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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 2016

INTERIM RESULTS

The board of directors (the “Board”) of China Baoli Technologies Holdings Limited (the “Company”) hereby announces the unaudited consolidated interim results of the Company (together with its subsidiaries, the “Group”) for the six months ended 30 September 2016 together with the comparative figures for the corresponding period in 2015. The unaudited consolidated interim results have been reviewed by the Company’s audit committee.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2016

		Six months ended 30 September	
		2016	2015
		(Unaudited)	(Unaudited)
			(Restated)
	Notes	HK\$'000	HK\$'000
Revenue	4	23,138	59,662
Net unrealised losses on financial assets at fair value through profit or loss	4	(64,077)	(13,481)
Net realised (losses)/gains on financial assets at fair value through profit or loss	4	(75,190)	8,225
Other income and gains	4	8,332	781
		<u>(107,797)</u>	<u>55,187</u>
Cost of sales		(6,235)	(6,776)
Cost of fuel oil consumed		(9,366)	(9,969)
Administrative expenses		<u>(100,344)</u>	<u>(49,468)</u>
Loss from operations		(223,742)	(11,026)
Finance costs		(2,985)	(3,242)
Share of loss of an associate		<u>(18,122)</u>	<u>—</u>
Loss before taxation	5	(244,849)	(14,268)
Taxation	6	<u>—</u>	<u>—</u>
Loss for the period		<u><u>(244,849)</u></u>	<u><u>(14,268)</u></u>
Loss attributable to:			
Equity shareholders of the Company		(244,455)	(13,858)
Non-controlling interests		<u>(394)</u>	<u>(410)</u>
		<u><u>(244,849)</u></u>	<u><u>(14,268)</u></u>
Loss per share attributable to equity shareholders of the Company during the period			
Basic and diluted	7	<u><u>(0.84) cents</u></u>	<u><u>(0.19) cents</u></u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2016

	Six months ended	
	30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss for the period	(244,849)	(14,268)
Other comprehensive income/(loss):		
Item that may be reclassified subsequently to profit or loss		
Exchange differences arising from translation of financial statements of foreign operations	<u>128</u>	<u>(8)</u>
Total comprehensive loss for the period	<u>(244,721)</u>	<u>(14,276)</u>
Attributable to:		
Equity shareholders of the Company	(244,505)	(14,008)
Non-controlling interests	<u>(216)</u>	<u>(268)</u>
Total comprehensive loss for the period	<u>(244,721)</u>	<u>(14,276)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2016

		30 September 2016 (Unaudited)	31 March 2016 (Audited) (Restated)
	Notes	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment		14,502	16,195
Land use rights		9,427	10,005
Interest in an associate	8	340,769	–
Goodwill		14,592	14,592
Available-for-sale financial asset		9,300	9,300
Total non-current assets		388,590	50,092
Current assets			
Inventories		1,896	1,682
Trade and other receivables	9	113,979	110,928
Financial assets at fair value through profit or loss	10	9,900	170,480
Loans to associates	11	334,062	–
Cash and cash equivalents		50,637	23,661
Total current assets		510,474	306,751
Current liabilities			
Trade and other payables	12	53,661	62,192
Amounts due to related companies	18	435	100
Bank and other borrowings	13	32,090	61,505
Total current liabilities		86,186	123,797
Net current assets		424,288	182,954

		30 September 2016 (Unaudited)	31 March 2016 (Audited) (Restated)
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities			
Amount due to a non-controlling shareholder of a subsidiary		22,246	22,246
Bank and other borrowings	<i>13</i>	37,950	28,513
Deferred taxation		1,767	1,793
Total non-current liabilities		61,963	52,552
Net assets		750,915	180,494
Equity			
Capital and reserves attributable to equity shareholders of the Company:			
Share capital	<i>14</i>	325,572	75,572
Reserves		421,257	100,620
		746,829	176,192
Non-controlling interests		4,086	4,302
Total equity		750,915	180,494

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2016 except for the adoption of new and revised standards and interpretations with effect from 1 April 2016.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations issued by the HKICPA, which are effective for the Group’s financial period beginning on 1 April 2016.

Amendments to HKFRSs	Annual improvements to HKFRSs 2012-2014 cycle
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations
Amendments to HKAS 1	Disclosure initiative
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants
Amendments to HKAS 27	Equity method in separate financial statements
HKFRS 14	Regulatory deferral accounts

The adoption of the new or revised Hong Kong Financial Reporting Standards (“HKFRS”) had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented.

The Group has not early adopted the following new or revised standards and amendments that have been issued but are not yet effective.

