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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Director(s)**") of China Baoli Technologies Holdings Limited (the "**Company**") hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (together, the "**Group**") for the six months ended 30 September 2023 together with the comparative figures for the corresponding period in 2022. The unaudited consolidated interim results for the six months ended 30 September 2023 have been reviewed by the Company's audit committee.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2023

		Six months ended 30 September	
		2023	2022
		(Unaudited)	(Unaudited)
	Note	***HK$'000***	*HK$'000*
Revenue	4	**25,623**	30,163
Cost of revenue		**(23,286)**	(23,979)
Gross profit		**2,337**	6,184
Other income, gains and losses, net	5	**8,646**	85
Selling and distribution expenses		**(1,904)**	(1,936)
Administrative expenses		**(15,445)**	(13,729)
Share of losses of associates		**–**	(15)
Finance costs		**(5,859)**	(3,972)
Loss before tax	6	**(12,225)**	(13,383)
Income tax credit	7	**15**	7
Loss for the period		**(12,210)**	(13,376)
(Loss) Profit for the period attributable to:			
– Owners of the Company		**(9,937)**	(14,895)
– Non-controlling interests		**(2,273)**	1,519
		(12,210)	(13,376)
			(Restated)
Loss per share:			
Basic and diluted	8	**HK$(0.13)**	HK$(0.26)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2023

	Six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss for the period	**(12,210)**	(13,376)
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Exchange difference arising from translation of foreign operations	**1,353**	4,372
Share of exchange reserve of associates	**–**	26
Other comprehensive income for the period, net of income tax	**1,353**	4,398
Total comprehensive loss for the period	**(10,857)**	(8,978)
Total comprehensive (loss) income attributable to:		
– Owners of the Company	**(8,683)**	(10,583)
– Non-controlling interests	**(2,174)**	1,605
	(10,857)	(8,978)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

	Note	**30 September 2023 (Unaudited) *HK$'000***	31 March 2023 (Audited) *HK$'000*
Non-current assets			
Property, plant and equipment		**506**	549
Right-of-use assets		**4,986**	5,040
Goodwill		**6,904**	6,904
Intangible assets		**3,467**	3,467
Interest in associates		**248**	248
		16,111	16,208
Current assets			
Trade and other receivables	9	**58,646**	40,048
Bank balances and cash		**2,017**	7,363
		60,663	47,411
Current liabilities			
Trade and other payables	10	**167,801**	161,343
Lease liabilities		**4,587**	1,925
Contract liabilities		**3,958**	3,095
Tax payable		**5,188**	3,090
Other borrowings	11	**213,926**	221,474
		395,460	390,927
Net current liabilities		**(334,797)**	(343,516)
Total assets less current liabilities		**(318,686)**	(327,308)

	Note	30 September 2023 (Unaudited) HK$'000	31 March 2023 (Audited) HK$'000
Non-current liabilities			
Lease liabilities		**–**	3,366
Derivative component of convertible bonds		**549**	–
Liability component of convertible bonds		**32,723**	10,427
		33,272	13,793
NET LIABILITIES		**(351,958)**	(341,101)
Capital and reserves			
Share capital		**840**	7,260
Reserves		**(339,172)**	(336,909)
Equity attributable to owners of the Company		**338,332**	(329,649)
Non-controlling interests		**(13,626)**	(11,452)
TOTAL DEFICITS		**(351,958)**	(341,101)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2023

1. GENERAL INFORMATION

China Baoli Technologies Holdings Limited (the "**Company**") was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business in Hong Kong is located at Suites 3706–08, 37/F., Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong.

The principal activity of the Company is investment holding and the principal activities of its subsidiaries (together with the Company, collectively as the "**Group**") are multi-media technologies and convergence media business, dry grinding and dry beneficiation business and other operations – investment, securities trading and tourism and hospitality business.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis, except for certain financial assets and financial liabilities which are carried at fair value.

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Company's annual consolidated financial statements for the year ended 31 March 2023.

As at 30 September 2023, the Group's current liabilities exceeded its current assets by approximately HK$334,797,000 (31 March 2023: approximately HK$343,516,000) and the Group had net liabilities of approximately HK$351,958,000 (31 March 2023: approximately HK$341,101,000), in which total borrowings amounted to approximately HK$213,926,000 (31 March 2023: approximately HK$221,474,000), while its cash and cash equivalents amounted to approximately HK$2,017,000 (31 March 2023: approximately HK$7,363,000). These conditions indicate the existence of a material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

In view of the above circumstances, the Directors have prepared a cash flow forecast of the Group and are satisfied that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due for at least 12 months from 30 September 2023 after taking into account of the following measures (the "**Measures**"):

(i) Fund-raising activities

The Company completed the subscription of convertible bonds in the principal amount of RMB20,000,000 on 30 June 2023. The Group will continue to seek various fund-raising opportunities depending on the prevailing market conditions and the development of the Group's core businesses. In order to achieve the best interest of the Group and the shareholders of the Company as a whole, the Group will seek the professional's advice from the financial advisors and consultants in conducting these fund-raising activities.

