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 2021

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 2021 together with the comparative figures for the corresponding period in 2020. The unaudited consolidated interim results for the six months ended 30 September 2021 have been reviewed by the Company's audit committee.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2021

		Six months ended 30 September	
		2021	2020
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	4	**36,627**	21,572
Cost of revenue		**(28,582)**	(20,197)
Gross profit		**8,045**	1,375
Other income, gains and losses, net	5	**2,682**	3,120
Administrative expenses		**(13,301)**	(12,423)
Selling and distribution expenses		**(45)**	(568)
Finance costs		**(10,320)**	(6,383)
Loss before tax	6	**(12,939)**	(14,879)
Income tax expense	7	**(7)**	–
Loss for the period		**(12,946)**	(14,879)
Loss for the period attributable to:			
– Owners of the Company		**(10,563)**	(16,103)
– Non-controlling interests		**(2,383)**	1,224
		(12,946)	(14,879)
Loss per share			
– Basic and diluted	8	**(0.28) cents**	(0.43) cents

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 September 2021

	Six months ended 30 September	
	2021	2020
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss for the period	**(12,946)**	(14,879)
Other comprehensive income (expense):		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**4,354**	–
Release of exchange reserve upon derecognition of subsidiaries	**–**	–
Other comprehensive income for the period, net of income tax	**4,354**	–
Total comprehensive expense for the period	**(8,592)**	(14,879)
Total comprehensive expense attributable to:		
Owners of the Company	**(11,752)**	(16,103)
Non-controlling interests	**3,160**	(1,224)
	(8,592)	(14,879)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2021

	Notes	30 September 2021 (Unaudited) HK$'000	31 March 2021 (Audited) HK$'000
Non-current assets			
Property, plant and equipment		**5,463**	5,470
Right-of-use asset		**9,597**	8,264
Intangible assets		**20,805**	34,487
Goodwill		**46,004**	45,935
Interests in associates		**251**	–
Deferred tax assets		**1,348**	1,348
		83,468	95,504
Current assets			
Trade and bills receivables and other receivables	9	**23,614**	32,331
Financial assets at fair value through profit or loss	10	**184**	224
Bank balances and cash		**5,742**	10,063
		29,540	42,618
Current liabilities			
Trade and other payables	11	**295,402**	300,024
Contract liabilities		**15,742**	42,732
Lease liabilities		**2,611**	812
License fees payables		**15,817**	23,942
Tax payable		**–**	3,090
Bank and other borrowings		**326,822**	297,244
Convertible loan		**11,213**	–
		667,607	667,844
Net current liabilities		**(638,067)**	(625,226)
Total assets less current liabilities		**(554,599)**	(529,722)

	30 September 2021 (Unaudited) *HK$'000*	31 March 2021 (Audited) *HK$'000*
Non-current liabilities		
Convertible loan	**–**	10,442
	–	10,442
Net liabilities	**(554,599)**	(540,164)
Capital and reserves		
Share capital	**372,156**	372,156
Reserves	**(960,547)**	(911,569)
Equity attributable to owners of the Company	**(551,165)**	(539,413)
Non-controlling interests	**(3,134)**	(751)
Total deficit	**(554,599)**	(540,164)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2021

1. GENERAL INFORMATION

China Baoli Technologies Holdings Limited (the "**Company**") was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business in Hong Kong is located at Suites 3706–08, 37/F., Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong.

The principal activity of the Company is investment holding and the principal activities of its subsidiaries (together with the Company, collectively as the "**Group**") are multi-media technologies business, gamma ray business, 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 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 2021.

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 2021.

As at 30 September 2021, the Group's current liabilities exceeded its current assets by approximately HK$638,067,000 (31 March 2021: approximately HK$625,226,000) and the Group had net liabilities of approximately HK$554,599,000 (31 March 2021: approximately HK$540,164,000), in which total borrowings amounted to approximately HK$326,822,000 (31 March 2021: approximately HK$297,244,000), while its cash and cash equivalents amounted to approximately HK$5,742,000 (31 March 2021: approximately HK$10,063,000).

