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 2024

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 2024 together with the comparative figures for the corresponding period in 2023. The unaudited consolidated interim results for the six months ended 30 September 2024 have been reviewed by the Company's audit committee.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30 September 2024

	Note	Six months ended 30 September 2024 (Unaudited) *HK$'000*	2023 (Unaudited) *HK$'000*
Revenue	*4*	**14,630**	25,623
Cost of revenue		**(11,962)**	(23,286)
Gross profit		**2,668**	2,337
Other income, gains and losses, net	*5*	**2,846**	8,646
Reversal of expected credit loss allowance, net		**5,831**	–
Selling and distribution expenses		**(274)**	(1,904)
Administrative expenses		**(13,853)**	(15,445)
Share of losses of associates		**(8)**	–
Finance costs		**(5,174)**	(5,859)
Loss before tax	*6*	**(7,964)**	(12,225)
Income tax credit	*7*	**2**	15
Loss for the period		**(7,962)**	(12,210)
Loss for the period attributable to:			
– Owners of the Company		**(7,520)**	(9,937)
– Non-controlling interests		**(442)**	(2,273)
		(7,962)	(12,210)
Loss per share:			
Basic and diluted	*8*	**HK$(0.09)**	HK$(0.13)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 September 2024

	Six months ended 30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss for the period	**(7,962)**	(12,210)
Other comprehensive income (loss)		
Items that may be reclassified subsequently to profit or loss:		
Exchange difference arising from translation of foreign operations	**(2,221)**	1,353
Other comprehensive (loss) income for the period, net of income tax	**(2,221)**	1,353
Total comprehensive loss for the period	**(10,183)**	(10,857)
Total comprehensive loss attributable to:		
– Owners of the Company	**(9,338)**	(8,683)
– Non-controlling interests	**(845)**	(2,174)
	(10,183)	(10,857)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

	Note	**30 September 2024 (Unaudited)** *HK$'000*	31 March 2024 (Audited) *HK$'000*
Non-current assets			
Property, plant and equipment		**311**	439
Right-of-use assets		**1,102**	2,401
Goodwill		**5,216**	5,216
Intangible assets		**2,218**	2,227
Derivative financial instruments		**17**	17
Interest in associates		**261**	269
		9,125	10,569
Current assets			
Inventories	*9*	**1,402**	–
Trade and other receivables	*10*	**53,565**	56,024
Bank balances and cash		**2,049**	1,697
		57,016	57,721
Current liabilities			
Trade and other payables	*11*	**183,165**	190,278
Lease liabilities		**1,121**	1,712
Contract liabilities		**406**	1,079
Tax payable		**3,090**	3,090
Other borrowings		**64,040**	212,004
Liability component of convertible bonds		**11,441**	–
		263,263	408,163
Net current liabilities		**(206,247)**	(350,442)
Total assets less current liabilities		**(197,122)**	(339,873)

	30 September 2024 (Unaudited) *HK$'000*	31 March 2024 (Audited) *HK$'000*
Non-current liabilities		
Lease liabilities	**–**	566
Borrowings	**145,866**	2,043
Liability component of converible bonds	**27,926**	32,248
	173,792	34,857
NET LIABILITIES	**(370,914)**	(374,730)
Capital and reserves		
Share capital	**974**	840
Reserves	**(356,692)**	(361,219)
Equity attributable to owners of the Company	**(355,718)**	(360,379)
Non-controlling interests	**(15,196)**	(14,351)
TOTAL DEFICITS	**(370,914)**	(374,730)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2024

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 dry grinding and dry beneficiation business, convergence media 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 2024.

As at 30 September 2024, the Group's current liabilities exceeded its current assets by approximately HK$206,247,000 and the Group had net liabilities of approximately HK$370,914,000, in which total borrowings and liability component of convertible bonds amounted to approximately HK$249,273,000, while its cash and cash equivalents amounted to approximately HK$2,049,000. 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 2024 after taking into account of the following measures (the "**Measures**"):

(i) Fund-raising activities

(a) On 7 May 2024, the Company entered into a placing agreement with a placing agent. An aggregate of 13,418,000 placing shares at the placing price of HK$1.070 per placing share will be allotted and issued under general mandate to not less than six placees. The net proceeds approximately HK$13.5 million, in which, approximately HK$9.3 million for the settlement of the outstanding liabilities of the Group; approximately HK$2.7 million for the development of the business; and the rest as general working capital of the Group. The completion of the placing took place on 2 July 2024.