(ii) Loan capitalization

The convertible bonds to Yulong Computer Telecommunication Scientific (Shenzhen) Co., Ltd. has been converted to the ordinary shares of the Company upon maturity in accordance with the terms and conditions set out in the subscription agreement and the supplemental subscription agreement dated 21 April 2022 and 14 June 2022 respectively. The management of the Company will continue to discuss with other creditors on loan capitalization and is confident that more creditors will agree to the loan capitalization plans in the coming financial year. Completion of the loan capitalization will be subject to, amongst others, the grant of listing approval of the issue of new shares by the Stock Exchange and approval by the Shareholders.

(iii) Discussion with existing lenders to extend the terms of loans

The Group is actively in discussions with the other existing lenders to renew the Group's certain borrowings and/or not to demand immediate repayment until the Group has successfully completed the contemplated fund raising exercises and obtained sufficient cash flows therefrom.

(iv) Developing business strategies for its convergence media business segment

The Group timely reviews its resources to strategically utilize them in its core business segments. The Group has put more focus on and allocated more resources to its convergence media and e-commerce business rather than its traditional multi-media business. The diversification of its media business will enhance the revenue stream of the Group.

(v) Application of dry grinding and dry beneficiation technologies (the "DGDB Technologies") into iron and steel industries and also diversifying into other profitable industries

The Group has continued to discuss and negotiate with various iron ore or steel mill players on potential cooperation opportunities for the development of this business segment. The Group is also actively exploring to apply its DGDB Technologies in other industries such as tailings recycling which can produce raw materials for the commercial concrete and cement manufacturing industry. It is expected that higher investment in the iron ore dry grinding and dry beneficiation business could improve the Group's profitability in coming years.

(vi) Cost control

The Group will continue to control administrative costs and unnecessary capital expenditures to preserve liquidity. The Group will also continue to actively assess additional measures to further reduce discretionary spending.

(vii) Seeking ways to settle the outstanding litigations of the Group

The Group has been proactive in seeking ways to settle the outstanding litigations of the Group. The Group will seek to reach an amicable solution on the charges and payment terms to the claims and litigations which have not yet reached a definite settlement.

The Directors consider that, assuming the success of all the above-mentioned assumptions, plans and measures, the Group will have sufficient working capital to finance its operations and to meet its obligations as and when they fall due for at least 12 months from 30 September 2023. Accordingly, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

However, there are significant uncertainties as to the outcomes of the above events or conditions that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Should the use of the going concern basis in preparation of the unaudited condensed consolidated interim financial statements be inappropriate, adjustments would have to be made to reflect the situation that assets may need to be realised at the amounts other than which they are currently recorded in the unaudited condensed consolidated statement of financial position as at 30 September 2023. In addition, the Group may have to recognise further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively.

3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the annual financial statements of the Group for the year ended 31 March 2023 except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 April 2023.

(a) Amendments to Hong Kong Financial Reporting Standards ("HKFRSs") adopted by the Group

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2023 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 17	Insurance Contracts and the related Amendments
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information

(b) New and amendments to standards and interpretation issued but not yet effective

Certain new and amendments to standards and interpretation have been published that are not mandatory for the current reporting period and have not been early adopted by the Group. These new and amendments to standards and interpretation are not expected to have a material impact on the Group's condensed consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

Information reported to the board of Directors (the "**Board**"), being the chief operating decision maker (the "**CODM**"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable segments under HKFRS 8 Operating Segments are as follows:

(a) multi-media technologies and convergence media business – running a mobile and multi-media technologies via different media channels.

(b) Dry grinding and dry beneficiation business – provision of dry grinding and dry beneficiation technologies.

(c) Other operations – tourism and hospitality business.

(d) Other operations – investment and securities trading.

An analysis of the Group's revenue and contribution to operating results by business segments is presented as follows:

Segment results

For the six months ended 30 September 2023

	Multi-media technologies and convergence media business (Unaudited) ***HK$'000***	**Dry grinding and dry beneficiation business (Unaudited)** ***HK$'000***	**Other operations – investment, securities trading and tourism and hospitality business (Unaudited)** ***HK$'000***	**Total (Unaudited)** ***HK$'000***
Revenue	**25,623**	**–**	**–**	**25,623**
Segment results	**(7,733)**	**(3,292)**	**–**	**(11,025)**
Unallocated corporate income				**8,433**
Unallocated corporate expenses				**(4,760)**
Finance costs				**(4,873)**
Loss before tax				**(12,225)**

For the six months ended 30 September 2022

	Multi-media technologies and convergence media business (Unaudited) *HK$'000*	Dry grinding and dry beneficiation business (Unaudited) *HK$'000*	Other operations – investment, securities trading and tourism and hospitality business (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
Revenue	30,163	–	–	30,163
Segment results	(910)	(4,002)	–	(4,912)
Unallocated corporate income				140
Unallocated corporate expenses				(5,582)
Finance costs				(3,029)
Loss before tax				(13,383)

5. OTHER INCOME, GAINS AND LOSSES, NET

	Six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Other income and gains (losses)		
Exchange gain, net	**7,769**	–
Interest income from financial institutions	**3**	18
Fair value change of the derivative components of convertible bonds	**665**	–
Others	**209**	67
	8,646	85

6. LOSS BEFORE TAXATION

	Six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Development cost on iron ore dry grinding and dry beneficiation business included in administrative expenses	**3,292**	4,002
Depreciation of property, plant and equipment	**123**	94
Exchange loss	**–**	389

7. TAXATION

	Six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax – PRC	**(15)**	(7)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both six months ended 30 September 2023 and 2022. No provision for taxation in Hong Kong has been made for both six months ended 30 September 2023 and 2022 as the Group did not generate any assessable profits arising in Hong Kong.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries are 25% for both six months ended 30 September 2023 and 2022.

8. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	**(9,937)**	(14,895)

	Six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	'000	*'000*
		(Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**77,334**	57,634

The computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price for shares for the period ended 30 September 2023.

The computation of diluted loss per share for the six months ended 30 September 2023 does not assume the conversion of the subsidiary's outstanding convertible loan since their assumed exercise would result in a decrease in loss per share.

The calculation basis of the loss per share for the six months ended 30 September 2023 and 2022 is based on the loss for the period attributable to owners of the Company and the weighted average number of shares in issue which have been adjusted/restated to reflect the effect of share consolidation took effect on 20 June 2023, at which ten issued and unissued shares of the Company are consolidated into one consolidated share.

9. TRADE AND OTHER RECEIVABLES

	30 September 2023 (Unaudited) ***HK$'000***	31 March 2023 (Audited) *HK$'000*
Trade receivables	**25,445**	10,013
Less: Allowance for credit losses	**(1,334)**	(1,334)
Trade receivables, net	**24,111**	8,679
Bills receivables	**–**	1,499
Total trade and bills receivables, net	**24,111**	10,178
Other receivables and deposits	**20,690**	24,505
Prepayments	**15,612**	7,132
	36,302	31,637
Less: Allowance for credit losses	**(1,767)**	(1,767)
Other receivables, prepayments and deposit paid, net	**34,535**	29,870
	58,646	40,048

The following is an ageing analysis of trade and bills receivables net of allowance for credit losses, presented based on the invoice date, which approximates the respective revenue recognition dates:

	30 September 2023 (Unaudited) ***HK$'000***	31 March 2023 (Audited) *HK$'000*
0 to 30 days	**6,450**	7,986
31 to 90 days	**2,857**	1,499
91 to 180 days	**8,512**	581
181 to 365 days	**6,292**	–
Over 365 days	**–**	112
	24,111	10,178

10. TRADE AND OTHER PAYABLES

	30 September 2023 (Unaudited) *HK$'000*	31 March 2023 (Audited) *HK$'000*
Trade payables	**22,085**	10,117
Other payables and accruals	**49,873**	56,294
Deposit received	**15,640**	15,640
Amounts due to shareholders and directors	**80,203**	79,292
	167,801	161,343

The following is an ageing analysis of trade payables presented based on the invoice date:

	30 September 2023 (Unaudited) *HK$'000*	31 March 2023 (Audited) *HK$'000*
Up to 30 days	**5,068**	7,718
31 to 90 days	**2,527**	54
91 to 180 days	**7,541**	4
181 to 365 days	**5,636**	73
Over 365 days	**1,313**	2,268
	22,085	10,117

11. OTHER BORROWINGS

	30 September 2023 (Unaudited) *HK$'000*	31 March 2023 (Audited) *HK$'000*
Current		
Placing notes – unsecured *(Note a)*	**30,000**	30,000
Other borrowings – unsecured		
– Loans from third parties *(Note b)*	**163,524**	169,562
– Loans from employees *(Note c)*	**20,402**	21,912
Repayable within one year	**213,926**	221,474

Notes:

(a) On 20 August 2013, the Company entered into a placing agreement (the "**Placing Agreement**") with a placing agent (the "**Placing Agent**"), pursuant to which the Company agreed to place, through the Placing Agent, on a best effort basis, the placing notes up to an aggregate amount of HK$300,000,000 to be issued by the Company in the denomination of HK$2,000,000 each (the "**Placing Notes**") to independent third parties. Pursuant to the Placing Agreement, the Placing Notes carry interest at 5.0% per annum and are to be redeemed on the seventh anniversary from the respective issue dates of the Placing Notes. The Company may early redeem in whole the Placing Notes at a redemption price equal to the principal amount together with accrued interest after the third anniversary date from the respective issue dates of the Placing Notes.

On 15 August 2014, the Company and the Placing Agent renewed the placing period and agreed to place the notes in the remaining principal amount of up to HK$280,000,000. Details of the placing and the renewal were set out in the Company's announcements dated 20 August 2013 and 15 August 2014 respectively. During the year ended 31 March 2014, the Company issued placing notes to two placees with aggregate principal amount of HK$20,000,000. During the year ended 31 March 2015, the Company issued placing notes to another placee with aggregate principal amount of HK$10,000,000. The placing notes carried at amortised cost and the effective interest rate ranged from 5.9% to 6.9% per annum.

