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 2019

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 2019 together with the comparative figures for the corresponding period in 2018. The unaudited consolidated interim results for the six months ended 30 September 2019 have been reviewed by the Company's audit committee.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2019

	Notes	Six months ended 30 September 2019 (Unaudited) *HK$'000*	2018 (Unaudited) *HK$'000*
Revenue	*5*	**21,003**	35,851
Cost of sales		**(37,786)**	(52,146)
Gross (loss) profit		**(16,783)**	(16,295)
Other income, gains and losses, net	*5*	**151**	16,154
Administrative expenses		**(46,060)**	(73,510)
Selling and distribution expenses		**(2,060)**	(35,246)
Finance costs		**(3,865)**	(7,438)
Share of profit of associates		**–**	474
Loss before tax		**(70,677)**	(115,861)
Loss for the period		**(70,677)**	(115,861)
Loss for the period attributable to:			
– Owners of the Company		**(70,429)**	(115,453)
– Non-controlling interests		**(248)**	(408)
		(70,677)	(115,861)
Loss per share			
– Basic and diluted		**(0.19) cents**	(0.33) cents

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

For the six months ended 30 September 2019

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss for the period	**(70,677)**	(115,861)
Other comprehensive (expense) income:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**5,510**	8,490
Share of other comprehensive expense of associates	**–**	(3,167)
Other comprehensive expense for the period, net of income tax	**5,510**	5,323
Total comprehensive expense for the period	**(65,167)**	(110,538)
Total comprehensive expense attributable to:		
Owners of the Company	**(64,362)**	(109,172)
Non-controlling interests	**(805)**	(1,366)
	(65,167)	(110,538)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

	Notes	30 September 2019 (Unaudited) *HK$'000*	31 March 2019 (Audited) *HK$'000*
Non-current assets			
Property, plant and equipment		**9,139**	9,986
Land use rights		**7,621**	8,328
Intantigle asset		**79,862**	19
Goodwill		**235,285**	185,285
Right-of-use assets		**5,164**	–
Interests in associates		**–**	–
Deferred tax assets		**2,004**	2,524
		339,075	206,142
Current assets			
Inventories		**4,331**	11,638
Trade and other receivables	*9*	**63,306**	36,005
Amounts due from associates		**–**	–
Financial assets at fair value through profit or loss	*10*	**918**	778
Bank balances and cash		**5,902**	7,317
		74,457	55,738
Current liabilities			
Trade and other payables	*11*	**434,947**	387,047
Contract liabilities		**469**	469
Lease liabilities		**3,289**	–
License rights fee payables		**30,921**	–
Bank and other borrowings		**254,395**	209,895
		724,021	597,411
Net current liabilities		**(649,564)**	(541,673)
Total assets less current liabilities		**(310,489)**	(335,531)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

As at 30 September 2019

	30 September 2019 (Unaudited) ***HK$'000***	31 March 2019 (Audited) *HK$'000*
Non-current liabilities		
Bank and other borrowings	**28,895**	28,895
Lease liabilities	**2,467**	–
License rights fee payables	**31,601**	–
Deferred tax liabilities	**30**	30
	62,993	28,925
Net liabilities	**(373,482)**	(364,456)
Capital and reserves		
Share capital	**372,156**	363,823
Reserves	**(745,638)**	(716,627)
Equity attributable to owners of the Company	**(304,190)**	(352,804)
Non-controlling interests	**(10,046)**	(11,652)
Total deficit	**(373,482)**	(364,456)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 3103–04, 31/F., Oxford House, Taikoo Place, 979 King's Road, Quarry Bay, 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 mobile and multi-media technologies business, tourism and hospitality business, gamma ray irradiation services and securities trading and investment.

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 applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on 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 (the "**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.

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 2019.

The preparation of these condensed consolidated interim financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The areas where significant judgments and estimates have been made in preparing these condensed consolidated interim financial statements and their effect are the same as those applied to the consolidated financial statements of the Company for the year ended 31 March 2019.

