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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

PLACING AGENT

CHELSEA SECURITIES LIMITED

On 20 March 2017 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company conditionally agreed to place through the Placing Agent, on a best efforts basis, up to 555,600,000 Shares, to not less than six Placees who and whose beneficial owners will be Independent Third Parties at the Placing Price of HK\$0.18 per Share. The Placing Shares will be allotted and issued pursuant to the General Mandate.

The Placing Shares in aggregate represent: (i) approximately 1.66% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 1.63% of the Enlarged Share Capital.

Assuming all the Placing Shares have been placed, the gross proceeds of the Placing will be HK\$100,008,000 and the net proceeds will be approximately HK\$98,007,840 (after deduction of placing commission and other expenses of the Placing). The net proceeds are intended to be applied to the research and development of Yotaphone 3 as to approximately HK\$50,000,000, sales and marketing of Yotaphone 3 as to approximately HK\$23,000,000 and/or for the general working capital of the Group as to approximately HK\$25,007,840.

INTRODUCTION

On 20 March 2017 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company conditionally agreed to place through the Placing Agent, on a best efforts basis, up to 555,600,000 Shares, to not less than six Places who and whose beneficial owners will be Independent Third Parties at the Placing Price of HK\$0.18 per Share. The Placing Shares will be allotted and issued pursuant to the General Mandate.

The principal terms and conditions of the Placing Agreement are as follows:

THE PLACING AGREEMENT

Date

20 March 2017 (after trading hours)

Issuer

The Company

Placing Agent

Chelsea Securities Limited

The Placing Agent conditionally agreed to place up to 555,600,000 Shares on a best efforts basis. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Placees

The Placing Agent will place the Placing Shares to not less than six Placees (who are independent professional, institutional or other investors), who and whose ultimate beneficial owner(s) will be Independent Third Parties. It is expected that none of the Placees will become a substantial Shareholder (as defined under the Listing Rules) immediately after Completion.

Number of the Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and Completion, the Placing Shares in aggregate represent: (i) approximately 1.66% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 1.63% of the Enlarged Share Capital.

The aggregate nominal value of the Placing Shares will be HK\$5,556,000.

Ranking of the Placing Shares

The Placing Shares will rank, upon issue, pari passu in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.18 per Share represents:

- (a) a discount of approximately 16.7% to the closing price of HK\$0.216 per Share as quoted on the Stock Exchange on 20 March 2017, being the date of the Placing Agreement; and
- (b) a discount of approximately 19.2% to the average of the closing prices of HK\$0.2228 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares up to and including the date of the Placing Agreement.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent with reference to, among other things, the prevailing market price and the recent trading volume of the Shares. The Directors consider that the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Proceeds from the Placing

Assuming all the Placing Shares have been placed, the gross proceeds of the Placing will be HK\$100,008,000 and the net proceeds will be approximately HK\$98,007,840 (after deduction of placing commission and other expenses of the Placing). On such basis, the net issue price of the Placing Shares will be approximately HK\$0.176 per Share. The net proceeds are intended to be applied to the research and development of Yotaphone 3 as to approximately HK\$50,000,000, sales and marketing of Yotaphone 3 as to approximately HK\$23,000,000 and/or for the general working capital of the Group as to approximately HK\$25,007,840.

The General Mandate

No more than 555,600,000 Placing Shares will be allotted and issued under the General Mandate. Pursuant to the General Mandate, the total number of new Shares that the Directors are authorised to allot and issue is 6,511,439,123 new Shares (representing 20% of the issued share capital of the Company as at the date of the annual general meeting of the Company held on 2 September 2016, i.e. 32,557,195,617 Shares). Up to the date of this announcement (and without taking into account the Placing Shares), 976,744,186 Shares of the General Mandate have been utilised as detailed in the announcement of the Company dated 26 January 2017. The total number of new Shares that can be allotted and issued under the General Mandate as at the date of this announcement is 5,534,694,937 new Shares. Upon Completion, 4,979,094,937 Shares of the General Mandate remains unutilised by the Company. Accordingly, the Placing is not subject to the approval of the Shareholders.

Conditions of the Placing Agreement

The Placing is conditional upon (i) the listing of, and permission to deal in, the Placing Shares being granted by the Listing Committee of the Stock Exchange and (ii) the obligations of the Placing Agent under the Placing Agreement becoming unconditional and not being terminated in accordance with the terms thereof.