(b) As at 30 September 2023, included in other borrowings were due to independent third parties in sum of HK$163,524,000 (31 March 2023: HK$169,562,000) which consisted of:

i) RMB138,078,000 (equivalent to HK$147,744,000) (31 March 2023: RMB134,804,000 (equivalent to HK$153,757,000)) which was mature on 27 March 2019, unsecured and carries interest rate of the People's Bank of China Benchmark Rate. The Group is currently negotiating with the lender for the settlement arrangement;

ii) HK$5,000,000 (31 March 2023: HK$5,000,000) which was mature on 17 October 2023, secured and carries fixed interest rate of 14.0% per annum;

iii) HK$4,734,000 (31 March 2023: HK$4,734,000) which will mature on 20 December 2023, unsecured and carries fixed interest rate of 16.0% per annum; and

iv) HK$6,046,000 (31 March 2023: HK$6,071,000) which were matured between 6 May 2022 to 7 January 2023 (31 March 2023: between 6 May 2022 to 7 January 2023), unsecured and carries fixed interest rates of 6% to 12% per annum.

(c) As at 30 September 2023, included in other borrowings were loans from employees in sum of HK$20,402,000 (31 March 2023: HK$21,912,000) which consisted of:

i) RMB6,383,000 (equivalent to HK$7,355,000) (31 March 2023: RMB6,383,000 (equivalent to approximately HK$7,355,000)) which was mature on 31 March 2021, unsecured and carries fixed interest rate of 5% per annum;

ii) HK$5,349,000 (31 March 2023: HK$5,349,000) which was matured on 9 November 2022, unsecured and interest free;

iii) HK$5,596,000 (31 March 2023: HK$5,596,000) which was mature on 9 December 2022, unsecured and carries fixed interest rate of 18% per annum;

iv) HK$1,672,000 (31 March 2023: HK$1,582,000) which was mature on 7 January 2023, unsecured and carries fixed interest rate of 9% per annum; and

v) HK$430,000 (31 March 2023: HK$2,030,000) which was unsecured, interest-free and has no fixed repayment term.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the multi-media technologies and convergence media business as well as the dry grinding and dry beneficiation business (the "**DGDB Business**"). The convergence media market has encountered significant challenges in 2023 during the post COVID and economic recovery period, which caused uncertainties to economic outlook and affected consumption demand.

Despite these challenges, the Group has shown resilience and continued efforts to integrate and transform its convergence media business. During the period under review, the Group focused on e-commerce, brand management and event management businesses to enhance clients' brands and increase sales. The Group offered comprehensive services, such as developing marketing strategies, operating self-media and social media operations on behalf of clients, and optimization of online sales through live streaming services and collaboration with key opinion leader(s) ("**KOL(s)**").

In addition, the Group has also focused on capturing its technology advancements in the iron ore dry grinding and dry beneficiation technologies (the "**DGDB Technologies**"). It has established business collaborations with various technology partners, as well as major international and mainland iron ore or steel mill players, to accelerate the technological and business development of the DGDB Technologies.

For the six months ended 30 September 2023, the Group reported a revenue from operations of approximately HK$25,623,000, as compared to HK$30,163,000 for the same period last year. The Group's gross profit decreased to HK$2,337,000, as compared to HK$6,184,000 for the same period of the previous year. The loss for the period slightly decreased to HK$12,210,000, as compared to HK$13,376,000 for the same period last year.

In the period under review, the business environment was challenging with reduced market liquidity and difficulties for companies in traditional fund-raising activities. The tightening financial conditions also diminished investor appetite for investment. These unfavorable market conditions adversely affected the Company's plans to raise capital for its business divisions. In response, the Company's management actively explored the possibilities for alternative financing options to strengthen the financial resources of the Group.

Multi-media Technologies and Convergence Media Business

The multi-media technologies and convergence media business recorded a revenue of approximately HK$25,623,000 for the six months ended 30 September 2023 (30 September 2022: approximately HK$30,163,000).

The Group has built up a professional team dedicated to the convergence media business, providing comprehensive client services ranging from brand building marketing to online sales conversion. This is conducted through a strategic combination of social media and e-commerce platforms for online marketing. Our team actively manages clients' social media accounts, conducts KOL marketing promotions with KOLs and leverages live streaming e-commerce channels to optimize brand potential and drive sales on behalf of clients.

Through our strong influencer network, we coordinate livestream sales events where influencers showcase and directly promote clients' products, resulting in increased sales. We also organize promotional exhibitions where influencers endorse and broadcast from clients' events and product launches. Furthermore, we collaborate with influencers to create short videos featuring clients' products or activities, effectively driving traffic and reaching new potential customers. Leveraging our influencer relationships, we assist clients in achieving their marketing objectives through livestreams, content creation, and fan growth activities.

During the reporting period, the Group established a subsidiary in Henan Province with a focus on setting up a livestreaming station and collaborating with local agencies to provide KOL marketing and livestreaming services to clients. In addition, our subsidiaries in Shanghai, Hangzhou and Shenzhen have been instrumental in providing integrated solutions and service capabilities to support the overall operations of the convergence media business. The Group's esteemed clients encompass a diverse range of industries, including food and beverage manufacturers, dairy manufacturers, and vehicle producers.

The Group maintains a strong collaboration with local cultural developers to organize commercial music events and performances. Leveraging our dedicated team of music talents and event managers, the Group successfully hosted a large-scale symphony concert –「民樂共潮生」新國風交響音樂會during the recent Mid-Autumn Festival and National Day celebrations at the Changzhou Cultural Square. These events aimed to promote cultural exchange, celebrate national festivities and provide a memorable experience for audiences and generate revenue and business for the local retailers.