Amendments to HKAS 7 ¹	Disclosure initiative
Amendments to HKAS 12 ¹	Recognition of deferred tax assets for unrealised loss
Amendments to HKFRS 10 and HKAS 28 ⁴	Sales or contribution of assets between an investor and its associate or joint venture
HKFRS 15 ²	Revenue from contracts with customers
HKFRS 9 ²	Financial instruments
HKFRS 16 ³	Leases

¹ *Effective for annual periods beginning on or after 1 January 2017*

² *Effective for annual periods beginning on or after 1 January 2018*

³ *Effective for annual periods beginning on or after 1 January 2019*

⁴ *Effective date to be determined*

The Group has not early adopted the new HKFRSs that have been issued but are not yet effective. The directors of the Company (the “Directors”) are currently assessing the impact of these new HKFRSs but are not yet in a position to state whether they would have material financial impact on the Group’s result of operations and financial position.

3. SEGMENT INFORMATION

For management purpose, the Group has four (2015: four) principal lines of businesses namely (1) mobile technologies business; (2) tourism and hospitality business; (3) property business (including property development, trading of building materials and provision of renovation services); and (4) gamma ray irradiation services which, together with other operation – securities trading and investment, are the basis on which the Group reports its primary segment information.

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

Segment results

For the six months ended 30 September 2016

	Mobile technologies business (Unaudited) HK\$'000	Tourism and hospitality business (Unaudited) HK\$'000	Property business (Unaudited) HK\$'000	Gamma ray irradiation services (Unaudited) HK\$'000	Other operation – securities trading and investment (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
CONSOLIDATED INCOME STATEMENT						
REVENUE	<u>–</u>	<u>20,698</u>	<u>–</u>	<u>2,440</u>	<u>–</u>	<u>23,138</u>
Segment results	<u>(13,772)</u>	<u>(29,029)</u>	<u>(137)</u>	<u>(1,305)</u>	<u>(138,205)</u>	<u>(182,448)</u>
Unallocated corporate expenses						<u>(41,294)</u>
Loss from operations						(223,742)
Finance costs						(2,985)
Share of loss of an associate						<u>(18,122)</u>
Loss before taxation						(244,849)
Taxation						<u>–</u>
Loss before non-controlling interests						<u>(244,849)</u>

Segment assets and liabilities

As at 30 September 2016

	Mobile technologies business (Unaudited) HK\$'000	Tourism and hospitality business (Unaudited) HK\$'000	Property business (Unaudited) HK\$'000	Gamma ray irradiation services (Unaudited) HK\$'000	Other operation – securities trading and investment (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
CONSOLIDATED STATEMENT OF FINANCIAL POSITION						
ASSETS						
Segment assets	699,373	35,500	3,417	37,813	11,461	787,564
Unallocated corporate assets						111,500
Consolidated total assets						899,064
LIABILITIES						
Segment liabilities	444	25,348	22,357	9,463	33,130	90,742
Unallocated corporate liabilities						57,407
Consolidated total liabilities						148,149

Segment results

For the six months ended 30 September 2015

	Tourism and hospitality business (Unaudited) HK\$'000	Property business (Unaudited) HK\$'000	Gamma ray irradiation services (Unaudited) HK\$'000	Resources business (Unaudited) HK\$'000	Other operation – securities trading and investment (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
CONSOLIDATED INCOME STATEMENT						
REVENUE	<u>57,121</u>	<u>–</u>	<u>2,541</u>	<u>–</u>	<u>–</u>	<u>59,662</u>
Segment results	<u>5,743</u>	<u>(248)</u>	<u>(1,498)</u>	<u>(219)</u>	<u>(4,579)</u>	<u>(801)</u>
Unallocated corporate expenses						<u>(10,225)</u>
Loss from operations						<u>(11,026)</u>
Finance costs						<u>(3,242)</u>
Loss before taxation						<u>(14,268)</u>
Taxation						<u>–</u>
Loss before non-controlling interests						<u>(14,268)</u>

Segment assets and liabilities

As at 31 March 2016

	Tourism and hospitality business (Audited) HK\$'000	Property business (Audited) HK\$'000	Gamma ray irradiation services (Audited) HK\$'000	Resources business (Audited) HK\$'000	Other operation – securities trading and investment (Audited) HK\$'000	Total (Audited) HK\$'000
CONSOLIDATED STATEMENT OF FINANCIAL POSITION						
ASSETS						
Segment assets	49,943	3,597	42,409	–	170,969	266,918
Unallocated corporate assets						89,925
Consolidated total assets						<u>356,843</u>
LIABILITIES						
Segment liabilities	13,574	23,166	9,963	150	52,907	99,760
Unallocated corporate liabilities						76,589
Consolidated total liabilities						<u>176,349</u>

As the resources business has become insignificant and no revenue was recorded during the period under review, the segment loss of approximately HK\$143,000 attributable to the resources business was included in the unallocated corporate expenses of approximately HK\$41,294,000 for the period under review.

