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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**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 stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in China Baoli Technologies Holdings Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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

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**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;  
(II) PROPOSED CAPITAL REORGANISATION;  
AND  
(III) NOTICE OF SPECIAL GENERAL MEETING**

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

A notice convening the SGM to be held on Friday, 16 June 2023 at 3:00 p.m. at Portion 2, 12th Floor, The Center, 99 Queen's Road Central, Hong Kong is set out on pages SGM-1 to SGM-4 of this circular and a form of proxy for the SGM is despatched together with this circular.

Whether or not you are able to attend the SGM, you are requested to complete, sign and return the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the enclosed form of proxy will not preclude you from attending and voting in person at such meeting or any adjournment meeting should you so wish.

A letter from the Board is set out on pages 9 to 40 of this circular.

23 May 2023

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## DEFINITIONS

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

“Board”	the board of Directors
“Bondholder(s)”	the holder(s) of the Convertible Bonds or any outstanding principal amount thereof for the time being and anyone who registered as the bondholder of the Convertible Bonds or any outstanding principal amount
“Business Day(s)”	any day (other than a public holiday, Saturday, Sunday 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 business in Hong Kong
“Bye-laws”	the bye-laws of the Company, as amended from time to time
“Capital Reduction”	the proposed reduction in the issued share capital of the Company by a reduction of the par value of each consolidated Share from HK\$0.10 to HK\$0.01, which shall be effected by a cancellation of the amount of the paid up capital of the Company on each of the issued Consolidated Shares such that the par value of each issued Consolidated Share will be treated as one fully paid share of par value of HK\$0.01 each in the share capital of the Company and cancellation of fractional Consolidated Share as detailed in the section headed “PROPOSED CAPITAL REORGANISATION” of this circular
“Capital Reorganisation”	the proposed capital reorganisation of the share capital of the Company involving the Share Consolidation, the Capital Reduction, the Share Subdivision and the transfer of the credit arising from the Capital Reduction to the Contributed Surplus Account
“CB Instrument”	the instrument to be executed by the Company in the form of a deed under and pursuant to which the Convertible Bonds are to be constituted and issued
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC

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## DEFINITIONS

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“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Companies Act”	the Companies Act 1981 of Bermuda, as amended from time to time
“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
“Completion”	the completion of the Subscription pursuant to the Subscription Agreement
“Completion Date”	the date of the Completion, which shall be any Business Day within a period of 5 Business Days after the fulfilment and/ or satisfaction (or waiver, if applicable) of the conditions precedent (such conditions precedent (save and except such conditions precedent waived or to be waived) must be valid and satisfied upon the Completion) as set out in the Subscription Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consolidated Share(s)”	ordinary share(s) of par value of HK\$0.10 each in the share capital of the Company immediately after the Share Consolidation becoming effective but before the Capital Reduction
“Contributed Surplus Account”	the contributed surplus account of the Company
“Conversion Date”	the date on which the Company receives a duly completed and executed conversion notice from the Bondholder, which must be a Business Day within the Conversion Period
“Conversion Price”	the initial conversion price of HK\$0.225 per each Conversion Share, and the conversion price may be subject to such adjustment(s) as set out in the paragraph headed “Adjustments to the Conversion Price” in this circular, but in any event, the Conversion Price shall not be lower than the par value of each Share

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## DEFINITIONS

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“Conversion Share(s)”	the total number of 103,359,173 Share(s) to be allotted and issued by the Company at the Conversion Price upon exercising of the Conversion Rights of the Convertible Bond(s), which represents approximately 12.46% of the total number of issued Shares as enlarged by the allotment and issue of such conversion shares on a non-dilutive basis
“Convertible Bond(s)”	the convertible bonds in the principal amount of RMB20,000,000 (based on the Exchange Rate, equivalent to approximately HK\$23,255,813.96) at an interest rate of 2% per annum with 3-year maturity convertible into the Convertible Shares in accordance with the CB Instrument
“Director(s)”	the director(s) of the Company
“Exchange Rate”	the exchange rate of every HK\$100 to RMB86 (as defined in the Subscription Agreement)
“Existing Share(s)”	ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company prior to the Capital Reorganisation becoming effective
“Extreme Conditions”	the extreme conditions as announced by any Hong Kong Government department or body or otherwise, whether or not under or pursuant to the revised “Code of Practice in Times of Typhoons and Rainstorms” issued by the Labour Department in June 2019 in the event of serious disruption of public transport services, or government services, extensive flooding, major landslides or large-scale power outage after typhoons or incidents similar in seriousness or nature
“First Issue Date”	the initial date of issue of the Convertible Bonds under and pursuant to the terms and conditions contained in the CB Instrument
“General Mandate”	the general mandate granted by the Shareholders at the annual general meeting of the Company held on 30 September 2022 to the Directors to allot, issue and deal with up to 120,980,170 new Shares to be allotted by the Company

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## DEFINITIONS

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“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“GM Convertible Bonds”	the convertible bonds in the aggregate principal amount of HK\$12,000,000 issued by the Company to the subscribers on 29 August 2022 pursuant to the bond instrument constituting such convertible bonds, details of which are disclosed in the announcements of the Company dated 1 August 2022, 17 August 2022 and 30 August 2022
“Group”	the Company and its subsidiaries from time to time
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	19 May 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Committee”	has the meaning as defined in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 June 2023 (or such later date as may be agreed by the Parties in writing), being the latest date to fulfil or satisfy the conditions precedent under the Subscription Agreement
“New Share(s)”	ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company immediately after the Capital Reorganisation becoming effective
“PRC”	The People’s Republic of China
“Registrar”	Tricor Secretaries Limited, being the branch share registrar and transfer office of the Company in Hong Kong at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong

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## DEFINITIONS

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“SGM”	the special general meeting of the Company to be convened and held to consider and, if thought fit, approve the Subscription Agreement and the transactions contemplated thereunder, the Specific Mandate and the Capital Reorganisation
“Share(s)”	the Existing Share(s), the Consolidated Share(s) and/or the New Share(s), whichever shall be appropriate
“Share Consolidation”	the proposed consolidation of every ten (10) issued and unissued Existing Shares into one (1) Consolidated Share
“Share Option Scheme”	the share option scheme adopted by the Company on 30 September 2021
“Share Subdivision”	the proposed subdivision of every unissued Consolidated Share of HK\$0.10 each in the authorised share capital of the Company (including those unissued Consolidated Shares arising from the Capital Reduction) into ten (10) New Shares of HK\$0.01 each
“Shareholder(s)”	holder(s) of the Share(s) from time to time
“SM Convertible Bonds”	the convertible bonds in the principal amount of HK\$40,000,000 issued by the Company to Yulong Infotech Inc. on 15 July 2022 pursuant to the bond instrument constituting such convertible bonds, details of which are disclosed in the announcements of the Company dated 21 April 2022, 14 June 2022, 24 June 2022, 17 August 2022 and 30 August 2022, and the circular of the Company dated 7 June 2022
“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”	Hong Fu (HF) Holdings Group Limited (紅福(HF)控股集團有限公司), a company incorporated and continued in the Cayman Islands with limited liability
“Subscription”	the subscription of the Convertible Bonds pursuant to the Subscription Agreement

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## DEFINITIONS

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“Subscription Agreement”	the conditional subscription agreement entered into between the Company and the Subscriber on 29 March 2023 in relation to the Subscription
“Takeovers Code”	the Code on Takeovers and Mergers and Share Buy-backs published by the Securities and Futures Commission of Hong Kong
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.



