

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.*

*This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase, or subscribe for any securities of the Company.*



**China Baoli Technologies Holdings Limited**

**中國寶力科技控股有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 164)**

**(I) ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE;  
AND  
(II) DISCLOSEABLE TRANSACTION  
IN RELATION TO DISPOSAL OF 20% EQUITY INTERESTS  
IN THE TARGET COMPANY**

References are made to the announcements of the Company dated 29 June 2021 and 17 January 2022 in relation to the Arbitral Award and the Settlement Agreement involving the collaboration with Yulong Shenzhen.

**(I) THE SUBSCRIPTION**

On 21 April 2022 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber and Yulong Shenzhen, pursuant to which the Company conditionally agreed to issue and the Subscriber conditionally agreed to subscribe for the Convertible Bonds in the principal amount of HK\$40,000,000 (based on the Exchange Rate, equivalent to approximately RMB32,786,900). The Subscription Parties agreed that the Subscriber was assigned by Yulong Shenzhen as its nominee to subscribe and hold the Convertible Bonds.

In the case of the Conversion Rights having been exercised in full at the initial Conversion Price of HK\$0.35 per Conversion Share, a maximum of 114,285,714 Shares will be allotted and issued by the Company, representing (i) approximately 19.43% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.27% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares (assuming there is no other change in the issued share capital of the Company from the date of this announcement up to the date of full conversion of the Convertible Bonds).

The consideration of the Subscription in the sum of HK\$40,000,000 (based on the Exchange Rate, equivalent to approximately RMB32,786,900) shall be used to set off HK\$40,000,000 (based on the Exchange Rate, equivalent to approximately RMB32,786,900) from the Claimed Amount on a dollar-for-dollar basis. There will not be any proceeds from the Subscription.

## **(II) THE DISPOSAL**

On 21 April 2022 (after trading hours), the Transferor, an indirect wholly-owned subsidiary of the Company, Yulong Shenzhen and the Target Company entered into the Share Agreement, pursuant to which the Transferor conditionally agreed to transfer, and Yulong Shenzhen conditionally agreed to accept the transfer of, the Sale Shares, representing 20% equity interests in the Target Company at a consideration of RMB20,000,000 (with reference to the Exchange Rate, equivalent to approximately HK\$24,400,000).

Upon the Disposal Completion, the Target Company will remain as an indirect non-wholly owned subsidiary of the Company, and its financial results will continue to be consolidated into the consolidated financial statements of the Group.

The consideration of the Disposal in the sum of RMB20,000,000 (with reference to the Exchange Rate, equivalent to approximately HK\$24,400,000) shall be used to set off RMB20,000,000 from the Claimed Amount on a dollar-for-dollar basis. There will not be any proceeds from the Disposal.

## **LISTING RULES IMPLICATIONS**

As one or more applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) for the Disposal exceed 5% but all of them are below 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **GENERAL**

The Conversion Shares will be allotted and issued pursuant to the Specific Mandate which is subject to Shareholders' approval at the SGM. The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares. No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.

The SGM will be convened for the purpose of considering and, if thought fit, approving the Subscription Agreement and the transactions contemplated thereunder, including the issue of the Convertible Bonds, the allotment and issue of the Conversion Shares, and the grant of the Specific Mandate. A circular containing, among other things, (i) further details of the Subscription; and (ii) a notice convening the SGM, will be despatched to the Shareholders in due course.

**As the Subscription Completion and the Disposal Completion are subject to satisfaction of the conditions precedent as set out in the Subscription Agreement and the Share Agreement respectively, the Subscription and the Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

References are made to the announcements of the Company dated 29 June 2021 and 17 January 2022 (the “**Announcements**”) in relation to the Arbitral Award (as defined in the Announcements) and the Settlement Agreement involving the collaboration with Yulong Shenzhen.

## **(I) THE SUBSCRIPTION**

On 21 April 2022 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber and Yulong Shenzhen, pursuant to which the Company conditionally agreed to issue and the Subscriber conditionally agreed to subscribe for the Convertible Bonds in the principal amount of HK\$40,000,000 (based on the Exchange Rate, equivalent to approximately RMB32,786,900). The Subscription Parties agreed that the Subscriber was assigned by Yulong Shenzhen as its nominee to subscribe and hold the Convertible Bonds.

