in the open market at the then prevailing market prices, the Directors consider that the Acquisitions are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

Implications under the Listing Rules

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the aggregated amount of the Acquisitions exceeds 5% but is below 25%, the Acquisitions, on an aggregated basis, constitute a discloseable transaction for the Company pursuant to Chapter 14 of the Listing Rules and is therefore subject to reporting and announcement requirement but exempt from the shareholders’ approval requirement under the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“Acquisitions”	has the meaning ascribed to it in the section headed “(2) The Acquisitions” in this announcement
“Board”	the board of Directors of the Company
“CLSK”	CleanSpark, Inc., a company incorporated in the State of Nevada, the United States, with its common stock listed on Nasdaq Capital Market (stock symbol: CLSK)
“CLSK Share(s)”	common stock with par value of US\$0.001 per share of CLSK listed on Nasdaq Capital Market
“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(s)”	has the meaning ascribed to it under the Listing Rules

“Digital Tech”	Digital Tech Inc., a company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of the Company
“Director(s)”	director(s) of the Company (including independent non-executive director(s))
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IBIT”	iShares Bitcoin Trust, a statutory trust formed in the State of Delaware, the United States, with its shares listed on the Nasdaq Stock Market LLC (stock symbol: IBIT)
“IBIT Share(s)”	shares issued by IBIT with no par value listed on the Nasdaq Stock Market LLC, representing fractional undivided beneficial interests in the net assets of IBIT
“independent third party(ies)”	an individual or a company who or which is independent of and not connected with (within the meaning of the Listing Rules) any Directors, chief executive or substantial shareholders, of the Company, its subsidiaries or any of their respective associates
“Investment Plan”	has the meaning ascribed to it in the section headed “(1) Investment Plan” in this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“US\$” United States Dollars, the lawful currency of the United States of America

“%” per cent.

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

Hong Kong, 9 May 2024

As at the date of this announcement, 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, Ms. Wang Guan and Mr. Cheuk Ho Kan.

For the purpose of this announcement, unless otherwise specified, conversion of US\$ into HK\$ is based on the approximate exchange rate of US\$1.00 = HK\$7.82. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in US\$ and HK\$ have been, could have been or may be converted at such rate or any other exchange rate.