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 2021, the total loan from Shareholders/Directors to the Company was approximately HK$82,488,000 (31 March 2021: approximately HK$80,829,000). 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. The rights issue completed in October 2021 will retire part of the debts and obligations from current liabilities and non-current liabilities. The management of the Company will continue to look 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.

The multi-media technologies business recorded a revenue of HK$34,443,000 for the six months ended 30 September 2021, representing 75% increase with the corresponding period of last year despite continuous impact from the COVID-19 pandemic. The Company is well positioned to seek for more business and synergistic opportunities to enhance the revenue of the Group by expanding the segment business to other e-commerce marketing business following the economic recovery after the COVID-19 pandemic in this financial year.

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 2021. 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 2021, 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 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021

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) Multi-media technologies business – running a multi-media technologies platform via different media channels.

(b) Gamma ray business – provision of irradiation services by utilising gamma ray technologies and gamma ray dry grinding and dry separation technologies.

(c) Tourism and hospitality business.

(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 2021

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

For the six months ended 30 September 2020

	Multi-media technologies business (Unaudited) *HK$'000*	Gamma ray business (Unaudited) *HK$'000*	Tourism and hospitality business (Unaudited) *HK$'000*	Other operations – securities trading and investment (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
Revenue	19,652	1,920	–	–	21,572
Segment results	(4,363)	(1,128)	–	(272)	(5,763)
Unallocated corporate income					–
Unallocated corporate expenses					(2,733)
Loss on deconsolidation of a subsidiary					–
Gain on deregistration of subsidiaries					–
Loss on derecognition of associates					–
Gain on disposal of a subsidiary					–
Finance costs					(6,383)
Loss before tax					(14,879)

5. REVENUE, OTHER INCOME, GAINS AND LOSSES, NET

	Six months ended 30 September **2021** **(Unaudited)** ***HK$'000***	2020 (Unaudited) *HK$'000*
Revenue		
Income from Multi-media technologies business	**34,443**	19,652
Gamma ray business income	**2,184**	1,920
	36,627	21,572
Other income and gains (losses)		
Net unrealised losses on financial assets at fair value through profit or loss	**(40)**	272
Exchange gain, net	**44**	3
Interest income from financial institutions	**2**	2,571
Others	**2,676**	152
	2,682	3,392
	39,309	24,964

6. LOSS BEFORE TAXATION

	Six months ended 30 September	
	2021	2020
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**13**	533
Exchange loss	**–**	1

7. TAXATION

	Six months ended 30 September	
	2021	2020
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax – PRC	**(7)**	–

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The Directors considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. No provision for taxation in Hong Kong has been made for both six months ended 30 September 2021 and 2020 as the Group did not generate any assessable profits arising in Hong Kong.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries and subsidiaries without permanent establishment in the PRC are 25% and 10% respectively for both six months ended 30 September 2021 and 2020.

8. LOSS PER SHARE

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

	Six months ended 30 September	
	2021	2020
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	**(10,563)**	(16,103)

	Six months ended 30 September	
	2021	2020
	(Unaudited)	(Unaudited)
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**372,156**	370,653

On 1 September 2021, every ten issued existing shares of the Company were consolidated into one share of the Company (each a "**Consolidated Share**") and the number of Consolidated Share was rounded down to the nearest whole number by disregarding each and every factional Consolidated Share which would otherwise arise (the "**Share Consolidation**").

Comparative figures of the weighted average number of shares for calculating basic earnings per share has been adjusted on the assumption that the Share Consolidation had been effective in the prior period.

The computation of diluted loss per share for the six months ended 30 September 2021 and 2020 does not assume the conversion of the subsidiary's outstanding convertible loan since their assumed exercise would result in a decrease in loss per share.

