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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)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022**

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 2022 together with the comparative figures for the corresponding period in 2021. The unaudited consolidated interim results for the six months ended 30 September 2022 have been reviewed by the Company’s audit committee.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2022

		Six months ended	
		30 September	
		2022	2021
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
Revenue	4	30,163	36,627
Cost of revenue		<u>(23,979)</u>	<u>(28,582)</u>
Gross profit		6,184	8,045
Other income, gains and losses, net	5	85	2,682
Administrative expenses		(13,729)	(13,301)
Selling and distribution expenses		(1,936)	(45)
Share of loss of associates		(15)	–
Finance costs		<u>(3,972)</u>	<u>(10,320)</u>
Loss before tax	6	(13,383)	(12,939)
Income tax credit	7	<u>7</u>	<u>(7)</u>
Loss for the period		<u>(13,376)</u>	<u>(12,946)</u>
Loss for the period attributable to:			
– Owners of the Company		(14,895)	(10,563)
– Non-controlling interests		<u>1,519</u>	<u>(2,383)</u>
		<u>(13,376)</u>	<u>(12,946)</u>
Loss per share			
– Basic and diluted	8	<u>(0.26) cents</u>	<u>(0.28) cents</u>

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

For the six months ended 30 September 2022

	Six months ended	
	30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss for the period	(13,376)	(12,946)
Other comprehensive income:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	4,372	4,354
Share of exchange reserve of associates	26	–
Other comprehensive income for the period, net of income tax	4,398	4,354
Total comprehensive expense for the period	(8,978)	(8,592)
Total comprehensive expense attributable to:		
Owners of the Company	(10,583)	(11,752)
Non-controlling interests	1,605	3,160
	(8,978)	(8,592)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

		30 September 2022	31 March 2022
		(Unaudited)	(Audited)
	<i>Notes</i>	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment		3,306	117
Right-of-use asset		5,596	5,794
Intangible assets		5,865	12,017
Goodwill		47,878	47,878
Interests in associates		252	267
		62,897	66,073
Current assets			
Trade and bill receivables and other receivables	9	53,619	47,625
Bank balances and cash		7,011	28,493
		60,630	76,118
Current liabilities			
Trade and other payables	10	175,363	236,656
Contract liabilities		13,022	39,343
Lease liabilities		5,002	1,619
Tax payable		4,442	3,090
Other borrowings	11	224,514	221,137
Convertible bonds	12	40,000	–
		462,343	501,845
Net current liabilities		(401,713)	(425,727)
Total assets less current liabilities		(338,816)	(359,654)

		30 September	31 March
		2022	2022
		(Unaudited)	(Audited)
	<i>Note</i>	HK\$'000	HK\$'000
Non-current liabilities			
Convertible bonds	12	12,000	–
Lease liabilities		<u>–</u>	<u>4,253</u>
Net liabilities		<u>(350,816)</u>	<u>(363,907)</u>
Capital and reserves			
Share capital		6,049	5,883
Reserves		<u>(350,024)</u>	<u>(361,344)</u>
Equity attributable to owners of the Company		(343,975)	(355,461)
Non-controlling interests		<u>(6,841)</u>	<u>(8,446)</u>
Total deficit		<u>(350,816)</u>	<u>(363,907)</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2022

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, gamma ray 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 (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 2022.

As at 30 September 2022, the Group’s current liabilities exceeded its current assets by approximately HK\$401,713,000 (31 March 2022: approximately HK\$425,727,000) and the Group had net liabilities of approximately HK\$350,816,000 (31 March 2022: approximately HK\$363,907,000), in which total borrowings amounted to approximately HK\$224,514,000 (31 March 2022: approximately HK\$221,137,000), while its cash and cash equivalents amounted to approximately HK\$7,011,000 (31 March 2022: approximately HK\$28,493,000).

Notwithstanding the above, the consolidated financial statements have been prepared on a going concern basis as the Directors have given careful consideration to the impact of the current and anticipated future liquidity of the Group.