(b) On 12 July 2024, the Company entered into the subscription agreements with 4 subscribers, pursuant to which the Company has contemplated to issue and the subscribers are desirous of subscribing the convertible bonds in the total principal amount of HK$6,000,000 which may be converted into no more than 1,500,000 conversion shares based on the initial conversion price of HK$4.00 upon full conversion (the "**6M Convertible Bonds**"). On 25 July 2024, the 6M Convertible Bonds were issued by the Company to the subscribers pursuant to the subscription agreements. For details of the 6M Convertible Bonds, please refer to the announcement of the Company dated 12 July 2024.

The Group will continue to seek various fund-raising opportunities including but not limited to rights issue and placing, 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

On 11 April 2024, the Company entered into the Settlement Agreement with CQ Zifeng, pursuant to which the Company, CQ Baoli Yota and CQ Zifeng have agreed to settle the Agreed Amount by the issue of the Convertible Bonds to CQ Zifeng (the "Settlement Convertible Bonds"). The principal amount of the Convertible Bonds of RMB128,370,000 (based on the Exchange Rate, equivalent to approximately HK$139,003,790). In the case of the Conversion Rights having been exercised in full, a total number of 11,678,635 Conversion Shares will be allotted and issued by the Company upon full conversion of the Convertible Bonds at the initial Conversion Price of HK$11.9024 per Conversion Share. On 10 October 2024, the ordinary resolution in connection with the issue of the Convertible Bonds under specific mandate in relation to the Settlement Agreement, was duly passed in the special general meeting. The completion of issue of the Convertible Bonds took place on 23 October 2024. The Group will continue the discussion with other creditors to proceed loan capitalization.

(iii) 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) Expanding the scope of dry grinding and dry beneficiation (the "DGDB") technologies business into other profitable industries

Driven by increasing global demand for energy-efficient and sustainable mining solutions, a pivotal aspect of the Group's strategy involves the development of mobile DGDB operations in offshore areas, the mobile power generation, and cryptocurrency mining. These initiatives are set to demonstrate the Group's commitment to expanding its presence in the mining industry while leveraging its advanced DGDB technologies. Also the Group will have a more prosperous areas for growth and align with global sustainability trends.

(v) 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.

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 2024. 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 2024. 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 2024 except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 April 2024.

(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 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these 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) Dry grinding and dry beneficiation business – provision of dry grinding and dry beneficiation technologies and trading of titanium dioxide.

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

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

Segment results

For the six months ended 30 September 2024

	Dry grinding and dry beneficiation business (Unaudited) *HK$'000*	Convergence media business (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
Revenue	**7,572**	**7,058**	**14,630**
Segment results	**(2,672)**	**(4,584)**	**(7,256)**
Unallocated corporate income			**8,672**
Unallocated corporate expenses			**(5,835)**
Share of losses of associates			**(8)**
Finance costs			**(3,535)**
Loss before tax			**(7,962)**

For the six months ended 30 September 2023

	Dry grinding and dry beneficiation business (Unaudited) *HK$'000*	Convergence media business (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
Revenue	–	25,623	25,623
Segment results	(3,292)	(7,733)	(11,025)
Unallocated corporate income			8,433
Unallocated corporate expenses			(4,760)
Share of losses of associates			–
Finance costs			(4,873)
Loss before tax			(12,225)

5. OTHER INCOME, GAINS AND LOSSES, NET

	Six months ended 30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Other income and gains (losses)		
Exchange gain, net	**–**	7,769
Interest income from financial institutions	**5**	3
Fair value change of the derivative components of convertible bonds	**–**	488
Gain on settlement	**1,931**	–
Others	**910**	386
	2,846	8,646

6. LOSS BEFORE TAXATION

	Six months ended 30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Development cost on dry grinding and dry beneficiation business included in administrative expenses	**209**	3,292
Depreciation of property, plant and equipment	**16**	123
Depreciation of right-of-use assets	**669**	720
Exchange loss, net	**226**	–

7. TAXATION

	Six months ended 30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax – PRC	**(2)**	(15)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both six months ended 30 September 2024 and 2023. No provision for taxation in Hong Kong has been made for both six months ended 30 September 2024 and 2023 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 2024 and 2023.