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the period (2015: HK\$Nil).

Segment results represents the profit/(loss) earned or incurred by each segment without allocation of central administration costs including directors' salaries, investment and other income, finance costs, and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the aggregate of the net amounts received and receivable from third parties during the period. An analysis of the Group's revenue, other income and gains is as follows:

	Six months ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
		(Restated)
	HK\$'000	HK\$'000
Revenue		
Tourism and hospitality business	20,698	57,121
Gamma ray irradiation services	2,440	2,541
	<u>23,138</u>	<u>59,662</u>
Net unrealised losses on financial assets at fair value through profit or loss	(64,077)	(13,481)
Net realised (losses)/gains on financial assets at fair value through profit or loss	<u>(75,190)</u>	<u>8,225</u>
Other income and gains		
Other income	–	766
Exchange gain	–	7
Interest income from financial institutions	22	8
Other interest income	8,310	–
	<u>8,332</u>	<u>781</u>
	<u>(107,797)</u>	<u>55,187</u>

5. LOSS BEFORE TAXTION

	Six months ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
		(Restated)
	HK\$'000	HK\$'000
Amortisation of land use rights	232	246
Consultancy fee	10,829	458
Cost of inventories sold	4,067	4,225
Depreciation of property, plant and equipment	2,146	2,286
Exchange loss	302	–
Operating lease payments (Note 17)	10,075	3,987
Share based payments	29,309	–

6. TAXATION

No provision for Hong Kong profits tax has been made in the consolidated financial statements as the Company and its subsidiaries in Hong Kong had no assessable profits for the six months ended 30 September 2016 and 2015. Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rate of taxation prevailing in the countries in which the Group operates.

7. LOSS PER SHARE

The calculation of basic loss per share for the six months ended 30 September 2016 is based on the loss for the period attributable to equity shareholders of the Company of approximately HK\$244,455,000 (2015: approximately HK\$13,858,000) and on the weighted average number of 28,963,139,606 shares (2015: 7,472,908,731 shares) in issue during the period.

The calculation of diluted loss per share for the six months ended 30 September 2016 and 30 September 2015 has not included the potential effect of share options outstanding as they have an anti-dilutive effect on the basic loss per share for the respective period.

8. INTEREST IN AN ASSOCIATE

	30 September 2016 (Unaudited) HK\$'000	31 March 2016 (Audited) HK\$'000
Investment cost, unlisted	358,891	–
Share of post-acquisition loss	(18,122)	–
	<u>340,769</u>	<u>–</u>

On 29 April 2016, the Group completed the acquisition of 30% equity interest of Yota for the consideration of USD46,225,000 (equivalent to approximately HK\$358,891,000).

Particulars of the associate is as follows:–

Name	Place of incorporation	Issued and fully paid capital	Percentage of equity interest attributable to the Group	Principal activities
Yota	Cayman Islands	USD1,000	30	Design, research and development, production and marketing and sales of high-tech consumer LTE electronics.

9. TRADE AND OTHER RECEIVABLES

	30 September 2016 (Unaudited) HK\$'000	31 March 2016 (Audited) HK\$'000
Trade receivables	43,772	53,176
Less: allowance for impairment	<u>22,331</u>	<u>22,331</u>
Trade receivables, net	<u>21,441</u>	<u>30,845</u>
Other receivables and prepayments	107,538	95,083
Less: allowance for impairment	<u>15,000</u>	<u>15,000</u>
Other receivables and prepayments, net	<u>92,538</u>	<u>80,083</u>
	<u>113,979</u>	<u>110,928</u>

The Directors consider that the carrying amounts of trade and other receivables approximate to their fair values.

The Group allows an average credit period of 90 days to 210 days (31 March 2016: 90 days to 180 days) to its trade customers. The following is an analysis of trade receivables by age, presented based on the invoice date, net of allowance for impairment:

	30 September 2016 (Unaudited) HK\$'000	31 March 2016 (Audited) HK\$'000
Up to 30 days	3,709	5,635
31 to 90 days	7,484	13,435
91 to 365 days	<u>10,248</u>	<u>11,775</u>
	<u>21,441</u>	<u>30,845</u>

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September	31 March
	2016	2016
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Listed securities held for trading:		
– Equity securities listed in Hong Kong	<u>9,900</u>	<u>170,480</u>

The fair value of all equity securities is based on their current bid prices in an active market.

As at 30 September 2016, the Group's listed securities of aggregate carrying amount of approximately HK\$5,113,000 (31 March 2016: approximately HK\$108,417,000) were pledged by the Group to secure margin account payable.