On 29 August 2022, the Company has completed the issuance of convertible bonds in the aggregate principal amount of HK\$12,000,000 to the subscribers. It improves the financial position and provides working capital for the Group to develop its business. The Company will continue to seek various fund raising opportunities, including but not limited to, placing and rights issue, depending on the prevailing market conditions and the development of the Group's core businesses.

The management of the Company will continue to discuss with creditors on loan capitalization so as to improve the Group's liquidity. It is anticipated that some creditors will agree to the loan capitalization plans. Completion of the loan capitalisation 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 of the Company.

The Group timely reviews its resources to strategically utilize them in its core business segments. In response to the adverse impact from the COVID-19 restrictions in the People's Republic of China (the "PRC"), the Group has gradually expanded its multi-media technologies business into convergence media and e-commerce business by allocating more resources to the online e-commerce platform. The diversification of its media business will enhance the revenue of the Group in the coming financial year. Also, the Group has been actively exploring to apply its enhanced gamma ray dry grinding and dry beneficiation technologies in other more profitable and larger scale industries. It is expected that higher investment in the gamma ray dry grinding and dry beneficiation business could improve the Group's profitability in the coming years.

Through fund-raising exercises and continuing the abovementioned business strategies, the Directors believe that the Group would be able to meet its financial obligations and fulfill its operational needs while obtaining additional financing resources in pursuing other businesses.

Accordingly, the Directors consider that it is appropriate to prepare the unaudited condensed consolidated interim 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 2022. 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 used in the preparation of the condensed consolidated financial statements for the six months ended 30 September 2022 are consistent with those set out in the annual report for the year ended 31 March 2022 except as described in Note 3(a) below.

(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 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Annual Improvements	Annual Improvements to HKFRSs 2018–2020 Cycle
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations

(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 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 – provision of multi-media advertising platform and e-commerce via different media channels.
- (b) Gamma ray dry grinding and dry beneficiation business – provision of beneficiation services by using gamma ray technology and dry grinding and dry beneficiation technologies.
- (c) Other operations – investment, securities trading and tourism and hospitality business.

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 2022

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

For the six months ended 30 September 2021

	Multi-media technologies and convergence media business (Unaudited) HK\$'000	Gamma ray dry grinding and dry beneficiation business (Unaudited) HK\$'000	Other operations – tourism and hospitality business (Unaudited) HK\$'000	Other operations – securities trading and investment (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Revenue	<u>34,443</u>	<u>2,184</u>	<u>–</u>	<u>–</u>	<u>36,627</u>
Segment results	<u>(1,367)</u>	<u>(1,822)</u>	<u>–</u>	<u>(40)</u>	<u>(3,229)</u>
Unallocated corporate income					2,642
Unallocated corporate expenses					(4,210)
Finance costs					<u>(8,149)</u>
Loss before tax					<u>(12,946)</u>

5. OTHER INCOME, GAINS AND LOSSES, NET

	Six months ended 30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net unrealized losses on financial assets at fair value through profit or loss	–	(40)
Exchange gain, net	–	44
Interest income from financial institutions	18	2
Others	67	2,676
	<u>85</u>	<u>2,682</u>

6. LOSS BEFORE TAXATION FOR THE PERIOD

	Six months ended 30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss for the period has been arrived of after charging:		
Depreciation of property, plant and equipment	94	13
Exchange loss, net	389	–
	<u>389</u>	<u>–</u>

7. TAXATION

	Six months ended 30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax – PRC	(7)	7
	<u>(7)</u>	<u>7</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both six months ended 30 September 2022 and 2021. No provision for taxation in Hong Kong has been made for both six months ended 30 September 2022 and 2021 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 2022 and 2021.

8. LOSS PER SHARE

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

	Six months ended 30 September	
	2022	2021
	(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	<u>(14,895)</u>	<u>(10,563)</u>

	Six months ended 30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>576,344</u>	<u>372,156</u>

The computation of diluted loss per share for the six months ended 30 September 2022 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 2022.