As at 30 September 2019, the Group's current liabilities exceeded its current assets by approximately HK$649,564,000 (31 March 2019: approximately HK$541,673,000) and the Group had net liabilities of approximately HK$373,482,000 (31 March 2019: approximately HK$364,456,000), in which total borrowings amounted to approximately HK$283,290,000 (31 March 2019: approximately HK$238,790,000), while its cash and cash equivalents amounted to approximately HK$5,902,000 (31 March 2019: approximately HK$7,317,000).

The Group's net liabilities are mainly attributable to (i) impairment of investments in associates; and (ii) impairment of amounts due from associates during the year ended 31 March 2019. Please refer the details in the Company's annual consolidated financial statements for the year ended 31 March 2019.

Given the current situation, the management has taken the following actions to improve the financial position of the Group. The management has been in discussions with the major creditors to extend the loans and potentially part of them will be repaid by equity. The Group will make further announcements once agreements have been reached.

As at 30 September 2019, the total loan from Directors to the Company was approximately HK$52,078,000 (31 March 2019: approximately HK$45,078,000). Taking into account the current situation of the Group, most of these Directors have agreed that they will not require the Company to repay the loan until such time when repayment will not affect the ability of the Group to repay other creditors in the normal course of business. In addition, the substantial shareholder has executed a letter of support and will continue to provide financial support to the Company to meet its financial obligations including payment of interests on bank borrowings, professional fees and other operating expenses, and will not demand for repayment of the loan to the Group.

In addition, the management of the Company has been actively looking for potential investors. Through fund-raising exercises, the Group would be able to meet its financial obligations and obtain additional financing resources in pursuing other business and fulfilling the operational needs.

Accordingly, the Directors consider that it is appropriate to prepare the unaudited condensed consolidated interim financial statements on a going concern basis. However, there are significant uncertainties as to the outcomes of the above events or conditions that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Should the use of the going concern basis in preparation of the unaudited condensed consolidated interim financial statements be inappropriate, adjustments would have to be made to reflect the situation that assets may need to be realised at the amounts other than which they are currently recorded in the unaudited condensed consolidated statement of financial position as at 30 September 2019. In addition, the Group may have to recognise further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively.

3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies used in the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2019 except for the adoption of new and revised standards and interpretations with effect from 1 April 2019.

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 2019.

HKAS 19 (Amendments)	Employee benefits
HKAS 28 (Amendments)	Long-term interests in associates and joint ventures
HKFRS 9 (Amendments)	Prepayment features with negative compensation
HKFRS 16	Leases
HKFRIC 23	Uncertainty over income tax treatments
Annual Improvements to HKFRS	Annual improvements 2015–2017 Cycle

A number of new or amended standards became applicable for the current reporting period, and the Group had to change its accounting policies and make retrospective adjustments as a result of adopting HKFRS 16 Leases.

The impact of the adoption of HKFRS 16 is disclosed below. The other new or amended standards did not have any material impact on the Group's accounting policies.

The Company has initially applied HKFRS 16 as from 1 April 2019. The Company has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(a) Changes in the accounting policies

(i) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Company applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 April 2019. For contracts entered into before 1 April 2019, the Company has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases.

Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(ii) Lease accounting

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Company is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets. As far as the Company is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment.

When the Company enters into a lease in respect of a low-value asset, the Company decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Company will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) Critical accounting judgements and sources of estimation uncertainty in applying the above accounting policies

(i) Determining the lease term

As explained in the above accounting policies, the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Company, the Company evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Company to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Company's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Company's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

(c) Transitional impact

At the date of transition to HKFRS 16 (i.e. 1 April 2019), the Company determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 April 2019. To ease the transition to HKFRS 16, the Company applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(i) the Company elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 March 2020;

The following table reconciles the operating lease commitments as at 31 March 2019 to the opening balance for lease liabilities recognised as at 1 April 2019:

	1 April 2019
	HK$'000
Operating lease commitments at 31 March 2019	7,401
Less: total future interest expenses	(761)
Total lease liabilities recognised at 1 April 2019	6,640

There are no significant impact on the adoption of HKFRS 16 of the Company's statement of financial position as at 1 April 2019.

