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China Baoli Technologies Holdings Limited

中國寶力科技控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 164)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2016

FINANCIAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of China Baoli Technologies Holdings Limited (the “**Company**”) announces the audited consolidated results of the Company and its subsidiaries (together, the “**Group**”) for the year ended 31 March 2016 together with comparative figures for the corresponding period in 2015 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2016

		2016	As restated 2015
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
Revenue	3	105,020	80,564
Other income and gains (losses)	3	16,373	18,052
		121,393	98,616
Cost of sales		(13,322)	(9,198)
Cost of fuel oil consumed		(17,035)	(14,343)
Impairment loss on goodwill		(9,000)	–
Loss on disposal of subsidiaries	11	–	(25,183)
Administrative expenses		(152,817)	(101,728)
Loss from operations		(70,781)	(51,836)
Finance costs	4	(6,519)	(15,317)
Loss before taxation	5	(77,300)	(67,153)
Taxation	6	(489)	21
Loss for the year		<u>(77,789)</u>	<u>(67,132)</u>

		2016	As restated 2015
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss attributable to:			
Equity shareholders of the Company		(77,097)	(67,899)
Non-controlling interests		<u>(692)</u>	<u>767</u>
		<u>(77,789)</u>	<u>(67,132)</u>
 Loss per share for loss attributable to equity shareholders of the Company			
Basic and diluted	7	<u>(1.03) cents</u>	<u>(1.07) cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2016

	2016	2015
	HK\$'000	HK\$'000
Loss for the year	<u>(77,789)</u>	<u>(67,132)</u>
Other comprehensive expense:		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries		
– net movement in exchange reserve	(38)	(3,460)
– release of reserve upon disposal of subsidiaries	<u>–</u>	<u>(5,177)</u>
Other comprehensive expense for the year	<u>(38)</u>	<u>(8,637)</u>
Total comprehensive expense for the year	<u><u>(77,827)</u></u>	<u><u>(75,769)</u></u>
Attributable to:		
Equity shareholders of the Company	(77,327)	(75,454)
Non-controlling interests	<u>(500)</u>	<u>(315)</u>
Total comprehensive expense for the year	<u><u>(77,827)</u></u>	<u><u>(75,769)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	<i>Notes</i>	2016 HK\$'000	2015 <i>HK\$'000</i>
Non-current Assets			
Property, plant and equipment		16,195	19,042
Land use rights		10,005	10,927
Goodwill		14,592	23,592
Available-for-sale financial asset		9,300	9,300
		50,092	62,861
Current Assets			
Inventories		1,682	1,949
Trade and other receivables	8	110,928	92,254
Financial assets at fair value through profit or loss		170,480	110,752
Cash and cash equivalents		23,661	106,505
		306,751	311,460
Current Liabilities			
Trade and other payables	9	62,292	29,259
Bank and other borrowings		61,505	51,333
		123,797	80,592
Net Current Assets		182,954	230,868

	<i>Note</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Non-current Liabilities			
Amount due to a non-controlling shareholder of a subsidiary		22,246	22,248
Bank and other borrowings		28,513	38,304
Deferred taxation		1,793	1,336
		<u>52,552</u>	<u>61,888</u>
Net Assets		<u>180,494</u>	<u>231,841</u>
Equity			
Capital and reserves attributable to the Company's equity shareholders:			
Share capital	<i>10</i>	75,572	73,917
Reserves		100,620	153,122
		<u>176,192</u>	<u>227,039</u>
Non-controlling interests		4,302	4,802
Total Equity		<u>180,494</u>	<u>231,841</u>

NOTES:

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRS**”), which collective term includes all applicable individual HKFRS, Hong Kong Accounting Standards (“**HKAS**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”). The consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets which are carried at fair value.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

The HKICPA has issued certain new and revised HKFRS that are first effective for the current accounting period of the Group as follows:

Amendments to HKAS 19	Employee benefits – Defined benefit plans: Employee contributions
Annual improvements to HKFRSs 2010-2012 cycle	
Annual improvements to HKFRSs 2011-2013 cycle	

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Except for as described below, the application of the above new or revised HKFRS in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The principal effects of adopting these new and revised HKFRS are summarised as follows:

(a) Amendments to HKAS 19, Employee benefits – Defined benefit plans: Employee contributions

The amendments introduce a relief to reduce the complexity of accounting for certain contributions from employees or third parties under defined benefit plans. When the contributions are eligible for the practical expedient provided by the amendments, a company is allowed to recognise the contributions as a reduction of the service cost in the period in which the related service is rendered, instead of including them in calculating the defined benefit obligation. The amendments do not have an impact on these consolidated financial statements as the Group does not have defined benefit plans.