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## EXPECTED TIMETABLE OF CAPITAL REORGANISATION

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*The expected timetable for the implementation of the Capital Reorganisation is set out below. All times and dates in this timetable refer to Hong Kong local times and dates. This timetable is for indicative purpose only and may be varied due to additional time required for compliance with regulatory requirements in Bermuda or otherwise. Any subsequent changes to the expected timetable will be announced by the Company as and when appropriate.*

<b>Event</b>	<b>Time and Date</b> <b>2023</b>
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Latest time for lodging transfer documents of the Shares to qualify for attendance and voting at the SGM. . . . .	4:30 p.m. on Monday, 12 June
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Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the SGM (both days inclusive). . . . .	Tuesday, 13 June to Friday, 16 June
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Latest time and date for lodging forms of proxy for the SGM (not less than 48 hours prior to the time of the SGM) . . . . .	3:00 p.m. on Wednesday, 14 June
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Expected time and date of the SGM . . . . .	3:00 p.m. on Friday, 16 June
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Announcement of the poll results of the SGM . . . . .	Friday, 16 June
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Register of members re-opens . . . . .	Monday, 19 June
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**The following events are conditional on the fulfillment of the conditions for the implementation of the Capital Reorganisation as set out in this circular.**

Effective date of the Capital Reorganisation . . . . .	Tuesday, 20 June
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First day for free exchange of existing share certificates for new share certificates for the New Shares . . . . .	Tuesday, 20 June
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Dealing in the New Shares commences. . . . .	9:00 a.m. on Tuesday, 20 June
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Original counter for trading in Existing Shares in board lots of 5,000 Existing Shares (in the form of existing share certificates) temporarily closes . . . . .	9:00 a.m. on Tuesday, 20 June
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## EXPECTED TIMETABLE OF CAPITAL REORGANISATION

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Event	Time and Date 2023
Temporary counter for trading in the New Shares in board lots of 500 New Shares (in the form of existing share certificates) opens . . . . .	9:00 a.m. on Tuesday, 20 June
Original counter for trading in the New Shares in board lots of 5,000 New Shares (in the form of new share certificates) re-opens . . . . .	9:00 a.m. on Wednesday, 5 July
Parallel trading in the New Shares (in the form of new share certificates and existing share certificates) commences . . . . .	9:00 a.m. on Wednesday, 5 July
Designated broker starts to stand in the market to provide matching services for odd lots of the New Shares. . . . .	9:00 a.m. on Wednesday, 5 July
Designated broker ceases to stand in the market to provide matching services for odd lots of the New Shares. . . . .	4:00 p.m. on Tuesday, 25 July
Temporary counter for trading in the New Shares in board lots of 500 New Shares (in the form of existing share certificates) closes . . . . .	4:10 p.m. on Tuesday, 25 July
Parallel trading in the New Shares (in the form of new share certificates and existing share certificates) ends . . . . .	4:10 p.m. on Tuesday, 25 July
Last day for free exchange of existing share certificates for new share certificates for the New Shares. . . . .	Thursday, 27 July

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LETTER FROM THE BOARD

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**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)**

*Executive Directors:*

Mr. Zhang Yi (*Chairman*)  
Ms. Chu Wei Ning (*Chief Executive Officer*)  
Ms. Lam Sze Man

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

*Independent non-executive Directors:*

Mr. Chan Fong Kong, Francis  
Mr. Chan Kee Huen, Michael  
Mr. Feng Man

*Principal place of business  
in Hong Kong:*

Suites 3706–08  
37/F, Dah Sing Financial Centre  
248–256 Queen's Road East  
Wanchai  
Hong Kong

23 May 2023

*To the Shareholders*

Dear Sir/Madam,

**(I) ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE;  
(II) PROPOSED CAPITAL REORGANISATION;  
AND  
(III) NOTICE OF SPECIAL GENERAL MEETING**

**INTRODUCTION**

References are made to the announcement of the Company dated 29 March 2023 in relation to the Subscription and the announcement of the Company dated 28 April 2023 in relation to the Capital Reorganisation.

The purpose of this circular is to provide you with information in respect of, among other things, (i) further details of the Subscription; (ii) further information regarding the Capital Reorganisation; and (iii) a notice convening the SGM.

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## LETTER FROM THE BOARD

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### (I) ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

On 29 March 2023 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company contemplates to issue and the Subscriber is desirous of subscribing the Convertible Bonds in the principal amount of RMB20,000,000 (based on the Exchange Rate, equivalent to approximately HK\$23,255,813.96), at an interest rate of 2% per annum and maturity which falls on the third anniversary of the First Issue Date, which may be converted into no more than 103,359,173 Conversion Shares based on the initial Conversion Price of HK\$0.225 upon full conversion.

#### **The Subscription Agreement**

##### *Date*

29 March 2023 (after trading hours)

##### *Parties*

Issuer : the Company

Subscriber : the Subscriber

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

As at the Latest Practicable Date, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Subscriber and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

#### ***Conditions precedent of the Subscription Agreement***

The Completion shall be subject to the following conditions precedent:

- (i) the Company having obtained all necessary consents and approvals in respect of the Subscription and the transactions contemplated thereunder and 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) the Subscriber having obtained all necessary consents and approvals in respect of the Subscription and the transactions contemplated thereunder;

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## LETTER FROM THE BOARD

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- (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 the Subscriber as specified in the Subscription Agreement having remained true, accurate and not misleading in all material respects.

Save and except that such conditions precedent (i) to (iii) above which may not be waived by the Company or the Subscriber, condition precedent (iv) above may be waived by the Subscriber unilaterally, and condition precedent (v) above may be waived by the Company unilaterally. The Parties shall use their best endeavours to ensure such conditions precedent above shall be fulfilled or satisfied on or before the Long Stop Date (save and except such conditions precedent waived or to be waived pursuant to the above).

If any conditions precedent set out above (save and except such conditions precedent waived or to be waived pursuant to the above paragraph) shall not be fulfilled or satisfied on or before the Long Stop Date, either Party shall immediately terminate the Subscription Agreement and cancel the Subscription.

### *Consideration of the Subscription*

The consideration of the Subscription of RMB20,000,000 (based on the Exchange Rate, equivalent to approximately HK\$23,255,813.96) shall be paid by the Subscriber in the following timing and manner:

- (i) the Subscriber shall pay to the Company an amount of RMB10,000,000 (the “**Deposit**”) (based on the Exchange Rate, equivalent to approximately HK\$11,627,906.98) in cash before signing of the Subscription Agreement. The Deposit shall be used to settle part of the consideration of the Subscription on the Completion Date. If the Subscription is not completed on a date scheduled to be the Completion Date in accordance with the Subscription Agreement, the Company shall refund the Deposit in full to the Subscriber (the Company shall not make any deduction when returning the Deposit, but shall not pay any interest on the Deposit);
- (ii) the Subscriber shall pay to the Company the remaining balance of RMB10,000,000 (based on the Exchange Rate, equivalent to approximately HK\$11,627,906.98) in cash before the Completion Date;
- (iii) the consideration of the Subscription shall not be subject to any deduction.

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## LETTER FROM THE BOARD

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### *Completion of the Subscription*

Subject to the fulfilment or waiver (if applicable) of all the conditions precedent as set out in the Subscription Agreement, the Completion shall take place on the Completion Date and all actions and requirements as set out in the Subscription Agreement shall be taken and complied with.

### **Principal terms of the Convertible Bonds**

The terms of the Convertible Bonds were determined after arm's length negotiations between the Company and the Subscriber are summarised below:

Issuer	:	The Company
Principal amount	:	RMB20,000,000
Interest	:	2% per annum (the " <b>Interest</b> "), provided that the Company is only required to calculate and pay the Interest to the Bondholder on the Maturity Date or the latest date (which the Company redeemed or the Bondholder converted the principal amount of the Convertible Bonds or the remaining principal amount of the Convertible Bonds (whichever is appropriate) in relation to the unredeemed or unconverted of the principal amount of the Convertible Bonds or the remaining principal amount of the Convertible Bonds (whichever is appropriate)) as specified pursuant to the CB Instrument. The Company will pay the Interest to the Bondholder in cash on the Maturity Date up to the relevant date.
Maturity Date	:	The date (if such day is not a Business Day, then on the next Business Day which immediately follows) which falls on the third anniversary of the First Issue Date (the " <b>Maturity Date</b> ").
Denomination	:	The Convertible Bonds shall be issued at the face value of RMB20,000,000 (based on the Exchange Rate, equivalent to approximately HK\$23,255,813.96). Conversion, redemption or repayment of any principal amount of the Convertible Bonds shall be RMB2,000,000 or a multiple thereof.