The computation of diluted loss per share for the six months ended 30 September 2022 does not assume the conversion of the outstanding convertible bonds since their assumed exercise would result in a decrease in loss per share.

9. TRADE AND BILL RECEIVABLES AND OTHER RECEIVABLES

	30 September 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000
Trade receivables	1,471	5,330
Less: Allowance for credit losses	–	(1,334)
	<hr/>	<hr/>
Trade receivables, net	1,471	3,996
	<hr/>	<hr/>
Bill receivables	2,467	5,158
	<hr/>	<hr/>
Total trade and bill receivables, net	3,938	9,154
	<hr/>	<hr/>
Other receivables and deposits	30,185	20,707
Prepayments	19,496	19,403
	<hr/>	<hr/>
	49,681	40,110
Less: Allowance for credit losses	–	(1,639)
	<hr/>	<hr/>
Other receivables, prepayments and deposits paid, net	49,681	38,471
	<hr/>	<hr/>
	53,619	47,625
	<hr/> <hr/>	<hr/> <hr/>

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

	30 September 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000
Up to 30 days	–	3,057
31 to 90 days	164	395
91 to 180 days	3,774	5,702
	<hr/>	<hr/>
	3,938	9,154
	<hr/> <hr/>	<hr/> <hr/>

10. TRADE AND OTHER PAYABLES

	30 September 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000
Trade payables	3,158	2,152
Other payables and accruals	80,000	137,769
Deposits received	15,640	15,640
Amounts due to shareholders and directors	76,565	81,095
	<hr/>	<hr/>
	175,363	236,656
	<hr/> <hr/>	<hr/> <hr/>

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

	30 September 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000
Up to 30 days	497	197
31 to 90 days	729	528
91 to 180 days	100	579
181 to 365 days	1,204	848
Over 365 days	628	–
	<u>3,158</u>	<u>2,152</u>

11. OTHER BORROWINGS

	30 September 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000
Current		
Other borrowings – unsecured (<i>Note</i>)	194,343	191,137
Placing notes – unsecured	30,000	30,000
	<u>224,343</u>	<u>221,137</u>

Notes:

- (i) As at 30 September 2022, included in other borrowings of approximately RMB131,496,000 (equivalent to approximately HK\$144,185,000) (31 March 2022: RMB128,685,000 (equivalent to approximately HK\$156,702,000)) represent loans from an independent third party. The loan was mature on 27 March 2019, unsecured and carries interest rate of the People's Bank of China Benchmark Rate. The Company has recently been served with an arbitral award made by the China Chongqing Arbitration Commission in relation to the loans for which the Company is jointly and severally liable to repay on behalf of Chongqing Baoli Yota Technologies Limited, a former subsidiary of the Company. The Company is in discussion with the claimant in the arbitration proceedings for amicable resolution.
- (ii) As at 30 September 2022, included in other borrowings of approximately HK\$5,179,000 (31 March 2022: HK\$5,176,000) represent loans from an independent third party. The loan will be mature on 17 January 2023, secured and carries fixed interest rate of 14.0% per annum.
- (iii) As at 30 September 2022, included in other borrowings of HK\$4,735,000 (31 March 2022: HK\$4,735,000) represent loans from an independent third party. The loan will be mature on 14 December 2022, unsecured and carries fixed interest rate of 16.0% per annum.
- (iv) As at 30 September 2022, included in other borrowings of approximately HK\$5,349,000 (31 March 2022: HK\$5,349,000) represent loans from the employee. The loan will be mature on 9 November 2022, unsecured and interest free.
- (v) As at 30 September 2022, included in other borrowings of approximately HK\$1,447,000 (31 March 2022: HK\$1,402,000) represent loans from the employee. The loan will be mature on 7 January 2023 (2021: 7 January 2022), unsecured and carries fixed interest rate of 9% per annum.