(b) Annual improvements to HKFRSs 2010-2012 Cycle and 2011-2013 Cycle

These two cycles of annual improvements contain amendments to nine standards with consequential amendments to other standards. Among them, HKAS 24, Related party disclosures has been amended to expand the definition of a “related party” to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the Group’s related party disclosures as the Group does not obtain key management personnel services from management entities.

2. SEGMENTAL INFORMATION

Business segments

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

Segment results, assets and liabilities

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

2016

	Entertainment business <i>HK\$'000</i>	Property business <i>HK\$'000</i>	Gamma ray irradiation services <i>HK\$'000</i>	Resources business <i>HK\$'000</i>	Other operation – securities trading and investment <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
CONSOLIDATED							
INCOME STATEMENT							
FOR THE YEAR ENDED							
31 MARCH 2016							
REVENUE	<u>98,925</u>	<u>-</u>	<u>6,095</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105,020</u>
Segment results	<u>(40,579)</u>	<u>(457)</u>	<u>(11,384)</u>	<u>(436)</u>	<u>16,258</u>	<u>-</u>	<u>(36,598)</u>
Unallocated corporate expenses							<u>(34,183)</u>
Loss from operations							<u>(70,781)</u>
Finance costs							<u>(6,519)</u>
Loss before taxation							<u>(77,300)</u>
Taxation							<u>(489)</u>
Loss before non-controlling interests							<u>(77,789)</u>

	Entertainment business <i>HK\$'000</i>	Property business <i>HK\$'000</i>	Gamma ray irradiation services <i>HK\$'000</i>	Resources business <i>HK\$'000</i>	Other operation – securities trading and investment <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016							
ASSETS							
Segment assets	49,943	3,597	42,409	-	170,969	-	266,918
Unallocated corporate assets							89,925
Consolidated total assets							<u>356,843</u>
LIABILITIES							
Segment liabilities	13,574	23,166	9,963	150	52,907	-	99,760
Unallocated corporate liabilities							76,589
Consolidated total liabilities							<u>176,349</u>
OTHER INFORMATION FOR THE YEAR ENDED 31 MARCH 2016							
Capital additions	175	-	19	-	-	2,399	2,593
Depreciation and amortisation	315	93	4,446	-	-	357	5,211
Net unrealised gains on financial assets at fair value through profit or loss	-	-	-	-	2,594	-	2,594
Impairment losses on trade and other receivables	37,331	-	-	-	-	-	37,331
Impairment loss on goodwill	-	-	9,000	-	-	-	9,000
Loss on disposal of property, plant and equipment	-	13	-	-	-	-	13

2015

	Entertainment business <i>HK\$'000</i>	Property business <i>HK\$'000</i>	Gamma ray irradiation services <i>HK\$'000</i>	Resources business <i>HK\$'000</i>	Other operation – securities trading and investment <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
CONSOLIDATED							
INCOME STATEMENT							
FOR THE YEAR ENDED							
31 MARCH 2015							
REVENUE	<u>74,696</u>	<u>26</u>	<u>5,842</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>80,564</u>
Segment results	<u>16,598</u>	<u>(1,920)</u>	<u>(2,565)</u>	<u>(52,014)</u>	<u>12,423</u>	<u>–</u>	<u>(27,478)</u>
Unallocated corporate expenses							<u>(24,358)</u>
Loss from operations							<u>(51,836)</u>
Finance costs							<u>(15,317)</u>
Loss before taxation							<u>(67,153)</u>
Taxation							<u>21</u>
Loss before non-controlling interests							<u><u>(67,132)</u></u>

