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 2020

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 2020 together with the comparative figures for the corresponding period in 2019. The unaudited consolidated interim results for the six months ended 30 September 2020 have been reviewed by the Company's audit committee.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2020

		Six months ended 30 September	
		2020	2019
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	*5*	**21,572**	21,003
Cost of sales		**(20,197)**	(37,786)
Gross profit (loss)		**1,375**	(16,783)
Other income, gains and losses, net	*5*	**3,120**	2,875
Administrative expenses		**(12,423)**	(50,844)
Selling and distribution expenses		**(568)**	(2,060)
Finance costs		**(6,383)**	(3,865)
Loss before tax	*6*	**(14,879)**	(70,677)
Loss for the period		**(14,879)**	(70,677)
Loss for the period attributable to:			
– Owners of the Company		**(16,103)**	(70,429)
– Non-controlling interests		**1,224**	(248)
		(14,879)	(70,677)
Loss per share			
– Basic and diluted	*8*	**(0.04) cents**	(0.19) cents

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

For the six months ended 30 September 2020

	Six months ended 30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss for the period	**(14,879)**	(70,677)
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	–	11,651
Other comprehensive income for the period, net of income tax	–	11,651
Total comprehensive expense for the period	**(14,879)**	(59,026)
Total comprehensive expense attributable to:		
Owners of the Company	**(16,103)**	(60,632)
Non-controlling interests	**1,224**	1,606
	(14,879)	(59,026)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2020

	Notes	30 September 2020 (Unaudited) HK$'000	31 March 2020 (Audited) HK$'000
Non-current assets			
Property, plant and equipment		**6,088**	6,699
Intangible asset		**39,731**	52,292
Goodwill		**54,962**	54,962
Right-of-use assets		**11,160**	11,197
		111,941	125,150
Current assets			
Inventories		–	7
Trade and other receivables	*9*	**45,203**	44,374
Financial assets at fair value through profit or loss	*10*	**240**	512
Bank balances and cash		**4,976**	2,715
		50,419	47,608
Current liabilities			
Trade and other payables	*11*	**257,784**	237,970
Contract liabilities		**15,916**	26,543
Lease liabilities		**3,118**	3,586
License fee payables		**28,633**	28,633
Tax payable		–	3,090
Bank and other borrowings		**270,192**	259,491
Convertible loan		**10,262**	9,493
		585,905	568,806
Net current liabilities		**(535,486)**	(521,198)
Total assets less current liabilities		**(423,545)**	(396,048)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 September 2020

	30 September 2020 (Unaudited)	31 March 2020 (Audited)
	HK$'000	*HK$'000*
Non-current liabilities		
Bank and other borrowings	**9,868**	9,868
Lease liabilities	**812**	812
License fee payables	**23,763**	23,763
	34,443	34,443
Net liabilities	**(457,988)**	(430,491)
Capital and reserves		
Share capital	**372,156**	372,156
Reserves	**(821,066)**	(790,861)
Equity attributable to owners of the Company	**(448,910)**	(418,705)
Non-controlling interests	**(9,078)**	(11,786)
Total deficit	**(457,988)**	(430,491)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2020

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, gamma ray irradiation services, tourism and hospitality business and other operations – 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 2020.

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 2020.

As at 30 September 2020, the Group's current liabilities exceeded its current assets by approximately HK$535,486,000 (31 March 2020: approximately HK$568,806,000) and the Group had net liabilities of approximately HK$457,988,000 (31 March 2020: approximately HK$430,491,000), in which total borrowings amounted to approximately HK$280,060,000 (31 March 2020: approximately HK$269,359,000), while its cash and cash equivalents amounted to approximately HK$4,976,000 (31 March 2020: approximately HK$2,715,000).

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 2020, the total loan from Shareholders/Directors to the Company was approximately HK$49,639,000 (31 March 2020: approximately HK$46,026,000). Taking into account the current situation of the Group, most of these Shareholders/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 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 2020. 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. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the unaudited condensed consolidated interim financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2020, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("**HKFRSs**") for the first time for the current period.

Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKAS 1 and HKAS 8	Definition of Material

The adoption of the above revised standards has had no significant financial effect on the Group's unaudited interim condensed consolidated financial information.

4. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable for services rendered by the Group to outside customers, less discount.

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

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

(b) Tourism and hospitality business.

(c) Gamma ray irradiation services – provision of irradiation services by utilising gamma ray technologies.

(d) Other operations – securities trading and investment.