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## LETTER FROM THE BOARD

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Conversion Price : The initial Conversion Price of HK\$0.225 per Conversion Share represents:

- (i) a premium of approximately 216.90% over the closing price of HK\$0.071 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of 181.25% over the closing price of HK\$0.08 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and
- (iii) a premium of approximately 186.26% over the average closing price of HK\$0.0786 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 Company and the Subscriber with reference to, among others, the conversion price of HK\$0.30 of the convertible bonds issued by the Company on 29 August 2022, the prevailing market sentiment and the funding needs of the Group. The Directors consider that the Conversion Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Adjustments to the Conversion Price : The Conversion Price shall be subject to adjustment in accordance with the CB Instrument after approval of independent accountant if, whilst any of the Convertible Bonds remains outstanding, any of the following events or circumstances in relation to the Shares shall occur:

- (i) ***Consolidation, subdivision or reclassification:*** If and whenever there shall be an alteration to the nominal 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:

A

B

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## LETTER FROM THE BOARD

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where

A is the nominal value of one Share immediately after such alteration; and

B is the nominal value of one Share immediately before such alteration.

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

- (ii) **Capital distribution:** If and whenever the Company shall pay or make any capital distribution (as specified pursuant to the CB Instrument) to the Shareholders, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such capital distribution by the following fraction:

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

where

A is the fair market value of one Share, as determined in good faith by the independent accountant or financial advisor (acting as an expert), on the day immediately preceding the date on which the capital distribution is made; and

B is the fair market value, as determined in good faith by the independent accountant or financial advisor (acting as an expert), of the portion of the capital distribution which is attributable to one Share on the date of such capital distribution.

Such adjustment shall become effective on the date of such capital distribution actually made by the Company.



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## LETTER FROM THE BOARD

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- (iii) *Issue of Shares by way of rights:* If and whenever the Company shall issue Shares to all or substantially all Shareholders as a class by way of rights, or shall issue or grant to all or substantially all Shareholders as a class by way of rights, any options, warrants or other rights to subscribe for or purchase any Shares, in each case at less than 95% of the average of the closing price of one Share as quoted for the last 5 trading days immediately prior to such issue or grant to Shareholders is made, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

where

A is the number of Shares in issue immediately before such issue or grant;

B is the number of Shares which the aggregate amount (if any) payable for the rights, or for the options or warrants or other rights issued by way of rights, and the total number of Shares comprised therein would purchase at such fair market value per Share; and

C is the aggregate number of Shares issued or, as the case may be, comprised in the grant.

Such adjustment shall become effective on the date of the issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be).

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## LETTER FROM THE BOARD

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(iv) *Issue of other securities by way of rights:* If and whenever the Company shall:

(a) issue any securities (other than Shares or options, warrants or other rights to subscribe for or purchase Shares) to all or substantially all Shareholders as a class by way of rights; or

(b) grant to all or substantially all Shareholders as a class by way of rights any options, warrants or other rights to subscribe for or purchase any securities (other than Shares or options, warrants or other rights to subscribe for or purchase Shares),

the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue, grant or offer by the following fraction:

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

where

A is the average of the closing price of one Share as quoted for the last 5 trading days immediately prior to the date of such issue or grant; and

B is the fair market value on the date of such grant, as determined in good faith by the independent accountant or financial advisor (acting as an expert), of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of the issue of such securities or grant of such rights, options or warrants (as the case may be).

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## LETTER FROM THE BOARD

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- (v) *Issue of Shares other than by way of rights:* If and whenever the Company shall wholly for cash:
- (a) issue (other than as mentioned in sub-paragraph (iii) above) any Shares (other than the Shares issued for the exercise of Conversion Rights (as defined below) or for the exercise of any other rights of conversion into, or exchange or subscription for, Shares); or
  - (b) issue or grant (other than as mentioned in subparagraph (iii) above) options, warrants or other rights to subscribe for or purchase Shares,

in each case at a price per Share which is less than 95% of the average of the closing price of one Share as quoted for the last 5 trading days immediately prior to the date of such issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue or grant by the following fraction:

$$\frac{A + B}{C}$$

where

A is the number of Shares in issue immediately before the issue of such additional Shares;

B is the number of Shares which the aggregate consideration receivable for the issue of such additional Shares would purchase at such fair market value per Share; and

C is the number of Shares in issue immediately after the issue of such additional Shares.

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## LETTER FROM THE BOARD

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References to additional Shares in the above formula shall, in the case of an issue or grant by the Company of options, warrants or other rights to subscribe for or purchase Shares, mean such Shares to be issued assuming that such options, warrants or other rights are exercised in full at the initial exercise price on the date of issue of such options, warrants or other rights.

Such adjustment shall become effective on the date of the issue of such Shares or, as the case may be, the issue or grant of such options, warrants or other rights.

- (vi) ***Issue of Shares upon conversion:*** Except for issue of securities arising from the conversion of other securities, if and whenever the Company shall issue wholly for cash any securities (except for the Convertible Bonds) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Company upon conversion, exchange or subscription, at a consideration per Share which is less than 95% of the average of the closing price of one Share as quoted for the last 5 trading days immediately prior to the date of the issue of such securities, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue by the following fraction:

$$\frac{A + B}{A + C}$$

where

A is the number of Shares in issue immediately before such issue;

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## LETTER FROM THE BOARD

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B is the number of Shares which the aggregate consideration receivable by the Company for the Shares to be issued upon conversion into or exchange of or upon exercise of the right of subscription attached to such securities would purchase at such fair market value per Share; and

C is the maximum number of Shares to be issued upon conversion into or exercise of the rights of subscription attached to such securities at the initial conversion, exchange or subscription price or rate.

Such adjustment shall become effective on the date of the issue of such securities.

- (vii) ***Offers for Shares:*** If and whenever the Company shall issue, sell or distribute any securities in connection with an offer pursuant to which the Shareholders generally (meaning for these purposes the holders of at least 60% of the Shares outstanding at the time such offer is made) are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under paragraphs (i) to (vi) above), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue by the following fraction:

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

where

A is the average of the closing price of one Share as quoted for the last 5 trading days immediately prior to the date of such issue; and

B is the fair market value on the date of such issue, as determined in good faith by the independent accountant or financial advisor (acting as an expert), of the portion of the rights attributable to one Share.

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## LETTER FROM THE BOARD

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Such adjustment shall become effective on the date of issue of such securities.

Conversion Shares : In the case of the Conversion Rights having been exercised in full, a total number of 103,359,173 Conversion Shares will be allotted and issued by the Company upon full conversion of the Convertible Bonds at the initial Conversion Price of HK\$0.225 per Conversion Share, representing:

- (i) approximately 14.24% of the existing total number of issued Shares as at the Latest Practicable Date; and
- (ii) approximately 12.46% of the total number of issued Shares as enlarged by the allotment and issue of the Conversion Shares (assuming there is no other change in the total number of Shares in issue from the Latest Practicable Date and up to the date of full conversion of the Convertible Bonds).

The aggregate nominal value of 103,359,173 Conversion Shares is HK\$1,033,591.73.

Conversion period : The period commencing on the date (if such day is not a Business Day, then on the next Business Day which immediately follows) which falls on 6 months after the First Issue Date and expiring on the Maturity Date (both days inclusive) (the “**Conversion Period**”).

