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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)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF 80% ISSUED SHARE CAPITAL OF SHENZHEN ZIJUN MEDIA COMPANY LIMITED**

#### **THE TRANSACTION**

On 13 July 2020, the Company and the Vendors entered into the Agreement, respectively, pursuant to which the Vendors conditionally agreed to sell and the Company conditionally agreed to purchase an aggregate of 80% of the entire issued share capital of the Target Company, for an aggregate Consideration of RMB1,825,800 (equivalent to approximately HK\$2,008,380), which shall be satisfied in cash to the Vendors or its nominee in accordance with the terms and conditions of the Agreement.

Further information in respect of the Agreement are set out in this announcement.

#### **LISTING RULES IMPLICATION**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) for the Transaction exceeds 5% and all of such ratios are below 25%, the Transaction constitutes a disclosable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

**Shareholders and potential investors should note that the Transaction is subject to satisfaction (or if applicable, waiver) of the Conditions Precedent and it may or may not be completed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the shares of the Company.**

## **CONTINUED SUSPENSION OF TRADING**

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 2 July 2019 and will remain suspended until further notice pending the fulfilment of the resumption conditions.

## **INTRODUCTION**

On 13 July 2020, the Company and the Vendors entered into the Agreement, respectively, pursuant to which the Vendors conditionally agreed to sell and the Company conditionally agreed to purchase an aggregate of 80% of the entire issued share capital of the Target Company, for an aggregate Consideration of RMB1,825,800 (equivalent to approximately HK\$2,008,380), which shall be satisfied in cash to the Vendors or its nominee in accordance with the terms and conditions of the Agreement.

## **THE AGREEMENT**

The principal terms of the Agreement are set out below:

### **Date**

13 July 2020

### **Parties**

- (i) Shanghai YunYao Culture & Media Limited\* 上海雲遙文化傳媒有限公司 (a wholly-owned subsidiary of the Company) (the Purchaser);
- (ii) Mr. Xu Shang Wu\* 徐尚武 (the Vendor 1); and
- (iii) Ms. Ou Xian Lan\* 歐憲蘭 (the Vendor 2).

(Vendor 1 and Vendor 2 together, the “**Vendors**”)

To the best of the Directors’ knowledge, information and belief having made all reasonable enquires, the Vendors are third parties independent of the Company and connected persons of the Company as at the date of the Agreements.

### **Assets to be acquired**

Pursuant to the Agreements, the Vendors conditionally agreed to sell and the Company conditionally agreed to purchase an aggregate of 80% of the entire issued share capital of the Target Company as at the date of the Agreements.

## **Consideration**

The Consideration payable by the Company shall be RMB1,825,800 (equivalent to approximately HK\$2,008,380), which shall be satisfied in cash to the Vendors or its nominee on the Completion Date by wire or telegraphic transfer to the Vendors' designated RMB bank account.

The Consideration shall be financed by the Group's internal resources.

## **Basis of the Consideration**

The Consideration was determined on an arm's length basis under normal commercial terms pursuant to the negotiations between the Company and the Vendors after taking into account, among others, the Valuation conducted by ShenZhen ZhongWei Asset & Property Development Valuation Limited Company\* (深圳中為資產評估房地產土地估價事務所 (有限合夥)), an independent valuer, on the entire issued share capital of the Target Company using asset-based approach, which amounts to approximately RMB2,200,000 (equivalent to approximately HK\$2,400,000), the financial conditions and prospects of the Target Company. The Directors are of the view that the Consideration is fair and reasonable.

## **Conditions Precedent**

Completion is subject to the satisfaction or, if applicable, waiver of the following Conditions Precedent:

- a) (if applicable) all necessary consents, approval, authorisation, permit, waiver, order, concession and notices from the Shareholders or any relevant governmental or regulatory authorities or any other third parties for the entering into or the implementation or completion of the Transaction having been obtained and not having been revoked or withdrawn before Completion;
- b) the warranties given by the Vendors to the Company in the Agreements remaining true and accurate and not misleading in all material respects and the Vendors having complied with its obligations under the Agreements on or before Completion;
- c) no governmental order, laws, regulations, measures or action prohibiting, restricting or delaying the Transaction; and
- d) (if applicable) all necessary consents, approval, authorisation, permit, waiver, order, concession and notices from the Vendors and the Target Company or any relevant governmental or regulatory authorities or any other third parties for the entering into or the implementation or completion of the Transaction having been obtained and not having been revoked or withdrawn before Completion.