9. TRADE AND BILLS RECEIVABLES AND OTHER RECEIVABLES

	30 September 2021 (Unaudited) *HK$'000*	31 March 2021 (Audited) *HK$'000*
Trade receivables	**2,018**	3,170
Less: Allowance for credit losses	**–**	–
Trade receivables, net	**2,018**	3,170
Bill receivables	**–**	1,717
Total trade and bill receivables, net of allowance for doubtful debts	**2,018**	4,887
Other receivables and deposits	**18,121**	22,718
Prepayments	**3,475**	5,147
	21,596	27,865
Less: Allowance for credit losses	**–**	(421)
Other receivables, prepayments and deposit paid, net	**21,596**	27,444
	23,614	32,331

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

	30 September 2021 (Unaudited) *HK$'000*	31 March 2021 (Audited) *HK$'000*
Up to 30 days	**1,408**	2,365
31 to 90 days	**610**	625
91 to 180 days	**–**	1,897
181 to 365 days	**–**	–
	2,018	4,887

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2021 (Unaudited) *HK$'000*	31 March 2021 (Audited) *HK$'000*
Listed securities held for trading		
– Equity securities listed in Hong Kong	**40**	512

11. TRADE AND OTHER PAYABLES

	30 September 2021 (Unaudited) *HK$'000*	31 March 2021 (Audited) *HK$'000*
Trade payables	**47,963**	41,435
Other payables and accruals	**154,467**	162,120
Deposit received	**15,640**	15,640
Amounts due to shareholders and directors	**82,488**	80,829
	300,558	300,024

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

	30 September 2021 (Unaudited) *HK$'000*	31 March 2021 (Audited) *HK$'000*
Up to 30 days	**887**	82
31 to 90 days	**–**	82
91 to 180 days	**2,608**	246
181 to 365 days	**–**	421
Over 365 days	**44,468**	40,604
	47,963	41,435

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

The business environment remained challenging due to the new variants and renewed outbreaks of the COVID-19 pandemic. Amidst this backdrop of the economic uncertainty in the region, the Group's revenue from operation for the six months ended 30 September 2021 has made a strong rebound with a 70% increase to approximately HK$36,627,000, as compared to HK$21,572,000 in the same period last year. The gross profit of the Company jumped 485% to HK$8,045,000, compared to HK$1,375,000 for the same period of last year. The figures demonstrated the resilience of the Company's revenue base. The loss attributable to shareholders was narrowed to HK$12,946,000, as compared to HK$14,879,000 in the corresponding period of last year.

Meanwhile, the Company has completed capital reorganization and rights issue in raising the amount of approximately HK$74.43 million which help to strengthen the Company's capital base and improve its financial position.

Given that there will be continuous challenges and uncertainties for the regional economy in the post-pandemic period, the Group, under such conditions, will continue to deploy its long-term strategic initiatives in developing and operating the multi-media technologies business and the gamma ray business. The Company has announced the expansion of its scale of convergence media business, and have a strong pipeline of opportunities in the Group's gamma ray dry grinding and dry separation (乾磨乾選) technologies business. The Group will also 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.

Multi-media Technologies Business

The multi-media technologies business recorded a revenue of HK$34,443,000 for the six months ended 30 September 2021, representing 75% increase with the corresponding period of last year (2020: HK$19,652,000).

The Group has operated the multi-media sharing and advertising platform via different media channels including train media platform, display media platform and online media platform by using the knowhow and expertise which has been developed and accumulated over the years. Brand owners can disseminate information on such platforms. The Group also provides services to our clients in relation to producing high-quality customized multi-media contents.

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 tailormade 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 People's Republic of China ("**PRC**") and international brands to increase their brand awareness and promote their business in the Guangdong-Hong Kong-Macao Greater Bay Area.

The Group possesses the exclusive rights to operate multi-media and advertising business on Guangzhou-Shenzhen China Railway High-speed Harmony Series trains (廣深線和諧號) (the "**GSCR Hexiehao Trains**"). Clients of 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.

