

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.



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 DISPOSAL OF A SUBSIDIARY

THE DISPOSAL

On 22 November 2021 (after trading hours), the Company and the Purchaser entered into the Agreement, pursuant to which the Company agreed to sell, and the Purchaser agreed to purchase, the Sale Share at a consideration of HK\$300,000.

Upon Completion, the Target Company will cease to be a subsidiary of the Company and its results will no longer be consolidated in the results of the Group.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal is more than 5% and less than 25%, the entering into of the Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

THE DISPOSAL

On 22 November 2021 (after trading hours), the Company and the Purchaser entered into the Agreement, pursuant to which the Company agreed to sell, and the Purchaser agreed to purchase, the Sale Share at a consideration of HK\$300,000.

Subject Matter

The Sale Share represents 100% of the issued share capital of the Target Company.

The Consideration

The consideration for the Disposal in the amount of HK\$300,000 will be payable by the Purchaser to the Company by the electronic transfer of immediately available funds on or before the date of the Agreement to the bank account(s) designated by the Company in writing to the Purchaser from time to time (or in such other manner as the parties may agree in writing).

The consideration for the Disposal was determined after arm's length negotiations between the Company and the Purchaser with reference to, (i) the unaudited consolidated net liabilities of the Target Company as at 30 September 2021; and (ii) the reasons set out in the section headed "Reasons for and Benefits of the Disposal" in this announcement.

Completion

Completion will take place immediately following the execution of the Agreement. Upon Completion, the Target Company will cease to be a subsidiary of the Company and its results will no longer be consolidated in the results of the Group.

Right to Use the Know-how

The Company shall have the right to request to use the know-how owned by the Target Company and/or its subsidiaries and relating to or used, required to be used or held for use in connection with the business of the Target Company and/or its subsidiaries and/or the technology relating to the gamma ray business in mining (if any) after Completion subject to the Purchaser's agreement.

INFORMATION ON THE GROUP

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

INFORMATION ON THE PURCHASER

The Purchaser, a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding, and is wholly-owned by Mr. Chan How Chung, Victor.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are independent of the Company and its connected persons.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in the British Virgin Islands and is principally engaged in, through its subsidiaries, the provision of traditional irradiation sterilisation processing service using gamma ray.

The table below sets forth the unaudited net loss before and after taxation of the Target Company for the two financial years ended 31 March 2020 and 2021 based on the audited financial information of the Company prepared in accordance with Hong Kong Financial Reporting Standards:

	For the financial year ended 31 March 2021 <i>(approximately)</i> HK\$	For the financial year ended 31 March 2020 <i>(approximately)</i> HK\$
Net (loss) before taxation	(6,691,000)	(4,124,000)
Net (loss) after taxation	(6,691,000)	(4,124,000)

The unaudited consolidated net liabilities of the Target Company as at 30 September 2021 was approximately HK\$112,553,000.

FINANCIAL EFFECTS OF THE DISPOSAL

Subject to final audit, it is expected that the Group will record a gain on the Disposal of approximately HK\$112,853,000, which is calculated by adding the amount of the consideration for the Disposal and the absolute value of the unaudited consolidated net liabilities of the Target Company of approximately HK\$112,553,000 based on the unaudited financial information of the Target Company as at 30 September 2021; and less the related transaction costs, taxes and expenses of the Disposal.

The Company intends to apply the net proceeds from the Disposal in the amount of HK\$300,000 for the purpose of restructuring of the Company's gamma ray business.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Since 2010, the Group has engaged in the gamma ray business with focus on the cold pasteurisation of food and sterilisation of medical products utilising advanced gamma ray technologies in Shandong Province, the PRC. As disclosed in the Company's 2021 annual report, the revenue of the Group's gamma ray business in the financial year 2021 was approximately HK\$4,149,000 had decreased by approximately 11% compared to the financial year 2020 and the segment loss was approximately HK\$2,160,000, compared to a loss of approximately HK\$1,257,000 in the financial year 2020. Due to the sudden increase in the demand for the sterilisation of medical products under the pandemic situation and there were a lot of practitioners entering into the market which caused keen competition in the pricing, the Directors have to consider the deployment of internal resource and explore other business opportunities in the application of gamma ray technologies.

As announced by the Company on 23 September 2021, the Company entered into a subscription and shareholders agreement with Hong Kong HuaYing Mining Technology Limited 香港華盈礦山技術有限公司 (“**HuaYing Mining**”) and Top Skill Global Limited (“**Top Skill**”) and the parties would collaborate to integrate the Company's gamma ray technologies and know-how into HuaYing Mining's dry grinding and dry separation (乾磨乾選) technologies. Through this collaboration, the enhanced technology will be the cornerstone for a major breakthrough for iron ore mine planning and design. In particular, it provides real-time assessment in the exploration, beneficiation, grinding and production of metallic iron ore which will greatly improve the total iron content in concentrates and pellets while also meeting the geological, economical and environmental parameters.

The Target Company is principally engaged in the provision of traditional irradiation sterilisation processing service. The Disposal is part of the Group's restructuring to rationalise the resources and apply the gamma ray technology in other more profitable and larger scale business. The Disposal will improve the financial position of the Group. With the improved financial position, the Company will be able to attract potential investors and it would also facilitate any future equity fund raising. The Group will continue to develop its gamma ray business and broaden the application of the gamma ray technologies.

In view of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement were entered into on normal commercial terms, and are fair and reasonable and in the interests of the shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal is more than 5% and less than 25%, the entering into of the Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Agreement”	the agreement dated 22 November 2021 entered into between the Company and the Purchaser for the Disposal
“Board”	board of Directors
“Company”	China Baoli Technologies Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Disposal pursuant to the Agreement
“connected person”	has the meanings ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Share by the Company to the Purchaser
“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 PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Purchaser”	Dragon Smart Limited, a company incorporated in the British Virgin Islands with limited liability
“Sale Share”	1 ordinary share of the Target Company, representing the entire issued share capital of the Target Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company”

Fine Merit Limited, a company incorporated in the British Virgin Islands with limited liability, is a subsidiary of the Company before the Completion

“%”

per cent.

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

Hong Kong, 22 November 2021

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.