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

Revenue, other income and gains

An analysis of the Group's revenue, other income and gains (losses) is as follows:

Segment results

For the six months ended 30 September 2020

	Mobile and multi-media technologies business (Unaudited) *HK\$'000*	Gamma ray irradiation services (Unaudited) *HK\$'000*	Tourism and hospitality business (Unaudited) *HK\$'000*	Other operation – securities trading and investment (Unaudited) *HK\$'000*	Total (Unaudited) *HK\$'000*
CONSOLIDATED INCOME STATEMENT					
Revenue	**19,652**	**1,920**	**–**	**–**	**21,572**
Segment results	**(4,363)**	**(1,128)**	**–**	**(272)**	**(5,763)**
Unallocated corporate expenses					**(2,733)**
Loss from operations					**(8,496)**
Finance costs					**(6,383)**
Loss before taxation					**(14,879)**
Taxation					**–**
Loss for the period					**(14,879)**

Segment results

For the six months ended 30 September 2019

	Mobile and multi-media technologies business (Unaudited) *HK$'000*	Gamma ray irradiation services (Unaudited) *HK$'000*	Tourism and hospitality business (Unaudited) *HK$'000*	Other operation – securities trading and investment (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
CONSOLIDATED INCOME STATEMENT					
Revenue	16,811	2,294	1,898	–	21,003
Segment results	(30,185)	(313)	(3,569)	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)

5. REVENUE, OTHER INCOME AND GAINS (LOSSES)

An analysis of the Group's revenue, other income and gains (losses) is as follows:

	Six months ended 30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue		
Income from mobile and multi-media technologies business	**19,652**	16,811
Gamma ray irradiation service income	**1,920**	2,294
Tourism and hospitality business		
– Service income from sales of travel related products	**–**	1,898
	21,572	21,003
Other income and gains (losses)		
Fair value gains on financial assets at fair value through profit or loss	**272**	140
Other income	**152**	152
Exchange gain	**2,571**	2,571
Interest income from financial institutions	**3**	12
	3,392	2,875
	24,964	23,878

6. LOSS BEFORE TAXATION

	Six months ended 30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Amortisation of land use rights	**–**	236
Cost of inventories sold	**–**	19,239
Depreciation of property, plant and equipment	**533**	847
Exchange loss	**1**	1,857

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 2020 and 2019. 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 2020 is based on the loss for the period attributable to equity shareholders of the Company of approximately HK$16,103,000 (2019: HK$70,429,000) and on the weighted average number of 3,706,534,853 shares (2019: 3,691,506,583 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	
	2020	2019
	(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	**(16,103)**	70,429

	Six months ended 30 September	
	2020	2019
	(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	**3,706,534,853**	3,691,506,583

The calculation of diluted loss per share for the six months ended 30 September 2020 and 30 September 2019 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 2020 (Unaudited) *HK$'000*	31 March 2020 (Audited) *HK$'000*
Trade receivables	**3,650**	11,307
Less: allowance for credit losses	**–**	(6,291)
Trade receivables, net	**3,650**	5,016
Other receivables, prepayments and deposit paid	**41,553**	41,775
Less: allowance for credit losses	**–**	(3,042)
Other receivables, prepayments and deposit paid, net	**41,553**	39,358
	45,203	44,374

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2020 (Unaudited) *HK$'000*	31 March 2020 (Audited) *HK$'000*
Listed securities held for trading:		
– Equity securities listed in Hong Kong	**512**	512

11. TRADE AND OTHER PAYABLES

	30 September 2020 (Unaudited) *HK$'000*	31 March 2020 (Audited) *HK$'000*
Trade payables	**68,512**	65,228
Other payables and accruals	**120,877**	111,076
Deposit received	**15,640**	15,640
Amounts due to shareholders and directors	**52,755**	46,026
	257,784	237,970

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group was principally engaged in mobile and multi-media technologies business, gamma ray irradiation services, tourism and hospitality business and other operations – securities trading and investment.

The Group's results for the six months ended 30 September 2020 had shown considerable growth under the exceptional challenging business environment due to the outbreak of COVID-19 pandemic and the intensification of geopolitical and trade tensions. The Group's revenue for the six months ended 30 September 2020 was approximately HK$21,572,000, compared to HK$21,003,000 in the same period last year. The loss attributable to shareholders of the Group significantly narrowed to HK$14,879,000, compared to HK$70,677,000 for the same period of last year. The figures reflected how the Company had been able to weather the turbulent operation environment of the last six months.

Despite many uncertainties of the economy, the revenue of mobile and multi-media technologies business grew by 16.9% to HK$19,652,000 compared to the corresponding period of last year. This was mainly attributable to higher gross profit, as cost declined. The gross profit margin was turned around to 2.44%. The revenue of gamma ray irradiation business was HK$1,920,000 compared to HK$2,294,000 for the same period of last year.