12. CONVERTIBLE BONDS

	30 September 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000
Current (<i>Note i</i>)	40,000	–
Non-current (<i>Note ii</i>)	12,000	–
Total convertible bonds	52,000	–

Notes:

- (i) On 21 April 2022, the Company entered into the subscription agreement with Yulong Infotech Inc. and Yulong Computer Telecommunication Scientific (Shenzhen) Co., Ltd to issue the convertible bonds with the principal amount of HK\$40,000,000 under specific mandate to Yulong Infotech Inc. All the conditions precedent as set out in the agreement (as amended by the supplemental subscription agreement dated 14 June 2022) had been fulfilled and the completion took place on 15 July 2022 in accordance with the terms and conditions thereof. Details of the subscription are set out in the announcements of the Company dated 21 April 2022, 14 June 2022, 30 August 2022, the circular of the Company dated 7 June 2022 and the poll results announcement of the Company dated 24 June 2022.
- (ii) On 1 August 2022, the Company entered into the subscription agreements with four subscribers. The Company has to issue the convertible bonds with aggregate principal amount of HK\$12,000,000 to the subscribers under general mandate. All the conditions precedent as set out in the agreements have been fulfilled and the completion of the subscriptions took place on 29 August 2022. Details of the subscriptions are set out in the announcements of the Company dated 1 August 2022, 17 August 2022 and 30 August 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The continued tightening of the PRC Government's COVID-19 restrictions and market volatility due to global monetary tightening bring unanticipated challenges to the Group's business. The Group has seen a decline in its multi-media technologies and convergence media business as advertisers were cutting back their advertising expenditures.

To mitigate the adverse impact from the challenging business environment, the Group timely reviews its resources to strategically utilize them in its core business segments. The Group has restructured and strengthened its multi-media technologies and convergence media business by allocating more resources to the convergence media and e-commerce business. Since December 2021, the Group has gradually expanded into online cross border e-commerce platform, e-commerce and music key opinion leader(s) (“KOL(s)”), live streaming channels and also music talents and IP incubation. The Group has deployed resources to build up our professional team of convergence media, e-commerce KOLs, and supply chain sourcing. We have successfully lined up quality brands and products as exclusive marketing, branding and sales partners.

The Group's revenue from operation for the six months ended 30 September 2022 was approximately HK\$30,163,000, as compared to HK\$36,627,000 in the same period last year. The gross profit of the Company decreased to HK\$6,184,000, compared to HK\$8,045,000 for the same period of last year. The loss for the period slightly increased to HK\$13,376,000, as compared to HK\$12,946,000 for the corresponding period of last year.

Multi-media Technologies and Convergence Media Business

The multi-media technologies and convergence media business recorded a revenue of approximately HK\$30,163,000 for the six months ended 30 September 2022 (30 September 2021: approximately HK\$36,627,000).

The Group has operated the multi-media advertising distribution platform via different media channels including train media platform, display media platform and convergence media platform by using its knowhow and expertise developed and accumulated over the years. Brand owners can disseminate information on such platforms. The Group is also actively diverging from conventional media advertising to convergence media e-commerce integration. We are providing integrated services to our clients in relation to products marketing/sales conversion through a combination of online e-commerce platform, convergence media distribution and various live-streaming channels.

The Group tapped into the growth of duty-free e-commerce industry through launching its e-commerce sales platform “極速狗GO” APP (“APP”) and WeChat mini program in the PRC in August 2022. The Group has engaged prominent suppliers to provide international well-known brands and products to consumers. Consumers could shop for genuine brand products and this helps enhance consumer confidence and sales volume. Since then, we have worked to improve overall user experience and system stability and have conducted pilot programs on promotion and marketing to accumulate user preferences and consumption data. The business will leverage on our APP to promote sales of customs cleared import consumer products and also “1210 Duty Free” products under the PRC Customs Framework. The Group has accelerated initiatives to expand its convergence media e-commerce segment and grow new revenue streams to capture opportunities arising from the stimulus policies in spurring consumer spending implemented by the PRC Government.