Leveraging on the Group's train media and advertising resources and its strong multi-media technologies knowhow, the Group aims to expand its scale of convergence media digital advertising and marketing business, innovatively integrate the emerging online shopping trend in cross-border duty-free e-commerce industry on the train media platform and to interact with the train patronage through mobile online-media marketing, influencer/KOL live streaming and others.

Due to the on-going impact of the pandemic on the global economy, it is expected that the continuous travel demand would change from international travelling to domestic travelling. Other than airlines, high-speed railway is the most frequently used travelling transportation in mainland China. A significant increase in such passenger flow is expected in the post pandemic period, and this will help in expanding the Group's high-speed railway convergence media platform business.

In addition, with the support from the comprehensive consumption promotion and domestic circulation policies proposed by the 14th Five-Year Plan, demand for duty-free commodities will be further driven by strong demand and domestic consumptions for branded products. It is estimated that the sales of domestic duty-free commodities will amount to RMB355.4 billion by 2025, indicating a promising future for duty-free products.

The Company entered into strategic cooperation framework agreements with internationally renowned supplier companies, including CML Co., Ltd. ("**CML**") and Rain Bow Co., Ltd. ("**Rain Bow**"), respectively. Through the strategic partnerships, not only a synergistic effect can be achieved, but also can help the Group develop a long-term and sustainable supplier relationship with competitive prices in the market. This helps build a solid foundation for this new business duty-free train media e-commerce initiatives.

To further strengthen the Company's market position and diversify its multi-media technologies and advertising platforms, the Group has established business collaborations with other multi-media advertising platform owners in relation to the right on listing multi-media contents on building walls in mainland China. The Group has been and will design multi-media contents and display using LED on the whole exterior of the building.

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 multi-media technologies business is well placed to thrive and continue to be one of the key revenue drivers of the Group.

Gamma Ray Business

In respect of the gamma ray business, the revenue for the six months ended 30 September 2021 was HK$2,184,000 (2020: HK$1,920,000).

Other than the provision of traditional irradiation sterilisation processing service, the Company has diversified the application of gamma ray technologies to other industries.

The Company has set up a business collaboration with its partners (the "**Cooperation Company**") to integrate the Company's gamma ray technologies and knowhow into its licensed dry grinding and dry separation (乾磨乾選) technologies (the "**DGDS Technologies**"). Through this collaboration, the enhanced technology will be the cornerstone for a major breakthrough for iron ore mine planning and design. In particular, it provides real-time assessment in the exploration, beneficiation, grinding and production of metallic iron ore (the "**New Application**") which will greatly improve the total iron content in concentrates and pallets while also meeting the geological, economical and environmental parameters.

The Cooperation Company will principally be engaged in provision of the New Application services to the mining enterprises so as to enhance the efficiency and productivity of the mining and beneficiation process.

In the entire beneficiation process of the DGDS Technologies, water will not be consumed as a medium in mining process, and hence, this resolved the problem of water pollution as a result of the release of toxic substances when using the traditional wet separation mining technology. In addition, the DGDS Technologies will not involve any concentration, pressure filtration and dehydration process which can significantly reduce investment and operational costs. Less equipment and plant were required as benefited from the less complicated processes, and less cost will be incurred for tailings storage. The DGDS Technologies will also diminish the need for tailing dams. In fact, the global mining communities and countries are applying much stricter rules and scrutinies on the tailings dams after the recent tailings dam accidents in Brazil and Canada. As the concentrate and tailings are in form of dry powder, the transportation costs will be largely reduced. The Company will conduct the aforementioned business cooperation through its subsidiary, Gamma Ray Technologies Services Limited ("**Gamma Ray Company**"). Gamma Ray Company will deploy its gamma ray activation analysis and expertise to test, modify and improve the DGDS Technologies in real-time assessment in beneficiation and production of metallic iron ore.