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	
	2024	2023
	(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	**(7,520)**	(9,937)

	Six months ended 30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**87,362**	77,334

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 2024.

The computation of diluted loss per share for the six months ended 30 September 2024 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.

9. INVENTORIES

The inventories with amount of HK$1,402,000 are all finished goods for dry grinding and dry beneficiation business for the period ended 30 September 2024 (31 March 2024: Nil).

10. TRADE AND BILLS RECEIVABLES AND OTHER RECEIVABLES

	30 September 2024 (Unaudited) ***HK$'000***	31 March 2024 (Audited) *HK$'000*
Trade receivables	**26,959**	35,093
Less: Allowance for credit losses	**(5,081)**	(10,911)
Trade receivables, net	**21,878**	24,182
Bill receivables	**–**	–
Total trade and bill receivables, net	**21,878**	24,182
Other receivables and deposits	**23,891**	24,726
Prepayments	**10,277**	9,597
	34,168	34,323
Less: Allowance for credit losses	**(2,481)**	(2,481)
Other receivables, prepayments and deposit paid, net	**31,687**	31,842
Trade and other receivables, net	**53,565**	56,024

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 2024 (Unaudited) ***HK$'000***	31 March 2024 (Audited) *HK$'000*
0 to 30 days	**1,245**	2,332
31 to 90 days	**2,770**	–
91 to 180 days	**1,092**	7,859
181 to 365 days	**7,241**	9,878
Over 365 days	**9,530**	4,113
	21,878	24,182

11. TRADE AND OTHER PAYABLES

	30 September 2024 (Unaudited) *HK$'000*	31 March 2024 (Audited) *HK$'000*
Trade payables	**20,283**	31,896
Other payables and accruals	**23,795**	22,746
Accrued staff costs	**12,733**	11,301
Amounts due to shareholders and directors	**83,012**	81,878
Amounts due to employees	**11,885**	11,885
Deposit received	**15,640**	15,640
Interest payable on other borrowings and bank borrowings	**3,796**	3,901
Interest payable on convertible bonds	**767**	527
Interest payable on placing notes	**11,254**	10,504
	183,165	190,278

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

	30 September 2024 (Unaudited) *HK$'000*	31 March 2024 (Audited) *HK$'000*
0 to 30 days	**1,572**	2,527
31 to 90 days	**277**	210
91 to 180 days	**134**	7,526
181 to 365 days	**7,500**	15,053
Over 365 days	**10,800**	6,580
	20,283	31,896

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in dry grinding and dry beneficiation (the "**DGDB**") business, the convergence media business, and other operations including investment, securities trading and tourism and hospitality business. The first half of 2024 presented a challenging global economic environment characterized by inflationary pressures, rising interest rates, and geopolitical tensions. In China, the economic recovery faced headwinds, with continued credit contraction affecting capital flows and consumption demands.

For the six months ended 30 September 2024, the Group reported a revenue from operations of approximately HK$14,630,000, a decline from HK$25,263,000 in the same reporting period of previous year. This decrease reflects the broader economic challenges faced by many businesses. Notably, the loss for the period significantly decreased to HK$7,962,000, down from HK$12,210,000 for the same period last year, indicating improved operational efficiency and effective cost management despite challenging environment. Also there is an adjustment of gain on settlement HK$1,931,000 in the review period.