	Entertainment business <i>HK\$'000</i>	Property business <i>HK\$'000</i>	Gamma ray irradiation services <i>HK\$'000</i>	Resources business <i>HK\$'000</i>	Other operation – securities trading and investment <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015							
ASSETS							
Segment assets	56,490	2,803	55,781	–	111,859	–	226,933
Unallocated corporate assets							147,388
Consolidated total assets							<u>374,321</u>
LIABILITIES							
Segment liabilities	3,523	21,975	10,362	150	51,885	–	87,895
Unallocated corporate liabilities							54,585
Consolidated total liabilities							<u>142,480</u>
OTHER INFORMATION FOR THE YEAR ENDED 31 MARCH 2015							
Capital additions	1,416	26	–	–	–	–	1,442
Depreciation and amortisation	130	118	4,661	–	–	105	5,014
Net unrealised gains on financial assets at fair value through profit or loss	–	–	–	–	12,479	–	12,479
Impairment loss on assets classified as held for sale	–	–	–	22,613	–	–	22,613
Other receivables written off	–	–	–	3,769	–	7,176	10,945
Bad debt recovered	–	–	–	–	–	4,412	4,412

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

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

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than current and deferred tax assets. Goodwill is allocated to reportable segments. Assets used jointly by segments are allocated on the basis of the revenues earned by individual segments; and
- all liabilities are allocated to reportable segments other than certain borrowings and current and deferred tax liabilities. Liabilities for which segments are jointly liable are allocated in proportion to segment assets.

Geographical segments

All of the Group's operations are principally located in Hong Kong and the People's Republic of China (the "PRC"). The Group's administration is carried out in Hong Kong.

An analysis of the Group's revenue by geographical market, irrespective of the origin of the goods and services, is presented below:

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	98,925	74,722
The PRC	6,095	5,842
	<u>105,020</u>	<u>80,564</u>

The following is an analysis of the carrying amount of non-current assets analysed by the geographical area in which the assets are located:

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	12,573	10,607
The PRC	37,519	52,254
	<u>50,092</u>	<u>62,861</u>

Information about major customers

Revenue from the customer contributing over 10% of the total revenue for the corresponding years is as follows:

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A ¹	<u>83,230</u>	<u>66,166</u>

¹ *Revenue from entertainment business*

3. REVENUE, OTHER INCOME AND GAINS (LOSSES)

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Revenue		
Gamma ray irradiation services income	6,095	5,842
Property business	–	26
Cruise ship leasing and management fee income	83,230	66,166
Passenger tickets revenue	6,364	3,829
Onboard and other revenues	<u>9,331</u>	<u>4,701</u>
	<u>105,020</u>	<u>80,564</u>
Other income and gains (losses)		
Interest income from financial institutions	21	18
Other interest income	<u>488</u>	<u>–</u>
Interest income on financial assets not at fair value		
through profit or loss	509	18
Dividend income from listed investments	767	3,155
Net realised gains (losses) on financial assets at fair value		
through profit or loss	12,503	(3,195)
Net unrealised gains on financial assets at fair value		
through profit or loss	2,594	12,479
Government grants (<i>Note</i>)	–	522
Exchange gain	–	661
Bad debt recovered	<u>–</u>	<u>4,412</u>
	<u>16,373</u>	<u>18,052</u>
	<u>121,393</u>	<u>98,616</u>
Gross proceeds from securities trading	<u>37,137</u>	<u>263,314</u>

Note: The government grants represented the amounts received from the local government by a subsidiary of the Company for rare resources technology innovation and improvement. All specific conditions had been fulfilled (if any).