Conversion rights : The Bondholder(s) shall have the right to convert the whole (which is RMB20,000,000) or any part of the outstanding principal amount (which shall be RMB2,000,000 or a multiple thereof) of the Convertible Bonds into Conversion Shares in accordance with the CB Instrument as calculated by dividing the principal amount of the Convertible Bonds to be converted by the Conversion Price, which must be exercised within the Conversion Period (the “**Conversion Rights**”).

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## LETTER FROM THE BOARD

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- 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 : All Convertible Bonds which have not been redeemed or converted in accordance with the terms and conditions contained in the CB Instrument by the Maturity Date shall be redeemed by the Company on the Maturity Date either in cash by paying such redemption amount which equals to the entire principal amount of the Convertible Bonds (or such outstanding part thereof, whichever shall be appropriate) or further and/or in the alternative, by such other mode or manner of redemption as the Company and the majority Bondholders may agree in writing prior to the Maturity Date.
- Redemption prior to maturity : Without prejudice to any other conditions contained in the CB Instrument, the Company may at its sole and absolute discretion redeem the principal amount of the Convertible Bonds (or such outstanding part thereof, whichever shall be appropriate) at any time during the period commencing on the Business Day immediately after the First Issue Date and ending on the Maturity Date (both dates inclusive) by paying such redemption amount equivalent to the entire principal amount of the Convertible Bonds (or such outstanding part thereof, whichever shall be appropriate) to the Bondholder(s).

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## LETTER FROM THE BOARD

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- Redemption on default : If any of the events (“**Events of Default**”, and each an “**Event of Default**”) specified below occur, the Company shall forthwith give notice thereof to the Bondholders and each Bondholder may (without prejudice to any other rights and remedies available to the Bondholders), at its option, serve a notice for redemption on the Company in respect of the Convertible Bonds or any part of the principal amount of the Convertible Bonds (whichever is appropriate) 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 relevant Events of Default are:
- (i) the Company fails to pay the principal amount of the Convertible Bonds when due and such failure continues for a period of thirty (30) Business Days;
  - (ii) 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 amount 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 thirty (30) Business Days following the service by any Bondholder on the Company of notice requiring such default to be remedied;
  - (iii) 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;



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## LETTER FROM THE BOARD

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- (iv) 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; or
- (v) any event occurring which has a similar effect to any of the events referred to the above sub-paragraphs (i) to (iv).

Protection for the Bondholders : The Company undertakes and agrees that the Company shall prompt its nomination committee to nominate a person elected by all Bondholders as an executive Director and the Company shall appoint such person as an executive Director upon the completion of the relevant procedures. The remuneration of such executive Director will be determined by the Company's remuneration committee.

With regards to the procedures on the appointment of executive Director elected by the Bondholders, the Bondholders will first propose an individual to the nomination committee of the Company for review and consideration. Then the meeting of the nomination committee will be held to review the fit and qualification, if appropriate, recommendation will be made on such nominated person. The remuneration committee of the Company will determine and make recommendation on the remuneration to the Board and ultimately the nomination committee and remuneration committee will report to the Board and the Board will, if appropriate, approve the appointment and the remuneration of such nominated person as executive Director.

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## LETTER FROM THE BOARD

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According to the Bye-laws, among other things, the Board may from time to time appoint any one or more of its body to be a managing director, joint managing director or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine under the Bye-laws. The executive Director appointed to an office under Bye-laws No. 87 shall receive such remuneration and such other benefits and allowances as the Board may from time to time determine under the Bye-laws.

In addition, according to the Bye-laws, any appointed Director shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election.

In the light of the above, the Directors are of the view that the procedures on appointment of the executive Director aligns with the Bye-laws.

Ranking of the  
Conversion  
Shares :

Subject to the CB Instrument, the Conversion Shares issued upon exercise of Conversion Rights shall rank *pari passu* in all respects with all other existing Shares outstanding prior to the Conversion Date and all the rights of Conversion Shares shall include rights to participate in all dividends, and all other distributions on or after the record date or the Conversion Date.

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## LETTER FROM THE BOARD

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Transferability : The Bondholder(s) may, after delivery to the Company of a duly executed transfer form together with the certificate(s) for the Convertible Bonds being transferred, 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.

Any transfer of the Convertible Bonds shall be in respect of the whole (which is RMB20,000,000) (based on the Exchange Rate, equivalent to approximately HK\$23,255,813.96) or any part (which must be in multiples of RMB2,000,000) of the principal amount of the Convertible Bonds (or such outstanding part thereof, whichever shall be appropriate).

Status of the Convertible Bonds : The obligations of the Company arising under the Convertible Bonds constitute general, unsecured and unsubordinated obligations of the Company and rank *pari passu* among themselves and other present and future unsecured and unsubordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable law.

Application for listing : 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.

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## LETTER FROM THE BOARD

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### Equity Fund-Raising Activities of the Company in the past twelve months

The Company has conducted the following equity fund-raising activities in the past 12 months immediately prior to the Latest Practicable Date:

Date of announcement	Event	Net proceeds raised	Proposed use of proceeds	Actual use of proceeds as at the Latest Practicable Date
1 November 2022	Issue of 120,980,170 new Shares under general mandate	Approximately HK\$6.8 million	To use as general working capital of the Group, including approximately HK\$3 million for the repayment of other payables and other borrowings; and approximately HK\$3.8 million for the overhead expenses of the Group.	Fully utilised as intended
1 August 2022	Issue of convertible bonds in the principal amount of HK\$12 million under general mandate	Approximately HK\$11.5 million	(i) approximately HK\$3.5 million for the multi-media technologies and convergence media business;  (ii) approximately HK\$6 million for initiating and preparation of pilot machinery of the iron ore dry grinding and dry beneficiation business; and  (iii) approximately HK\$2 million for the overhead expenses of the Group.	Fully utilised as intended
21 April 2022	Issue of convertible bonds in the principal amount of HK\$40 million under specific mandate	Nil ( <i>Note</i> )	To set off HK\$40 million from the claimed amount on a dollar-for-dollar basis. ( <i>Note</i> )	Fully utilised as intended

*Note:* There was no net proceeds from the issue of the convertible bonds as the consideration was used to set off HK\$40 million from the claimed amount on a dollar-for-dollar basis. (For details, please refer to the announcement of the Company dated 21 April 2022 and the circular of the Company dated 7 June 2022.)

## LETTER FROM THE BOARD

Save as disclosed above, the Company has not conducted any other equity fund-raising activities in the past 12 months immediately prior to the Latest Practicable Date.

### Effect on Shareholding Structure of the Company

For illustration purposes only, set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after full conversion of the Convertible Bonds at the initial Conversion Price (assuming there is no other change in the total number of issued Shares from the Latest Practicable Date and up to the date of full conversion of the Convertible Bonds and before the Capital Reorganisation):

Shareholders	(i) As at the Latest Practicable Date		(ii) Immediately after full conversion of the Convertible Bonds at the initial Conversion Price (assuming there is no other change in the total number of issued Shares from the Latest Practicable Date and up to the date of full conversion of the Convertible Bonds and before the Capital Reorganisation)	
	No. of Shares	Approximate %	No. of Shares	Approximate %
<b>Directors</b>				
Mr. Zhang Yi ( <i>Note 1</i> )	21,542,750	2.9678%	21,542,750	2.5979%
Ms. Chu Wei Ning ( <i>Notes 2, 3</i> )	3,000,000	0.4133%	3,000,000	0.3618%
Ms. Lam Sze Man ( <i>Notes 2, 4</i> )	50,000	0.0069%	50,000	0.0060%
Mr. Chan Kee Huen, Michael ( <i>Note 2</i> )	2,500	0.0003%	2,500	0.0003%
<b>The Subscriber</b>	–	–	103,359,173	12.4643%
<b>Public Shareholders</b>	701,285,770	96.6117%	701,285,770	84.5697%
<b>Total</b>	<u>725,881,020</u>	<u>100.0000%</u>	<u>829,240,193</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 him to subscribe for 3,721,561 Shares.