The Conditions Precedent set out in paragraphs (b) and (c) cannot be waived. The Company may waive in whole or in part and conditionally or unconditionally any of the Conditions Precedent set out in paragraph (d). The Vendors may waive in whole or in part and conditionally or unconditionally any of the Conditions Precedent set out in paragraph (a).

If the Conditions Precedent set out in paragraphs (b) and (c) are not satisfied, or, if applicable, waived on or before 31 August 2020, the parties of the Agreements may terminate the Agreements by notice to the other party. In the event that the Agreement is terminated, the parties shall be released from the obligations under the Agreement, provided that the surviving provisions as stipulated under the Agreement shall continue in force and the termination of the Agreement shall be without prejudice to the liabilities of the parties accrued prior to such termination.

### **Completion**

Subject to the fulfilment or waiver (as the case may be) of all the Conditions Precedent, Completion shall take place on the third business day after satisfaction of the relevant Conditions Precedent (or such other date as the parties to the Agreement may agree).

Upon Completion, the Group will hold 80% of the entire issued share capital of the Target Company. The Target Company will become a subsidiary of the Company and its financial results will be consolidated into the financial results of the Company.

### **INFORMATION ON THE GROUP**

The Group is principally engaged in mobile and multi-media technologies and advertising platform business, gamma ray irradiation services and others.

### **INFORMATION ON THE VENDORS**

The Vendor 1, an Independent Third Party, is a PRC resident and a businessman who participates in various trade and services related projects.

The Vendor 2, an Independent Third Party, is a PRC resident with more than 10 years accounting experiences.

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

The Target Company is a company incorporated in the PRC with limited liability and the issued share capital of which is held by the Vendor 1 as to 95% and the Vendor 2 as to 5%. The Target Company is principally engaged in the agency business of the operations of train media and outdoor advertisement.

The Target Company is currently the Company's agent organising and coordinating the Company's train media business on Guangzhou-Shenzhen China Railway High-speed Harmony Series trains (廣深線和諧號) (the "GSCR Hexiehao Trains"). The Target Company helps its clients to coordinate and to produce high-quality and tailor-made advertisements which can be accessed by millions of travellers in one of the most developed train networks in the world, thereby providing a strategic and effective channel for Hong Kong and international brands to increase their brand awareness and promote their business in the region.

### Financial information of the Target Company

Based on the unaudited financial information of the Target Company, as at 31 May 2020, the total assets and net assets of the Target Company amounted to RMB8,510,676 and RMB2,171,205 respectively (equivalent to approximately HK9,361,744 and HK\$2,388,326 respectively).

Set out below are certain audited financial information of the Target Company for the two years ended 31 December 2018 and 31 December 2019 prepared in accordance with PRC Financial Reporting Standards:

	<b>For the year ended 31 December 2018 RMB (audited)</b>	<b>For the year ended 31 December 2019 RMB (audited)</b>
Net profit/(loss) before taxation and extraordinary items	(202,824)	122,296
Net profit/(loss) after taxation and extraordinary items	(202,824)	120,054

### REASONS FOR THE TRANSACTION

The Group is principally engaged in mobile and multi-media technologies and advertising platform business, gamma ray irradiation services and others. As underpinned in the unaudited annual results announcement of the Company for the year ended 31 March 2020 dated 30 June 2020 and the announcement of the Company on the quarterly update on the development of resumption progress of the Group dated 29 June 2020, the Group is continuing to use its extensive expertise and in-depth knowledge in mobile technologies to expand the product range by applying the proprietary knowhow to the advertising and multi-media platforms of the Group, one particular application of such knowhow and expertise is the train media network in mainland China.

The Company, through Hong Kong Made (Media) Limited and Ample Success Limited, two wholly-owned subsidiaries of the Company, possesses the rights to operate multi-media business on the GSCR Hexiehao Trains.