4. FINANCE COSTS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Interest on:		
Bank borrowing	732	736
Margin account payable	4,028	1,333
Other borrowings	1,759	8,971
Convertible note	–	4,277
	<u> </u>	<u> </u>
Total interest expense on financial liabilities not at fair value through profit or loss	<u><u>6,519</u></u>	<u><u>15,317</u></u>

5. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging:

	2016 <i>HK\$'000</i>	As restated 2015 <i>HK\$'000</i>
Staff costs		
– directors' remuneration	3,464	1,678
– basic salaries and other benefits	31,821	20,865
– retirement benefits scheme contributions	485	550
– share-based payments	–	6,422
	<u> </u>	<u> </u>
	<u><u>35,770</u></u>	<u><u>29,515</u></u>
Auditors' remuneration		
– audit services	1,500	1,513
– non-audit services	450	691
Depreciation and amortisation of property, plant and equipment	4,731	4,519
Amortisation of land use rights	480	495
Impairment loss on assets classified as held for sale	–	22,613
Loss on disposal of property, plant and equipment	13	–
Operating lease payments	15,736	4,125
Cost of inventories sold	7,898	3,819
Impairment losses on trade and other receivables	37,331	–
Other receivables written off	–	10,945
Exchange loss	30	–
	<u><u> </u></u>	<u><u> </u></u>

6. TAXATION IN THE CONSOLIDATED INCOME STATEMENT

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Taxation calculated in the consolidated income statement represents:		
Current tax:		
Over-provision in respect of previous years	–	(21)
Deferred tax:		
Origination and reversal of temporary differences	<u>489</u>	<u>–</u>
Taxation charge/(credit)	<u><u>489</u></u>	<u><u>(21)</u></u>

No provision for Hong Kong profits tax has been made in the consolidated financial statements as the Company and its subsidiaries in Hong Kong have no assessable profits for both years. Taxation for the PRC subsidiaries is charged at the appropriate current rate of taxation ruling in the PRC.

7. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the year attributable to equity shareholders of the Company of approximately HK\$77,097,000 (2015: approximately HK\$67,899,000) and the weighted average number of 7,515,052,174 (2015: 6,333,903,765) ordinary shares in issue during the year.

The Company had no potentially dilutive ordinary shares in issue at the end of both reporting periods.

8. TRADE AND OTHER RECEIVABLES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade receivables	53,176	16,851
<i>Less: allowance for impairment</i>	<u>22,331</u>	<u>–</u>
Trade receivables, net	<u>30,845</u>	<u>16,851</u>
Other receivables and prepayments	95,083	75,403
<i>Less: allowance for impairment</i>	<u>15,000</u>	<u>–</u>
Other receivables and prepayments, net	<u>80,083</u>	<u>75,403</u>
	<u>110,928</u>	<u>92,254</u>

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

The Group allows an average credit period of 90 days to 180 days (2015: 60 days to 90 days) to its trade customers. The following is an analysis of trade receivables net of allowance for impairment by age, presented based on the invoice date:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Up to 30 days	5,635	11,176
31 to 90 days	13,435	5,675
91 to 365 days	<u>11,775</u>	<u>–</u>
	<u>30,845</u>	<u>16,851</u>

The movements on the allowance for impairment of trade receivables are as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
At beginning of the year	–	–
Impairment loss recognised	<u>22,331</u>	<u>–</u>
At end of the year	<u><u>22,331</u></u>	<u><u>–</u></u>

As at 31 March 2016, trade receivable of approximately HK\$52,712,000 (2015: HK\$Nil) was individually determined to be impaired. The amount of allowance for impairment was HK\$22,331,000 as at 31 March 2016 (2015: HK\$Nil). The individually impaired receivables mainly related to a customer that was in financial difficulty due to unfavorable business environment and management assessed that only a portion of the receivable is expected to be recovered.

The movements on the allowance for impairment of other receivables are as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
At beginning of the year	–	–
Impairment loss recognised	<u>15,000</u>	<u>–</u>
At end of the year	<u><u>15,000</u></u>	<u><u>–</u></u>

The Group has made impairment allowance in full for amount due from a debtor that was in financial difficulty and generally not recoverable.