4. SEGMENT INFORMATION

For management purpose, the Group has three (2018: three) principal lines of businesses namely (1) mobile and multi-media technologies business; (2) tourism and hospitality business; and (3) 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 and contribution to operating results by business segments is presented as follows:

Segment results
For the six months ended 30 September 2019

	Mobile and multi-media technologies business (Unaudited)	**Tourism and hospitality business (Unaudited)**	**Gamma ray irradiation services (Unaudited)**	**Other operation – securities trading and investment (Unaudited)**	**Total (Unaudited)**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
CONSOLIDATED INCOME STATEMENT					
Revenue	**16,811**	**1,898**	**2,294**	**–**	**21,003**
Segment results	**(30,185)**	**(3,569)**	**(313)**	**140**	**(33,927)**
Unallocated corporate expenses					**(32,885)**
Loss from operations					**(66,812)**
Finance costs					**(3,865)**
Loss before taxation					**(70,677)**
Taxation					**–**
Loss for the period					**(70,677)**

Segment results

For the six months ended 30 September 2018

	Mobile and multi-media technologies business (Unaudited) *HK$'000*	Tourism and hospitality business (Unaudited) *HK$'000*	Gamma ray irradiation services (Unaudited) *HK$'000*	Other operation – securities trading and investment (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
CONSOLIDATED INCOME STATEMENT					
Reveune	26,640	6,695	2,516	–	35,851
Segment results	(71,836)	(214)	(937)	(686)	(73,673)
Unallocated corporate expenses					(35,224)
Loss from operations					(108,897)
Finance costs					(7,438)
Share of profit of an associate					474
Loss before taxation					(115,861)
Taxation					–
Loss for the period					(115,861)

5. REVENUE, OTHER INCOME AND GAINS (LOSSES)

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 (losses) is as follows:

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Continuing operations		
Revenue		
Sales of mobile phones and related products	**16,811**	26,640
Gamma ray irradiation service income	**2,294**	2,516
Tourism and hospitality business		
– Service income from sales of travel related products*	**1,898**	6,695
	21,003	35,851
Other income and gains (losses)		
Fair value gains/(losses) on financial assets at fair value through profit or loss	**140**	(679)
Other income	**152**	141
Exchange gain	**2,571**	169
Interest income from financial institutions	**12**	10
Interest income from subsidiaries of an associate	**–**	16,373
Gain on disposal of fixed assets	**–**	140
	2,875	16,154
	23,878	52,005

* *The Group's gross sales proceeds related to service income for the six months ended 30 September, 2019 were HK$133,907,000, an increase of 60% compared to HK$83,776,000 for the six months ended 30 September, 2018. Gross sales proceeds from sale of travel related products, including the air tickets, hotel accommodation and other travel related products, are considered as cash collected on behalf of a principal as an agent. The gross sales proceeds from these sales, which do not represent revenue, represent the price at which products have been sold inclusive of service fees. The related service income is recorded by the Group on net basis.*

6. LOSS BEFORE TAXATION

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Amortisation of land use rights	**236**	236
Consultancy fee	**–**	300
Cost of inventories sold	**19,239**	50,520
Depreciation of property, plant and equipment	**847**	1,746
Exchange loss	**1,857**	1,753

7. TAXATION

No provision for Hong Kong profits tax has been made in the consolidated financial statements as the Company and its subsidiaries did not generate any assessable profits arising in Hong Kong for the six months ended 30 September 2019 and 2018. Taxation on overseas profits has been calculated on the estimated assessable profits for both periods at the rate of taxation prevailing in the countries in which the Group operates.

8. LOSS PER SHARE

The calculation of basic loss per share for the six months ended 30 September 2019 is based on the loss for the period attributable to equity shareholders of the Company of approximately HK$70,429,000 (2018: approximately HK$115,453,000) and on the weighted average number of 3,691,506,583 shares (2018: 3,472,135,385 shares) in issue during the period. The weighted average number of shares for the purpose of basic and diluted loss per share has been adjusted for the effect of the share consolidation which became effective on 3 August 2018.