11. LOANS TO ASSOCIATES

	30 September	31 March
	2016	2016
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Yota Devices Limited (<i>Note a</i>)	105,170	–
Yota Devices IPR Limited (<i>Note b</i>)	<u>228,892</u>	<u>–</u>
	<u>334,062</u>	<u>–</u>

Notes:

- (a) Yota Devices Limited is a company incorporated in the Republic of Cyprus with limited liability which is a wholly-owned subsidiary of Yota. The loan is interest-free, unsecured and unguaranteed.
- (b) Yota Devices IPR Limited is a company incorporated in the British Virgin Islands with limited liability which is a wholly-owned subsidiary of Yota. The loans are unsecured and unguaranteed, and bear interest at 8% per annum.

12. TRADE AND OTHER PAYABLES

	30 September 2016 (Unaudited) <i>HK\$'000</i>	31 March 2016 (Audited) (Restated) <i>HK\$'000</i>
Trade payables	5,112	4,019
Other payables and accruals	48,549	44,372
Amount due to a Director	—	13,801
	<u>53,661</u>	<u>62,192</u>

Amount due to a Director is unsecured, interest-free and repayable on demand.

In the opinion of the Directors, all of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

The Directors consider that the carrying amounts of trade and other payables approximate to their fair values.

The following is an analysis of trade payables by age based on the invoice date:

	30 September 2016 (Unaudited) <i>HK\$'000</i>	31 March 2016 (Audited) <i>HK\$'000</i>
Up to 30 days	5,112	4,008
31 to 90 days	—	11
	<u>5,112</u>	<u>4,019</u>

13. BANK AND OTHER BORROWINGS

	30 September 2016 (Unaudited) HK\$'000	31 March 2016 (Audited) HK\$'000
Current		
Bank borrowing – secured (<i>Note a</i>)	–	9,639
Margin account payable (<i>Note b</i>)	<u>32,090</u>	<u>51,866</u>
	<u>32,090</u>	<u>61,505</u>
Non-current		
Bank borrowing – secured (<i>Note a</i>)	9,302	–
Placing notes (<i>Note c</i>)	<u>28,648</u>	<u>28,513</u>
	<u>37,950</u>	<u>28,513</u>
Total bank and other borrowings	<u><u>70,040</u></u>	<u><u>90,018</u></u>
Bank borrowing repayable		
Within one year	–	9,639
After one year but within two years	<u>9,302</u>	<u>–</u>
	<u>9,302</u>	<u>9,639</u>
Other borrowings repayable		
Within one year	32,090	51,866
After one year but within five years	19,031	18,928
After five years	<u>9,617</u>	<u>9,585</u>
	<u>60,738</u>	<u>80,379</u>
Total bank and other borrowings	<u><u>70,040</u></u>	<u><u>90,018</u></u>

Notes:

- (a) The bank borrowing will mature on 7 September 2018 (31 March 2016: matured on 16 September 2016) and the average effective interest rate of the bank borrowing is 5.70% (31 March 2016: 7.38%) per annum. As at 30 September 2016 and 31 March 2016, the bank borrowing was secured by certain leasehold buildings and land use rights of the Group.
- (b) Margin account payable as at 30 September 2016 and 31 March 2016 is secured by certain listed securities held by the Group and carries interest at prime rate plus 3% per annum.
- (c) On 20 August 2013, the Company entered into a placing agreement (the “2013 Placing Agreement”) with a placing agent (the “Placing Agent”), pursuant to which the Company agreed to place, through the Placing Agent, on a best efforts basis, the notes up to an aggregate amount of HK\$300,000,000 to be issued by the Company in the denomination of HK\$2,000,000 each (the “Placing Notes”) to independent third parties. Pursuant to the 2013 Placing Agreement, the Placing Notes carry interest at 5% per annum and are to be redeemed on the seventh anniversary from the respective issue dates of the Placing Notes. The Company may early redeem in whole the Placing Notes at a redemption price equal to the outstanding principal amount together with accrued interest after the third anniversary from the respective issue dates of the Placing Notes.

On 15 August 2014, the Company and the Placing Agent renewed the placing period and agreed to place the Placing Notes in the remaining principal amount of up to HK\$280,000,000. The Placing Notes in the aggregate principal amount of HK\$30,000,000 were issued on 18 September 2013, 13 November 2013 and 3 November 2014 respectively. Details of the placing and the renewal are set out in the Company’s announcements dated 20 August 2013 and 15 August 2014 respectively.