9. TRADE AND OTHER PAYABLES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade payables	4,019	2,200
Other payables and accruals	44,472	27,059
Amount due to a director	<u>13,801</u>	<u>–</u>
	<u><u>62,292</u></u>	<u><u>29,259</u></u>

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

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

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

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Up to 30 days	4,008	2,200
31 to 90 days	11	–
	4,019	2,200

10. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each:		
<i>Authorised:</i>		
As at 1 April 2014, 31 March 2015 and 31 March 2016	15,000,000,000	150,000
<i>Issued and fully paid:</i>		
As at 1 April 2014	4,298,681,490	42,987
Shares issued by rights issue (<i>Note a</i>)	2,198,840,745	21,988
Exercise of share options (<i>Note b</i>)	164,500,000	1,645
Issue of shares upon conversion of convertible note (<i>Note c</i>)	729,673,382	7,297
As at 31 March 2015	7,391,695,617	73,917
Exercise of share options (<i>Note d</i>)	165,500,000	1,655
As at 31 March 2016	7,557,195,617	75,572

Notes:

- (a) On 11 September 2014, 2,198,840,745 ordinary shares of the Company were issued at the subscription price of HK\$0.068 each by way of rights issue. The gross proceeds received by the Company from the rights issue were approximately HK\$149,521,000, of which HK\$21,988,000 was credited to the share capital account and the balance of HK\$124,514,000 (net of professional fees of HK\$3,019,000) was credited to the share premium account.
- (b) During the year ended 31 March 2015, 164,500,000 share options were exercised by the eligible option holders at their respective exercise prices for a total cash consideration of HK\$26,617,000, resulting in an issue of 164,500,000 new ordinary shares of HK\$0.01 each.
- (c) During the year ended 31 March 2015, the convertible note with principal amount of HK\$105,000,000 was converted into 729,673,382 ordinary shares of HK\$0.01 each of the Company at the conversion price of HK\$0.1439 per share.
- (d) During the year, 165,500,000 share options were exercised by the eligible option holders at their respective exercise prices for a total cash consideration of HK\$26,480,000, resulting in an issue of 165,500,000 new ordinary shares of HK\$0.01 each.

All the ordinary shares issued during the year ranked pari passu with the existing ordinary shares in all respects.

11. DISPOSAL OF SUBSIDIARIES

On 19 November 2014, the Company entered into a sale and purchase agreement with an independent third party to dispose of its entire equity interest in Jumbo Wealth International Limited (“**Jumbo Wealth**”), 重慶旭景物業管理有限公司 (Chongqing Xujing Property Management Limited*) (“**Chongqing Xujing**”), 雲南和達投資有限公司 (Yunnan He Da Investments Company Limited*) (“**Yunnan He Da**”) and 冕寧縣茂源稀土科技有限公司 (Mianning Mao Yuan Rare Earth Technology Company Limited*) (“**Mianning Mao Yuan**”) (hereinafter collectively referred to as the “**Disposal Group**”) and shareholder loan due by Jumbo Wealth to the Company for an aggregate consideration of HK\$340,000,000 (the “**Disposal**”). The Disposal was completed on 3 February 2015. The net assets disposed of at the date of disposal were as follows:

	<i>HK\$'000</i>
Property, plant and equipment	113,361
Intangible asset	406,757
Land use rights	5,407
Goodwill	151,395
Inventories	22,443
Trade and other receivables	9,580
Cash and cash equivalents	161
Amount due to the Group	(253,621)
Trade and other payables	(165,231)
Shareholder loan (<i>Note</i>)	(281,504)
Deferred taxation	(1,374)
	<hr/>
Net assets disposed of	7,374
Waiver of balance due from the Disposal Group	253,621
Assignment of shareholder loan (<i>Note</i>)	281,504
Direct cost incurred for the Disposal	971
Non-controlling interests	(173,110)
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity to profit or loss on disposal	(5,177)
Loss on disposal of subsidiaries	(25,183)
	<hr/>
Satisfied by:	
Cash	<u><u>340,000</u></u>

HK\$'000

Net cash inflow arising on disposal:

Cash consideration	340,000
Assignment of shareholder loan (<i>Note</i>)	(281,504)
Direct cost incurred for the Disposal	(971)
Bank balances and cash disposed of	<u>(161)</u>
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	<u><u>57,364</u></u>

Note: Pursuant to the sale and purchase agreement, the Company provided a shareholder loan to Jumbo Wealth to enable it to repay the outstanding balances of certain loans due from Jumbo Wealth at the date of disposal and simultaneously the Company assigned the shareholder loan to the independent third party.