The ongoing Sino-US trade disputes and the COVID-19 pandemic are expected to continue to affect the economy and, in turn, the Group will face significant local and regional challenges in the rest of the year. The Group, under such conditions, will continue to deploy its successful long-term strategic initiatives in developing and operating the mobile and multi-media technologies business and the gamma ray business. The Group will explore potential strategic investments and cooperation opportunities in expanding the scope of businesses in these business segments, so as to achieve growth and create value for shareholders in the long term.

Mobile and Multi-media Technologies Business

The Group has gained a strong foothold in the industry of mobile and multi-media technologies in China. The Group has also accumulated technologies, expertise, network and software resources in the construction of scalable multi-media sharing and advertising platforms and the dissemination and transmission of information via such platforms. Given the escalating trade dispute between China and the United States and China's slowdown in economic growth, the mobile technologies business in China market is expected to be volatile and will remain challenging in the foreseeable future.

One substantial application of such knowhow and expertise is transport and other 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. The Group helps clients produce high-quality and tailor-made multi-media contents on display media and O2O advertising 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 the PRC and international brands to increase their brand awareness and promote their business in the Guangdong-Hong Kong-Macao Bay Area.

The Group possess the exclusive rights to operate multi-media and advertising business on 25 trains of Guangzhou-Shenzhen China Railway High-speed Harmony Series trains (廣深線和諧號) (the "**GSCR Hexiehao Trains**"). A variety of businesses, including but not limited to consumer products, mobile communications and automobile manufacturing, have placed multi-media contents on display media and O2O advertising on the GSCR Hexiehao Trains.

As disclosed in 2019–20 annual report, in light of the suspension of work, quarantine measures and travel restrictions imposed due to the outbreak of the COVID-19 pandemic, most of the railway transport network services in mainland China have been largely reduced or suspended. As a result, the performance of the train media business of the Group has inevitably been affected. The rebound of infected cases of COVID-19 in early July 2020 has further hampered the resumption progress of this business segment. The Company expects its train media business performance will continue to be affected by the ongoing COVID-19 pandemic and will regain its momentum once the COVID-19 pandemic has subsided.

To cope with the challenging circumstances caused by the precautionary and control measures, such as stricter cross-border measures being imposed by government in mainland China, the Company has looked into other opportunities which can deploy its edge and expertise in expanding the mobile and multi-media business, including but not limited to train media related projects.

For the six months ended 30 September 2020, the revenue from this segment was approximately HK$19,652,000 (2019: HK$16,811,000). Segment loss was approximately HK$4,363,000 (2019: HK$30,185,000). The Group considers that following the ease of lockdown measures in mainland China, the Group will allocate more resources to retain and to attract more customers in placing multi-media contents on the GSCR Hexiehao Trains.

The Group has put a lot of efforts and resources in building the multi-media sharing and advertising platform to today's scale, and believes that the performance of the mobile and multi-media technologies business will improve and will continue to be one of the key revenue drivers of the Group.

Gamma Ray Irradiation Services

In respect of the gamma ray irradiation business, there has always been a stable revenue contribution to the Group in the past. The management has been actively exploring opportunities to broaden the Group's gamma ray technologies and expertise to other industrial applications to enhance its competitiveness and hence achieving prominent growth for the Group. The Group, via its indirectly owned subsidiary, Gamma Ray Technologies Services Limited, is in active discussions in relation to a business collaboration with a magnetite ore mining technologies company to provide a better real-time assessment and selection services in beneficiation and production of metal ores for certain international and China mining market players. The Company will make further announcements as and when appropriate.

For the six months ended 30 September 2020, the Group's gamma ray irradiation business continued to provide irradiation sterilization processing services to different clients through a 80% owned subsidiary which is licensed by 中華人民共和國環境保護部 (Ministry of Environmental Protection of the PRC**). This segment performance was relatively less affected by the COVID-19 pandemic. Revenue generated from the gamma ray irradiation services for the six months ended 30 September 2020 was approximately HK$1,920,000 (2019: HK$2,294,000). Segment loss was approximately HK$1,128,000 (2019: HK$313,000).

Tourism and Hospitality Business

In respect of the tourism and hospitality business, following the winding up of We Fly Travel Limited as disclosed in the announcements of the Company dated 20 March 2020, 29 June 2020 and 14 October 2020, the Group has been closely monitoring the developments of the COVID-19 pandemic and will position itself to pursue and capture suitable business opportunities in the tourism and hospitality industry as and when they arise.