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## LETTER FROM THE BOARD

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2. Ms. Chu Wei Ning and Ms. Lam Sze Man are executive Directors, and Mr. Chan Kee Huen, Michael is an independent non-executive Director.
3. In addition to 3,000,000 Shares, Ms. Chu Wei Ning owns 3,721,561 share options which entitles her to subscribe for 3,721,561 Shares.
4. In addition to 50,000 Shares, Ms. Lam Sze Man owns 1,860,781 share options which entitles her to subscribe for 1,860,781 Shares.

### Information on the Subscriber

The Subscriber is a company incorporated in the Cayman Islands with limited liability and is principally engaged in various businesses relating to the commercial concrete and chemicals industry through its subsidiaries. As at the Latest Practicable Date, the Subscriber is ultimately owned by Mr. Wang Bin\* (王彬) (“**Mr. Wang**”) as to 85.05%, Ms. Chan Hiu Hung as to 3.21% and Luohe Holding Limited (Ms. Zhao Fang\* (趙方) is the major shareholder who holds 78.29% and the remaining shareholding of 21.71% is owned by 12 employees of the Subscriber) as to 11.74%.

Mr. Wang, aged 45, obtained his associate degree in human resource management from Shenzhen University in the PRC in January 2021, and completed the advanced management programme provided by China Europe International Business School in the PRC in March 2019. Mr. Wang has over 10 years’ corporate management experience including strategic planning and business development in the commercial concrete industry, and he has also engaged in various business relating to the commercial concrete industry including the manufacturing and sales of commercial concrete admixtures and associated chemicals as well as conducting market research in the fields of commercial concrete production, commercial concrete admixture and polyether monomers in the PRC and Southeast Asia. Mr. Wang is also involved in the PRC real estate development and construction materials business. Mr. Wang is the founder, the executive director and chairman of the Subscriber.

The senior management of the Company and Mr. Wang have known each other for years and they first met at some social gatherings in the PRC. From late 2022 to early 2023, Mr. Wang was introduced to the Directors of the Company and they started to discuss the potential fund-raising opportunities. There was no past relationship nor transactions between the Subscriber and the Group. As Mr. Wang has extensive connections in the PRC, upon signing of the Subscription Agreement, Mr. Wang has taken part in assisting the Company to explore more cooperation opportunities with some government bodies in the PRC to develop the iron ore dry grinding and dry beneficiation business or any other business development opportunities. Pursuant to the protection right for the Bondholders for nomination of an executive Director of the CB Instrument, the Company does not rule out the possibility to appoint Mr. Wang or any person elected by Mr. Wang to be an executive Director in future.

\* For identification purpose only

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## LETTER FROM THE BOARD

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### **Reasons for and Benefits of the Subscription and Use of Proceeds**

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are multi-media technologies and convergence media business, iron ore dry grinding and dry beneficiation business, and other operations – investment, securities trading and tourism and hospitality business.

The Directors are of the view that (i) the terms of the Subscription Agreement were determined after arm's length negotiations between the Company and the Subscriber and are on normal commercial terms; (ii) the Conversion Price represents a premium over the recent market price of the Shares; (iii) the Subscription represents a good opportunity for the Company to raise additional funds as well as to broaden the capital and shareholder base of the Company if the Subscriber choose to exercise its conversion rights attaching to the Convertible Bonds; (iv) the Convertible Bonds will not have an immediate dilution effect on the shareholding of the existing Shareholders; and (v) the net proceeds from the Subscription will improve the financial position as well as the cash flow level of the Group. Accordingly, the Directors consider the terms of the Subscription Agreement (including but not limited to the Conversion Price) are fair and reasonable and the Subscription is in the interests of the Company and the Shareholders as a whole.

The Parties will establish a long-term strategic business cooperation relationship. The Subscriber will also support the business development of the iron ore dry grinding and dry beneficiation business of the Company through cooperation with various iron ores or steel mills players.

The gross proceeds from the Subscription will be RMB20,000,000 (based on the Exchange Rate, equivalent to approximately HK\$23,255,813.96), while the net proceeds from the Subscription are estimated to be approximately RMB19,300,000 (based on the Exchange Rate, equivalent to approximately HK\$22,441,860.47) (after deducting the professional fees and other related costs and expenses incurred in the Subscription). The net issue price for each Conversion Share is approximately HK\$0.217.

The Group intends to apply the net proceeds from the Subscription for general working capital of the Group, including but not limited to (i) approximately RMB10,000,000 (based on the Exchange Rate, equivalent to approximately HK\$11,627,906.98) for the development of the Group's businesses (including approximately RMB7,000,000 for the iron ore dry grinding and dry beneficiation business and approximately RMB3,000,000 for the multi-media technologies and convergence media business) which is expected to be used by the third quarter of 2023; and (ii) approximately RMB9,300,000 (based on the Exchange Rate, equivalent to approximately HK\$10,813,953.49) for overhead and general expenses of the Group which is expected to be used by the third quarter of 2023.

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## LETTER FROM THE BOARD

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### **The Specific Mandate**

As at the Latest Practicable Date, the General Mandate has been fully utilised. As such, the issue of the Conversion Shares is subject to the Shareholders' approval. The Conversion Shares will be allotted and issued pursuant to the Specific Mandate to be sought from the Shareholders at the SGM.

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

### **(II) PROPOSED CAPITAL REORGANISATION**

The Board proposes to implement the Capital Reorganisation which comprises the following:

- (i) the consolidation of every ten (10) issued and unissued Existing Shares of par value of HK\$0.01 each in the authorised share capital of the Company into one (1) Consolidated Share of par value of HK\$0.10 each in the authorised share capital of the Company;
- (ii) the reduction of the issued share capital of the Company (a) by eliminating any fraction of a Consolidated Share in the issued share capital of the Company arising from the Share Consolidation in order to round down the total number of Consolidated Shares to a whole number; and (b) by a reduction of the par value of each issued Consolidated Share from HK\$0.10 to HK\$0.01, which reduction shall be effected by a cancellation of the amount of the paid up capital on each of the issued Consolidated Shares such that the par value of each issued Consolidated Share will be treated as one fully paid up share of par value of HK\$0.01 each in the share capital of the Company immediately following the Capital Reduction;
- (iii) the subdivision of every unissued Consolidated Share of HK\$0.10 each in the authorised share capital of the Company (including the unissued Consolidated Shares resulting from the Capital Reduction) into ten (10) New Shares of HK\$0.01 each; and
- (iv) the transfer of the credit arising from the Capital Reduction to the Contributed Surplus Account in order to enable the application of the necessary amount in the Contributed Surplus Account in such manner as the Board may deem fit including setting off the accumulated losses of the Company in the manner permitted by the laws of Bermuda and the Bye-laws.

### **Effects of the Capital Reorganisation**

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$650,000,000 divided into 65,000,000,000 Existing Shares of par value of HK\$0.01



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## LETTER FROM THE BOARD

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each, of which 725,881,020 Existing Shares have been issued as fully paid or credited as fully paid.

Upon the Capital Reorganisation becoming effective and assuming that no further Existing Shares will be issued or repurchased from the Latest Practicable Date until the effective date of the Capital Reorganisation, the authorised share capital of the Company will be HK\$650,000,000 divided into 65,000,000,000 New Shares of par value of HK\$0.01 each, and the issued share capital of the Company will be reduced to HK\$725,881.02 divided into 72,588,102 New Shares in issue which are fully paid or credited as fully paid.