The subsidiaries disposed of during the year ended 31 March 2015 contributed approximately HK\$Nil to the Group's revenue and loss of approximately HK\$29,336,000 to the Group's loss from operations for the year ended 31 March 2015.

12. CAPITAL COMMITMENTS

As at 31 March 2016, the Group had capital commitments contracted for but not provided for in the consolidated financial statements in respect of the acquisition of an associate amounting to USD46,225,000 (equivalent to approximately HK\$358,244,000). As at 31 March 2015, the Group had no significant capital commitments.

13. CONTINGENT LIABILITIES

The Group had no significant contingent liabilities at the end of both reporting periods.

14. NON-ADJUSTING EVENTS AFTER THE END OF THE REPORTING PERIOD

- (i) The Company entered into the original sale and purchase agreement dated 8 October 2015, the deed of amendment dated 23 December 2015 and the second deed of amendment dated 29 March 2016, with Telconet Capital Limited Partnership in relation to acquisition of 30% equity interest in Yota, a company incorporated in the Cayman Islands with limited liability, for a cash consideration of USD46,225,000 (equivalent to approximately HK\$358,244,000). The transaction was completed on 29 April 2016. Upon completion of this acquisition, Yota became an associate of the Company. Further details are set out in the Company's announcements dated 19 October 2015, 30 December 2015 and 29 March 2016 and circular dated 31 March 2016.

- (ii) The Company entered into a placing agreement with Innovax Capital Limited on 14 January 2016 (amended on 29 March 2016) and a placing agreement with Haitong International Securities Company Limited on 29 March 2016 in relation to the placing of up to 25,000,000,000 new shares of the Company (the "**Placing**"). The net proceeds from the Placing was approximately HK\$785,600,000 and the Company used part of the net proceeds to satisfy the cash consideration for the acquisition of the associate mentioned in paragraph (i) above. The Placing was completed on 27 April 2016. Further details are set out in the Company's announcements dated 14 January 2016 and 29 March 2016 and circular dated 31 March 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the year under review, the Group is mainly engaged in entertainment business, property business, gamma ray irradiation services, resources business and securities trading and investment.

Entertainment Business

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

During the year under review, the economic conditions in the region and the depreciation of some Asian currencies against Hong Kong dollar have dealt a blow to the local tourism sector and affected the performance of this business segment. Meanwhile, the relaxation of visa requirements for Mainland China tourists by other countries encouraged them to visit tourist destinations other than Hong Kong. The number of total visitors arrival to Hong Kong during the reporting period was 57.6 million, representing a decline of 6.4% as compared to the last corresponding period, and overnight visitors from Mainland China fell by 7.9% to about 17.5 million. These factors that came about during the year continued to have a significant impact on the Group's cruise ship operation. Meanwhile, the decline in gaming revenue onboard and the difficult operating environment faced by the casino operator hindered its efforts to deliver adequate remuneration for the Group's management services. As a result, the Group's entertainment division recorded a revenue of approximately HK\$98,925,000 (2015: approximately HK\$74,696,000) and a loss of approximately HK\$40,579,000 (2015: a profit of approximately HK\$16,598,000), partially due to a one-time impairment of trade and other receivables of HK\$37,331,000.

While the latest operating environment inhibited gaming revenue growth onboard and led to a market consolidation of the entertainment business in the short term, the Group remains optimistic about the future prospects of this business segment. The Group will continue to seek opportunities to broaden its customer base and deliver consistently high quality customer services to increase business volume and to enhance our competitive edge. With an enhanced marketing strategy in place to attract new customers and facilities upgrades of the cruise ship to enrich customer experience, the Group is confident that its entertainment business will be benefited in the long run when the operating environment gradually improves.