14. SHARE CAPITAL

	Number of Shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each of the Company:		
<i>Authorised:</i>		
As at 31 March 2016	15,000,000,000	150,000
Increase in authorised share capital	50,000,000,000	500,000
As at 30 September 2016	65,000,000,000	650,000
<i>Issued and fully paid:</i>		
As at 31 March 2016	7,557,195,617	75,572
Issue of shares by placing (<i>Note</i>)	25,000,000,000	250,000
As at 30 September 2016	32,557,195,617	325,572

Note:

On 27 April 2016, the Company issued 25,000,000,000 new ordinary shares under placing at the placing price of HK\$0.032 per share. The Company raised net proceeds of approximately HK\$758,831,000, of which approximately HK\$535,833,000 was credited to the share premium account.

15. CONTINGENT LIABILITIES

As at 30 September 2016, the Group had no significant contingent liabilities (31 March 2016: Nil).

16. CAPITAL COMMITMENTS

As at 30 September 2016, the Group had no significant capital commitments. As at 31 March 2016, the Group had capital commitments contracted for but not provided for in the consolidated financial statements in respect of the acquisition of an associate amounting to USD46,225,000 (equivalent to approximately HK\$358,244,000).

17. OPERATING LEASE COMMITMENTS

The Group made minimum lease payments of approximately HK\$10,075,000 (2015: approximately HK\$3,987,000) under operating leases during the period.

At the end of reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	30 September 2016 (Unaudited) HK\$'000	31 March 2016 (Audited) HK\$'000
Within one year	16,230	6,589
After one year and within five years	18,699	2,470
After five years	2,630	–
	<u>37,559</u>	<u>9,059</u>

Operating lease payments represent rental payable by the Group for certain of its office premises, staff quarters, warehouses, motor vehicles, cruise ship and yacht. Leases are negotiated and fixed for an average term of two to six years.

18. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

During the period, the Group had the following transactions with its associate and its related parties, details of which are as follows:

	Six months ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loan interest income from an associate	7,237	–
Rental expenses to related companies	(1,716)	–
	<u>5,521</u>	<u>–</u>

(b) Compensation of key management of the Group

	Six months ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Fee, salaries and other short-term employee benefits	2,377	1,394
Pension scheme contributions	36	9
	<u>2,413</u>	<u>1,403</u>

(c) Period/year-end balances

	30 September 2016 (Unaudited) HK\$'000	31 March 2016 (Audited) HK\$'000
Amount due to a Director	<u>–</u>	<u>13,801</u>
Amounts due to related companies	<u>435</u>	<u>100</u>

Save as disclosed above, there were no other significant transactions with related parties during the period or significant balances with them at the end of the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the period under review, the Group is mainly engaged in mobile technologies business, tourism and hospitality business, property business, gamma ray irradiation services and securities trading and investment.

Mobile Technologies Business

On 29 April 2016, the Group successfully acquired 30% of equity interest of Yota and was granted an exclusive intellectual property license to market and sell “YOTAPHONE” in the Greater China region for 7 years. YotaPhone pioneers the dual-screen design always-on smartphone which is the most distinctive feature among competitors. Despite the severe rivalry in the smartphone business, the Group strongly believes the unique product design, dual-screen, will be the key to success. With the booming of technology development and popularity of smartphones in China, the Group believes there is a huge potential growth for high-tech products in China.

On 2 November 2016, Allied Jumbo Investments Limited (“Allied Jumbo”, an indirect wholly-owned subsidiary of the Company) entered into the agreements (the “Agreements”) with Yulong Computer Telecommunication Scientific (Shenzhen) Co., Ltd (“Yulong Shenzhen”, an indirect wholly-owned subsidiary of Coolpad Group Limited (“Coolpad”, stock code: 2369)), in relation to the formation of a joint venture (the “JV Company”) which will be held as to 51% by Allied Jumbo and as to 49% by Yulong Shenzhen. The registered capital of the JV Company will be RMB200,000,000. The registered capital contribution in cash by each of Allied Jumbo and Yulong Shenzhen is in proportion to their respective shareholding in the JV Company. The JV Company will be principally engaged in the research and development, production, distribution and sale of dual-screen mobile handsets in Greater China.

The Group believes that the formation of the joint venture with Coolpad represents an opportunity for the Group to leverage on the experience and expertise of Coolpad and expedite the development of the Groups’ mobile technologies business. Details of the Agreements are set out in the Company’s announcements dated 3 November 2016 and 22 November 2016.

The Group has commenced the mobile technologies business since the acquisition of 30% equity interest of Yota and the exclusive intellectual property licence. During the period under review, the Group did not record revenue for this segment as the setting up of the business was still in progress. Segment loss was approximately HK\$13,772,000. The management of the Group currently expects that revenue would be generated late next year in the absence of unforeseen circumstances.

