
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a 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** (the “Company”), you should at once hand this circular, together with the accompanying form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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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)

PROPOSED CAPITAL REORGANISATION AND NOTICE OF SPECIAL GENERAL MEETING

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

A notice convening the special general meeting of the Company (the “SGM”) to be held on Monday, 30 August 2021 at 2:00 p.m. at Room 1703–1704, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong is set out on pages SGM-1 to SGM-3 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 Level 54, Hopewell Centre, 183 Queen’s Road East, 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 7 to 16 of this circular.

PRECAUTIONARY MEASURES FOR THE SGM

To safeguard the health and safety of the Shareholders and to prevent the spreading of the novel coronavirus (“COVID-19”) pandemic, the following precautionary measures will be implemented by the Company at the SGM:

- (1) use hand sanitizer gel before entry and compulsory temperature checks;
- (2) mandatory wearing of surgical face masks;
- (3) maintain appropriate social distancing and the number of attendees at the meeting will be limited according to the latest regulations announced by the government;
- (4) no provision of corporate gift distributed and refreshments or drinks will be served; and
- (5) any person who does not comply with the precautionary measures to be taken at the SGM may be denied entry into the meeting venue.

For the health and safety of the Shareholders, the Company encourages the Shareholders to appoint the chairman of the SGM as their proxy to vote on the relevant resolution as an alternative to attending the SGM in person. Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement(s) on such measures as appropriate.

5 August 2021

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EXPECTED TIMETABLE

The expected timetable for the implementation of the Capital Reorganisation is set out below:

Event	Time and Date
	2021
Latest time for lodging transfer documents of the Shares to qualify for attendance and voting at the SGM	4:30 p.m. on Tuesday, 24 August
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)	Wednesday, 25 August to Monday, 30 August
Latest time for lodging proxy forms for the SGM	2:00 p.m. on Saturday, 28 August
Expected date and time of the SGM to approve the Capital Reorganisation.	2:00 p.m. on Monday, 30 August
Announcement of the poll results of the SGM	Monday, 30 August
Register of members re-opens	Tuesday, 31 August
Effective date for the Capital Reorganisation.	Wednesday, 1 September
First day for free exchange of existing share certificates for new share certificates for the New Shares	Wednesday, 1 September
Dealing in New Shares commences	9:00 a.m. on Wednesday, 1 September
Original counter for trading in the Shares in existing share certificates in board lots of 5,000 Shares temporarily closes	9:00 a.m. on Wednesday, 1 September
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 Wednesday, 1 September
Original counter for trading in 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, 15 September

EXPECTED TIMETABLE

Event	Time and Date
	2021
Parallel trading in New Shares (in the form of new share certificates and existing share certificates) commences	9:00 a.m. on Wednesday, 15 September
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, 15 September
Temporary counter for trading in New Shares in board lots of 500 New Shares (in the form of existing share certificates) closes	4:10 p.m. on Thursday, 7 October
Parallel trading in New Shares (in the form of new share certificates and existing share certificates) ends	4:10 p.m. on Thursday, 7 October
Last day for free exchange of existing share certificates for new share certificates for the New Shares	Monday, 11 October
Designated broker ceases to provide matching services for odd lots of the New Shares	4:00 p.m. on Friday, 29 October

All times and dates stated above refer to Hong Kong local times and dates. The expected timetable for the Capital Reorganisation set out above and all dates and deadlines specified in this circular are indicative only and may be varied. Any changes to the expected timetable will be announced in a separate announcement by the Company as and when appropriate.

DEFINITIONS

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

“acting in concert”	having the meaning as set out in the Takeovers Code
“Announcement”	the announcement of the Company dated 14 July 2021 in relation to, among other things, the proposed Capital Reorganisation and Rights Issue
“associate(s)”	shall have the meaning attributed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, Sunday or public holiday 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 licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Bye-laws”	the bye-laws of the Company
“Capital Reduction”	the proposed reduction in the issued share capital of the Company through cancellation of the paid up capital of the Company to the extent of HK\$0.99 on each of the issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK\$1.00 to HK\$0.01 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
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“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 issued Shares of which are listed on the Stock Exchange (Stock Code: 164)
“connected person(s)”	shall have the meaning ascribed to it in the Listing Rules

DEFINITIONS

“Consolidated Share(s)”	ordinary share(s) of par value of HK\$1.00 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
“Director(s)”	the director(s) of the Company for the time being
“Excluded Shareholder(s)”	those overseas Shareholders whose address is/are in such place(s) outside Hong Kong where the Directors, consider it being necessary or expedient on account of either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, to whom the Directors decide not to offer the Rights Shares
“Existing Share(s)”	ordinary share(s) of par value of HK\$0.10 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
“Group”	collectively, the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	14 July 2021, being the last trading day of the Existing Shares on the Stock Exchange prior to the release of the Announcement
“Latest Practicable Date”	2 August 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the main board of the Stock Exchange as amended from time to time