Property Business

The Group's property business includes property development, trading of building materials and provision of renovation services. During the year under review, the Group has not launched new property projects for sale and revenue of property business was HK\$Nil (2015: approximately HK\$26,000). Segment loss was approximately HK\$457,000 (2015: approximately HK\$1,920,000). The Group will continue to explore mixed use property development and investment opportunities in China and in other regions.

Gamma Ray Irradiation Services

The Group's gamma ray irradiation business is conducted through 淄博利源高科輻照技術有限公司 (Zibo Liyuan Gamma Ray Technologies Co. Limited*), a 80% owned subsidiary of the Company which is licensed by 中華人民共和國環境保護部 (Ministry of Environmental Protection of the PRC*) for the provision of irradiation services by utilising gamma ray technologies. During the year under review, given the slowdown in growth of food irradiation and medical devices sterilisation witnessed in the local market as well as new sources of competition emerged within the region, a provision for impairment loss on goodwill amounting to HK\$9,000,000 has been made conservatively. Revenue generated from the gamma ray irradiation services for the year under review was approximately HK\$6,095,000 (2015: approximately HK\$5,842,000). Segment loss was approximately HK\$11,384,000 (2015: approximately HK\$2,565,000). Looking forward, the Group will increase its marketing efforts to keep pace with the latest trend in this business segment and maintain its market presence.

Resources Business

Since the completion of the restructuring of its resources business last year, the Group has not launched any new investment projects in this business segment. For the year under review, revenue from this segment was HK\$Nil (2015: HK\$Nil) and reported a loss of approximately HK\$436,000 (2015: approximately HK\$52,014,000).

The Group will continue to implement its prudent investment strategy while exploring potential investment opportunities in the industry in order to identify projects which exhibit attractive prospects.

Other Operation

During the year under review, the Group's securities trading and investment business division adopted a prudent and strategic approach to navigate through the volatile market. The division increased its trading in Hong Kong listed securities during the second quarter of 2015 as the Hong Kong stock market saw outstanding performance. Subsequently, the division utilised a conservative investment style and reduced its trading activities in light of China's stock market correction. For the year under review, the Group's securities trading and investment business reported a profit of approximately HK\$16,258,000 (2015: approximately HK\$12,423,000), which represented the aggregate realised gain of approximately HK\$12,503,000 (2015: realised losses of approximately HK\$3,195,000) from disposal of listed securities held for trading and unrealised gain of approximately HK\$2,594,000 (2015: approximately HK\$12,479,000) due to change in fair value on investments held for trading. As at 31 March 2016, the carrying amount of the listed securities was approximately HK\$170,480,000 (2015: approximately HK\$110,752,000).

Mobile Technologies Business

Since we are committed to nurturing new growth through diversification, the Group has decided to engage in the smartphone industry. On 29 April 2016, the Group completed the acquisition of 30% of the issued share capital of Yota and was granted an exclusive intellectual property license to market and sell "YOTAPHONE" in the Greater China region for 7 years.

Yota is a renowned developer of innovative smartphone technology, and is principally engaged in design, research and development, production and marketing and sales of high-tech consumer LTE electronics such as phablets and routers. Its main products are smartphones under the brand “YOTAPHONE” and other connectivity devices such as modems. Its current major product and brand is its second generation smartphones “YotaPhone 2”. Yota is headquartered in Russia, with offices and operations in Europe, Asia and the Middle East. Yota employs leading developers from the information technology industry and its research and development team comprises Nokia veterans.

The Group believed that the acquisition presents a good investment opportunity for the Group in the smartphone development industry and will help broaden the income stream of the Group and help diversify the existing business of the Group.

Financial Review

During the year under review, the Group recorded a revenue of approximately HK\$105,020,000 (2015: approximately HK\$80,564,000), representing an increase of 30% compared with previous year. The increase was mainly from the entertainment business.

Loss from operations for the year under review amounted to approximately HK\$70,781,000 (2015: approximately HK\$51,836,000). Net loss attributable to equity shareholders of the Company for the year under review increased to approximately HK\$77,097,000 (2015: approximately HK\$67,899,000), which was mainly attributable to the impairment loss on goodwill from gamma ray irradiation services and impairment losses on trade and other receivables from entertainment business. As at 31 March 2016, the total assets and net assets of the Group were approximately HK\$356,843,000 and approximately HK\$180,494,000 (2015: approximately HK\$374,321,000 and approximately HK\$231,841,000) respectively.