The calculations of basic and diluted loss per share are based on:

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss for the period attributable to equity shareholders of the Company used in the basic and diluted loss per share calculation	**(70,429)**	(115,453)

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary share in issue during the period used in the basic and diluted loss per share calculation	**3,691,506,583**	3,472,135,385

The calculation of diluted loss per share for the six months ended 30 September 2019 and 30 September 2018 has not included the potential effect of share options outstanding (if any) as they have an anti-dilutive effect on the basic loss per share for the respective period.

9. TRADE AND OTHER RECEIVABLES

	30 September 2019	31 March 2019
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Trade receivables	**27,407**	9,742
Less: allowance for impairment	**(806)**	(806)
Trade receivable, net	**26,601**	8,936
Other receivables and prepayments	**39,079**	29,443
Less: allowance for impairment	**(2,374)**	(2,374)
Other receivables, prepayments and deposit paid, net	**36,705**	27,069
	63,306	36,005

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2019 (Unaudited)	31 March 2019 (Audited)
	HK$'000	*HK$'000*
Listed securities held for trading:		
– Equity securities listed in Hong Kong	**918**	778

11. TRADE AND OTHER PAYABLES

	30 September 2019 (Unaudited)	31 March 2019 (Audited)
	HK$'000	*HK$'000*
Trade payables	**118,168**	85,257
Other payables and accruals	**114,021**	76,726
Deposit received	**15,640**	15,640
Amounts due to directors	**52,078**	45,078
Amount due to an associate	**135,040**	135,040
Amount due to a non-controlling shareholder	**–**	29,306
	434,947	387,047

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group's businesses consist of the mobile and multi-media technologies and advertising platform business, the tourism and hospitality business, the gamma ray irradiation services, and securities trading and investment. During the six months ended 30 September 2019, the operating environment for the Group's businesses worsened not only due to the intensification of geopolitical and trade tensions, but also because of the social incidents in Hong Kong which led to the decline in its businesses particularly in the tourism and hospitality segment vis-à-vis the same period last year.

The ongoing Sino-US trade disputes and the latest situation in Hong Kong are expected to continue to affect the economy and, in turn, the demand for technology products and travelling bookings. The Group, under such conditions, will strive to leverage its mobile and multi-media technologies in expanding the product range by putting its proprietary technologies to application in the advertising and media platforms so as to achieve growth in the mobile and multi-media technologies and advertising platform business and create value for shareholders in the long term.

Mobile and Multi-Media Technologies

The Group possesses the electronic paper display and dual-screen technologies and is currently running a mobile and multi-media technologies and advertising platform via different media channels using such technologies. First started with the mobile handsets with the launch of Yota 3, such unique dual-screen devices allow advertisers and content providers to make use of the electronic paper display backscreens.

Given the escalating trade dispute between China and the United States and China's slowdown in economic growth, the hardware mobile business in China market is expected to be volatile and will remain challenging in the foreseeable future. Therefore, the Group is focusing on putting its proprietary technologies into application, thereby strengthening its asset-light, less capital-intensive technology-focused mobile and advertising platform business. The Group is exploring cooperation with other mobile handset developer to expand the business into other market, in order to diversify the business risk.

In order to build a scalable infrastructure for multi-media technologies and advertising platform, the Group has also explored new formats and carriers for advertising and media displays, such as transport advertising and other advertising panels in the city centers. As portals to cities, trains are the city's nerve center and the daily channels for millions of people. It has transformed from a simple traffic tool to a living space on its own and can reach an ever-larger captive, network audience which is highly valued by advertisers.

On 6 June 2019, the Company completed the acquisition of two outdoor advertisement and media companies, Hong Kong Made (Media) Limited ("**Hong Kong Made**") and Ample Success Limited ("**Ample Success**"), which are principally engaged in the business of the development and operation of outdoor advertisement and media on Guangzhou-Shenzhen China Railway High-speed Harmony Series trains"GSCR"(廣深線和諧號). 1) Through such acquisition, the Group is entitled to an exclusive usage of and the operating right to the 25 trains of GSCR train media and advertising business. These two companies help clients produce high-quality and tailor-made advertisements which can be accessed by millions of travellers in one of the most developed train networks in the world, thereby providing a strategic and effective channel for Hong Kong and international brands to increase their brand awareness and promote their business in the region.