As macroeconomic conditions remain subdued in Hong Kong and mainland China, the Group is strategically leveraging its diversified business model to adapt to market changes. To offset the weaker performance of the convergence media business, the Group has redirected resources to collect the receivables of more than HK$8 million from convergence media business and to expand the DGDB operations. This strategic shift involves broadening the scope of the DGDB business from a primary focus on iron ore to encompass a wider range of mineral ores.

In line with this strategic expansion, the Group has established collaborative partnerships with various technology partners in the international and mainland iron ore or coal mine industries. These collaborations are pivotal for accelerating both the technological advancements and business development of the DGDB technologies.

Dry Grinding and Dry Beneficiation Business

The DGDB Business has successfully transitioned from an investment-focused phase to a revenue-generating operation. During the six months ended 30 September 2024, the DGDB segment generated approximately HK$7,572,000 in revenue, a significant increase from HK$0 in the same reporting period last year. The Group has made significant advancements in DGDB technologies through collaboration with industry players in the iron ore and coal mine industries to accelerate commercialization.

During the period under review, the Group deepened its collaborations with technology partners and expanded the application of DGDB technologies to new ore varieties, such as titaniferous iron ore and talc ore. This diversification has enabled us to capture new market opportunities while maintaining our leadership in the iron ore beneficiation sector.

A pivotal aspect of the Group's strategy involves the development of mobile DGDB operations. This initiative includes the deployment of DGDB machineries in maritime enviornments, reducing the need for extensive land-based infrastructure. The flexibility of this mobile strategy significantly minimizes infrastructure and transportation costs, while allowing the Group to efficiently access and utilize resources in underutilized locations. This innovative approach not only enhances operational efficiency but also aligns with the Group's commitment to sustainable and cost-effective solutions.

Convergence Media Business

The convergence media business experienced a reduction in revenue, generating approximately HK$7,058,000 for the six months ended 30 September 2024 compared to HK$25,623,000 in the previous year. This decline is largely attributed to a strategic shift in operational focus in response to the increasingly difficult advertising market in China.

The Group has maintained the business in automotive sector by focusing on organizing product launches, conducting vehicle reviews, and hosting technical live-streaming sessions. Leveraging platforms such as Douyin (TikTok China), WeChat Channels, and media streaming services, the Group has strengthened its presence within the automotive industry.

At the same time, the Group maintained its focus on large-scale cultural events and music concerts. A highlight during the period was the concert at Changzhou Cultural Plaza, which created a vibrant atmosphere, boosting local tourism and fostering new business opportunities.

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

In addition to its core business segments, the Group is actively monitoring market developments and is well-positioned to pursue 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 to the second half of 2024, the Group remains cautiously optimistic despite the ongoing macroeconomic uncertainties. The Group anticipates a strategic shift in focus with scaling down of the convergence media business as we realign resources in response to market conditions. Conversely, we expect substantial growth in our DGDB business, driven by increasing demand for energy-efficient and sustainable mining solutions. We expect to expand our operation from iron ore related processing application to coal mine as well while developing presence in Mongolia and other countries rich in mineral resources.

The Group's initiatives in coal mine DGDB projects, maritime DGDB technologies, the mobile power generation, and cryptocurrency mining are set to demonstrate the Group's commitment to expanding its presence in the mining industry while leveraging its advanced DGDB technologies. These initiatives position the Group in a more prosperous areas for growth and align with global sustainability trends.

In line with our long-term strategic objectives, the Group will continue to seek opportunities to optimize our capital structure and enhance shareholder value. We remain committed to prudent financial management, while focusing on expanding our DGDB operations and capitalizing on emerging trends in sustainable technologies and resource-efficient industries.