During the period under review, the Group has built up our professional team of convergence media e-commerce initiatives, providing full service for clients from brand building marketing to sales conversion online. This is conducted through a combination of social media and e-commerce platform for online marketing by actively managing client’s social media account, KOL marketing and live streaming e-commerce. Our team works to optimize brand potentials and stimulate sales for our clients. Live streaming e-commerce has become the market trend and one of our business focuses as well. Our current business partners range from brands of skin care, hair care and personal care products to other consumer products. Pilot live streaming programs has been launched to collect customer response and data to prepare for formal launching with accurate viewer flow focus.

To expand our live streaming e-commerce with high proficiency, our Group has set up our own live streaming station, named “Waigaoqiao International Quality Live Commerce Pioneer” (「外高橋國際品質直播第一港」), which was awarded as one of the twelve live streaming stations authorized by the Shanghai Municipal Commission of Commerce. Our live streaming station contains live broadcast rooms, dressing rooms, photo studios, training exhibition halls and other functional areas. It can provide enterprises with integrated solutions for content production, live broadcast planning and execution, and logistics.

Gamma Ray Dry Grinding and Dry Beneficiation Business

The Group is still in the investment phase in respect of the gamma ray dry grinding and dry beneficiation business. Hence, the total costs which consists of primarily research and development costs for this business was approximately HK\$4,002,000 for the six months ended 30 September 2022.

“Actively and steadily promote carbon dioxide peaking and carbon neutrality” is one of the major highlights proposed in the report of the 20th Party Congress. To achieve sustainable economic and social development, the PRC Government advocates improving the efficiency of energy resources utilization, enhancing the stability, security and sustainability of energy resources supply, promoting the formation of a green production and lifestyle, cracking the outstanding problems of resources and environmental constraints from the source.

The Company has set up close business collaborations with various technology and industry partners to promote the Group's enhanced dry grinding and dry beneficiation technologies (“**DGDB Technologies**”). The integrated enhanced technology could be the cornerstone for a major transformational breakthrough for iron ore beneficiation, as it allows grinding, beneficiation and processing of low or even extremely low content iron ores across different types of mine such as hematites and magnetites. Contrary to conventional beneficiation technology, no water will be consumed as a medium in the entire integrated enhanced beneficiation process. Hence, this resolves the problem of water consumption and water pollution as a result of the release of toxic tailings. It also mitigates the risk of tailing dams of the conventional wet beneficiation technology. In addition, as the iron concentrates and tailings are in form of dry powder, the transportation costs of which will be significantly reduced as well. Moreover, the integrated enhanced technology will not engage any concentration, pressure filtration and dehydration processes which can significantly reduce investment cost as well as operating cost as less equipment are required and less energy consumption will be incurred as benefited from the less complicated production processes.

Through the business collaboration and the utilization of the integrated and enhanced DGDB Technologies between the Company and its international and domestic PRC partners, high quality iron concentrates will be produced while also meeting the latest geological, economic, energy consumptions and environmental requirements with significant cost savings and reduction in capital investments. Our DGDB Technologies can be applied directly to magnetite iron ore in the PRC and the Group sees significant potential in its advanced DGDB Technologies and expects such application to generate diversified and stable cashflow to the Group in the near future.

The Group is working closely with international iron ore majors to expand the applications of our DGDB Technologies to hematite iron ore. To cooperate with our business partners in the mining industry, the Company has engaged one of the most prominent research institutes in the PRC to conduct extensive experimental research projects. The research includes analysis of the main physical and chemical indicators of the specific hematite iron ore; the optimal technology set up for roasting, grinding and beneficiation process; and continuous integration and enhancement on the high-efficiency magnetic selection technology. At present, the experiment is reaching the final stage and the Group plans to subsequently put in resources to set up a pilot plant in the PRC.