The daily frequency of GSCR trains travelling between Shenzhen and Guangzhou is 210. The existing per day per direction carrying capacity of GSCR is 140,280. During 2019 Golden Week holiday of China, the China Railway Guangzhou Group Co., Ltd. recorded accumulated 19.56 million rail trips, or 1.956 million rail trips daily, in which, 80% were taken hi-speed trains. Having regard to growing loading in recent years, it is expected the advertisement on the trains can be accessed by millions of travelers in a year.

The Group believes that the acquisition provides the Group with an opportunity to expand its existing business and can create synergies through putting its proprietary technologies to extend the multi-media sharing and advertising platform to other media. For details of the acquisition, please refer to the announcements of the Company dated 29 March 2019, 10 May 2019 and 6 June 2019. As of the date of this announcement, the Group has signed advertising contracts with companies engaged in a variety of businesses including consumer products, mobile communications and automobile manufacturing.

The Group is continuing to use its extensive expertise and in-depth knowledge in mobile technologies to expand the product range by putting the proprietary technologies to application in the advertising and media platforms of the Group, and to extend its distribution channels and customer base through exploring opportunities in other markets.

Mobile and multi-media technologies and advertising platform revenues for the six months ended 30 September 2019 were HK$16,811,000, representing a decrease of 36.90%, compared to HK$26,640,000 for the six months ended 30 September 2018. The decrease was primarily driven by fierce competition in mainland China market and a great cloud of economic uncertainty looms over global markets. Segment loss was approximately HK$30,185,000 (2018: approximately HK$71,836,000) due to the corresponding reduction in cost.

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 utilizing gamma ray technologies.

During the period under review, the Group's gamma ray irradiation business continued to provide irradiation sterilization processing services to different clients. Revenue generated from the gamma ray irradiation services for the period under review was approximately HK$2,294,000 (2018: approximately HK$2,516,000). Segment loss was approximately HK$313,000 (2018: approximately HK$937,000). The management is actively looking for opportunities in broadening its gamma ray technologies to other industries applications such as metals and other commodities, healthcare and other industries.

Tourism and Hospitality Business

The Hong Kong economy shrank 2.9 percent year-on-year in the third quarter of 2019. It was the first yearly economic contraction since the third quarter of 2009. The weakening economic conditions dampened consumer sentiment, and the local social incidents took a heavy toll on travel and tourism industry and other consumption-related sectors. As the adverse impacts of the local social incidents and frictions in trade between China and the United States have yet to show signs of abating, private consumption and travelling desires will continue to be affected. Visitor numbers to Hong Kong slumped 34.2 per cent in September 2019 compared with the same period of last year, while the levy income dipped almost 20 per cent in October 2019 year-on-year which reflected that the outbound market was struck.

The Government has announced it will roll out a cash incentive scheme helping the city's 1,700 travel agents, 60,000 tour guides and 17,000 tour escorts, whose industry has been among the hardest hit by months of social incidents and the US-China trade war. A government-backed HK$100 million cash incentive to entice agents to bring in more business, in which, a cash incentive of HK$120 per inbound tourist staying overnight, and HK$100 per outbound tourist, with a maximum of 500 tourists per travel agent is offered. Whilst the measure is expected to bring in certain degree of improvement, the measure was only implemented in November 2019 and will last for four months only.

** *For identification purpose only*

The Group conducts tourism and hospitality business through We Fly Travel Limited ("**We Fly**"), one of the top five online travelling platform in Hong Kong. Due to the latest situation in Hong Kong and along with the ongoing trade war between China and the US, the performance of the tourism and travel industry in Hong Kong has dropped significantly. In addition, the fierce market competition in online ticketing and other sales channels in the travel industry attributed to restraining the growth in the sales of travel related products and services. As a result, the revenue in this segment recorded a decline of 71.65% from approximately HK$6,695,000 in the six months end 30 September 2018 to approximately HK$1,898,000 in the six months ended 30 September 2019. The Group expects the travel industry will face notable downward pressures in the rest of the year. The management will closely monitor the market environment to help We Fly grappling with the economic fallout of ongoing social turmoil through the rationalization of its resources and product mix within We Fly.