Other Operations – Securities Trading and Investment

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 loss of approximately HK$272,000 (2019: gain of HK$140,000), representing a net unrealised losses of approximately HK$272,000 (2019: HK$140,000) arising from change in fair value of listed securities held for trading. As at 30 September 2020, the carrying amount of the listed securities was approximately HK$240,000 (31 March 2020: HK$512,000).

BUSINESS MODEL AND BUSINESS STRATEGY

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

PROSPECTS

The ongoing impacts of the COVID-19 pandemic brings unprecedented uncertainties to the economy of the region. The geographic landscape remains highly unpredictable. In order to mitigate these challenges, the Group will adopt a flexible approach in allocating its resources, taking into account factors such as costs, market conditions and risk diversification, to make the Group's businesses more resilient. In view of the foregoing, the Group will continue to allocate substantial resources to multi-media technologies business segment and the gamma ray segment under the Group's long-term strategy. The Group will also seek to diversify the distribution channels and further enhance its knowhow and expertise in the multi-media sharing and advertising platform and gamma ray technology so as to achieve prominent growth in these business segments. All staff of the Company will continue to take extraordinary efforts to help the Company navigate through such challenging headwinds.

Looking forward, the Company is confident that the operations and results of the Group will continue to improve in the second half of 2020 upon control of the COVID-19 pandemic and the Company will continue to generate value to its shareholders.

FINANCIAL REVIEW

During the period under review, the Group recorded a revenue of approximately HK$21,572,000 (30 September 2019: HK$21,003,000), representing an increase of approximately 2.71% compared with previous corresponding period. The increase in revenue was mainly due to the improvement of the mobile and multi-media technologies business of the Group.

Loss for the period under review amounted to approximately HK$14,879,000 (30 September 2019: HK$70,677,000). Loss attributable to owners of the Company for the period under review decreased to approximately HK$16,103,000 (30 September 2019: HK$70,429,000), which was mainly attributable to the decrease in research and development expenses from the mobile and multi-media technologies business. As at 30 September 2020, the total assets and net liabilities of the Group were approximately HK$162,360,000 and HK$457,988,000 (31 March 2020: HK$162,360,000 and HK$430,491,000) respectively.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2020, the Group had bank balance and cash of approximately HK$4,976,000 (31 March 2020: HK$2,715,000), and the Group had total bank and other borrowings of approximately HK$280,060,000 (31 March 2020: HK$269,359,000), of which borrowings due within one year was HK$270,192,000 (31 March 2020: HK$254,395,000), accounting for approximately 96.48% (31 March 2020: 89.80%) of the total borrowings. As at 30 September 2020, the Group's borrowings with fixed interest rates to total borrowings was approximately 46.5%. The gearing ratio, being the ratio of the sum of total borrowings to total deficit, was 61.15% as at 30 September 2020 (31 March 2020: 62.57%). The decrease in gearing ratio was mainly due to increase in total equity during the period under review. The liquidity ratio, being the ratio of current assets over current liabilities, was 8.61% as at 30 September 2020 (31 March 2020: 8.37%). The decrease of liquidity ratio was mainly due to the increase of trade and other payables during the period under review.

PLEDGE OF ASSETS

As at 30 September 2020, the Group's rights-of-use assets and property, plant and equipment with carrying amount of approximately HK$7,422,000 (31 March 2020: HK$11,021,000) were pledged to a bank to secure the bank borrowing granted to the Group. As at 30 September 2020, the Group's listed securities with carrying amount of approximately HK$240,000 (31 March 2020: HK$512,000) were pledged to secure margin account payable granted to the Group.

CAPITAL COMMITMENTS

As at 30 September 2020, the Group had capital commitments contracted but not provided for in the consolidated financial statements of approximately HK$305,553,000 (31 March 2020: HK$327,961,000).

CONTINGENT LIABILITIES

As at 30 September 2020, the Group had no significant contingent liabilities save as disclosed in litigation section in this announcement.

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 the interest rates currently remain at low levels. As at 30 September 2020, the Group's bank and other borrowings with fixed interest rates accounted for approximately 46.5% of total borrowings.

EQUITY-LINKED AGREEMENTS

On 29 March 2019, the Company and KK Culture Holdings Limited, Team Pride Limited, Mr. Sui Chok Lee and Silver Golden Limited (collectively, the "**Vendors**") entered into purchase agreements (the "**Agreements**") pursuant to which the Vendors conditionally agreed to sell and the Company conditionally agreed to purchase interests, representing directly and indirectly the entire issued share capital of Hong Kong Made (Media) Limited ("**Hong Kong Made**") and Ample Success Limited ("**Ample Success**"), for an aggregate consideration of HK$50,000,000, which shall be satisfied by the allotment and issue of 250,000,000 Shares 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, on 6 June 2019, 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.