Tourism and Hospitality Business

The Group's tourism and hospitality business focuses on providing services in respect of certain management functions and core operations of a cruise ship. These services include crew management, technical management, commercial management, insurance arrangements, etc. As the manager of the cruise ship, the Group receives income from the room sales, boat fares, meals, duty free sales and management fees and leasing fees from the operator who manages and leases the leisure facilities of the cruise ship as remuneration for its services. The Group is in a unique position to capitalise on opportunities in leisure, hospitality, tourisms and related areas through its cruise ship business.

During the period under review, the operating environment of the Group's tourism and hospitality business continued to be extremely challenging. With countries around the world stepping up their efforts to attract Mainland China tourists, the number of tourists to Hong Kong has reduced. The number of inbound tourists fell by 3.5% to approximately 28 million and the number of overnight visitors from Mainland China fell by 1.8% to approximately 8.8 million, compared to the corresponding period last year. The Group continued its marketing initiatives and launched various event based promotions to drive customer traffic. However, in light of the lukewarm tourism sector in Hong Kong, the Group's tourism and hospitality business recorded a decline in revenue due to the impact of diminishing number of inbound visitors from Mainland China. The Group's tourism and hospitality division recorded a revenue of approximately HK\$20,698,000 (2015: approximately HK\$57,121,000) and a loss of approximately HK\$29,029,000 (2015: profit of approximately HK\$5,743,000).

Despite the challenging environment, the Group will strive to deliver consistently high quality customer services to increase business volume by stepping up its marketing efforts. The Group is confident that its tourism and hospitality business will be benefited in the long run when the operating environment gradually improves.

Property Business

The Group's property business includes property development, trading of building materials and provision of renovation services. For the period under review, revenue of the Group's property business was HK\$Nil (2015: HK\$Nil). Segment loss was approximately HK\$137,000 (2015: approximately HK\$248,000). The Group will continue to explore mixed use property development and investment opportunities in China and in other regions.

Gamma Ray Irradiation Services

The Group's gamma ray irradiation business is conducted through 淄博利源高科輻照技術有限公司 (Zibo Liyuan Gamma Ray Technologies Co. Limited*), a 80% owned subsidiary of the Group which is licensed by 中華人民共和國環境保護部 (Ministry of Environmental Protection of the People's Republic of China*), for the provision of irradiation services by utilising gamma ray technologies. During the period under review, the decline in revenue of the gamma ray irradiation services primarily reflected the intensified competition in local market and the increasingly challenging market environment for food irradiation and medical devices sterilisation services. Revenue generated from the gamma ray irradiation services for the period under review was approximately HK\$2,440,000 (2015: approximately HK\$2,541,000). Segment loss was approximately HK\$1,305,000 (2015: approximately HK\$1,498,000). Despite the operating challenges, the Group will continue to improve the efficiency of its operations and to provide enhanced services for its consumers.

Other Operation

During the period under review, performance of the Group's securities trading and investment business was impacted by the continuous unfavourable stock market condition in Hong Kong. The Group's securities trading and investment business reported a loss of approximately HK\$138,205,000 (2015: approximately HK\$4,579,000), which represented the aggregate of net realised losses of approximately HK\$75,190,000 (2015: net realised gains of approximately HK\$8,225,000) from disposal of listed securities held for trading and net unrealised losses of approximately HK\$64,077,000 (2015: approximately HK\$13,481,000) due to change in fair value of listed securities held for trading. As at 30 September 2016, the carrying amount of the listed securities was approximately HK\$9,900,000 (31 March 2016: approximately HK\$170,480,000).

A summary of the listed securities held by the Group during the period under review is set out in the table below.

Company name	Place of incorporation	Percentage of shareholdings in equity investment	Percentage of total assets of the Group as at 30 September 2016	Fair value as at 30 September 2016	Unrealised gains/(losses) on fair value change for the period	Realised loss on fair value change for the period	Dividend received	Principal activities
		as at 30 September 2016	as at 30 September 2016	as at 30 September 2016 <i>HK\$'000</i>	on fair value change for the period <i>HK\$'000</i>	on fair value change for the period <i>HK\$'000</i>	<i>HK\$'000</i>	
REXLot Holdings Limited	Bermuda	0.19%	0.24%	2,133	37,863	(41,356)	–	Provision of lottery machines, related operating software system, the distribution and marketing of lottery products in the People's Republic of China (the "PRC")
Tech Pro Technology Development Limited	Cayman Islands	0.40%	0.52%	4,687	(95,060)	(33,834)	–	Manufacture, sale and trading of LED lighting products
King Force Group Holdings Limited	Cayman Islands	0.63%	0.34%	3,080	(6,880)	–	–	Provision of security guarding services and mobile game business

Prospects

Looking ahead, the global economic recovery will remain sluggish. In particular, "Brexit" has added significant uncertainty to an already fragile global recovery. Nevertheless, the management of the Group believes that opportunities co-exist with challenges. The Group will continue to diversify its business to reduce the negative impact of the current global economy on its core business.