Other Operation

The Group's securities trading and investment business continued to adopt a wait and see attitude investment strategy during the period under review. The Group's securities trading and investment business reported a gain of approximately HK$140,000 (2018: loss of approximately HK$686,000), representing net unrealised gains of approximately HK$140,000 (2018: net unrealised losses of approximately HK$679,000) arising from change in fair value of listed securities held for trading. As at 30 September 2019, the carrying amount of the listed securities was approximately HK$918,000 (31 March 2018: approximately HK$778,000).

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 as at 30 September 2019**	**Percentage of total asset of the Group as at 30 September 2019**	**Fair value as at 30 September 2019** *HK$'000*	**Unrealised gain(loss) on fair value change for the period** *HK$'000*	**Realised gain(loss) on fair value change for the period** *HK$'000*	**Dividend received** *HK$'000*	**Principal activities**
REXLot Holdings Limited (Stock code: 0555.HK)	Bermuda	0.1233%	0.09%	390	–	–	–	Development of the lottery systems and games, as well as the distribution and marketing of lottery products in the PRC
Tech Pro Technology Development Limited (Stock code: 3823.HK)	Cayman Islands	0.041%	–	–	–	–	–	Manufacture, sale and trading of LED lighting products and accessories and energy efficiency projects
Greatwalle Inc. (Stock code: 8315.HK)	Cayman Islands	0.3216%	0.13%	528	140	–	–	Provision of security guarding services and mobile game businesses

Prospects

Looking forward, the global economic uncertainty remains high. The Group expects global trade tensions and social incidents in Hong Kong will continue to have material impact on the demand in our businesses. The management will continue to monitor the effect these uncertainties may have on the Group's results, especially given the proportion of the revenue which is earned from the tourism and hospitality business, the industry hit hardest by the aforementioned uncertainties. Although the government has planned to implement a number of aiding policies which may provide some cushion against shocks, serious risks remain.

The Group will focus on enhancing its existing businesses through increasing the product mix and increasing its efficiencies, and will continue to broadening its scope of existing businesses, for example, in providing gamma ray irradiation technologies into other industries. The Group expects these new business opportunities will help generate sustainable profitability and growth in the long run.

The smartphone market in mainland China is in a period of recalibration. The Group is implementing a number of new strategies to drive the mobile and multi-media technologies and advertising platform business in the rest of the year ahead. The Group will continue to expand new business cooperation with large-scale enterprises and state-owned enterprises, and will continue to focus on putting its proprietary technologies into application, thereby strengthening its asset-light, less capital-intensive technology-focused business.

Given the abovementioned near-term challenges, as the industries the Group is operating in are not recovering to the extent previously expected, the Group will push ahead in-depth synergetic business cooperations, speed up improvement in innovative capability to allow the Group to establish unique differentiated advantages and create new strategic opportunities for the Group's development. At the same time, the management will focus on cost control in order to elevate our overall competitiveness and corporate efficiency. The management believes that opportunities co-exist with challenges. The Company will strive to overcome the challenges ahead and will grasp opportunities that are in the interest of the Company as they come along the way.

FINANCIAL REVIEW

Financial Result

During the period under review, the Group recorded a revenue of approximately HK$21,003,000 (30 September 2018: HK$35,851,000), representing a decrease of approximately 41.42% compared with previous corresponding period. The decrease in revenue was mainly due to the drop in the sale of smartphones and accessories, and service income from sales of travel related products.