FINANCIAL REVIEW

During the period under review, the Group recorded a revenue of approximately HK$14,630,000 (30 September 2023: approximately HK$25,623,000), representing a reduction of approximately 42.9% 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 narrowed to approximately HK$7,962,000 (30 September 2023: approximately HK$12,210,000). Loss attributable to owners of the Company for the period under review was approximately HK$7,520,000 (30 September 2023: approximately HK$9,937,000). As at 30 September 2024, the total assets and net liabilities of the Group were approximately HK$66,141,000 and HK$370,914,000 (31 March 2024: approximately HK$68,290,000 and HK$374,730,000) respectively.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2024, the Group had bank balances and cash of approximately HK$2,049,000 (31 March 2024: approximately HK$1,697,000), and the Group had total borrowings of approximately HK$209,906,000 (31 March 2024: approximately HK$214,047,000), of which borrowings of 27.2% was in HK$ and 72.8% was in Renminbi and of which borrowings within one year was HK$64,040,000 (31 March 2024: HK$212,004,000), accounting for approximately 30.5% (31 March 2024: 99.0%) of the total borrowings. The gearing ratio, being the ratio of the sum of total borrowings to total deficit, was 56.6% as at 30 September 2024 (31 March 2024: 57.1%). The liquidity ratio, being the ratio of current assets over current liabilities, was 21.7% as at 30 September 2024 (31 March 2024: 14.1%). The improved liquidity ratio was due to effective debt restructuring initiatives, including placing and negotiating debt settlements on favourable terms. The debt restructuring initiatives also resulted in a reduction in finance costs to HK$5,174,000 (30 September 2023: HK$5,859,000).

The Group's cash and cash equivalents were mainly denominated in RMB and the Group's borrowings were mainly denominated in RMB. As at 30 September 2024, the Group's other borrowings with fixed interest rates accounted for approximately 100% of total borrowings.

PLEDGE OF ASSETS

As at 31 March 2024 and 30 September 2024, the Group did not pledge any assets to secure the borrowings granted to the Group.

CAPITAL COMMITMENTS

As at 30 September 2024, the Group had capital commitments contracted for but not provided in the consolidated interim financial statements of approximately HK$128,110,000 (31 March 2024: HK$152,114,000).

CONTINGENT LIABILITIES

As at 30 September 2024, except those as disclosed in the section of "Litigation", 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. 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 2024, the Group's other borrowings with fixed interest rates accounted for approximately 100% of total borrowings.

EQUITY-LINKED AGREEMENTS

Placement of New Shares under General Mandate

On 7 May 2024, the Company and the placing agent entered into the placing agreement ("**the Placing Agreement**") pursuant to which the Company has conditionally agreed to place through the placing agent, on a best effort basis, of up to 16,803,334 Placing Shares ("**the Placing Shares**") to not less than six placees who and whose ultimate beneficial owners shall be independent third parties at a price of HK$1.030 per placing share. As additional time is required for the placing agent to procure investors to subscribe for the Placing Shares, on 28 May 2024, the Company and the placing agent, after arm's length negotiation, entered into a supplemental agreement (the "**Supplemental Agreement**") to the Placing Agreement, whereby the parties agreed to extend the completion date to within four Business Days after 11 June 2024. Furthermore, the Placing Price is adjusted from HK$1.030 to HK$1.070 (the "**Adjusted Placing Price**"). As additional time is required for the fulfillment of the conditions, including the granting of the listing of and permission to deal in all the Placing Shares by the Stock Exchange, on 11 June 2024, the Company and the placing agent, after arm's length negotiation, entered into a second supplemental agreement (the "**Second Supplemental Agreement**") to the Placing Agreement (as amended and supplemented by the Supplemental Agreement), whereby the parties agreed to extend the completion date to within four Business Days after 2 July 2024. All the conditions precedent in the Placing Agreement have been fulfilled and completion of the placing took place on 2 July 2024. For details of the placing shares under the general mandate, please refer to the Company's announcements dated 7 May 2024, 28 May 2024, 11 June 2024 and 2 July 2024 respectively.

Subscriptions of Convertible Bonds under General Mandate

On 12 July 2024, the Company entered into the subscription agreements with 4 Subscribers, pursuant to which the Company has contemplated to issue and the Subscribers are desirous of subscribing the Convertible Bonds in the total principal amount of HK$6,000,000 which may be converted into no more than 1,500,000 Conversion Shares based on the initial Conversion Price of HK$4.00 upon full conversion (the "**6M Convertible Bonds**"). On 25 July 2024, the Convertible Bonds were issued by the Company to the Subscribers pursuant to the subscription agreements. For details of the 6M Convertible Bonds, please refer to the announcement of the Company dated 12 July 2024.