The PRC has tightened the production control on iron ores mining since July 2021. Recently, the Ministry of Ecology and Environment issued a draft guideline that it planned to involve steel mills which located in 64 regions in the PRC to cut production based on the emission levels from October 2021 until March 2022. Steel production curbs across the PRC have weighed on the iron ore price to sink below US$100. The price of iron ore has sunk more than 40% since its peak. The magnitude of iron ore's correction will likely bring forward its forecast price declines to 2022. The sharp fall of the iron ore price raises the interests of the iron ore market players to focus on cost cutting and quality improvement. Based on seaborne iron ore price index, the economic benefit for improving iron ore quality is enormous where currently there is a 40% price difference between 58% Fe iron ore and 65% Fe iron ore. Through the business collaboration between the Company and the Relevant Parties, the enhanced technology of the New Application can greatly improve the total iron content in concentrates while also help the market players to meet the environmental parameters set by the PRC to curb pollution.

The Cooperation Company will also be able to enjoy the perpetual and royalty-free licence to use the DGDS Technology in its business.

Through the business cooperation and the utilization of the New Application, it is expected that the Group's gamma ray business will be broadened. The cooperation could generate additional revenue to the Group and improve the Group's profitability to deliver long-term benefits to the shareholders of the Company. Details of this business cooperation are set out in the announcement of the Company dated 23 September 2021.

Tourism and Hospitality Business

In respect of the tourism and hospitality business, the Group has been closely monitoring the developments of the 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 HK$40,000 (2020: loss of HK$272,000), representing a net unrealised losses of HK$40,000 (2020: net unrealised losses of HK$272,000) arising from change in fair value of listed securities held for trading. As at 30 September 2021, the carrying amount of the listed securities was HK$184,000 (31 March 2021: HK$224,000).

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 2021	Percentage of total assets of the Group as at 30 September 2021	Fair value as at 30 September 2021	Unrealised gain (loss) on fair value change for the period	Realised gain (loss) on fair value change for the period	Dividend received	Principal activities
				HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	
Greatwalle Inc	Cayman Islands	0.241%	0.162%	184	(40)	–	–	Provision of security guarding services and mobile game business

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 management of the Company expects our business strategy in diversification of the multi-media technologies business segment and the gamma ray segment, will continue to yield positive impacts across the Groups' performances.

Consistent with the long-term strategy, the Group will continue to allocate substantial resources in the multi-media and gamma ray businesses, through accelerating the diversification of the business channels, such as expanding its scale of convergence media business via the new online/offline duty-free importing e-commerce marketing platform services, and enhancing the gamma ray dry grinding and dry separation technology business development, the Company is confident that the operations and results of the Group will continue to improve in the post-pandemic period. The Group will also continue to generate value to its shareholders and to achieve prominent growth in these business segments.

The Group will further examine its cost structure, and will focus on prioritising the projects and deferring or cancelling non-critical expenditure.

Looking ahead, the Group will continue to explore potential strategic investment and cooperation opportunities with an aim of creating synergies for the Group in various aspects including technological development, product portfolio, channel expansion and/or cost control. The Company is confident that the operations and results of the Group will continue to improve in the near future upon control of the COVID-19 pandemic and the Group will continue to generate value to its Shareholders of the Company.

FINANCIAL REVIEW

During the period under review, the Group recorded a revenue of approximately HK$36,627,000 (30 September 2020: HK$21,572,000), representing an increase of approximately 70% compared with previous corresponding period. The increase in revenue was mainly due to the improvement of the multi-media technologies business of the Group.