If the above conditions have not been fulfilled or, if applicable, waived, on or before 14 April 2017 (or such other date as may be agreed between the Company and the Placing Agent in writing), all of the obligations of the Placing Agent and of the Company under the Placing Agreement shall cease and terminate.

Completion of the Placing

Completion will take place within four business days following the day on which the conditions for the Placing set out above are satisfied (or such other date as may be agreed between the Company and the Placing Agent).

Termination and force majeure

The Placing Agent shall have the right to terminate its obligations in the Placing Agreement at any time prior to 9:00 a.m. on the date of Completion on the occurrence of the following force majeure events:

- (a) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Placing Agent materially and adversely affect the business or the financial and trading position of the Group as a whole; or
- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, on and/or after the date of the Placing Agreement) of a political, military, financial, economic, currency or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict or affecting local securities markets which may in the reasonable opinion of the Placing Agent materially and adversely affect the business or the financial and trading position of the Group as a whole or adversely prejudices the success of the Placing or otherwise make it independent or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (c) any material adverse change in stock market conditions (including without limitation suspension or material restriction on trading in securities generally) occurs which affects the success of the Placing or otherwise in the reasonable opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.

If, at or prior to Completion, the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement, or there is any suspension in the trading of the Shares on the Stock Exchange for more than ten consecutive trading days save for the purposes of clearing of any announcement(s) relating to the Placing, or the Placing Agent shall become aware of, the fact that any of the specified representations or warranties contained in Placing Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate if repeated as provided in the Placing Agreement, and the Placing Agent, in its reasonable opinion shall determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position of the Group taken as a whole or is otherwise likely to have a prejudicial effect on the Placing, the Placing Agent shall be entitled (but not bound) by notice in writing to the Company to elect to treat such matter or event as releasing and discharging the Placing Agent from their obligations under the Placing Agreement.

Upon the giving of the above notice by the Placing Agent, all obligations of the Placing Agent under the Placing Agreement shall cease and determine and no party to the Placing Agreement shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Placing Agreement save for any antecedent breach.

Application for listing of the Placing Shares

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Fund raising activities in the past twelve months

Save as disclosed below, the Company has not conducted any equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

Date of announcement/ circular	Fund raising activities	Net proceeds raised	Proposed use of net proceeds	Actual use of net proceeds
30 March 2016	Placing of new shares under specific mandate	Approximately HK\$780 million	Approximately (i) HK\$358.2 million for acquisition of 30% share capital of Yota (ii) HK\$116.3 million for assignment of debt owed by Yota Devices Limited to Telconet Capital Limited Partnership (iii) HK\$209.30 million for granting the loan to Yota Devices IPR Limited (iv) HK\$72 million for the development of connectivity devices and ancillary products (v) HK\$29.8 million for the general working capital of the existing business of the Group	Approximately (i) HK\$358.9 million for acquisition of 30% share capital of Yota (ii) HK\$105.3 million for assignment of debt owed by Yota Devices Limited to Telconet Capital Limited Partnership (iii) HK\$209.6 million for granting the loan to Yota Devices IPR Limited (iv) HK\$44.0 million for the development of connectivity devices and ancillary products (v) HK\$41.0 million for general working capital
26 January 2017	Issue of 976,744,186 consideration shares at the issue price of HK\$0.215 per Share	Approximately HK\$210 million	Issue of the first tranche consideration shares pursuant to the conditional sale and purchase agreement dated 26 January 2017 (for details, please refer to the announcement of the Company dated 26 January 2017)	Issue of the first tranche consideration shares pursuant to the conditional sale and purchase agreement dated 26 January 2017 (for details, please refer to the announcement of the Company dated 26 January 2017)

Effect on shareholding structure

To the best of the Directors' knowledge having made all reasonable enquiry, the table below sets out the shareholding structure of the Company: (i) as at the date of this announcement; and (ii) immediately upon Completion (assuming that all the Placing Shares have been placed out by the Placing Agent and there is no other change in the issued share capital of the Company from the date of this announcement to the date of Completion):