In addition, the Group has established business collaborations with other multi-media advertising platform operators in relation to the outdoor media in mainland China. Additionally, the Group specializes in designing multi-media contents and displays the contents on the exterior of commercial buildings. Regarding the display media platform business in Hong Kong, the Group provides outdoor billboard and LED TV displays and offers different kinds of convergence media service to our clients including print and digital advertising.

Recognizing the shift in the global media industry from traditional advertising to online advertising, the Group has dedicated considerable efforts and resources to develop its convergence media business to its current scale. By doing so, the Group aims to seize the opportunities that arise from this evolving trend. The Group firmly believes that through restructuring and strategic resource allocation, it can enhance the performance of its convergence media business, ensuring that it remains one of the key revenue drivers for the Group.

Dry Grinding and Dry Beneficiation Business

The Group's DGDB Business is in the investment phase. During the sixth months ending 30 September 2023, the business incurred costs primarily related to research and development, amounting to approximately HK$3,292,000 (30 September 2022: approximately HK$4,002,000).

The year 2023 marks the beginning of the comprehensive implementation of the spirit of the 20th Party Congress, and is a crucial year for the implementation of the 14th Five-Year Plan. Under the goal of "carbon neutrality and peak carbon dioxide emissions", the 14th Five-Year Plan emphasizes the acceleration of green and low-carbon development, enhancement of environmental quality, improvement of ecosystem stability, and comprehensive improvement of resource efficiency.

Our DGDB Technologies contribute to environmental protection and energy conservation through their ability to achieve low energy consumption and anhydrous mineral processing. This aligns with the national strategic policy and development direction of energy conservation, emission reduction, and carbon neutrality.

The Group has engaged in discussions with various iron ore and steel mill industry players to explore collaboration opportunities, ranging from sourcing of iron ores as raw materials to distribution of iron concentrates as products. To support these efforts, we have established subsidiaries in Ningbo, Henan and Liaoning. Progress has been made in establishing networks with local governments, which can provide support through government subsidies and assistance in selecting suitable sites for plant construction projects. By closely cooperating with local authorities, we lay the foundation for our expansion plans. The Group is committed to working with governments and industrial partners across regions to fully leverage the potential of our DGDB Technologies, driving long-term growth.

The Group is also applying the DGDB Technologies to tailings recycling. Through our technologies, the tailings can be recycled to produce raw materials for the commercial concrete and cement manufacturing industry. This approach brings economic values while addressing the environmental and safety hazards associated with conventional tailing dams. The Group actively engages in discussions with various commercial concrete producers to optimize their respective raw material sourcing capabilities by deploying our DGDB Technologies.

The Group expects that the DGDB Technologies will gradually generate diversified and stable cashflow for the Group in the current year.

Other Operations – Investment, Securities Trading and Tourism and Hospitality Business

The Group has been closely monitoring the development of the market and will position itself to pursue and capture suitable business opportunities in its operations and investments in the region as and when they arise.

BUSINESS MODEL AND BUSINESS STRATEGY

Diversification is at the core of our business strategy. The Group is committed to achieving long-term sustainable growth and enhancing shareholder value. The focus is on seeking attractive investment opportunities to strengthen and broaden its business scope. The Group has maintained a prudent and disciplined financial management to ensure its sustainability.

PROSPECTS

Throughout the year of 2023 driven by the uncertain political situation where wars broke out in numerous countries around the globe and that Sino-U.S. relation continued to plunge into gloom, the financial markets have also been affected and the Company faces great challenges in business development.

However, the Group believes that the convergence media market will soon embark on a journey of potential recovery. Since the pressure of inflation is gradually easing and the consumer confidence gradually improving, it is expected that online shopping activities will gradually increase as well. The revenue of e-commerce livestreaming services is also well-positioned for a further increase.

Furthermore, China's commitment to achieving the "double carbon goal" of peaking carbon emissions by 2030 and achieving carbon neutrality by 2060, as announced at the Paris Climate Summit in June 2023, presents significant opportunities. Companies that can assist China's iron and steel producers in transiting to lower emissions production methods stand to benefit. Over the next decade, China will unveil a suite of new policies, regulations, and investments to promote decarbonization in its mining and industrial sectors. Our dry grinding and dry beneficiation solutions are well-aligned with the drive for clean, sustainable production methods. The implementation of DGDB Technologies is anticipated to bring stable profits and cash flow to the Group in the near future.

Looking ahead, the Group will continue to explore strategic investments and cooperation opportunities to create synergies in technological development, product portfolio diversification, channel expansion. and cost control. The Group is confident that the operations and results will improve, generating long-term value for shareholders.

FINANCIAL REVIEW

During the period under review, the Group recorded a revenue of approximately HK$25,623,000 (30 September 2022: approximately HK$30,163,000), representing a reduction of approximately 15.1% compared with previous corresponding period. The Group will continue to monitor the market closely and apply appropriate measures to increase its competitiveness and to improve the revenue level of the Group even in an uncertain economic environment.