DEFINITIONS

“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
“Prospectus Documents”	the prospectus to be despatched to the Shareholders, the provisional allotment letter(s) and the excess application form(s) in connection with the Rights Issue
“Qualifying Shareholders”	the Shareholders whose names appear on the register of members of the Company at the close of business on the Record Date, other than the Excluded Shareholders
“Record Date”	10 September 2021 or such other date as may be agreed between the Company and the Underwriters in writing, being the date for the determination of the entitlements under the Rights Issue
“Registrar”	Tricor Secretaries Limited, being the branch share registrar and transfer office of the Company in Hong Kong at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Rights Issue”	the proposed issue of the Rights Shares for subscription by the Qualifying Shareholders on the basis of one (1) Rights Share for every two (2) New Shares held at the close of business on the Record Date at the Subscription Price payable in full on application and otherwise on the terms and subject to the conditions precedent set out in the Underwriting Agreement and the Prospectus Documents
“Rights Share(s)”	up to 186,078,061 New Share(s) for subscription by the Qualifying Shareholders by way of the Rights Issue
“SFC”	the Securities and Futures Commission of Hong Kong
“SGM”	the special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation
“Share Consolidation”	the proposed consolidation of every ten (10) Existing Shares into one (1) Consolidated Share
“Share Subdivision”	the proposed subdivision of every unissued Consolidated Share of HK\$1.00 each in the authorised share capital of the Company (including those unissued Consolidated Shares arising from the Capital Reduction) into one hundred (100) New Shares of HK\$0.01 each
“Shareholder(s)”	holder(s) of the Share(s) from time to time

DEFINITIONS

“Share(s)”	the Existing Share(s), the Consolidated Share(s) and/or the New Share(s), whichever shall be appropriate
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.40 per Rights Share
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC
“Underwriters”	the underwriters for the Rights Issue, being Kingkey Securities Group Limited and Koala Securities Limited
“Underwriting Agreement”	the underwriting agreement dated 14 July 2021 entered into between the Company and the Underwriters and as revised, supplemented and/or amended from time to time in accordance with its terms
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

* *For identification purpose only*



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:

Room 3706–08, 37/F

Dah Sing Financial Centre

248 Queen's Road East, Wanchai

Hong Kong

5 August 2021

To the Shareholders

Dear Sir/Madam,

**PROPOSED CAPITAL REORGANISATION
AND
NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Referring to the Announcement, the Company proposed to implement the Capital Reorganisation and the Rights Issue on the basis of one (1) Rights Share for every two (2) New Shares held on the Record Date. As disclosed in the Announcement, the Rights Issue is not conditional upon approval by the Shareholders.

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

LETTER FROM THE BOARD

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\$0.10 each in the authorised share capital of the Company into one (1) Consolidated Share of par value of HK\$1.00 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) through a cancellation of the paid up capital of the Company to the extent of HK\$0.99 on each of the issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK\$1.00 to HK\$0.01;
- (iii) the subdivision of every unissued Consolidated Share of HK\$1.00 each in the authorised share capital of the Company (including the unissued Consolidated Shares resulting from the Capital Reduction) into one hundred (100) 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 6,500,000,000 Existing Shares of par value of HK\$0.10 each, of which 3,721,561,225 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\$3,721,561.22 divided into 372,156,122 New Shares in issue which are fully paid or credited as fully paid.

The credit of HK\$368,434,561.28 arising from the Capital Reduction will be transferred to the Contributed Surplus Account and the Board will be authorised to utilise 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.

LETTER FROM THE BOARD

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\$0.10 per Existing Share	HK\$1.00 per Consolidated Share	HK\$0.01 per New Share
Authorised:			
Authorised share capital	HK\$650,000,000	HK\$650,000,000	HK\$650,000,000
Number of authorised shares	6,500,000,000 Existing Shares	650,000,000 Consolidated Shares	65,000,000,000 New Shares
Issued:			
Number of issued shares	3,721,561,225 Existing Shares	372,156,122 Consolidated Shares	372,156,122 New Shares
Issued share capital	HK\$372,156,122.50	HK\$372,156,122.00	HK\$3,721,561.22
Unissued:			
Number of unissued shares	2,778,438,775 Existing Shares	277,843,878 Consolidated Shares	64,627,843,878 New Shares

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 Shares 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.

LETTER FROM THE BOARD

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 Wednesday, 1 September 2021, being the second business day after the date of passing of the relevant resolution approving the Capital Reorganisation at the SGM. As at the Latest Practicable Date, none of the conditions mentioned above has been fulfilled.