The credit of HK\$6,532,929.18 arising from the Capital Reduction will be transferred to the Contributed Surplus Account and subject to the satisfaction of certain solvency test requirements, the Board will be authorised to utilise the credits in the Contributed Surplus Account in such manner as permissible under the Bye-laws and the Companies Act, including to set off against the accumulated losses of the Company.

Assuming there will be no change in the number of issued share capital of the Company from the Latest Practicable Date and up to the date on which the Capital Reorganisation becomes effective, the share capital structure of the Company will be as follows:

	As at the Latest Practicable Date	Immediately upon the Share Consolidation becoming effective	Immediately after the Capital Reorganisation becoming effective
Par value	HK\$0.01 per Existing Share	HK\$0.10 per Consolidated Share	HK\$0.01 per New Share
<b>Authorised:</b>			
Authorised share capital	HK\$650,000,000	HK\$650,000,000	HK\$650,000,000
Number of authorised shares	65,000,000,000 Existing Shares	6,500,000,000 Consolidated Shares	65,000,000,000 New Shares
<b>Issued:</b>			
Number of issued shares	725,881,020 Existing Shares	72,588,102 Consolidated Shares	72,588,102 New Shares
Issued share capital	HK\$7,258,810.20	HK\$7,258,810.20	HK\$725,881.02
<b>Unissued:</b>			
Number of unissued shares	64,274,118,980 Existing Shares	6,427,411,898 Consolidated Shares	64,927,411,898 New Shares

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## LETTER FROM THE BOARD

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Other than the relevant expenses, including but not limited to professional fees and printing charges to be incurred, the implementation of the Capital Reorganisation will have no material effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operations, management or financial position of the Company or the proportionate shareholding interests of the Shareholders, save for any fractional New Share which will be dealt with as described under “Fractional entitlement to the New Shares” below. The Board believes that the Capital Reorganisation will not have any material adverse effect on the financial position of the Group or its overall net asset value.

### **Status of the New Shares**

All New Shares in issue immediately following the Capital Reorganisation becoming effective will rank *pari passu* in all respects with each other in accordance with the Bye-laws and the Capital Reorganisation will not result in any change in the relative rights of the Shareholders, save for any fractional New Share which may arise.

### **Conditions of the Capital Reorganisation**

The implementation of the Capital Reorganisation is conditional upon:

- (i) the passing of a special resolution by the Shareholders approving the Capital Reorganisation at the SGM;
- (ii) the Stock Exchange granting the listing of, and permission to deal in, the New Shares in issue and to be issued upon the Capital Reorganisation becoming effective; and
- (iii) the compliance with the relevant procedures and requirements under the Companies Act and the Listing Rules to effect the Capital Reorganisation, which includes publication of a notice in relation to the Capital Reduction in Bermuda in accordance with the Companies Act and the Directors being satisfied that on the date the Capital Reorganisation is to take effect, there are no reasonable grounds for believing that the Company is, or after the Capital Reorganisation would be, unable to pay its liabilities as they become due.

Subject to the fulfilment of the conditions mentioned above, the Capital Reorganisation is expected to become effective on Tuesday, 20 June 2023, being the second business day immediately following the fulfillment of the above conditions. As at the Latest Practicable Date, none of the conditions mentioned above has been fulfilled.

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## LETTER FROM THE BOARD

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### **Listing Application**

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the New Shares in issue and to be issued upon the Capital Reorganisation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the New Shares on the Stock Exchange, as well as compliance with the stock admission requirements of HKSCC, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the New Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares or any debt securities of the Company are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Capital Reorganisation becomes effective, the New Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

### **Reasons for the Capital Reorganisation**

Under Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities. Further, according to the “Guide on trading arrangements for selected types of corporate actions” issued by the Stock Exchange on 28 November 2008 and last updated on 1 October 2020 (the “**Guide**”), it has stated that market price of the shares at a level less than HK\$0.10 will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules. It has also stated in the Guide that taking into account the minimum transaction costs for a securities trade, the expected board lot value should be greater than HK\$2,000.

The Existing Shares have been trading below HK\$0.10 and a board lot of the Existing Shares has been traded below HK\$2,000. As at the Latest Practicable Date, the closing price of the Existing Shares was HK\$0.071, with a board lot size of 5,000, and the existing board lot value was only HK\$355, which was less than HK\$2,000. Upon the Share Consolidation becoming effective, based on the closing price of HK\$0.071 per Existing Share as at the Latest Practicable Date, the share price of the Company would be adjusted to HK\$0.71 per Share. With a board lot size of 5,000, the theoretical market value of each board lot would be HK\$3,550. The Share Consolidation will thus enable the Company to comply with the trading requirements under the Listing Rules. In view of the prevailing

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## LETTER FROM THE BOARD

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trading price of the Existing Shares of HK\$0.071 as at the Latest Practicable Date, and after considering the potential benefits of the Share Consolidation of increasing the trading price per Share and the minimal expenses involved in the Share Consolidation, the Board proposes to implement the Share Consolidation and considers that it would be the most effective means to bring about a corresponding upward adjustment in the trading price of the Consolidated Shares on the Stock Exchange.

Furthermore, the Group has been actively reviewing from different levels and ways to enrich the development strategy of corporate sustainability and optimisation to create values. It is believed that the adjusted share price as a result of the Share Consolidation will enhance the corporate image of the Company which will make investing in the Consolidated Shares more attractive to a broader range of investors, and the Board believes that this would be beneficial to the Company and the Shareholders as a whole.

In addition, the credit arising from the Capital Reduction will be transferred to the Contributed Surplus Account and following the Share Consolidation, the Board will be authorised to utilise the credits in the Contributed Surplus Account in such manner as permissible under the Bye-laws and the Companies Act. In the event of the Board applying the credit balance in the Contributed Surplus Account to set off against the accumulated losses of the Company, the Company's capital and reserves will more closely reflect the available net assets of the Company and would give the Company a capital structure that should, subject to performance and availability of distributable reserves, permit the payment of dividends as and when the Board considers it appropriate in the future.

In view of the above, the Board considers that the Capital Reorganisation is fair and reasonable and is in the interests of the Company and its Shareholders as a whole.

### **Board Lot Size**

Upon the Capital Reorganisation becoming effective, the board lot size of the New Shares for trading on the Stock Exchange will remain unchanged at 5,000 New Shares per board lot, which is the same board lot size for trading of the Existing Shares on the Stock Exchange.

### **Other Arrangements**

#### ***Fractional entitlement to the New Shares***

Fractional New Shares arising from the Capital Reorganisation, if any, will not be issued to the Shareholders. All entitlements to fractional New Shares will be aggregated and, if possible, sold for the benefits of the Company.

Shareholders concerned about losing out on any fractional entitlement are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser and may wish to consider the

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## LETTER FROM THE BOARD

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possibility of buying or selling Existing Shares in a number sufficient to make up an entitlement to receive a whole number of New Shares.

### *Free exchange of share certificates*

Subject to the Capital Reorganisation becoming effective, Shareholders may, on or after Tuesday, 20 June 2023 and until Thursday, 27 July 2023 (both days inclusive), submit their share certificates for the Existing Shares to the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong at the expense of the Company, to exchange for new share certificates of the New Shares (on the basis of 10 Existing Shares for 1 New Share). Thereafter, share certificates of the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the New Shares, whichever the number of certificates issued or cancelled is higher.

After 4:10 p.m. on Tuesday, 25 July 2023, existing share certificates for the Existing Shares will only remain effective as document of title and may be exchanged for new share certificates for New Shares at any time but will cease to be valid for delivery, trading and settlement purposes.

The new share certificates for the New Shares will be yellow in colour so as to distinguish them from the existing share certificates for the Existing Shares which are in green colour.