Loss for the period under review amounted to approximately HK$12,210,000 (30 September 2022: approximately HK$13,376,000). Loss attributable to owners of the Company for the period under review was approximately HK$9,937,000 (30 September 2022: approximately HK$14,895,000). As at 30 September 2023, the total assets and net liabilities of the Group were approximately HK$76,774,000 and HK$351,958,000 (31 March 2023: approximately HK$63,619,000 and HK$341,101,000) respectively.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2023, the Group had bank balances and cash of approximately HK$2,017,000 (31 March 2023: approximately HK$7,363,000), and the Group had total borrowings of approximately HK$213,926,000 (31 March 2023: approximately HK$221,474,000), of which borrowings of 27.5% was denominated in Hong Kong dollars and 72.5% was denominated in Renminbi and of which borrowings within one year was HK$213,926,000 (31 March 2023: HK$221,474,000), accounting for 100% (31 March 2023: 95.5%) of the total borrowings. The gearing ratio, being the ratio of total borrowings to total deficit, was 60.8% as at 30 September 2023 (31 March 2023: 65.0%). The liquidity ratio, being the ratio of current assets over current liabilities, was 15.3% as at 30 September 2023 (31 March 2023: 12.1%). The improved liquidity ratio was due to effective debt restructuring initiatives, including placing and negotiating debt settlements on favourable terms.

Upon the capital reorganisation (including share consolidation, capital reduction and share subdivision) becoming effective on 20 June 2023 (the "**Capital Reorganisation**"), the authorised share capital of the Company became HK$650,000,000 divided into 65,000,000,000 new shares of par value of HK$0.01 each (the "**New Share(s)**"), and the issued share capital of the Company became approximately HK$725,881 divided into 72,588,102 New Shares of par value of HK$0.01 each. Details of the capital reorganisation are set out in the Company's circular dated 23 May 2023 and announcement dated 16 June 2023.

The Group's cash and cash equivalents were mainly denominated in Renminbi and the Group's borrowings were mainly denominated in Renminbi. As at 30 September 2023, the Group's other borrowings with fixed interest rates accounted for approximately 30.9% of total borrowings.

PLEDGE OF ASSETS

As at 31 March 2023 and 30 September 2023, the Group did not pledge any assets to secure the borrowings granted to the Group.

CAPITAL COMMITMENTS

As at 30 September 2023, the Group had capital commitments contracted for but not provided in the consolidated interim financial statements of approximately HK$96,576,000 (31 March 2023: approximately HK$91,631,000).

CONTINGENT LIABILITIES

As at 30 September 2023, except those as disclosed in the section of "Litigation" in this announcement, the Group had no other significant contingent liabilities.

EXPOSURE TO EXCHANGE RATE RISK AND INTEREST RATE RISK

During the period under review, the Group's transactions were mainly denominated in Hong Kong dollars and Renminbi. In the event that Renminbi appreciates, the Group will be affected directly because a certain extent of business of the Group is in the PRC. Although the Group does not currently enter into any foreign exchange forward contract to hedge against exchange rates fluctuations during the period under review, the management will closely monitor the fluctuation in the currency and take appropriate actions when condition arises with an aim to minimize the impact of foreign exchange fluctuation on the Group's business operations.

The Group is primarily exposed to interest rate risk in relation to other borrowings which mainly carry interest at floating rates. The Group attempts to manage interest rate risk by managing the mix of long-term fixed rate borrowings and variable rate borrowings and mitigate the effects of fluctuations in cash flows.

EQUITY-LINKED AGREEMENTS

Issue of 1-Year Convertible Bonds under Specific Mandate and the Disposal

On 15 July 2022, convertible bonds in the principal amount of HK$40,000,000 were issued by the Company to Yulong Infotech Inc. (the "**Subscriber**") pursuant to the subscription agreement dated 21 April 2022 (as amended by the supplemental subscription agreement dated 14 June 2022) and entered between the Company, the Subscriber and Yulong Computer Telecommunication Scientific (Shenzhen) Co., Ltd* (the "**SM 1-Year Convertible Bonds**"). On 17 July 2023, 11,428,571 conversion shares (after the Capital Reorganisation) were allotted and issued, representing approximately 13.60% of the total number of issued shares as enlarged by the allotment and issue of the conversion shares, upon maturity of the SM 1-Year Convertible Bonds. For the details of the SM 1-Year Convertible Bonds and the disposal, please refer to the information disclosed on pages 32 and 33 in the annual report of the Company for the year ended 31 March 2023.