### **The Subscription Agreement**

#### *Date*

21 April 2022 (after trading hours)

#### *Parties*

- (i) The Company, as the issuer;
- (ii) The Subscriber, as the subscriber; and
- (iii) Yulong Shenzhen.

(each a “**Subscription Party**” and collectively, the “**Subscription Parties**”)

Save for the Settlement Agreement entered into between the Company and Yulong Shenzhen and the Share Agreement entered into among the Disposal Parties (as defined in the section “**THE DISPOSAL**” below), as at the date of this announcement, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Subscriber and Yulong Shenzhen and their ultimate substantial beneficial owner(s) as publicly disclosed do not hold any Shares and are not connected persons of the Company and its subsidiaries.

### ***Conditions precedent for the Subscription***

The Subscription Completion shall be subject to the following conditions precedent:

- (i) the Company having obtained all necessary consents and approvals in respect of the Subscription, including but not limited to the Specific Mandate;
- (ii) the Company having obtained from the Stock Exchange the approval for the listing of, and permission to deal in, the Conversion Shares;
- (iii) Yulong Shenzhen having obtained all necessary consents and approvals in respect of the Subscription;
- (iv) the representations, warranties and undertakings by the Company as specified in the Subscription Agreement having remained true, accurate and not misleading in all material respects; and
- (v) the representations, warranties and undertakings by Yulong Shenzhen as specified in the Subscription Agreement having remained true, accurate and not misleading in all material respects.

Conditions precedent (i) to (iii) above cannot be waived by any Subscription Party, but condition precedent (iv) above can be waived unilaterally by Yulong Shenzhen and condition precedent (v) above can be waived unilaterally by the Company. The Subscription Parties shall use their best endeavours to procure the fulfillment or satisfaction of the abovementioned conditions precedent (except such conditions precedent having been waived) on or before 15 June 2022 (or such later date as may be agreed between the Subscription Parties in writing) (the “**Long Stop Date**”).

In the event that any condition precedent mentioned above (except such conditions precedent having been waived) cannot be fulfilled or satisfied by the Long Stop Date, the Subscription Agreement may be terminated and the Subscription may be cancelled accordingly by any Subscription Party. Nevertheless, the Company shall be required to submit an alternative proposal to Yulong Shenzhen and the relevant alternative proposal will require the payment to Yulong Shenzhen in cash and/or by other method of an amount equivalent to the principal amount of the Convertible Bonds. The relevant legal instrument shall be subject to negotiation and agreement between the Subscription Parties.

### ***Consideration for the Subscription***

The consideration for the Subscription is HK\$40,000,000 (based on the Exchange Rate, equivalent to approximately RMB32,786,900), which shall be used to set off HK\$40,000,000 (based on the Exchange Rate, equivalent to approximately RMB32,786,900) from of the Claimed Amount on a dollar-for-dollar basis. It shall not be necessary for the Subscriber to pay any money to the Company for the Subscription.

### ***Subscription Completion***

Subject to the fulfilment (or waiver, if applicable) of the conditions precedent as set out in the Subscription Agreement, the Subscription Completion shall take place on the Subscription Completion Date. Upon the Subscription Completion or within the shortest period of time after the Subscription Completion, the Company shall register Yulong Shenzhen as the holder of the Convertible Bonds in full in the Company's bond register.

### **Principal Terms of the Convertible Bonds**

Set out below are the principal terms of the Convertible Bonds:

<b>Issuer:</b>	The Company
<b>Principal amount:</b>	HK\$40,000,000
<b>Maturity date:</b>	The date which falls on the first anniversary of the First Issue Date (the " <b>Maturity Date</b> ").
<b>Interest:</b>	The Convertible Bonds shall not bear any interest whatsoever.
<b>Conversion Price:</b>	HK\$0.35 per Conversion Share, subject to adjustment as described in the paragraph headed "Adjustment to the Conversion Price" below.

The initial Conversion Price of HK\$0.35 represents:

- (i) a premium of approximately 4.48% over the closing price of HK\$0.335 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and
- (ii) a premium of approximately 3.86% over the average closing price of HK\$0.337 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement.

The initial Conversion Price was arrived at after arm's length negotiations between the Subscription Parties with reference to, among others, the prevailing market price of the Shares. The Directors consider that the initial Conversion Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

**Adjustment to the  
Conversion Price:**

The initial Conversion Price shall be adjusted if there is an alteration to the par value of the Shares as a result of consolidation, subdivision or reclassification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such alteration by the following fraction:

$$\frac{A}{B}$$

where

A is the par value of each Share immediately after such alteration; and

B is the par value of each Share immediately before such alteration.