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

The Company shall pay the Vendors HK$16,666,667 (the "**Second Tranche Consideration**") and HK$16,666,668 (the "**Third Tranche Consideration**"), representing one-third of the Consideration each, by the allotment and issue of the Second Tranche Consideration Shares and the Third Tranche Consideration Shares, being 83,333,335 Shares and 83,333,340 Shares respectively, to the Vendors or their respective nominees on or before 15 July 2022 and 15 July 2023 respectively, subject to the terms and conditions as disclosed in note 42 to the consolidated financial statements in the annual report for the year ended 31 March 2020.

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

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

On 13 July 2020, Shanghai YunYao Culture & Media Limited* (上海雲遙文化傳媒有限公司) ("**YunYao**"), a wholly-owned subsidiary of the Company, and two vendors entered into the share transfer agreements. Pursuant to which YunYao conditionally agreed to purchase an aggregate of 80% of the entire issued share capital of ShenZhen ZiJun Media Company Limited* (深圳紓駿傳媒有限公司) ("**ZiJun**") from the vendors, for an aggregate consideration of RMB1,825,800 (equivalent to approximately HK$2,008,380). The details of this acquisition are set out in the announcement of the Company dated 13 July 2020. The acquisition of ZiJun was completed on 23 July 2020. ZiJun has extensive experience in coordinating the operation of train media business in mainland China and is currently the Company's agent organizing and coordinating the operation of the Company's multi-media and advertising platform business. Through the acquisition, it will allow the Company to assert greater influences on Zijun. It will also create a synergetic effect and facilitate the operation of the Group's train media business.

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 1,667,000,000 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' (the "**2nd Third Party**") 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 hereof, the litigation is still in progress against the three placees for their breach of the lock-up undertakings. On 6 July 2020, the Company received a letter from the 2nd Third Party indicating its intention to restore the hearing for its applications. The 2nd Third Party had also communicated its intention to the Court. Up to the date hereof, the Company has not received the 2nd Third Party's application to restore the hearing.

(2) On 20 August 2013, the Company entered into a Placing Agreement with a Placing Agent. 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. One creditor had taken legal actions against the Company to recover the alleged outstanding debts under the Placing Notes. The alleged debt amount includes the principal of HK$10,000,000 and outstanding interests of approximately HK$1,264,000. The Placing Agent was added as the 2nd Defendant (the "**2nd Defendant**") in the Amended Statement of Claim by the Plaintiff on 16 March 2020. On 10 July 2020, the Company filed and served its Amended Defence and was served the Plaintiff's reply. The Company has not been served with the Defence of the 2nd Defendant. The Company received the notice of order nisi issued by the Court dated 13 November 2020 in relation to mediation. Up to the date hereof, the Company is reviewing the directions set out in the order nisi.

EMPLOYEE AND EMOLUMENT POLICY

As at 30 September 2020, the Group employed 58 employees (30 September 2019: 66). Staff costs (including Directors' emoluments) of the Group for the six months ended 30 September 2020 amounted to approximately HK$3,788,000 (30 September 2019: HK$7,387,000). Remuneration packages are generally structured by reference to market terms and individual merits. Salaries are reviewed periodically based on performance appraisal and other relevant factors. Staff benefits plans maintained by the Group include medical insurance, hospitalization scheme, mandatory provident fund, share option scheme and share award scheme. Employees in the PRC are remunerated according to the prevailing market conditions in the locations of their employments.

The emolument policy of the employees of the Group is set up by the Board on the basis of their merit, qualifications and competence. The emoluments of the Directors are decided by the Board, as authorized by the Shareholders at the annual general meetings of the Company, having regard to the Group's operating results, individual performance and comparable market statistics.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2020 (30 September 2019: HK$ Nil).

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

The Group has no important events after the reporting period.

CORPORATE GOVERNANCE

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

The Company has put in place corporate governance practices to meet the code provision (the "**Code Provision(s)**") as set out in the CG Code, that are considered to be relevant to the Group, and has complied with all of the Code Provisions for the time being in force throughout the period under review. The Company periodically reviews its corporate governance practices to ensure that these continue to meet the requirements of the CG Code.

AUDIT COMMITTEE

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Company for the six months ended 30 September 2020.

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. 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 2020, 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, 27 November 2020

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

* *The English translation of Chinese names or words are for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*