Issue of Convertible Bonds under General Mandate

On 1 August 2022, the Company entered into a subscription agreement with each of Ms. Lei Yu Fei* (the First Subscriber), Ms. Geng Juan* (the Second Subscriber), Better Choice Group Limited (the Third Subscriber) and Mr. Ye Xin Lin* (the Fourth Subscriber) (collectively, the "**Subscribers**"), respectively, pursuant to which the Company contemplates to issue and the First Subscriber is desirous of subscribing convertible bonds in the principal amount of HK$5,000,000 (the "**First Convertible Bonds**"), the Second Subscriber is desirous of subscribing convertible bonds in the principal amount of HK$3,000,000 (the "**Second Convertible Bonds**"), the Third Subscriber is desirous of subscribing convertible bonds in the principal amount of HK$2,000,000 (the "**Third Convertible Bonds**"), and the Fourth Subscriber is desirous of subscribing convertible bonds in the principal amount of HK$2,000,000 (the "**Fourth Convertible Bonds**") (collectively, the "**GM Convertible Bonds**"). The GM Convertible Bonds are all at 4% coupon rate with 3-year maturity. In the case of the conversion rights having been exercised in full at the adjusted conversion price of HK$3.00 per conversion share (after the Capital Reorganisation) pursuant to the subscription agreements, a maximum of 3,999,998 conversion shares (after the Capital Reorganisation) will be allotted and issued by the Company under general mandate. The aggregate nominal value of 3,999,998 conversion shares (after the Capital Reorganisation) will be HK$39,999.98. The market price was HK$0.20 per share (before the Capital Reorganisation) on the date of the subscription agreements. On 29 August 2022, the GM Convertible Bonds were issued by the Company to the Subscribers pursuant to the subscription agreements. The gross proceeds from the subscriptions of the GM Convertible Bonds is HK$12,000,000, while the net proceeds from the subscriptions is approximately HK$11,945,000 (after deducting the professional fees and other related costs and expenses incurred in the subscriptions). The net issue price for each conversion share is approximately HK$2.99 (after the Capital Reorganisation). As at 31 March 2023, the net proceeds from the subscriptions of the GM Convertible Bonds have been fully utilised as intended, namely, for general working capital of the Group, including (i) approximately HK$3.5 million for the multi-media technologies and convergence media business; (ii) approximately HK$6 million for initiating and preparation of pilot machinery of the iron ore DGDB Business; and (iii) approximately HK$2.445 million for the overhead expenses of the Group.

For the details of the GM Convertible Bonds, please refer to the announcements of the Company dated 1 August 2022, 17 August 2022 and 30 August 2022. As at 30 September 2023 and as at the date of this announcement, none of the GM Convertible Bonds has been converted.

Issue of Convertible Bonds under Specific Mandate

On 29 March 2023, the Company entered into a subscription agreement with Hong Fu (HF) Holdings Group Limited（紅福(HF)控股集團有限公司）(as subscriber), pursuant to which the Company contemplates to issue and the subscriber is desirous of subscribing convertible bonds in the principal amount of RMB20,000,000 (equivalent to approximately HK$23,256,000), at an interest rate of 2% per annum and maturity which falls on the third anniversary of the first issue date (the "**SM Convertible Bonds**"). In the case of the conversion rights having been exercised in full at the adjusted conversion price of HK$2.25 per conversion share (after the Capital Reorganisation) pursuant to the subscription agreement, a total number of 10,335,917 conversion shares (after the Capital Reorganisation) will be allotted and issued by the Company under specific mandate, representing approximately 12.46% of the total number of issued shares as enlarged by the allotment and issue of the conversion shares as at the date of issue of the SM Convertible Bonds. The aggregate nominal value of 10,335,917 conversion shares (after the Capital Reorganisation) will be HK$103,359.17. The market price was HK$0.08 per share (before the Capital Reorganisation) on the date of the subscription agreement. The Company's shareholders approved the subscription agreement and the transactions contemplated thereunder, including the issue of the SM Convertible Bonds and the allotment and issue of the conversion shares at the special general meeting held on 16 June 2023. On 30 June 2023, the SM Convertible Bonds were issued by the Company to the subscriber pursuant to the subscription agreement. The gross proceeds from the subscription of the SM Convertible Bonds is RMB20,000,000 (equivalent to approximately HK$23,256,000), while the net proceeds from the subscription is approximately RMB19,300,000 (equivalent to approximately HK$22,442,000) (after deducting the professional fees and other related costs and expenses incurred in the subscription). The net issue price for each conversion share is approximately HK$2.17 (after the Capital Reorganisation). The Group intends to apply the net proceeds from the subscription for general working capital of the Group, including but not limited to (i) approximately RMB10,000,000 (equivalent to approximately HK$11,628,000) for the development of the Group's businesses (including approximately RMB7,000,000 for the iron ore DGDB Business and approximately RMB3,000,000 for the multi-media technologies and convergence media business), and (ii) approximately RMB9,300,000 (equivalent to approximately HK$10,814,000) for overhead and general expenses of the Group.

As at the date of this announcement, the net proceeds from the subscription of the SM Convertible Bonds have been fully utilised as intended. The Company and the subscriber will establish a long-term strategic business cooperation relationship. The subscriber will also support the business development of the DGDB Business of the Company through cooperation with various iron ores or steel mills players.

For the details of the SM Convertible Bonds, please refer to the Company's announcements dated 29 March 2023, 16 June 2023 and 30 June 2023, and the Company's circular dated 23 May 2023. As at 30 September 2023 and as at the date of this announcement, none of the SM Convertible Bonds has been converted.

Save for the share option scheme and share award scheme of the Company and the above agreements, no other equity-linked agreements were entered by the Group or existed during the period under review.