	As at the date of this announcement		Immediately upon Completion	
	<i>Number of Shares</i>	<i>Approximate shareholding percentage</i>	<i>Number of Shares</i>	<i>Approximate shareholding percentage</i>
Lui Lai Yan (<i>Note 1</i>)	169,825,000	0.51%	169,825,000	0.50%
Yeung Chun Wai, Anthony (<i>Note 1</i>)	899,387,205	2.68%	899,387,205	2.64%
Nova Investment Group Limited ("Nova Investment") (<i>Note 1</i>)	1,521,007,187	4.54%	1,521,007,187	4.46%
One Faith Investments Limited ("One Faith Investments") (<i>Note 2</i>)	2,086,700,000	6.22%	2,086,700,000	6.12%
The Placees	0	0.00%	555,600,000	1.63%
Other public Shareholders	28,857,020,411	86.05%	28,857,020,411	84.65%
Total	<u>33,533,939,803</u>	<u>100.00%</u>	<u>34,089,539,803</u>	<u>100.00%</u>

Notes:

- (1) As at the date of this announcement, Nova Investment is interested in 1,521,007,187 Shares. The issued share capital of Nova Investment is wholly owned by Ms. Lui Lai Yan, who is the spouse of Mr. Yeung Chun Wai, Anthony, an executive Director.
- (2) As at the date of this announcement, One Faith Investments is interested in 2,086,700,000 Shares. The issued share capital of One Faith Investments is wholly owned by Mr. Zhang Yi, an executive Director and the Chairman of the Company.

INFORMATION ON THE GROUP AND REASONS FOR THE ENTERING INTO OF THE PLACING AGREEMENT

The Group is principally engaged in mobile technologies business, leisure-related business including tourism and hospitality, property business, gamma ray irradiation service and securities trading and investment.

In April 2016, the Group acquired 30% of Yota and obtained the exclusive intellectual property license to market and sell YotaPhone in the Greater China region for 7 years. Yota is a renowned Russian smartphone developer which has developed the world's first dual-screen, always-on smartphone, YotaPhone. The Group is now committed to developing YotaPhone 3 and plans to enter the smartphone market in the Greater China region in 2017. In November 2016, the Group also entered into a cooperation agreement with Coolpad Group Limited (“**Coolpad**”) to form a joint venture in Shenzhen for the development of dual-screen smartphones. With Coolpad's expertise in smartphone development in the Greater China and the technology advantages of Yota's research and development team, the Group believes that its mobile technologies business will grow steadily.

The maximum gross proceeds from the Placing will be HK\$100,008,000. The maximum net proceeds from the Placing will amount to approximately HK\$98,007,840 which are intended to be applied to the research and development of Yotaphone 3 as to approximately HK\$50,000,000, sales and marketing of Yotaphone 3 as to approximately HK\$23,000,000 and/or for the general working capital of the Group as to approximately HK\$25,007,840.

The Board considers that the terms of the Placing Agreement are fair and reasonable and the transactions contemplated therein are in the interests of the Company and the Shareholders as a whole.

DEFINITIONS

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

“Board”	the board of Directors;
“Company”	China Baoli Technologies Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange;
“Completion”	completion of the Placing Agreement;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Enlarged Share Capital”	the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares;
“General Mandate”	the general mandate granted to the Directors to allot, issue and deal with additional Shares at the annual general meeting of the Company held on 2 September 2016;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Parties”	persons or entities (and their ultimate beneficial owner(s)) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, are parties independent of the Company and the connected persons of the Company;

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Placee(s)”	any professional, institutional or other investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement;
“Placing”	the placing of the Placing Shares pursuant to the Placing Agreement;
“Placing Agent”	Chelsea Securities Limited, a licensed corporation permitted to carry on business in type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO;
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 20 March 2017 in relation to the Placing;
“Placing Price”	HK\$0.18 per Share;
“Placing Shares”	up to 555,600,000 new Shares to be allotted and issued under the Placing;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shareholder(s)”	holder(s) of the Share(s);
“Shares”	ordinary share(s) of HK\$0.01 each in the share capital of the Company;

“Stock Exchange”

The Stock Exchange of Hong Kong Limited;

“%”

per cent.

By order of the Board

China Baoli Technologies Holdings Limited

Chu Wei Ning

Chief Executive Officer & Executive Director

Hong Kong, 20 March 2017

As at the date of this announcement, the executive Directors are Mr. Zhang Yi (Chairman), Ms. Chu Wei Ning (Chief Executive Officer), Mr. Yeung Chun Wai, Anthony and Mr. Wong King Shiu, Daniel; and the independent non-executive Directors are Mr. Wong Hoi Kuen, Mr. Chan Chi Yuen and Mr. Lee Chi Ming.