### *Arrangement on odd lots trading*

In order to facilitate the trading of odd lots (if any) of the New Shares, the Company has appointed VC Brokerage Limited as the agent to provide matching service, on a best effort basis, regarding the sale and purchase of odd lots of the New Shares for a limited period of time. Shareholders should note that matching of the sale and purchase of odd lots of the New Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lots arrangement is recommended to consult his/her/its own professional advisers. Shareholders who wish to take advantage of this facility should contact Mr. Leung of VC Brokerage Limited at 6/F, Centre Point, 181–185 Gloucester Road, Wanchai, Hong Kong or at telephone number 2913-6716 from 9:00 a.m. on Wednesday, 5 July 2023 to 4:00 p.m. on Tuesday, 25 July 2023 (both days inclusive).

### *Adjustments in relation to the other securities of the Company*

As at the Latest Practicable Date, there are (i) outstanding SM Convertible Bonds in the principal amount of HK\$40,000,000 which are convertible into 114,285,714 Existing Shares at the conversion price of HK\$0.35 per Share; (ii) outstanding GM Convertible Bonds in the principal amount of HK\$12,000,000 which are convertible into 39,999,998 Existing Shares at the conversion price of HK\$0.30 per Share; and (iii) 37,215,612

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## LETTER FROM THE BOARD

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outstanding share options for subscription of 37,215,612 Existing Shares under the Share Option Scheme.

The Company will make further announcement(s) as and when appropriate on any adjustments to be made as a result of the Capital Reorganisation to (i) the conversion price and/or the number of New Shares to be allotted and issued upon exercise of the conversion rights attaching to the SM Convertible Bonds pursuant to the terms and conditions of the bond instrument of the SM Convertible Bonds and the Listing Rules; (ii) the conversion price and/or the number of New Shares to be allotted and issued upon exercise of the conversion rights attaching to the GM Convertible Bonds pursuant to the terms and conditions of the bond instrument of the GM Convertible Bonds and the Listing Rules; and (iii) the exercise price and/or the number of the New Shares to be allotted and issued upon exercise of the outstanding share options pursuant to the terms and conditions of the Share Option Scheme and the Listing Rules.

Theoretically, the expected adjustments in relation to the outstanding SM Convertible Bonds, the outstanding GM Convertible Bonds, the outstanding share options and the Convertible Bonds (subject to the Shareholders' approval on the Subscription) to be made upon the Capital Reorganisation becoming effective would be as follows:

Particulars	Before adjustment		After adjustment	
	Number of Shares to be issued upon full conversion/ exercise	Conversion/ exercise price per Share (HK\$)	Adjusted number of New Shares to be issued upon full conversion/ exercise	Adjusted conversion/ exercise price per New Share (HK\$)
SM Convertible Bonds	114,285,714	0.35	11,428,571	3.50
GM Convertible Bonds	39,999,998	0.30	3,999,998	3.00
Share options	37,215,612	0.339	3,721,561	3.39
Convertible Bonds	103,359,173	0.225	10,335,917	2.25

The Company will engage an independent financial adviser or the auditors of the Company to certify the above adjustments and the final adjustments will be disclosed in the Company's announcement of poll results of the SGM on 16 June 2023.

Save as disclosed above, as at the Latest Practicable Date, the Company does not have any other share options, derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into, any Existing Shares, Consolidated Shares or New Shares, as the case may be.

## LETTER FROM THE BOARD

### Effect on Shareholding Structure of the Company

For illustration purposes only, set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) Immediately after the Capital Reorganisation becoming effective; (iii) Immediately after the Capital Reorganisation becoming effective and immediately upon full conversion of only the SM Convertible Bonds; (iv) Immediately after the Capital Reorganisation becoming effective and immediately upon full conversion of only the GM Convertible Bonds; (v) Immediately after the Capital Reorganisation becoming effective and immediately upon full conversion of only the Convertible Bonds (subject to the Shareholders' approval on the Subscription); and (vi) Immediately after the Capital Reorganisation becoming effective and immediately upon full conversion of all the SM Convertible Bonds, GM Convertible Bonds and the Convertible Bonds (subject to the Shareholders' approval on the Subscription):

Shareholders	(i) As at the Latest Practicable Date Number of Shares	Approximate	(ii) Immediately after the Capital Reorganisation becoming effective		(iii) Immediately after the Capital Reorganisation becoming effective and immediately upon full conversion of only the SM Convertible Bonds		(iv) Immediately after the Capital Reorganisation becoming effective and immediately upon full conversion of only the GM Convertible Bonds		(v) Immediately after the Capital Reorganisation becoming effective and immediately upon full conversion of only the Convertible Bonds (subject to the Shareholders' approval on the Subscription)		(vi) Immediately after the Capital Reorganisation becoming effective and immediately upon full conversion of all the SM Convertible Bonds, GM Convertible Bonds and the Convertible Bonds (subject to the Shareholders' approval on the Subscription)	
			Number of Shares	Approximate	Number of Shares	Approximate	Number of Shares	Approximate	Number of Shares	Approximate	Number of Shares	Approximate
<b>Directors</b>												
Mr. Zhang Yi (Note 1)	21,542,750	2.9678%	2,154,275	2.9678%	2,154,275	2.5641%	2,154,275	2.8128%	2,154,275	2.5979%	2,154,275	2.1904%
Ms. Chu Wei Ning (Notes 2, 3)	3,000,000	0.4133%	300,000	0.4133%	300,000	0.3571%	300,000	0.3917%	300,000	0.3618%	300,000	0.3050%
Ms. Lam Sze Man (Notes 2, 4)	50,000	0.0069%	5,000	0.0069%	5,000	0.0060%	5,000	0.0065%	5,000	0.0060%	5,000	0.0051%
Mr. Chan Kee Huen, Michael (Note 2)	2,500	0.0003%	250	0.0003%	250	0.0003%	250	0.0003%	250	0.0003%	250	0.0003%
<b>Yulong Infotech Inc.</b>												
Ms. Lei Yu Fei* (雷雨霏)	-	-	-	-	11,428,571	13.6027%	-	-	-	-	11,428,571	11.6200%
Ms. Geng Juan* (耿娟)	-	-	-	-	-	-	1,666,666	2.1760%	-	-	1,666,666	1.6946%
Better Choice Group Limited	-	-	-	-	-	-	1,000,000	1.3057%	-	-	1,000,000	1.0168%
Mr. Ye Xin Lin* (葉新林)	-	-	-	-	-	-	666,666	0.8705%	-	-	666,666	0.6778%
Hong Fu (HF) Holdings Group Limited	-	-	-	-	-	-	666,666	0.8705%	-	-	666,666	0.6778%
<b>Public Shareholders</b>	701,285,770	96.6117%	70,128,577	96.6117%	70,128,577	83.4698%	70,128,577	91.5660%	70,128,577	84.5697%	70,128,577	71.3032%
<b>Total</b>	725,881,020	100.0000%	72,588,102	100.0000%	84,016,673	100.0000%	76,588,100	100.0000%	82,924,019	100.0000%	98,352,588	100.0000%

\* For identification purpose only

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## LETTER FROM THE BOARD

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*Notes:*

1. 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 him to subscribe for 3,721,561 Shares.
2. Ms. Chu Wei Ning and Ms. Lam Sze Man are executive Directors, and Mr. Chan Kee Huen, Michael is an independent non-executive Director.
3. In addition to 3,000,000 Shares, Ms. Chu Wei Ning owns 3,721,561 share options which entitles her to subscribe for 3,721,561 Shares.
4. In addition to 50,000 Shares, Ms. Lam Sze Man owns 1,860,781 share options which entitles her to subscribe for 1,860,781 Shares.