As at the date of this announcement, the Group had signed advertising contracts with companies engaged in a variety of businesses, including but not limited to consumer products, mobile communications and automobile manufacturing, which have employed the Group's services in placing multi-media contents on display media and O2O advertising on GSCR Hexiehao Trains.

The Target Company has extensive experience in coordinating the operation of train media business in mainland China and is currently the Company's agent organising and coordinating in the operation of the Company's train media business. Through the acquisition, it will allow the Company to have better control of the agent. It will also create a synergetic effect and facilitate the operation of the Group's train media business.

The Group has put a lot of efforts and resources in building the multi-media advertising platform to today's scale, and believes that the performance of the multi-media technologies and advertising business will improve and will continue to be one of the key revenue drivers of the Group.

The Board considers that the Transaction is conducted on normal commercial terms, is fair and reasonable so far as the Company and the Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole. The Transaction will further strengthen the Group's businesses related to media sharing and advertising platforms, and it can create effective synergies with the Group's resources and capabilities and strengthening its asset-light, less capital-intensive technology-focused mobile and multi-media technologies platform business.

#### **LISTING RULES IMPLICATION**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) for the Transaction exceeds 5% and all of such ratios are below 25%, the Transaction constitutes a disclosable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

**Shareholders and potential investors should note that the Transaction is subject to satisfaction (or if applicable, waiver) of the Conditions Precedent and it may or may not be completed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.**

## DEFINITIONS

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

“Agreement(s)”	the share transfer agreements and supplemental agreements dated 13 July 2020 entered into between the Company and the Vendors, respectively, in relation to the Transaction
“Ample Success Limited”	Ample Success Limited, a company incorporated under the laws of Hong Kong with limited liability
“Board”	the board of Directors
“Company”	China Baoli Technologies Holdings Limited, a company incorporated under the laws of Bermuda with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 164)
“Completion”	completion of the sale and purchase of the 80% of the entire issued share capital of the Target Company pursuant to the Agreements
“Completion Date”	the date on which Completion takes place
“Conditions Precedent”	the conditions precedent to Completion as set out in this announcement
“Connected Person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration of RMB1,825,800 (equivalent to approximately HK\$2,008,380) to be paid by the Company to the Vendors for 80% of the entire issued share capital of the Target Company pursuant to the Agreements
“Director(s)”	directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Hong Kong Made (Media) Limited”	Hong Kong Made (Media) Limited, a company incorporated under the laws of Hong Kong with limited liability
“Independent Third Party(ies)”	third party(ies) and its/their ultimate beneficial owner(s) which are independent of the Company and its connected persons (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long-Stop Date”	31 August 2020, or such other date as may be agreed between the Company and the Vendors in writing
“PRC”	Peoples’ Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	ShenZhen ZiJun Media Company Limited* (深圳鈺駿傳媒有限公司), a company incorporated under the laws of the PRC with limited liability
“Transaction”	the acquisition of an aggregate of 80% of the entire issued share capital of the Target Company by the Company from the Vendors and the transactions contemplated pursuant to and under the Agreements
“Valuation”	the valuation of the entire issued share capital of the Target Company as at 31 May 2020 under the asset-based approach prepared by the Valuer
“Valuation Report”	the valuation report of the Target Company dated 19 June 2020 on the valuation of the entire issued share capital of the Target Company as at 31 May 2020 under the asset-based approach prepared by the Valuer
“Valuer”	ShenZhen ZhongWei Asset & Property Development Valuation Limited Company* (深圳中為資產評估房地產土地估價事務所 (有限合夥)), an independent professional valuer



“Vendor 1”	Mr. Xu Shang Wu* 徐尚武, an Independent Third Party, who holds 95% issued share capital in the Target Company
“Vendor 2”	Ms. Ou Xian Lan* 歐憲蘭, an Independent Third Party, who holds 5% issued share capital in the Target Company
“%”	per cent.

## CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 2 July 2019 and will remain suspended until further notice pending the fulfilment of the resumption conditions.

By order of the Board  
**China Baoli Technologies Holdings Limited**  
**Zhang Yi**  
*Chairman*

Hong Kong, 13 July 2020

*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.*

\* *The English translation of Chinese names or words are for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*