Loss for the period under review amounted to approximately HK$12,946,000 (30 September 2020: HK$14,879,000). Loss attributable to owners of the Company for the period under review was approximately HK$10,563,000 (30 September 2020: HK$16,103,000). As at 30 September 2021, the total assets and net liabilities of the Group were approximately HK$113,008,000 and HK$554,599,000 (31 March 2021: HK$138,122,000 and HK$540,164,000) respectively.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2021, the Group had bank balance and cash of approximately HK$5,742,000 (31 March 2021: HK$10,063,000), and the Group had total bank and other borrowings of approximately HK$326,822,000 (31 March 2021: HK$297,244,000), of which borrowings of 47.1% was in Hong Kong dollars and 52.9% was in Renminbi and of which borrowings within one year was HK$326,822,000 (31 March 2021: HK$297,244,000), accounting for approximately 100% (31 March 2021: 100%) of the total borrowings. The gearing ratio, being the ratio of the sum of total borrowings to total deficit, was 58.93% as at 30 September 2021 (31 March 2021: 55.03%). The liquidity ratio, being the ratio of current assets over current liabilities, was 4.42% as at 30 September 2021 (31 March 2021: 6.38%).

Upon the capital reorganisation (including share consolidation, capital reduction and share subdivision) becoming effective on 1 September 2021, the authorised share capital of the Company became HK$650,000,000 divided into 65,000,000,000 new shares of par value of HK$0.01 each (the "**New Share(s)**"), and the issued share capital of the Company became approximately HK$3,722,000 divided into 372,156,122 New Shares of par value of HK$0.01 each. Details of the capital reorganisation are set out in the Company's circular dated 5 August 2021 and announcement dated 30 August 2021.

PLEDGE OF ASSETS

As at 30 September 2021, the Group did not pledge any land use rights and property, plant and equipment to secure the bank borrowing granted to the Group. As at 30 September 2021, the Group's listed securities with carrying amount of approximately HK$184,000 (31 March 2021: HK$224,000) were pledged to secure margin account payable granted to the Group.

CAPITAL COMMITMENTS

As at 30 September 2021, the Group had capital commitments contracted but not provided for in the consolidated financial statements of approximately HK$207,328,590 (31 March 2021: HK$231,899,000).

CONTINGENT LIABILITIES

As at 30 September 2021, the Group had no other significant contingent liabilities save as those disclosed in the 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 of the Group 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 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 2021, the Group's bank and other borrowings with fixed interest rates accounted for approximately 42.9% of its 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 the purchase agreements (the "**Agreements**") pursuant to which the Vendors conditionally agreed to sell and the Company conditionally agreed to purchase interests, representing directly and indirectly the entire issued share capital of Hong Kong Made (Media) Limited ("**Hong Kong Made**") and Ample Success Limited ("**Ample Success**"), for an aggregate consideration of HK$50,000,000 (the "**Consideration**"), which shall be satisfied by the allotment and issue of 250,000,000 shares of par value of HK$0.10 each (the "**Old Share(s)**") in tranches as consideration at the issue price of HK$0.200 per Old Share to the Vendors or their respective nominees in accordance with the terms and conditions of the respective Agreements.

Completion took place on 6 June 2019. As part of the payment of the Consideration for the acquisition of Hong Kong Made and Ample Success, on 6 June 2019, the Company allotted and issued to the Vendors the first tranche consideration shares, being 83,333,325 Old Shares, representing approximately 2.24% of the issued share capital of the Company as enlarged by the allotment and issue of the first tranche consideration shares. The aggregate nominal value of the first tranche consideration shares amounted to HK$8,333,332.50.

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

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

Save for the share option schemes, 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.

LITIGATIONS

(1) On 20 August 2013, the Company entered into the placing agreement with the placing agent. Pursuant to the placing agreement, the placing notes carry interest at 5.0% per annum and are to be redeemed on the seventh anniversary from the respective issue dates of the placing notes. One creditor purportedly a beneficial owner of placing notes commenced court action against the Company for recovery of her alleged outstanding debt due by the Company to her under the placing notes. Nevertheless, the note holders of placing notes have not commenced any court action against the Company. Such creditor's alleged debt amount includes the principal of HK$10 million and outstanding interest of approximately HK$1.26 million. On 16 March 2020, the placing agent was added by such creditor as the 2nd defendant in the Amended Writ of Summons and Amended Statement of Claim. On 4 December 2020, the Company filed and served a Writ of Summons and Statement of Claim against the placing agent. A mediation conference was held on 13 September 2021 and all parties are in the course of negotiating a settlement term.