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.

LETTER FROM THE BOARD

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.

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 Last Trading Day, the closing price of the Existing Shares was HK\$0.057, with a board lot size of 5,000, and the existing board lot value was only HK\$285, which was less than HK\$2,000. Upon the Share Consolidation becoming effective, based on the closing price of HK\$0.057 per Existing Share as at the Last Trading Day, the share price of the Company would be adjusted to HK\$0.57 per Share. With a board lot size of 5,000, the theoretical market value of each board lot would be HK\$2,850. The Share Consolidation will thus enable the Company to comply with the trading requirements under the Listing Rules. In view of the prevailing trading price of the Existing Shares of HK\$0.057 as at the Last Trading Day, and after weighting the potential benefits of the Share Consolidation on 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.

As at the Latest Practicable Date, save for the proposed Rights Issue, the Company currently have no intention to carry out any corporate actions in the next twelve months, including share consolidation, share subdivision and change in board lot size, which would offset the effect of the Share Consolidation.

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 so as to 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 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 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. As at 31 March 2021, the amount of the Contributed Surplus Account and the accumulated losses of the Company is HK\$684,966,000 and HK\$3,915,531,000 respectively.

LETTER FROM THE BOARD

As disclosed in the announcement of the Company dated 1 April 2021 in relation to the fulfillment of resumption conditions and resumption of trading in the Shares (the “**Resumption Announcement**”), the Company had the plan to conduct rights issue and loan capitalisation for, among other things, improvement of the financial position of the Group.

On 14 July 2021, the Company announced the Rights Issue for the gross proceeds and the net proceeds of up to approximately HK\$74.43 million and HK\$70 million respectively.

The maximum net proceeds of the Rights Issue do not meet the proposed amount of the rights issue as disclosed in the Resumption Announcement. Depending on the market and economic situation, the Company still considers other fund raising exercises, including but not limited to debt financing and equity financing. The Company has from time to time keep negotiating with various financial institutions on the possibility of conducting other fund raising exercises. As at the Latest Practicable Date, save for the disclosed, no formal agreement is entered into in relation to this matter.

The Company also proposed to conduct loan capitalisation with its creditors. Since the resumption of trading in the Shares, the Company has been in discussion with its creditors on the possibility of loan capitalisation by issue of new Shares to its creditors. As at the Latest Practicable Date, negotiation is still in progress and no formal agreement is entered into between the Company and its creditors.

The Company has taken into account the possible dilution effect of the abovementioned fund raising exercises and the loan capitalisation when determining the basis of the current proposed Share Consolidation in order to avoid the need for the Company to carry out repeated corporate actions.

It is expected that the terms of the other fund raising exercises and/or the loan capitalisation will be determined based on the then prevailing market conditions and arm's length negotiation with the parties involved. The loan capitalisation may be conducted gradually with each of the creditors and may be completed in a certain period of time. The Company will also consider the terms and structure of the abovementioned fund raising exercises and the loan capitalisation, including but not limited to the issue price of the Shares and number of Shares to be issued, so as to ascertain the dilution effect and the benefits to the Company. As such, the Directors consider that the basis of the Share Consolidation is reasonable and sufficient.

Save for the abovementioned fund raising exercises and the loan capitalisation, as at the Latest Practicable Date, the Company has no concrete plan or intention for any fund raising exercise in the coming 12 months. However, the Company cannot rule out the possibility of conducting debt and/or equity fund raising exercises when required by business development and expansion in the future, relief of liabilities and/or suitable fund raising opportunities arise. The Company will make further announcement as and when appropriate in accordance with the Listing Rules.

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

LETTER FROM THE BOARD

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 ARRANGEMENT

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 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 Wednesday, 1 September 2021 and until Monday, 11 October 2021 (both days inclusive), submit their share certificates for the Existing Shares to the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, 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 Thursday, 7 October 2021, existing share certificates for the Existing Shares will only remain effective as documents of title and may be exchanged for new share certificates for New Shares at any time but will not be accepted for delivery, trading and settlement purposes.

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

LETTER FROM THE BOARD

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 (852) 2913 6716 from 9:00 a.m. on Wednesday, 15 September 2021 to 4:00 p.m. on Friday, 29 October 2021 (both days inclusive).

Adjustments in relation to the other securities of the Company

As at the Latest Practicable Date, the Company does not have any 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.

PROPOSED RIGHTS ISSUE

As disclosed in the Announcement, the Company proposes to raise up to approximately HK\$74.43 million before expenses by way of the Rights Issue, by issuing up to 186,078,061 Rights Shares (assuming no Shares are issued and no repurchase of Shares on or before the Record Date) at the Subscription Price of HK\$0.40 per Rights Share on the basis of one (1) Rights Share for every two (2) New Shares held on the Record Date. The Rights Issue is conditional on, among other things, the Capital Reorganisation becoming effective.