Such adjustment shall become effective from the day on which such consolidation, subdivision or reclassification becomes effective.

**Conversion Shares:**

In the case of the Conversion Rights having been exercised in full, a maximum of 114,285,714 Conversion Shares will be allotted and issued by the Company, representing:

- (i) approximately 19.43% of the existing issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 16.27% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares (assuming there is no other change in the issued share capital of the Company from the date of this announcement up to the date of full conversion of the Convertible Bonds).

The aggregate nominal value of the Conversion Shares will be HK\$1,142,857.14.

- Conversion period:** The period commencing from the First Issue Date and ending on the date which is 30 days prior to the Maturity Date (both days inclusive). In the event that the Company fails to redeem the Convertible Bonds in accordance with the terms of the CB Instrument, such period shall continue until full redemption of the Convertible Bonds (the “**Conversion Period**”).
- Conversion Rights:** The Bondholder shall have the right, exercisable during the Conversion Period in the manner provided in the CB Instrument, to convert the whole (i.e. HK\$40,000,000) or any part (subject to the CB Instrument, in multiples of HK\$800,000) of the outstanding principal amount of the Convertible Bonds into such number of Conversion Shares to be determined by dividing the principal amount of the Convertible Bonds to be converted by the Conversion Price.
- Conversion restrictions:** No Bondholder shall exercise any Conversion Rights and the Company shall not be required to issue any Conversion Share in the event that the exercise of such Conversion Rights by the Bondholder will cause: (1) the Bondholder and/or parties acting in concert with it being required by regulatory authority to make a mandatory general offer for the Shares held by the other Shareholders in accordance with the Takeovers Code, unless the Bondholder undertakes to the Company to fully comply with all applicable requirements under the Takeovers Code; and/or (2) the public float of the Company being less than 25% of its issued share capital.



**Redemption at maturity:** Subject to the other terms contained in the CB Instrument, all principal amount of the Convertible Bonds or the remaining principal amount of the Convertible Bonds (whichever is appropriate) which have not been redeemed or converted on the Maturity Date shall be validly and fully redeemed by the Company by allotting the Conversion Shares of exactly the same value as the principal amount of the Convertible Bonds or the remaining principal amount of the Convertible Bonds (whichever is appropriate) at the Conversion Price to the Bondholders. For the avoidance of doubt, no amount shall be payable by the Company to the Bondholders on the Maturity Date for the redemption of the principal amount of the Convertible Bonds or the remaining principal amount of the Convertible Bonds (whichever is appropriate).

**Redemption prior to maturity:** In accordance with the terms contained in the CB Instrument, the Company may, by giving a notice of not less than 14 days nor more than 30 days prior to the Maturity Date to the Bondholder, redeem or convert the Convertible Bonds or any part of its principal amount.

**Redemption on default:** If any of the events of default specified below occurs, the Company shall forthwith give notice thereof to the Bondholder and the Bondholder may (without prejudice to any other rights and remedies available to the Bondholder) opt to issue a notice for redemption to the Company in respect of part or all of the Convertible Bonds held by it, whereupon such Convertible Bonds shall become immediately due and payable at a redemption amount equal to the principal amount of such Convertible Bonds.

The events of default include:

- (i) the Company is delisted by the Stock Exchange, or its listing status is cancelled, or the Shares are suspended for trading for more than 30 consecutive trading days for the reasons not related to the issue and/or disposal of the Convertible Bonds;
- (ii) the Company fails to pay the principal of the Convertible Bonds when due and such failure continues for a period of 10 Business Days;