Issue of Convertible Bonds under Specific Mandate in relation to the Settlement Agreement

On 11 April 2024, the Company entered into the Settlement Agreement with CQ Zifeng, pursuant to which the Company, CQ Baoli Yota and CQ Zifeng have agreed to settle the Agreed Amount by the issue of the Convertible Bonds to CQ Zifeng (the "**Settlement Convertible Bonds**"). The principal amount of the Convertible Bonds of RMB128,370,000 (based on the Exchange Rate, equivalent to approximately HK$139,003,790). In the case of the Conversion Rights having been exercised in full, a total number of 11,678,635 Conversion Shares will be allotted and issued by the Company upon full conversion of the Convertible Bonds at the initial Conversion Price of HK$11.9024 per Conversion Share. The Conversion Shares will be allotted and issued pursuant to the Specific Mandate which is subject to the Shareholders' approval at the SGM which will be held on 10 October 2024.

For details of the Settlement Convertible Bonds, please refer to the announcement and the circular of the Company dated 14 August 2024 and 20 September 2024 respectively.

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 HK$1.26 million. On 16 March 2020, the Placing Agent was added by such creditor as the second 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 another court action. On 8 February 2023, the Court issued an order that the case management summons conference hearing in the aforesaid two actions which was held on 11 July 2023 and adjourned to 18 December 2023. On 27 September 2023, the Company has taken out applications for expert directions and adducing supplemental witness statements. On 18 December 2023, the Court issued an order that a case management conference hearing which was held on 18 April 2024. On 18 April 2024, the Court issued an order that the Creditor to set the case down within 42 days for a 12-day trial. Applications to set down for trial were filed and served on 13 May 2024 and 28 May 2024 respectively. The Applications were approved by the Court on 7 June 2024. On 23 July 2024, the pre-trial hearing and the formal hearing for the aforesaid two court actions was now fixed by the Court on 27 November 2025 and 2 March 2026 to 17 March 2026 respectively.

(ii) In July 2020, Hong Kong Made and Ample Success had entered into an agreement with the Licensor to obtain the advertising license rights for the period from 1 July 2019 to 30 June 2022 in connection with the Guangzhou-Shenzhen China Railway High-speed Harmony Series trains (the "**GSCR Hexiehao Trains**") (the "**2019 Advertising License Rights Agreement**") and were the exclusive agents in connection with the advertising agency services and related production services for GSCR Hexiehao Trains. In June 2021, the Group had entered into another agreement with the Licensor to extend the term of the Advertising License Rights for the period from 1 July 2022 to 30 June 2025 (the "**2021 Advertising License Rights Agreement**"). In September 2022, the Group was in dispute with the Licensor on certain terms of the 2021 Advertising License Rights Agreement and the Group, as plaintiff, lodged legal proceeding against the Licensor (the "**Defendant**") in Guangzhou Nansha People's Court, (the "**Nansha Court**") in respect of the breach of 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 HK$6,045,000); (iii) refund of over-charged license fees of RMB8,917,000 (equivalent to HK$10,163,000); and (iv) other damages such as losses, interest and legal fees etc. (the "**2022 PRC Court Action**"). In December 2022, the Group lodged legal proceeding against the Defendant in the Court of First Instance of Hong Kong Special Administrative Region (the "**CFI of Hong Kong**") for (i) rescinding the 2019 Advertising License Rights Agreement and the 2021 Advertising License Rights Agreement; (ii) returns of deposit paid of RMB5,300,000 (equivalent to HK$6,045,000) (iii) refund of over-charged license fees of RMB15,533,000 (equivalent to HK$17,716,000); and (iv) other damages such as losses, interest and legal fees etc. (the "**2022 Hong Kong Court Action**"). On 20 February 2023, the Defendant lodged a counterclaim against the Group in the Nansha Court (the "**Counterclaim**") but the Counterclaim was subsequently revoked and approved by the Nansha Court on 13 June 2023. At the same date, the Nansha Court determined to dismiss the claim against the Defendant lodged by the Group on the basis that there is parallel litigation with certain overlapping issues between the aforesaid claims lodged in the Nansha Court and in the CFI of Hong Kong.