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

The Group has been closely monitoring the development of the pandemic 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 our core business strategy. The Group is committed to achieving long-term sustainable growth of its businesses in preserving and enhancing the value of the Company's shareholders. The Group is focused on looking for attractive investment opportunities to strengthen and widen its business scope. The Group has maintained a prudent and disciplined financial management to ensure its sustainability.

PROSPECTS

Looking ahead, the macro economic environment is expected to be extremely challenging plagued by a number of adverse economic and political factors such as the resurgence of COVID-19, Ukraine crisis and other geopolitical tensions coupled with growing global inflationary pressure and monetary tightening. The momentum of the global economy saw a slow-down in the first half of 2022. The Group will swiftly implement proactive measures to mitigate the negative impacts and to strengthen its position in the market.

Apart from the traditional media and online e-commerce platform, the Group will further diverge into the convergence media e-commerce such as the live streaming commerce and KOL marketing to pursue revenue stream diversification to tap into the post pandemic growth opportunities.

With the increasing awareness of environmental protection globally and greater emphasis in environmental, social and governance (“ESG”) by stakeholders, the Group has been actively exploring potential business to integrate environmental technologies in order to develop its unique competitiveness. Environmentally-friendly grinding and beneficiation technologies are indispensable in the mining industry. Through our advanced DGDB Technologies, we hope to develop a strong and sustainable business segment and build stable profit and cash flow for the Group.

Looking ahead, the Group will continue to explore potential strategic investments and cooperation opportunities with an aim of creating synergies for the Group in various aspects including technological development, diversifying product portfolio, channel expansion and/or cost control. The Company is confident that the Group's prospects will reach for greater heights and the Group will continue to generate value to the shareholders of the Company.

FINANCIAL REVIEW

During the period under review, the Group recorded a revenue of approximately HK\$30,163,000 (30 September 2021: approximately HK\$36,627,000), representing a reduction of approximately 17.6% compared with previous corresponding period. The Group will continue to monitor the market closely and apply appropriate measure 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\$13,376,000 (30 September 2021: approximately HK\$12,946,000). Loss attributable to owners of the Company for the period under review was approximately HK\$14,895,000 (30 September 2021: approximately HK\$10,563,000). As at 30 September 2022, the total assets and net liabilities of the Group were approximately HK\$123,527,000 and HK\$350,816,000 (31 March 2022: approximately HK\$142,191,000 and HK\$363,907,000) respectively.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2022, the Group had bank balance and cash of approximately HK\$7,011,000 (31 March 2022: approximately HK\$28,493,000), and the Group had total other borrowings of approximately HK\$224,514,000 (31 March 2022: approximately HK\$221,137,000), of which borrowings of 35.8% was in Hong Kong dollars and 64.2% was in Renminbi and of which borrowings within one year was approximately HK\$224,514,000 (31 March 2022: approximately HK\$221,137,000), accounting for 100% (31 March 2022: 100%) of the total borrowings. The gearing ratio, being the ratio of the sum of total borrowings to total deficit, was 64.0% as at 30 September 2022 (31 March 2022: 60.8%). The liquidity ratio, being the ratio of current assets over current liabilities, was 13.1% as at 30 September 2022 (31 March 2022: 15.2%). As at 30 September 2022, the Group's other borrowings with fixed interest rates accounted for 35.8% (31 March 2022: 29.1%) of total borrowings.

PLEDGE OF ASSETS

As at 30 September 2022, the Group did not pledge any assets to secure the borrowings and margin account payable granted to the Group (31 March 2022: HK\$Nil).

CAPITAL COMMITMENTS

As at 30 September 2022, the Group had capital commitments contracted for but not provided in the consolidated interim financial statements of approximately HK\$70,361,000 (31 March 2022: approximately HK\$79,037,000).

CONTINGENT LIABILITIES

As at 30 September 2022, the Group had no other significant contingent liabilities save as those disclosed in paragraph headed "Litigations" in this announcement.