- (iii) the Company does not comply with any of its undertakings, warranties or statements made in accordance with the provisions in the CB Instrument (other than the undertaking of repaying the principal of the Convertible Bonds), which default is incapable of remedy (the notice as described below is not required in this situation) or, if capable of remedy, is not remedied within 30 Business Days following the service by any Bondholder on the Company of notice requiring such default to be remedied;
- (iv) a resolution is passed or an order of a court of competent jurisdiction is made that the Company be wound up or dissolved, other than for the purposes of a consolidation, amalgamation, merger or reorganisation, which shall have previously been approved in writing by Bondholder(s) or pursuant to and followed such resolutions;
- (v) an encumbrancer takes possession or a receiver is appointed of the whole or a material part of the assets or business of the Company;
- (vi) a distress, execution or seizure order before judgment is levied, enforced upon or sued out against (as the case may be) the whole or a material part of the property, assets or revenues of the Company, which is considered, by a resolution of Bondholder(s), incapable of being discharged and remains in effect for 45 Business Days or a longer period;
- (vii) legal proceedings have been brought against the Company in accordance with any applicable laws of bankruptcy, reorganisation or insolvency, which are not discharged or continues for 45 Business Days (or a longer period considered, by a resolution of Bondholder(s), to be appropriate in relation to the relevant jurisdiction);

- (viii) it will become unlawful for the Company to perform or comply with any of its obligations under the CB Instrument or any of the Convertible Bonds, or such obligations become unenforceable not causing by faults of any Bondholder(s) or claiming by the Company;
- (ix) any steps taken by any person for the purpose of taking possession of, compulsorily acquiring, confiscating or nationalizing the whole (excluding the assets carried on in normal transaction relationship, or involving part of the business or operations of a relevant entity which did not form part of the operating profit of the Company at least three years before the date on which the provisions of this paragraph apply), a material part of or substantial assets of the Company by law;
- (x) any actions, conditions or things required to be taken, satisfied or completed at any time (including the obtaining of any necessary consent, approval, authorisation, waiver, application, permission, order, recording or registration or giving effect thereto) for the purpose of (a) enabling the Company lawfully to enjoy, exercise its rights and, perform and comply with its obligations under the Convertible Bonds or the CB Instrument, (b) ensuring that those obligations are legally binding and enforceable, and (c) making the Convertible Bonds or the CB Instrument admissible as evidence in the courts of Hong Kong, is not taken, satisfied or completed within the prescribed time;
- (xi) the Stock Exchange has ruled under the Listing Rules that the Company has failed to meet the requirements of Rule 13.24 of the Listing Rules and the matter is not resolved within 30 Business Days following the receipt of the relevant written ruling by the Company; or
- (xii) any event occurring which has a similar effect to any of the events referred to the above paragraph (i) to (xi).

<b>Ranking of the Conversion Shares:</b>	Subject to the CB Instrument, the Conversion Shares issued upon exercise of Conversion Rights shall rank <i>pari passu</i> in all respects with all other existing Shares outstanding prior to the Conversion Date and all Conversion Shares shall include rights to participate in all dividends and all other distribution rights the record date of which falls on or after the Conversion Date.
<b>Transferability:</b>	<p>The Bondholder(s) may, with the written consent of the Company, assign or transfer the Convertible Bonds or any part of the principal amount of the Convertible Bonds to any person, no matter such transferee is a connected person of the Company or not. Without prejudice to the terms as set out in the CB Instrument, (1) any assignment and/or transfer of the Convertible Bonds or any part thereof including the listing of the Conversion Shares on the Stock Exchange shall be subject to the Listing Rules and all applicable laws and regulations; and (2) if there is a proposed assignment and/or transfer of Convertible Bonds to a connected person of the Company shall be subject to the approval of the Shareholders at the relevant general meeting (if necessary) and in accordance with applicable requirements of the Listing Rules.</p> <p>Any transfer of the Convertible Bonds shall be the entirety of or part of the outstanding principal amount of the Convertible Bonds (must be in multiples of HK\$800,000).</p>
<b>Status of the Convertible Bonds:</b>	The obligations of the Company arising under the Convertible Bonds constitute general, unsecured and unsubordinated obligations of the Company and rank <i>pari passu</i> among themselves and with other present and future unsecured and unsubordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable law.
<b>Application for listing:</b>	No application shall be made to the Stock Exchange for the listing of the Convertible Bonds. Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

## (II) THE DISPOSAL

On 21 April 2022 (after trading hours), the Transferor, an indirect wholly-owned subsidiary of the Company, Yulong Shenzhen and the Target Company entered into the Share Agreement, pursuant to which the Transferor conditionally agreed to transfer, and Yulong Shenzhen conditionally agreed to accept the transfer of, the Sale Shares, representing 20% equity interests in the Target Company at a consideration of RMB20,000,000 (with reference to the Exchange Rate, equivalent to approximately HK\$24,400,000).