Currently the Group's tourism and hospitality business is running on a traditional model which heavily relies on the operation of a cruise ship. The performance in this segment is easily affected by economic or industry downturn. The Group will strengthen its strategic shift of its focus from the tourism and hospitality business to the mobile technologies business as it believes that mobile phone and related application could become the Group's business growth engine and would bring long-terms benefits to the Group. In this connection, the Group completed its investment in Yota, a well-known smartphone developer in Russia. It is now committed to developing YotaPhone 3 and plans to enter the smartphone market in the Greater China region in 2017. In November 2016, the Group also entered into a cooperation agreement with Coolpad to form a joint venture in Shenzhen for the development of dual-screen smartphones. With Coolpad's expertise in smartphone development in Mainland China and the technology advantages of Yota's research and development team, the Group believes that its mobile technologies business will grow steadily.

The Group believes that mobile technologies and related application can help promote and generate its tourism and hospitality business. The Group will aim at transforming its tourism and hospitality business into a dynamic business model which will create synergies for the two business segments.

Furthermore, the Group intends to develop investment and fund management business. The goal is to generate stable fee based income and performance based revenue.

In the long run, the Group will continue to actively look for new investments and business opportunities in order to diversify its existing business with a view of achieving better growth potential and generating promising returns to the shareholders of the Company in the near future.

Financial Review

Financial Results

For the period under review, the Group recorded a revenue of approximately HK\$23,138,000 (2015: approximately HK\$59,662,000), representing a decrease of approximately 61% compared with the corresponding period in 2015. The decrease was mainly from the tourism and hospitality business.

Loss from operations for the period under review amounted to approximately HK\$223,742,000 (2015: approximately HK\$11,026,000). Net loss attributable to equity shareholders of the Company for the period under review increased to approximately HK\$244,455,000 (2015: approximately HK\$13,858,000), which was mainly attributable to (i) the significant realised and unrealised loss from the securities trading and investment business of approximately HK\$138,205,000; (ii) share based payment expenses related to the share options granted during the period under review of approximately HK\$29,309,000; (iii) loss from the tourism and hospitality business of approximately HK\$29,029,000; (iv) share of loss of an associate during the period under review of approximately HK\$18,122,000; and (v) loss from mobile technologies business of approximately HK\$13,772,000. As at 30 September 2016, the total assets and net assets of the Group were approximately HK\$899,064,000 and approximately HK\$750,915,000 (31 March 2016: approximately HK\$356,843,000 and approximately HK\$180,494,000) respectively.

Liquidity and Financial Resources

As at 30 September 2016, the Group had cash and cash equivalents of approximately HK\$50,637,000 (31 March 2016: approximately HK\$23,661,000). Short-term bank and other borrowings were approximately HK\$32,090,000 (31 March 2016: approximately HK\$61,505,000). Long-term bank and other borrowings were approximately HK\$37,950,000 (31 March 2016: approximately HK\$28,513,000). The gearing ratio, being the ratio of the sum of total borrowings to total equity, was 9% as at 30 September 2016 (31 March 2016: 50%). The decrease in gearing ratio was mainly due to the issue of 25,000,000,000 new ordinary shares by the Company under placing during the period under review. The liquidity ratio, being the ratio of current assets over current liabilities, was 592% as at 30 September 2016 (31 March 2016: 248%). The increase in liquidity ratio was mainly due to the loan to an associate generated during the period under review.

Property, Plant and Equipment

During the period under review, there were addition of approximately HK\$885,000 (2015: approximately HK\$2,574,000) to property, plant and equipment to expand the Group's operation.

Capital Commitments

As at 30 September 2016, the Group had no significant capital commitments. As at 31 March 2016, the Group had capital commitments contracted for but not provided for in the consolidated financial statements in respect of the acquisition of an associate amounting to USD46,225,000 (equivalent to approximately HK\$358,244,000).

Pledge of Assets

As at 30 September 2016, the Group's land use rights and certain property, plant and equipment with carrying amount of approximately HK\$14,528,000 (31 March 2016: approximately HK\$15,477,000) were pledged to a bank to secure the bank borrowing granted to the Group.

As at 30 September 2016, the Group's listed securities with carrying amount of approximately HK\$5,113,000 (31 March 2016: approximately HK\$108,417,000) were pledged to secure margin account payable granted to the Group.