Loss for the period under review amounted to approximately HK$70,677,000 (30 September 2018: approximately HK$115,861,000). Loss attributable to owners of the Company for the period under review increased to approximately HK$70,429,000 (30 September 2018: approximately HK$115,453,000), which was mainly attributable to the increase in marketing and operation expenses from the mobile and multi-media technologies and advertising platform business. As at 30 September 2019, the total assets and net liabilities of the Group were approximately HK$413,532,000 and HK$373,482,000 (31 March 2019: HK$261,880,000 and HK$364,456,000) respectively.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2019, the Group had bank balance and cash of approximately HK$5,902,000 (31 March 2019: HK$7,317,000), and the Group had total bank and other borrowings of approximately HK$283,290,000 (31 March 2019: HK$238,790,000), of which borrowings due within one year was HK$254,395,000 (31 March 2019: HK$198,637,000), accounting for approximately 89.80% (31 March 2019: 87.23%) of the total borrowings. As at 30 September 2019, the Group's borrowings with fixed interest rates to total borrowings was approximately 96.73%. The gearing ratio, being the ratio of the sum of total borrowings to total deficit, was 76% as at 30 September 2019 (31 March 2019: 66%). The increase in gearing ratio was mainly due to decrease in total equity during the period under review. The liquidity ratio, being the ratio of current assets over current liabilities, was 10.28% as at 30 September 2019 (31 March 2019: 9.33%). The decrease of liquidity ratio was mainly due to the increase of trade and other payables during the period under review.

CAPITAL COMMITMENTS

As at 30 September 2019, the Group had capital commitments contracted but not provided for in the consolidated financial statements of unpaid registered capital for a subsidiary approximately HK$146,665,000 (31 March 2019: HK$155,848,000).

CONTINGENT LIABILITIES

As at 30 September 2019, the Group had no significant contingent liabilities (31 March 2019: Nil).

EXPOSURE TO EXCHANGE RATE RISK AND INTEREST RATE RISK

The Group's transactions are mainly 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. As at 30 September 2019, the Group's bank and other borrowings with fixed interest rates accounted for approximately 96.73% of total borrowings.

EQUITY-LINKED AGREEMENTS

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

Save for the Share Option Scheme, the Share Award Scheme and the above agreements, no equity-linked agreements were entered by the Group or existed during the period under review.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

Save for the acquisition of the entire issued share capital of Hong Kong Made and Ample Success as mentioned above, there was no material acquisition or disposal of subsidiaries during the period under review.

LITIGATIONS

(1) In April 2016, the Company completed a placing pursuant to the terms of the placing agreement with a placing agent and allotted and issued 25,000,000,000 new shares to various placees (the "**Placing**"). Pursuant to the terms of the placing agreement, each placee undertook to the Company that the shares issued and allotted to it under the Placing 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 placees under the Placing were found to have breached their lock-up undertakings to the Company under the Placing by pledging their shares to two lenders as security for loans. 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, which was subsequently continued by a court order given on 3 June 2016, restraining the three placees from breaching the lock-up undertakings by, 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 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. The two lenders then took out applications in the Court in June 2016 and July 2016 respectively seeking declarations that they are beneficially entitled to the shares being the subject matter of the Injunction Order and later for variation of the Injunction Order to the effect that those shares shall no longer be the subject matter of the Injunction Order. The three placees disputed the contention that the lenders are the beneficial owners of the shares and legal proceedings regarding the ownership of those shares were brought in foreign jurisdictions. On 12 June 2017, the Court ordered that one of the lenders' application be adjourned pending the decision of the legal proceedings in foreign jurisdiction and the other lender's application be dismissed with costs to the Company. The lock-up period has already expired in April 2018 and the Injunction Order has been automatically discharged upon expiry of the lock-up period. As at the date of this announcement, the litigation is still in progress against the three placees for their breach of the lock-up undertakings.

(2) The Company received a Writ of Summons issued against the Company for a claim of HK$11,263,888.89 being the alleged outstanding principal and interest accrued thereon in connection with 5 placing notes allegedly issued by the Company in favour of the Plaintiff in 2013. The Company disputes the locus standi of the Plaintiff in commencing the legal proceedings and is in the course of applying for striking out the claim. The action is still on-going.