### **The Share Agreement**

#### *Date*

21 April 2022 (after trading hours)

#### *Parties*

- (i) Shanghai YunYao Culture & Media Limited\* (上海雲遙文化傳媒有限公司), an indirect wholly-owned subsidiary of the Company, as the Transferor;
- (ii) Yulong Shenzhen, as the transferee; and
- (iii) ShenZhen ZiJun Media Company Limited\* (深圳鈺駿傳媒有限公司), an indirect non-wholly owned subsidiary of the Company, as the Target Company.

(collectively, the “**Disposal Parties**”)

Save for the Settlement Agreement entered into between the Company and Yulong Shenzhen and Subscription Agreement entered into between the Subscription Parties, as at the date of this announcement, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, Yulong Shenzhen and its ultimate substantial beneficial owner(s) as publicly disclosed do not hold any Shares and are not connected persons of the Company and its subsidiaries.

#### *Subject Matter*

The Sale Shares, representing 20% equity interests in the Target Company.

#### *Consideration for the Disposal*

The consideration for the Disposal is RMB20,000,000 (with reference to the Exchange Rate, equivalent to approximately HK\$24,400,000), which shall be used to set off RMB20,000,000 from the Claimed Amount on a dollar-for-dollar basis. There will not be any proceeds from the Disposal.

The consideration for the Disposal was determined after arm's length negotiations among the Disposal Parties with reference to, among others, (i) the audited net asset value of the Target Company as at 31 December 2020; and (ii) the reasons set out in the section headed "REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND THE DISPOSAL" in this announcement. The Directors consider that the consideration for the Disposal is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### *Conditions precedent for the Disposal*

The Disposal Completion shall be subject to the following conditions precedent:

- (i) the Sale Shares being legally owned by the Transferor, and no legal obstacles being existed for the Disposal Completion as at the date of the Share Agreement; and
- (ii) the shareholder of the Target Company, Mr. Xu Shang Wu\* (徐尚武), irrevocably having agreed to waive his pre-emptive right to acquire the Sale Shares and the relevant resolution at the shareholders' meeting of the Target Company having been approved.

### *Disposal Completion*

The Disposal Completion shall take place within 10 business days after the execution of the Share Agreement, and upon the completion of modification of industrial and commercial registration of the Sale Shares from the Transferor to Yulong Shenzhen pursuant to the Share Agreement. Upon the Disposal Completion, Yulong Shenzhen shall be entitled to the corresponding shareholder's rights and interests based on the percentage of the Sale Shares and pursuant to the Share Agreement.

Upon the Disposal Completion, the Target Company will remain as an indirect non-wholly owned subsidiary of the Company, and its financial results will continue to be consolidated into the consolidated financial statements of the Group.

### *Right to buy back*

Within one year from the date of the Disposal Completion, the Transferor or its designated party has the right to buy back the Sale Shares held by Yulong Shenzhen at a consideration of RMB20 million (the "**Buyback Right**"). All taxes and fees involved in the Buyback Right shall be borne by the Transferor or its designated party. The Transferor shall ensure that the payment to be received by Yulong Shenzhen will not be less than RMB20 million.

In the event that the Transferor or its designated party exercises the Buyback Right, it may constitute a notifiable transaction on the part of the Company under the Listing Rules. The Company shall make further announcement(s) in relation to the exercise of the Buyback Right in compliance with the Listing Rules as and when appropriate.

#### **INFORMATION ON THE GROUP AND THE TRANSFEROR**

The Group is principally engaged in multi-media technologies business, gamma ray business, tourism and hospitality business and other operations – securities trading and investment.

The Transferor is a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company. It is principally engaged in multi-media technologies business.

#### **INFORMATION ON THE SUBSCRIBER AND YULONG SHENZHEN**

The Subscriber is a company incorporated and continued in the British Virgin Islands with limited liability. It is the shareholder of Yulong Shenzhen, a wholly-owned subsidiary of Coolpad Group Limited (stock code: 2369), which holds 48% shareholding in Yulong Shenzhen. It is principally engaged in investment holding.

Yulong Shenzhen, a company established in the PRC with limited liability, is an indirect non-wholly owned subsidiary of Coolpad Group Limited. According to the annual report of Coolpad Group Limited for the year ended 31 December 2020, Yulong Shenzhen is a leading developer and provider of integrated solutions for Coolpad smartphone sets, mobile data platform system, and value-added business operations in the PRC.