Contingent Liabilities

As at 30 September 2016, the Group had no significant contingent liabilities (31 March 2016: Nil).

Exposure to Exchange Rate Risk and Interest Rate Risk

The Group's transactions are denominated in Hong Kong dollars, Renminbi and United States dollars. The Group did not enter into any foreign exchange forward contracts 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 both the borrowings of the Group and the interest rates currently remain at low levels.

Share Capital

During the period under review, the Company issued 25,000,000,000 new ordinary shares under placing at HK\$0.032 per share. As at 30 September 2016, the total number of issued shares of the Company was 32,557,195,617.

Save for the above, there was no change in the share capital structure of the Company during the period under review.

Use of Proceeds

On 27 April 2016, an aggregate of 25,000,000,000 shares were allotted and issued to placees under a specific mandate granted to Directors at a special general meeting of the Company held on 22 April 2016 at a price of HK\$0.032 per placing share. The Company raised net proceeds of approximately HK\$758.831 million, the net price per placing share is approximately HK\$0.03 after the deduction of relevant expenses of the placing. As at 30 September 2016, the net proceeds from the placing has been utilised for funding (a) the consideration for the acquisition of 30% equity interest of Yota of USD46,225,000 (equivalent to approximately HK\$358.891 million); (b) the consideration for the assignment of the debts owed by Yota Devices Limited to Telconet Capital Limited Partnership under the Bridge Loan Agreement (as defined in the circular of the Company dated 31 March 2016) of USD13,561,868 (equivalent to approximately HK\$105.29 million); (c) the loan granted by the Company to Yota Devices IPR Limited under the Yota BVI Loan Agreement (as defined in the circular of the Company dated 31 March 2016) of USD27,000,000 (equivalent to approximately HK\$209.63 million); and (d) general working capital for the Group of approximately HK\$41 million. The remaining unutilised proceeds were held in cash in bank as at 30 September 2016.

Material Acquisitions or Disposal of Subsidiaries

The Group had no material acquisition or disposal of subsidiaries during the six months ended 30 September 2016.

Litigation

In April 2016, the Company completed a placing pursuant to the terms of the placing agreement (the “2016 Placing Agreement”) and allotted and issued 25,000,000,000 new shares. Pursuant to the terms of the 2016 Placing Agreement, each placee would be subject to a lock-up period of 24 months from the date of allotment and issue of such shares.

In May 2016, three shareholders of the Company, being the placees under the placing, were found to have breached their lock-up undertakings under the 2016 Placing Agreement. An interlocutory injunction order (the “Injunction Order”) was obtained by the Company from the High Court of Hong Kong (the “Court”) on 27 May 2016 restraining the three shareholders from, among other things, directly or indirectly selling, mortgaging, charging, pledging, hypothecating, lending, granting or selling any option, warrant, contract or right to purchase, transferring, disposing of, creating any right over, or agreeing or offering to do any of the aforesaid in relation to the 1,667 million shares allotted and issued to them under the placing, until 3 June 2016. On 3 June 2016, the Court made an order that, among other things, the Injunction Order do continue until trial or further order. Further details of the court orders are set out in the announcements of the Company dated 29 May 2016 and 7 June 2016. As at the date of this announcement, the litigation was still in progress.

Employee and Emolument Policy

As at 30 September 2016, the Group had 337 employees (2015: 319).

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 benefit plans maintained by the Group mainly include medical insurance, hospitalisation scheme, mandatory provident fund and share option scheme. Employees in the PRC are remunerated according to the prevailing market conditions in the locations of their employments.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2016 (2015: Nil).

CORPORATE GOVERNANCE

None of the Directors is aware of any information which would reasonably indicate that the Company is not, or was not, throughout the period under review, in compliance with the code provisions (the “Code Provision(s)”) as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules, except the following deviation:

Under the Code Provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. Currently, save for Mr. Lee Chi Ming who was appointed as an independent non-executive Director for a term of 3 years, the other independent non-executive Directors are not appointed for a specific term, while all of them are subject to retirement by rotation at the Company’s annual general meetings as specified in the Company’s bye-laws.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the unaudited interim financial results of the Company for the six months ended 30 September 2016.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 30 September 2016, the Company has adopted a code of conduct regarding Directors’ securities transactions on terms no less exacting than the required standard as pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the “Model Code”). Having made specific enquiry by the Company, all the 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.

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

During the six months ended 30 September 2016, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The results announcement of the Company for the six months ended 30 September 2016 is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.aplushk.com/clients/00164chinabaoli/index.html>) respectively. The 2016 interim report of the Company will be despatched to the shareholders of the Company and made available on the above websites in due course.

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

Hong Kong, 24 November 2016

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

* *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.*