LATEST UPDATE OF YOTA LIQUIDATION

Yota is undergoing the liquidation process and the management is working with the liquidator and other stakeholders in its capacity as both a shareholder of Yota and a creditor of the subsidiaries of Yota, to, among other things, explore ways as to how to deal with the assets and liabilities of Yota. As of the date of this announcement, the Company has no intention to cease the sales and distribution of mobile and multi-media business.

EMPLOYEE AND EMOLUMENT POLICY

As at 30 September 2019, the Group employed 66 employees (30 September 2018: 161). Staff costs (including Directors' emoluments) of the Group for the six months ended 30 September 2019 amounted to approximately HK$7,387,000 (30 September 2018: HK$12,961,000). Salaries are freezed for this reported period. Staff benefits plans maintained by the Group include medical insurance, hospitalisation 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 basis of their merit, qualifications and competence. The emoluments of the Directors are decided by the Board, as authorised by the shareholders at the Company's annual general meetings, having regard to the Group's operating results, individual performance and comparable market statistics.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2019 (30 September 2018: HK$ Nil).

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

The Group has no important events after the reporting period.

CORPORATE GOVERNANCE

Save for the following deviations, 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 under Appendix 14 of the Listing Rules:

Under Code Provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. During the period under review, Mr. Han Chunjian, who retired at the annual general meeting of the Company held on 30 September 2019 (the "**Annual General Meeting**") and was absent at the Annual General Meeting due to other important engagement.

Under Code Provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. Currently, save for Mr. Chan Chi Yuen who was appointed as an independent non-executive Director not for a specific term, the other independent non-executive Directors were appointed for a term of three years, 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. Mr. Chan Chi Yuen resigned as an independent non-executive Director with effect from 18 September 2019.

AUDIT COMMITTEE

The Audit Committee has reviewed the unaudited consolidated interim financial statements of the Company for the six months ended 30 September 2019.

BASIS OF PREPARATION OF THE UNAUDITED INTERIM FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

As stated under Note 2 to the interim financial statements, the Group's current liabilities exceeded its current assets by approximately HK$598,571,000 as at 30 September 2019 which included total borrowings amounted to approximately HK$265,550,000, while its cash and cash equivalents amounted to approximately HK$5,902,000. These conditions, as set forth under Note 2 to the interim financial statements, indicate the existence of significant uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

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 under Appendix 10 of the Listing Rules.

The Board was informed by Mr. Yeung Chun Wai, Anthony ("**Mr. Yeung**") (resigned as executive Director with effect from 9 September 2019) on 5 July 2019 that he has entered into certain margin financing arrangement(s) and certain Shares held by Mr. Yeung, his spouse and their controlled corporations were deposited in a margin securities trading account (the "**Margin Account**") maintained with a securities firm (the "**Broker**") as collaterals to secure his margin financing (the "**Margin Securities**"). Mr. Yeung informed the Board that pursuant to the terms and conditions applicable to the Margin Account, the Broker disposed of 71,983,720, 12,625,000 and 13,500,000 Margin Securities, representing approximately 2.64% in total of the entire issued share capital of the Company, on the market on 25 June 2019, 26 June 2019 and 27 June 2019 respectively (the "**Disposals**") to settle the outstanding balances owing to the Broker. The Disposals fell within the black-out period in relation to the publication of the annual results of the Company for the year ended 31 March 2019 (the "**Black-out Period**"). The Directors (except Mr. Yeung), after considering the above-mentioned information provided by Mr. Yeung, were satisfied that the Disposals during the Black-out Period were made under exceptional circumstances under paragraph C.14 of the Model Code.

Save as disclosed above, 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 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on The Stock Exchange of Hong Kong Limited has been suspended with effect from 9:00 a.m. on 2 July 2019 and will remain suspended until further notice pending the fulfilment of the resumption conditions.

By order of the Board
China Baoli Technologies Holdings Limited
Zhang Yi
Chairman

Hong Kong, 29 November 2019

As at the date of this announcement, the executive Directors are Mr. Zhang Yi (Chairman), Ms. Chu Wei Ning (Chief Executive Officer) and Ms. Lam Sze Man; and the independent non-executive Directors are Mr. Chan Fong Kong, Francis and Mr. Chan Kee Huen, Michael.

* *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.*