#### **INFORMATION ON THE TARGET COMPANY**

The Target Company is a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company. It is one of the core entities which is principally engaged in the multi-media technologies business of the Group. As at the date of this announcement, the Target Company is owned as to 20% and 80% by Mr. Xu Shang Wu\* (徐尚武) and the Transferor, respectively.

The financial information of the Target Company as extracted from its audited financial statements for the year ended 31 December 2019 and 2020, prepared in accordance with the PRC Financial Reporting Standards, is as follows:

	<b>For the year ended 31 December 2019</b>	<b>For the year ended 31 December 2020</b>
	(Approximately)	(Approximately)
	<i>RMB</i>	<i>RMB</i>
Profit before taxation	122,000	1,190,000
Profit after taxation	120,000	1,178,000

As at 31 December 2020, the audited net assets of the Target Company amounted to approximately RMB2,564,000.

#### **FINANCIAL EFFECTS OF THE SUBSCRIPTION AND THE DISPOSAL**

Subject to final audit, given the aggregate amount under the Subscription Agreement and the Share Agreement is approximately RMB52.79 million (with reference to the Exchange Rate, equivalent to approximately HK\$64.40 million), compared with the Claimed Amount, it is expected that the Group will record a gain of approximately RMB27.21 million (with reference to the Exchange Rate, equivalent to approximately HK\$33.20 million).

The actual gain or loss arising from the Subscription and the Disposal will be subject to final audit and may be different from the amount stated.

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

References are made to the Announcements. As disclosed in the Announcements, the Company will issue the Convertible Bonds and transfer the Sale Shares to Yulong Shenzhen to settle the Claimed Amount and will provide an opportunity to establish long-term strategic alliance and business collaboration between the Company and Yulong Shenzhen.

The consideration of the Subscription in the sum of HK\$40,000,000 (based on the Exchange Rate, equivalent to approximately RMB32,786,900) and the consideration of the Disposal in the sum of RMB20,000,000 (with reference to the Exchange Rate, equivalent to approximately HK\$24,400,000) shall be used to set off part of the Claimed Amount on a dollar-for-dollar basis. There will not be any proceeds to be received from the Subscription and the Disposal.



Upon the Subscription Completion and the Disposal Completion, the obligations of the Company in relation to the Arbitral Award shall be settled and discharged fully and finally, arising from or in relation to the proceedings in the High Court and/or the Arbitral Award pursuant to the Settlement Agreement.

The Company expected that upon the Disposal Completion and the Subscription Completion, the Company will have the opportunities to integrate its multi-media digital advertising and marketing platform with the online shopping trend in duty-free e-commerce industry through the diversified marketing approach. The Company also has a plan to launch a mobile application for the train media duty-free e-commerce, whereby synergies with the mobile business of Yulong Shenzhen's group can be developed and created.

In addition, the Buyback Right allows the Company to retain its right to buy back the Sale Shares in consideration of the financial performance and the business development situation of the Target Company in the future.

Given (i) the Share Agreement will provide the opportunities for the Group to have long-term strategic alliance and business collaboration with Yulong Shenzhen; (ii) the aggregate amount under the Subscription Agreement and the Share Agreement is approximately RMB52.79 million, which is approximately 34% lower than the Claimed Amount; (iii) the Subscription and the Disposal will relieve the cash outflow of the Company compared with the payment of the Claimed Amount after taking into consideration of the financial position of the Group and the size of the Claimed Amount; and (iv) the Company may expand its shareholders base upon exercising the Conversion Rights, the Directors consider that the terms of the Subscription Agreement and the Share Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has conducted the following equity fund raising activities during the 12 months immediately preceding the date of this announcement:

Date of announcement	Event	Net proceeds raised	Proposed use of proceeds	Actual use of proceeds as at the date of this announcement
28 January 2022	Placing of new shares under general mandate	Approximately HK\$10 million	<ul style="list-style-type: none"> <li>(i) settlement of the outstanding liabilities of the Group in the amount of approximately HK\$3 million (being approximately 30% of the net proceeds); and</li> <li>(ii) general working capital of the Group in the amount of approximately HK\$7 million (being approximately 70% of the net proceeds)</li> </ul>	Used as intended.
14 July 2021	Rights issue on the basis of one (1) rights share for every two (2) new shares held on the record date	Approximately HK\$70 million	<ul style="list-style-type: none"> <li>(i) 20% (approximately HK\$14 million) of net proceeds for the reimbursement for trade and other payables accounts, in particular with regard to long-term outstanding payables;</li> <li>(ii) 10% (approximately HK\$7 million) of net proceeds for payment for the annual license fee for train media platform;</li> <li>(iii) 50% (approximately HK\$35 million) of net proceeds for repayment for bank and other borrowings, in particular to settle the borrowings with close maturity date and relatively high finance costs; and</li> <li>(iv) the remaining 20% (approximately HK\$14 million) of net proceeds for the Group's general working capital (including but not limited to (a) the operating cashflow for expansion of its scale of convergence media business; and (b) payment for daily operating expenses such as rental, salaries, legal and professional expenses).</li> </ul>	Used as intended.

Save as disclosed above, the Company has not conducted any other equity fund raising activities in the past 12 months immediately prior to the date of this announcement.

## EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

For illustration purposes only, set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after full conversion of the Convertible Bonds at the initial Conversion Price (assuming there is no other change in the issued share capital of the Company from the date of this announcement up to the date of full conversion of the Convertible Bonds):

Shareholders	As at the date of this announcement		Immediately after full conversion of the Convertible Bonds at the initial Conversion Price (assuming there is no other change in the issued share capital of the Company from the date of this announcement up to the date of full conversion of the Convertible Bonds)	
	Number of Shares	Approximate %	Number of Shares	Approximate %
<b>Directors</b>				
Zhang Yi ( <i>Note 1</i> )	21,542,750	3.6623%	21,542,750	3.0665%
Lam Sze Man ( <i>Note 2, 3</i> )	50,000	0.0085%	50,000	0.0071%
Chu Wei Ning ( <i>Note 2, 4</i> )	3,000,000	0.5100%	3,000,000	0.4270%
Chan Kee Huen, Michael ( <i>Note 2</i> )	2,500	0.0004%	2,500	0.0004%
<b>The Subscriber</b>	–	–	114,285,714	16.2680%
<b>Public Shareholders</b>	563,638,933	95.8188%	563,638,933	80.2310%
<b>Total</b>	<u>588,234,183</u>	<u>100.0000%</u>	<u>702,519,897</u>	<u>100.0000%</u>

### Notes:

- 8,000 Shares are beneficially owned by Mr. Zhang Yi, an executive Director, and 21,534,750 Shares are beneficially owned by One Faith Investments Limited, which is beneficially and wholly owned by Mr. Zhang Yi. In addition, Mr. Zhang Yi owns 3,721,561 share options which entitles the holder to subscribe for 3,721,561 Shares.
- Ms. Lam Sze Man and Ms. Chu Wei Ning are executive Directors, and Mr. Chan Kee Huen, Michael is an independent non-executive Director.
- In addition to 50,000 Shares, Ms. Lam Sze Man owns 1,860,781 share options which entitles the holder to subscribe for 1,860,781 Shares.

4. In addition to 3,000,000 Shares, Ms. Chu Wei Ning owns 3,721,561 share options which entitles the holder to subscribe for 3,721,561 Shares.

## **LISTING RULES IMPLICATIONS**

As one or more applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) for the Disposal exceed 5% but all of them are below 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **GENERAL**

The Conversion Shares will be allotted and issued pursuant to the Specific Mandate which is subject to Shareholders' approval at the SGM. The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares. No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.

The SGM will be convened for the purpose of considering and, if thought fit, approving the Subscription Agreement and the transactions contemplated thereunder, including the issue of the Convertible Bonds, the allotment and issue of the Conversion Shares, and the grant of the Specific Mandate. A circular containing, among other things, (i) further details of the Subscription; and (ii) a notice convening the SGM, will be despatched to the Shareholders in due course.