The net proceeds from the Rights Issue after deducting the expenses, which will be borne by the Company, are estimated to be not more than approximately HK\$70 million. Assuming the net proceeds from the Rights Issue will amount to approximately HK\$70 million, the Company intends to apply such net proceeds as to approximately (i) 20% (approximately HK\$14 million) of net proceeds for the reimbursement for trade and other payables accounts, in particular with regard to long-term outstanding payables; (ii) 10% (approximately HK\$7 million) of net proceeds for payment for the annual license fee for train media platform; (iii) 50% (approximately HK\$35 million) of net proceeds for repayment for bank and other borrowings, in particular to settle the borrowings with close maturity date and relatively high finance costs; and (iv) the remaining 20% (approximately HK\$14 million) of net proceeds for the Group's general working capital (including but not limited to (a) the operating cashflow for business collaboration with Chun Mian Network Technology (Shanghai) Co., Ltd.* (純免網絡科技(上海)有限公司) (as disclosed in the announcement of the Company dated 8 June 2021) to expand its scale of convergence media business; and (b) payment for daily operating expenses such as rental, salaries, legal and professional expenses). In the event that there is an under-subscription of the Rights Issue, the net proceeds of the Rights Issue will be utilised in proportion to the above uses. For details of the Rights Issue, please refer to the Announcement.

LETTER FROM THE BOARD

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 Room 1703–1704, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong on Monday, 30 August 2021 at 2:00 p.m. for the purpose of considering and, if thought fit, approving 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 special resolution 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.

As at the Latest Practicable Date, to the best of Directors’ knowledge, information and belief having made all reasonable enquiries, no Shareholder has any material interest in the Capital Reorganisation and therefore, no Shareholder is required to abstain from voting on the special resolution to approve the Capital Reorganisation at the SGM.

A notice convening the SGM is set out on pages SGM-1 to SGM-3 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 Level 54, Hopewell Centre, 183 Queen’s Road East, 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 Wednesday, 25 August 2021 to Monday, 30 August 2021, 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 Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not later than 4:30 p.m. on Tuesday, 24 August 2021.

LETTER FROM THE BOARD

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.

RECOMMENDATION

The Directors consider that the proposed Capital Reorganisation is in the interests of the Company and the Shareholders as a whole and, accordingly, the Directors recommend the Shareholders to vote in favour of the special resolution as set out in the notice of the SGM on pages SGM-1 to SGM-3 of this circular.

Yours faithfully,
By order of the Board
China Baoli Technologies Holdings Limited
Zhang Yi
Chairman

NOTICE OF SPECIAL GENERAL MEETING



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 at 2:00 p.m. on Monday, 30 August 2021 at Room 1703–1704, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong for the purpose of considering and, if thought fit, passing (with or without amendments) the following special resolution:

SPECIAL RESOLUTION

“**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 Listing Rules 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\$0.10 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\$1.00 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\$1.00 each to HK\$0.01 each (the “**New Shares**”) by cancelling the paid up capital of the Company to the extent of HK\$0.99 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 one hundred (100) New Shares of a par value of HK\$0.01 each (the “**Share Subdivision**”);

NOTICE OF SPECIAL GENERAL MEETING

- (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 (“**Contributed Surplus Account**”) and the directors of the Company (“**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 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
Zhang Yi
Chairman

Hong Kong, 5 August 2021

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 Level 54, Hopewell Centre, 183 Queen’s Road East, 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.

NOTICE OF SPECIAL GENERAL MEETING

5. The register of members of the Company will be closed from Wednesday, 25 August 2021 to Monday, 30 August 2021, 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Tuesday, 24 August 2021.
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 2:00 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.

7. **PRECAUTIONARY MEASURES FOR THE SGM**

To safeguard the health and safety of the Shareholders and to prevent the spreading of the novel coronavirus ("COVID-19") pandemic, the following precautionary measures will be implemented by the Company at the SGM:

- (i) use hand sanitizer gel before entry and compulsory temperature checks;
- (ii) mandatory wearing of surgical face masks;
- (iii) maintain appropriate social distancing and the number of attendees at the meeting will be limited according to the latest regulations announced by the government;
- (iv) no provision of corporate gift distributed and refreshments or drinks will be served; and
- (v) any person who does not comply with the precautionary measures to be taken at the SGM may be denied entry into the meeting venue.

For the health and safety of the Shareholders, the Company encourages the Shareholders to appoint the chairman of the SGM as their proxy to vote on the relevant resolution as an alternative to attending the SGM in person. Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement(s) on such measures as appropriate.

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