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. The Group did not enter into any foreign exchange forward contract to hedge against exchange rates fluctuations during the period under review. Foreign exchange risk arising from the normal course of operations is considered to be minimal and the management will closely monitor the fluctuation in the currency and take appropriate actions when condition arises.

In terms of the interest rate risk exposures, the Group does not have any significant interest rate risk as the interest rates currently remain at low levels. As at 30 September 2022, the Group's other borrowings with fixed interest rates accounted for approximately 35.8% of total borrowings.

EQUITY-LINKED AGREEMENTS

Issue of Consideration Shares

On 29 March 2019, the Company and KK Culture Holdings Limited, Team Pride Limited, Mr. Sui Chok Lee and Silver Golden Limited (collectively, the “**Vendors**”) entered into the purchase agreements (the “**Agreements**”) pursuant to which the Vendors conditionally agreed to sell and the Company conditionally agreed to purchase interests, representing directly and indirectly the entire issued share capital of Hong Kong Made (Media) Limited (“**Hong Kong Made**”) and Ample Success Limited (“**Ample Success**”), for an aggregate consideration of HK\$50,000,000 (the “**Consideration**”), which shall be satisfied by the allotment and issue of 250,000,000 Old Shares of par value of HK\$0.10 each in tranches as consideration at the issue price of HK\$0.200 per Old Share to the Vendors or their respective nominees in accordance with the terms and conditions of the respective Agreements. Completion took place on 6 June 2019. As part of the payment of the Consideration for the acquisition of Hong Kong Made and Ample Success, on 6 June 2019, the Company allotted and issued to the Vendors the first tranche consideration shares, being 83,333,325 Old Shares, representing approximately 2.24% of the issued share capital of the Company as enlarged by the allotment and issue of the first tranche consideration shares. The aggregate nominal value of the first tranche consideration shares amounted to HK\$8,333,332.50.

On 14 August 2020, the Vendors and the Company have entered into a supplemental agreement (the “**Supplemental Agreement**”) to the Agreements. Pursuant to the Agreements and the Supplemental Agreement, the remaining consideration will be satisfied as follow:

The Company shall pay the Vendors HK\$16,666,667 (the “**Second Tranche Consideration**”) and HK\$16,666,668 (the “**Third Tranche Consideration**”), representing one-third of the Consideration each, by the allotment and issue of the second tranche consideration shares and the third tranche consideration shares, being 83,333,335 Old Shares (equivalent to 8,333,334 New Shares) and 83,333,340 Old Shares (equivalent to 8,333,333 New Shares) respectively, to the Vendors or their respective nominees on or before 15 July 2022 and 15 July 2023 respectively, subject to the terms and conditions as disclosed in Note 40 to the consolidated financial statements contained in the annual report of the Company for the year ended 31 March 2021.

On 29 July 2022, the Company allotted and issued to the Vendors the second tranche consideration shares and third tranche consideration shares, being 16,666,667 New Shares in total, representing approximately 2.76% of the issued share capital of the Company as enlarged by the allotment and issue of the first tranche consideration shares and second tranche consideration shares. The aggregate nominal value of the first tranche consideration shares and second tranche consideration shares amounted to HK\$166,666.67.