**As the Subscription Completion and the Disposal Completion are subject to satisfaction of the conditions precedent as set out in the Subscription Agreement and the Share Agreement respectively, the Subscription and the Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

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

“acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“Board”	the board of Directors
“Bondholder(s)”	the Subscriber and/or other holder of the Convertible Bonds or any part thereof

“Business Day(s)”	any day (other than a Saturday or a day on which a typhoon signal no. 8 or above or black rainstorm signal is hoisted in Hong Kong between 9:00 a.m. to 5:00 p.m.) on which banks are generally open for normal banking business in Hong Kong
“CB Instrument”	the instrument constituting the Convertible Bonds
“Claimed Amount”	the claimed amount under the Arbitral Award of RMB80 million
“Company”	China Baoli Technologies Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Conversion Date”	the date on which the Company receives a duly completed and executed conversion notice, which shall be any Business Day within the Conversion Period
“Conversion Price”	HK\$0.35 per Conversion Share, subject to adjustment pursuant to the CB Instrument, but in any event such conversion price cannot be lower than the par value of each Share
“Conversion Rights”	the rights pursuant to the CB Instrument attaching to the Convertible Bonds to convert the principal amount or a part thereof into Conversion Shares, and must be exercised within the Conversion Period
“Conversion Share(s)”	114,285,714 new Shares to be allotted and issued upon the exercise of the Conversion Rights attaching to the Convertible Bonds
“Convertible Bond(s)”	the convertible bonds in the principal amount of HK\$40,000,000 at zero coupon rate with 1-year maturity to be issued in accordance with the CB Instrument
“Director(s)”	the director(s) of the Company
“Disposal”	the transfer of the Sale Shares from the Transferor to Yulong Shenzhen under the Share Agreement

“Disposal Completion”	the completion of the Disposal pursuant to the Share Agreement
“Exchange Rate”	the exchange rate of RMB1:HK\$1.22 (as defined in the Subscription Agreement)
“First Issue Date”	the initial date of issue of the Convertible Bonds under and pursuant to the CB Instrument
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Sale Shares”	20% of the paid-up equity interests of the Target Company
“Settlement Agreement”	the settlement agreement dated 29 December 2021 entered into between the Company and Yulong Shenzhen in relation to, among others, the settlement for the Arbitral Award
“SGM”	the special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Subscription Agreement and the transactions contemplated thereunder and the Specific Mandate
“Share(s)”	ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company
“Share Agreement”	the share agreement dated 21 April 2022 entered into among the Transferor, Yulong Shenzhen and the Target Company in relation to the transfer of the Sale Shares
“Shareholder(s)”	holder(s) of the Share(s) from time to time
“Specific Mandate”	the specific mandate to be granted by the Shareholders to the Board at the SGM for the allotment and issue of the Conversion Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscriber”	Yulong Infotech Inc., a company incorporated and continued in the British Virgin Islands with limited liability, the shareholder of Yulong Shenzhen, a wholly-owned subsidiary of Coolpad Group Limited, being the nominee assigned by Yulong Shenzhen to subscribe and hold the Convertible Bonds
“Subscription”	the proposed subscription of the Convertible Bonds on the terms and subject to the conditions precedent as set out in the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 21 April 2022 entered into between the Company, the Subscriber and Yulong Shenzhen in relation to the Subscription
“Subscription Completion”	the completion of the Subscription pursuant to the Subscription Agreement
“Subscription Completion Date”	the date of the Subscription Completion, which shall be any Business Day within a period of 10 Business Days after the fulfilment and/or satisfaction (or waiver, if applicable) of the conditions precedent as set out in the Subscription Agreement
“Takeovers Code”	the Code on Takeovers and Mergers and Share Buy-backs published by the Securities and Futures Commission of Hong Kong
“Target Company”	ShenZhen ZiJun Media Company Limited* (深圳鈺駿傳媒有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
“Transferor”	Shanghai YunYao Culture & Media Limited* (上海雲遙文化傳媒有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Yulong Shenzhen”	Yulong Computer Telecommunication Scientific (Shenzhen) Co., Ltd* (宇龍計算機通信科技(深圳)有限公司), a company established in the PRC with limited liability, being the transferee under the Share Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong



“RMB” Renminbi, the lawful currency of the PRC

“%” per cent.

By order of the Board  
**China Baoli Technologies Holdings Limited**  
**Chu Wei Ning**  
*Executive Director and Chief Executive Officer*

Hong Kong, 21 April 2022

*As at the date of this announcement, the executive Directors are Mr. Zhang Yi (Chairman), Ms. Chu Wei Ning (Chief Executive Officer) and Ms. Lam Sze Man; and the independent non-executive Directors are Mr. Chan Fong Kong, Francis, Mr. Chan Kee Huen, Michael and Mr. Feng Man.*

\* *For identification purpose only*