(2) On 28 September 2017, Allied Jumbo Investments Limited, an indirectly wholly-owned subsidiary of the Company, as the purchaser (the "**Purchaser**"), 宇龍計算機通信科技（深圳）有限公司 (Yulong Computer Telecommunication Scientific (Shenzhen) Co., Ltd*), as the vendor (the "**Vendor**"), Baoli Yota Technologies (Shenzhen) Limited*

("**Baoli Yota**") and the Company entered into a framework agreement (the "**Framework Agreement**") in relation to the acquisition of 20% equity interest in the Baoli Yota (the "**Acquisition**"). Pursuant to the Framework Agreement, the Purchaser or Baoli Yota shall pay in aggregate of RMB80,000,000 to the Vendor in two tranches, the Purchaser shall take up the obligation of the Vendor to pay the unpaid registered capital in Baoli Yota of RMB12,000,000, and the Company had joint liability for the obligations of Baoli Yota and the Purchaser. Baoli Yota was principally engaged in manufacture and sales of mobile phone and the operations of which were ceased in mid 2019. The Company has recently received an arbitral award (the "**Arbitral Award**") made by the Shenzhen Court of International Arbitration, in relation to the claim filed by the Vendor against the other three parties to the Framework Agreement in the Shenzhen Court for breaching the Framework Agreement. Pursuant to the Arbitral Award, the Vendor and Baoli Yota shall continue to perform the Framework Agreement and the Purchaser, Baoli Yota and the Company shall also pay the consideration and interest incurred thereon, together with costs and other relieves. The SZ Court enforced for bankruptcy and liquidation against Baoli Yota on 21 April 2021. In light of this, the Company is in the course of seeking legal advice with the Group's legal advisor to protect its legal rights and interests. Details of the Arbitral Award was set out in the announcement of the Company dated 29 June 2021.

Save as disclosed above, there is no other material litigations expected to result in a significant adverse effect on the financial position of the Group, either collectively or individually. Management believes that adequate provisions have been made in respect of such litigations.

EMPLOYEES AND EMOLUMENT POLICY

As at 30 September 2021, the Group employed 75 employees (30 September 2020: 58). Staff costs (including Directors' emoluments) of the Group for the six months ended 30 September 2021 amounted to approximately HK$4,493,000 (30 September 2020: HK$3,788,000). 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 2021 (30 September 2020: HK$ Nil).

EVENTS AFTER THE REPORTING PERIOD

(1) On 7 October 2021, the Company issued 186,078,061 rights shares, on the basis of one (1) rights share for every two (2) New Shares, at a price of HK$0.40 per rights share (the "**Rights Issue**"). Upon completion of the Rights Issue, the Company received net cash proceeds of approximately HK$70 million.

(2) On 22 November 2021, as part of the Group's restructuring to rationalise its resources and apply the gamma ray technology in other more profitable and larger scale business, the Company completed a disposal of a subsidiary which is principally engaged in the provision of traditional irradiation sterilisation processing service. The Group will continue to develop its gamma ray dry grinding and dry separation business. Details of the transaction was set out in the announcement of the Company dated 22 November 2021.

CORPORATE GOVERNANCE

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

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

Under Code Provision A.6.7 of the CG Code, 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. Chan Fong Kong, Francis was absent at the annual general meeting of the Company held on 30 September 2021 due to other important engagement.

AUDIT COMMITTEE

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Company for the six months ended 30 September 2021.

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 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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

Hong Kong, 26 November 2021

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.

* *For identification purpose only*