Issue of Convertible Bonds under Specific Mandate

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* (宇龍計算機通信科技（深圳）有限公司) (“**Yulong Shenzhen**”) (the “**SM Convertible Bonds**”). Yulong Shenzhen is a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of Coolpad Group Limited (stock code: 2369). The consideration of the subscription of the SM Convertible Bonds in the sum of HK\$40,000,000 (equivalent to approximately RMB32,786,900) was used to set-off HK\$40,000,000 (equivalent to approximately RMB32,786,900) from the Claimed Amount under the Arbitral Award (as defined in the Company’s circular dated 7 June 2022) of RMB80,000,000 on a dollar-for-dollar basis. There was no proceeds from the subscription. In the case of the conversion rights having been exercised in full at the initial conversion price of HK\$0.35 per conversion Share, a maximum of 114,285,714 conversion Shares will be allotted and issued by the Company under specific mandate. The Subscriber and/or other holder of the SM Convertible Bonds shall have the right, exercisable during the period commencing from the first issue date and ending on the date which is 30 days prior to the maturity date (i.e. the date which falls on the first anniversary of the first issue date), to convert the whole (i.e. HK\$40,000,000) or any part of the outstanding principal amount of the SM Convertible Bonds into such number of conversion Shares pursuant to the agreements. For the details of the SM Convertible Bonds, please refer to the Company’s announcements dated 21 April 2022, 14 June 2022, 24 June 2022 and 30 August 2022, and the Company’s circular dated 7 June 2022. As at the date of this announcement, none of the SM Convertible Bonds has been converted.

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 initial conversion price of HK\$0.30 per conversion Share pursuant to the subscription agreements, a maximum of 39,999,998 conversion Shares will be allotted and issued by the Company under general mandate. The market price was HK\$0.20 per Share on the date of the subscription agreements.

On 29 August 2022, convertible bonds in the aggregate principal amount of HK\$12,000,000 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\$11,500,000 (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\$0.288. As at the date of this announcement, 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 gamma ray dry grinding and dry beneficiation business; and (iii) approximately HK\$2 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 the date of this announcement, none of the GM 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

- (1) 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 17 June 2022, by way of a consent summons filed and served in the Court, the Court has ordered leave be granted for the Company to file and serve the Re-Amended Defence and Counterclaim and Re-Amended Writ of Summons and Statement of Claim. A case management summons hearing is scheduled on 13 February 2023.
- (2) On 4 June 2021, Hong Kong Made entered into an agreement with a train media licensor to extend the terms of the contract in relation to the exclusive advertising license right for advertising agency services and related production services for the GSCR Hexiehao Trains (the "**Relevant Agreement**"). Hong Kong Made is in dispute with the train media licensor on certain terms of the Relevant Agreement. Pursuant to advice by

its PRC attorneys, Hong Kong Made has, in early November 2022, commenced legal proceedings against the train media licensor in the PRC for appropriate relieves. The legal proceedings are now ongoing, and the Company will make announcement to update the shareholders of the Company and potential investors according to the Listing Rules as and where appropriate.

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 2022, the Group employed 72 employees (30 September 2021: 75). Staff costs (including Directors' emoluments) of the Group for the six months ended 30 September 2022 amounted to approximately HK\$4,320,000 (30 September 2021: HK\$4,493,000).

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 2022 (30 September 2021: HK\$Nil).

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

References are made to the announcements of the Company dated 1 November 2022 and 11 November 2022. On 11 November 2022, an aggregate of 120,980,170 Subscription Shares have been successfully allotted and issued to the Subscribers at the Subscription Price of HK\$0.0576 per Subscription Share. Upon completion of the Subscriptions of 120,980,170 Subscription Shares under General Mandate, the Company received net cash proceeds of approximately HK\$6.8 million.

References are made to the announcements of the Company dated 30 December 2021 and 7 January 2022 in relation to capital injection into KeMeng (the “**Capital Injection**”). On 1 November 2022, the Capital Injection and the Transfer were completed with the improved terms. Following the completion of the Capital Injection and the Transfer, Hong Kong Made will hold 80.12% of the entire issued share capital of KeMeng and the financial results of KeMeng will be consolidated into the financial statements of the Company.

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 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, except the following deviation. The Company periodically reviews its corporate governance practices to ensure that these continue to meet the requirements of the CG Code.

Under Code Provision F.2.2 of the CG Code, the chairman of the board should attend the annual general meeting. During the period under review, Mr. Zhang Yi, the chairman of the Board, was absent at the annual general meeting of the Company held on 30 September 2022 due to other important engagement.

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 2022.

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 2022, 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
Chief Executive Officer

Hong Kong, 29 November 2022

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.*