On 20 June 2023, the Group submitted an amendment on its Writ of Summons and Statement of Claim to the CFI of Hong Kong for (i) rescinding the 2019 Advertising License Rights Agreement; (ii) refund of overcharged license fees of RMB12,468,000 (equivalent to HK$13,502,000); and (iii) other damages such as losses, interest and legal fees etc. (the "**2023 Hong Kong Court Action**").

On 13 July 2023, the Group lodged another legal proceeding 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 HK$5,739,000); (iii) refund of overcharged license fees of RMB8,917,000 (equivalent to HK$9,656,000); and (iv) other damages such as losses, interest and legal fees etc. (the "**2023 PRC Court Action**"). The Defendant lodged objections on 26 September 2023 and the Group has lodged statement of defence and supplemental statement of defence on 12 October 2023 and 24 November 2023 respectively. On 12 December 2023, the Nansha Court determined to dismiss the 2023 PRC Court Action. The Group lodged an appeal to Guangzhou Intermediate People's Court (the "**Guangzhou Court**") on 3 January 2024 (the "**Appeal**") and was accepted by the Guangzhou Court on 6 March 2024. On 16 July 2024, the Guangzhou Court affirmed the original judgement made by the Nansha Court on 12 December 2023.

Up to the date of this interim results announcement, the CFI of Hong Kong and the Guangzhou Court have not issued any judgement in relation to the 2023 Hong Kong Court Action and the Appeal. The Directors of the Company consider the claims lodged by the Group in respect of the over-charged license fees and other damages had not been recognised as contingent assets as it is considered the outcome of the legal proceedings is uncertain at the end of the reporting period.

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 2024, the Group employed 62 employees (30 September 2023: 80). Staff costs (including Directors' emoluments) of the Group for the six months ended 30 September 2024 amounted to approximately HK$5,380,000 (30 September 2023: HK$4,516,000).

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 2024 (30 September 2023: HK$ Nil).

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

(a) Pursuant to the announcement dated 4 October 2024 and 18 October 2024 in relation to the subscriptions of new shares under general mandate, an aggregate of 9,756,096 Subscription Shares have been successfully allotted and issued to the four Subscribers at the Subscription Price of HK$0.41 per Subscription Share. Amongst the net consideration from the Subscriptions, the amount of HK$2,000,000 will be set off against part of the debt owing by the Company to the respective Subscriber(s) on a dollar-to-dollar basis. The remaining proceeds are intended for general working capital.

(b) On 10 October 2024, the ordinary resolution in connection with the issue of the Convertible Bonds to Chongqing Zifeng Business Partnership (Limited Partnership)* （重慶市梓峰商貿合夥企業（有限合夥）) ("**CQ Zifeng**"), which is indirectly owned and controlled by Chongqing Municipal SASAC (State-owned Assets Supervision Administration Commission of the State Council), under specific mandate in relation to the Settlement Agreement, was duly passed in the special general meeting. The completion of issue of the Convertible Bonds took place on 23 October 2024 in accordance with the Settlement Agreement.

(c) On 17 November 2024, the Company has entered into a memorandum of understanding (the "**MOU**") with Van Pacific Resource Ltd. (the "**VPR**") to expand the Group's DGDB technologies in the coal sector and develop its business opportunities in power generation, data centre and potentially cryptocurrency mining business. The Group shall obtain an exclusive right for ten years or longer in mining, producing, processing, transportation and selling of coal from the coal ore (the "**Mining Productions**") located in Mongolia owned by VPR's subsidiary. An exclusive pilot pithead coal power plant in relation to the Mining Productions will be built in Mongolia; and the Group intends to further expand into cryptocurrency mining and potentially data center business utilizing the cost-effective power generation from pithead power plant. VPR shall assist in obtaining all Mongolia's government and regulatory approvals in this respect.

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 as set out in Appendix C1 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 2024.

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 C3 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 2024, 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 2024

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.