LITIGATIONS

(i) On 20 August 2013, the Company entered into the Placing Agreement with the Placing Agent. Pursuant to the Placing Agreement, the Placing Notes carry interest at 5.0% per annum and are to be redeemed on the seventh anniversary from the respective issue dates of the Placing Notes. One creditor purportedly a beneficial owner of the Placing Notes commenced court action against the Company for recovery of her alleged outstanding debt due by the Company to her under the Placing Notes. Nevertheless, the note holders of the Placing Notes have not commenced any court action against the Company. Such creditor's alleged debt amount includes the principal of HK$10 million and outstanding interest of approximately HK$1.26 million. On 16 March 2020, the Placing Agent was added by such creditor as the 2nd defendant in the Amended Writ of Summons and Amended Statement of Claim. On 4 December 2020, the Company filed and served a Writ of Summons and Statement of Claim against the Placing Agent. A mediation conference was held on 13 September 2021 and the mediation ended without agreement. On 31 January 2022, the Court of First Instance of the High Court of Hong Kong (the "**Court**") granted an order that the aforesaid two court actions be heard and tried together at the same time or one after the other as to be directed by the trial judge. On 20 June 2022, the Company filed and served its Re-Amended Defence and Counterclaim under one court action and its Re-Amended Statement of Claim and Writ of Summons under the other court action. On 8 February 2023, the Court issued an order that the case management summons conference hearing (the "**CMS Hearing**") in the aforesaid two actions is scheduled to be heard before a master of the Court on 11 July 2023. On 29 June 2023, the Company submitted a Timetabling Questionnaires to the Court and stated its intention to adduce "expert evidence" on the aforesaid two court actions. On 11 July 2023, the master of the Court issued an order that the aforesaid CMS Hearing was adjourned to 18 December 2023. The Company has taken out applications for expert directions and adducing supplemental witness statements. The directions hearing is scheduled to be heard before a master of the Court on 29 November 2023.

(ii) Reference is made to Note 33(iii) to the consolidated financial statements as at 31 March 2023 (the "**Note**"), regarding the breach of the advertising license rights agreement by the Licensor. Capitalized terms used herein shall have the same meaning as those defined in the Note unless the context otherwise requires.

In June 2023, the Group amended its Statement of Claim to the CFI of Hong Kong for (i) rescinding the 2019 Advertising License Rights Agreement; (ii) refund the overcharged license fees of RMB12,468,300; (iii) other damages such as losses, interest and legal fees etc (the "**Amended Hong Kong Court Action**"). Up to the date of these announcement, the CFI of Hong Kong has not issued any judgement in relation to the Amended Hong Kong Court Action.

On 7 August 2023, the Group lodged another legal proceedings against the Defendant in the Nansha Court in relation to the 2021 Advertising License Rights Agreement for (i) rescinding the 2021 Advertising License Rights Agreement; (ii) refund of deposit paid of RMB5,300,000 (equivalent to approximately HK$5,685,000); (iii) refund of over-charged license fees of RMB8,910,000 (equivalent to approximately HK$9,557,757); and (iv) other damages such as losses, interest and legal fees etc. The defendant lodged an objection to the jurisdiction of the court in relation to the new PRC court action (the "**Jurisdiction Objection**") on 26 September 2023. The Group submitted a defence and supplemental defence on the Jurisdiction Objection on 12 October 2023 and 24 November 2023 respectively.

Save as disclosed above, there is no other material litigations expected to result in a significant adverse effect on the financial position of the Group, either collectively or individually. Management believes that adequate provisions have been made in respect of such litigations.

EMPLOYEES AND EMOLUMENT POLICY

As at 30 September 2023, the Group employed 80 employees (30 September 2022: 72). Staff costs (including Directors' emoluments) of the Group for the six months ended 30 September 2023 amounted to approximately HK$4,516,000 (30 September 2022: HK$4,320,000).

Remuneration packages are generally structured by reference to market terms and individual merits. Salaries are reviewed periodically based on performance appraisal and other relevant factors. Staff benefits plans maintained by the Group include medical insurance, hospitalization scheme, mandatory provident fund, share option scheme and share award scheme. Employees in the PRC are remunerated according to the prevailing market conditions in the locations of their employments.

The emolument policy of the employees of the Group is set up by the Board on the basis of their merit, qualifications and competence. The emoluments of the Directors are decided by the Board, as authorized by the shareholders at the annual general meetings of the Company, having regard to the Group's operating results, individual performance, time commitment, duty and responsibility, salaries paid by comparable companies, market conditions and desirability of performance-based remuneration.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2023 (30 September 2022: HK$ Nil).

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

Save as otherwise disclosed, there was no important events occurred since the period ended 30 September 2023 and up to the date of this announcement.

CORPORATE GOVERNANCE

Good corporate governance has always been recognised as vital to the Group's success and sustainable development. We commit ourselves to a high standard of corporate governance and have devoted considerable efforts in identifying and formulating corporate governance practices appropriate to the Company's needs.

The Company has put in place corporate governance practices to meet the code provisions (the "**Code Provision(s)**") as set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") (the "**CG Code**") that are considered to be relevant to the Group, and has complied with all of the Code Provisions for the time being in force throughout the period under review. The Company periodically reviews its corporate governance practices to ensure that these continue to meet the requirements of the CG Code.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the unaudited condensed consolidated interim financial statements of the Company for the six months ended 30 September 2023.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the period under review, the Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the "**Model Code**"). Having made specific enquiry, all Directors have confirmed that they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions throughout the period under review and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 September 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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

Hong Kong, 29 November 2023

As at the date of this announcement, the executive Directors are Mr. Wang Bin (Chairman), Mr. Zhang Yi (Vice 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.