

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

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



China Baoli Technologies Holdings Limited

中國寶力科技控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 164)

ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

THE SUBSCRIPTION

The Board is pleased to announce that 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.

In the case of the Conversion Rights having been exercised in full at the initial Conversion Price of HK\$0.225, a total number of 103,359,173 Conversion Shares will be allotted and issued by the Company, representing (i) approximately 14.24% of the existing total number of issued Shares as at the date of this announcement; 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 date of this announcement and up to the date of full conversion of the Convertible Bonds).

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 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.

GENERAL

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares. No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.

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

As the 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.

THE SUBSCRIPTION

The Board is pleased to announce that 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 date of this announcement, 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 Subscription Completion shall be subject to the following conditions precedent:

- (i) the Company having obtained all necessary consents and approvals in respect of the Subscription 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;
- (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.

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 “**Interest**”), 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 “**Maturity Date**”).

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.

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

- (i) 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
- (ii) 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 approved by 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:

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

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.

(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).

(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).

(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 sub-paragraph (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.

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;

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.

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 date of this announcement; 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 date of this announcement 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**”).
- 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).

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;

- (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 the executive Director and the Company shall appoint such person as the executive Director upon the completion of the relevant procedures. The remuneration of such executive Director will be determined by the Company's remuneration committee.

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.

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.

THE SPECIFIC MANDATE

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.

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 date of this announcement:

Date of announcement	Event	Net proceeds raised	Proposed use of proceeds	Actual use of proceeds as at the date of this announcement
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.)

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

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 date of this announcement; and (ii) immediately after full conversion of the Convertible Bonds at the initial Conversion Price (assuming there is no other change in the total number of issued Shares from the date of this announcement and up to the date of full conversion of the Convertible Bonds):

Shareholders	(i) As at the date of this announcement		(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 date of this announcement and up to the date of full conversion of the Convertible Bonds)	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Directors				
Zhang Yi (Note 1)	21,542,750	2.9678%	21,542,750	2.5979%
Chu Wei Ning (Notes 2, 3)	3,000,000	0.4133%	3,000,000	0.3618%
Lam Sze Man (Notes 2, 4)	50,000	0.0069%	50,000	0.0060%
Chan Kee Huen, Michael (Note 2)	2,500	0.0003%	2,500	0.0003%
The Subscriber	–	–	103,359,173	12.4643%
Public Shareholders	701,285,770	96.6117%	701,285,770	84.5697%
Total	<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.
- Ms. Chu Wei Ning and Ms. Lam Sze Man are executive Directors, and Mr. Chan Kee Huen, Michael is an independent non-executive Director.
- 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.
- 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 date of this announcement, the Subscriber is ultimately owned by Mr. Wang Bin as to 85.1%, who has over 10 years' experiences in the commercial concrete industry including the productions, manufacturing and sales of commercial concretes and its admixtures and associated chemicals in the PRC and Southeast Asia. Mr. Wang is also involved in the PRC real estate development and construction materials business.

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 Subscribers 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; 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.

GENERAL

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares. No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.

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

As the 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.

DEFINITIONS

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

“associates”	has the meaning ascribed to it under the Listing Rule
“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 or the Extreme Conditions is announced in Hong Kong between 9:00 a.m. to 5:00 p.m.) on which banks are generally open for business in Hong Kong

“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
“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 (stock code: 164)
“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
“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” above, but in any event, the Conversion Price shall not be lower than the par value of each Share
“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)
“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
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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
“PRC”	The People’s Republic of China
“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 and the Specific Mandate
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s) from time to time
“Specific Mandate”	the specific mandate to be granted by the Shareholders to the Board at the SGM for the allotment and issue of the Conversion Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscriber”	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
“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.

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

Hong Kong, 29 March 2023

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