### **Warning**

**Shareholders and potential investors of the Company should note that the Capital Reorganisation is conditional upon satisfaction of conditions set out in the paragraph headed “Conditions of the Capital Reorganisation”. Therefore, the Capital Reorganisation may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Existing Shares, and if they are in any doubt about their position, they should consult their professional advisers.**

### **SGM**

The SGM will be convened and held at Portion 2, 12th Floor, The Center, 99 Queen’s Road Central, Hong Kong on Friday, 16 June 2023 at 3:00 p.m. 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, and the proposed Capital Reorganisation.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the resolutions proposed at the SGM shall be voted by poll. An announcement on the poll vote results will be made by the Company after the SGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

To the best of Directors’ knowledge, information and belief having made all reasonable enquiries, no Shareholders have any material interest in the Subscription Agreement and the transactions contemplated thereunder and the Capital Reorganisation and are required to abstain from voting on the resolutions to approve 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) and the Capital Reorganisation at the SGM.



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## LETTER FROM THE BOARD

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A notice convening the SGM is set out on pages SGM-1 to SGM-4 of this circular. A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete, sign and return the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the enclosed form of proxy will not preclude you from attending and voting in person at such meeting or any adjournment meeting should you so wish.

### **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Tuesday, 13 June 2023 to Friday, 16 June 2023, both days inclusive, for the purpose of ascertaining the Shareholders' entitlement to attend and vote at the SGM. In order to be eligible to attend and vote at the SGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on Monday, 12 June 2023.

### **RECOMMENDATION**

The Directors consider that although the Subscription Agreement and the transactions contemplated thereunder are not in the ordinary and usual course of business of the Group, the terms of the Subscription Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and the Subscription is in the interests of the Company and the Shareholders as a whole. As such, the Directors recommend the Shareholders to vote in favour of the relevant resolution to be proposed at the SGM.

The Directors consider that the terms of the proposed Capital Reorganisation are in the interests of the Company and the Shareholders as a whole and recommend the Shareholders to vote in favour of the relevant resolution approving the Capital Reorganisation at the SGM.

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## LETTER FROM THE BOARD

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### 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.

Yours faithfully,  
For and on behalf of the Board  
**China Baoli Technologies Holdings Limited**  
**Chu Wei Ning**  
*Chief Executive Officer*

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## NOTICE OF SPECIAL GENERAL MEETING

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### 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)**

### NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a special general meeting (the “**SGM**”) of China Baoli Technologies Holdings Limited (the “**Company**”) will be held on Friday, 16 June 2023 at 3:00 p.m. at Portion 2, 12th Floor, The Center, 99 Queen’s Road Central, Hong Kong for the purpose of considering and, if thought fit, passing (with or without amendments) the following resolutions of the Company:

#### ORDINARY RESOLUTION

1. “**THAT:**

- (a) the subscription agreement dated 29 March 2023 (the “**Subscription Agreement**”) entered into between the Company and Hong Fu (HF) Holdings Group Limited (the “**Subscriber**”) (a copy of the Subscription Agreement is marked “A” and initialed by the chairman of the SGM for identification purpose has been tabled at the meeting), 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 RMB20,000,000 (the “**Convertible Bonds**”) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the grant of the specific mandate to the directors of the Company (the “**Directors**”) to allot and issue 103,359,173 new shares of the Company upon the exercise of the conversion rights attaching to the Convertible Bonds be and is hereby approved, confirmed and ratified. The specific mandate is in addition to, and shall not prejudice nor revoke any general or specific mandate(s) which has/have been granted or may from time to time be granted to the Directors by the shareholders of the Company prior to the passing of this resolution; and

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## NOTICE OF SPECIAL GENERAL MEETING

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- (c) any one or more of the Directors be and is/are hereby authorised to do all such acts and things and execute all such documents which he/she/they consider necessary, appropriate, desirable or expedient for the purpose of, or in connection with the implementation of giving effect to the Subscription Agreement, the transactions contemplated thereunder and the issue of the Convertible Bonds to the Subscriber.”

### SPECIAL RESOLUTION

2. **“THAT**, subject to and conditional upon: (i) The Stock Exchange of Hong Kong Limited (the **“Stock Exchange”**) granting the listing of, and permission to deal in, the New Shares (as defined below); and (ii) compliance with the relevant procedures and requirements under the Companies Act 1981 of Bermuda and the Rules Governing the Listing of Securities on the Stock Exchange to effect the Capital Reorganisation (as defined below), with effect from the second business day after the date on which this resolution is passed by the shareholders of the Company or the above conditions are fulfilled (whichever is later):
- (a) every ten (10) existing issued and unissued ordinary shares of a par value of HK\$0.01 each (the **“Existing Share(s)”**) in the share capital of the Company be consolidated into one (1) consolidated share of a par value of HK\$0.10 each (the **“Consolidated Share(s)”**) in the share capital of the Company (the **“Share Consolidation”**);
  - (b) any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation be cancelled and the par value of all issued Consolidated Shares be reduced from HK\$0.10 each to HK\$0.01 each (**“the New Shares”**) by cancelling the paid up capital of the Company to the extent of HK\$0.09 on each of the Consolidated Shares in issue (the **“Capital Reduction”**);
  - (c) every authorised but unissued Consolidated Share in the share capital of the Company be sub-divided into ten (10) New Shares of a par value of HK\$0.01 each (the **“Share Subdivision”**);
  - (d) the credit arising from the Capital Reduction be transferred to the contributed surplus account of the Company within the meaning of the Companies Act 1981 of Bermuda (the **“Contributed Surplus Account”**) and the Directors be and are hereby authorised to use the amount then standing to the credit of the Contributed Surplus Account in any manner as may be permitted under the bye-laws of the Company and the laws of Bermuda, including but not limited to offsetting against the accumulated losses of the Company; and
  - (e) the Directors be and are hereby authorised to do all such acts and things as they may consider necessary or expedient to give effect to the Share Consolidation, the Capital Reduction, the Share Subdivision, and the transfer of the credit

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## NOTICE OF SPECIAL GENERAL MEETING

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arising from the Capital Reduction to the Contributed Surplus Account (together, the “**Capital Reorganisation**”) including but not limited to aggregate and sell all fractional New Shares to which each shareholder of the Company is otherwise entitled and retain the proceeds for the benefits of the Company.”

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

Hong Kong, 23 May 2023

*Notes:*

1. Any shareholder entitled to attend and vote at the SGM shall be entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A proxy needs not be a shareholder of the Company. A shareholder who is the holder of two or more shares of the Company (“**Shares**”) may appoint more than one proxy to attend and vote on the same occasion.
2. Where there are joint registered holders of any Share(s), any one of such joint holders may attend and vote at the SGM, either in person or by proxy in respect of such Share(s) as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the SGM or any adjournment thereof (as the case may be), the more senior shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
3. 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 notarially certified copy of that power or authority must be deposited at the branch share registrar of the Company in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 48 hours before the time fixed for holding the SGM or any adjournment thereof (as the case may be).
4. Completion and return of the form of proxy will not preclude members of the Company from attending and voting at the SGM or any adjournment thereof (as the case may be) should they so wish and in such event, the form of proxy shall be deemed to be revoked.
5. The register of members of the Company will be closed from Tuesday, 13 June 2023 to Friday, 16 June 2023, both days inclusive, during which period no transfer of shares will be registered. In order to determine the identity of the shareholders who are entitled to attend and vote at the SGM, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on Monday, 12 June 2023.
6. If a tropical cyclone warning signal No. 8 or above is hoisted or “extreme conditions” caused by super typhoons or a black rainstorm warning signal is in force any time from 8:00 a.m. to 3:00 p.m. on the date of the SGM, the SGM will be postponed and members of the Company will be informed of the date, time and venue of the postponed SGM by a supplementary announcement posted on the website of the Stock Exchange. The SGM will be held as scheduled even when tropical cyclone warning signal no. 3 or below is hoisted, or an amber or red rainstorm warning signal is in force. Members of the Company should make their own decisions as to whether they would attend the SGM under such bad weather conditions and if they choose to do so, they are advised to exercise care and caution.

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## NOTICE OF SPECIAL GENERAL MEETING

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*As at the date of this notice, 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.*