In August 2014, the Company entered into a placing agreement to renew the placing period for the placing of 7-year 5% unsecured notes (the “**Placing Notes**”) up to 31 August 2015. The period for the placing of the Placing Notes expired on 31 August 2015. During the year under review, no Placing Note has been issued by the Company pursuant to the aforesaid placing agreement. As at 31 March 2016, the Placing Notes in the aggregate principal amount of HK\$30,000,000 (2015: HK\$30,000,000) were outstanding.

Liquidity and Financial Resources

As at 31 March 2016, the Group had cash and cash equivalents of approximately HK\$23,661,000 (2015: approximately HK\$106,505,000). Short term bank and other borrowings were approximately HK\$61,505,000 (2015: approximately HK\$51,333,000). Long term bank and other borrowings as at 31 March 2016 were approximately HK\$28,513,000 (2015: approximately HK\$38,304,000). The gearing ratio, being the ratio of the sum of total borrowings to total equity, was 50% as at 31 March 2016 (2015: 39%). The liquidity ratio, being the ratio of current assets over current liabilities, was 248% as at 31 March 2016 (2015: 386%). The decrease of liquidity ratio was mainly due to the increase of the other payable and the reclassification of bank borrowing from long term borrowing to short term borrowing. In order to further improve the Group's liquidity and to increase its working capital, the Company has been considering different fund raising and capital restructuring options so as to strengthen the Group's financial base.

Pledge of Assets

As at 31 March 2016, the Group's land use rights and certain property, plant and equipment with carrying amount of approximately HK\$15,477,000 (2015: approximately HK\$17,020,000) were pledged to a bank to secure the bank borrowing granted to the Group.

As at 31 March 2016, the Group's listed securities with carrying amount of approximately HK\$108,417,000 (2015: approximately HK\$109,532,000) were pledged to secure margin account payable granted to the Group.

Prospect

The operating environment remains challenging due to the global economic uncertainties and the slowdown of economic development in China. The factors will continue affecting the Group's performance in 2016. Meanwhile, the Group intends to adopt different strategies in order to minimise the impact of the economic turmoil. The Group will continue its various existing businesses on a smaller scale due to uncertainties in the economic environment in China and worldwide recently. The Group would like to take some time for its core business to be recognised.

On 29 April 2016, the Company completed the acquisition 30% of the issued share capital of Yota and was granted an exclusive intellectual property license to market and sell “YOTAPHONE” in the Greater China region for 7 years. YotaPhone’s unique dual-screen design is one of the distinctive features compared with the products of its competitors. Despite the uncertainties in the economic environment in China and the fierce competition in the smartphone business, the Group believes the uniqueness of the product will be the key to success. China still has huge market potential for the internet, technology, media and telecommunication sectors. The Group believes that there is a growing demand for high-tech products and a potential growth in the smartphone market in China.

On 24 May 2016, China Baoli Technologies Investment Limited (“**China Baoli**”), a direct wholly-owned subsidiary of the Company, China Youth Travel Industry (HK) Limited (“**China Youth Travel**”) and Advance Star Investments Limited (“**Advance Star**”), an indirect wholly-owned subsidiary of the Company entered into a framework cooperative agreement (the “**First Framework Agreement**”). Pursuant to the First Framework Agreement, China Baoli and China Youth Travel wish to cooperate with each other to develop Yota smartphone and related business in the PRC. The cooperation will be implemented through the allotment of new shares, which will be up to 20% of the enlarged issued share capital of Advance Star or any of its subsidiaries to China Youth Travel (the “**Deemed Disposal**”). The consideration for the Deemed Disposal under the First Framework Agreement is no more than RMB600,000,000 (the “**Consideration**”). Immediately upon completion of the Deemed Disposal, Advance Star or its subsidiary (as the case may be) will be held as to 80% by China Baoli and 20% by China Youth Travel. The Consideration shall be paid in cash by China Youth Travel to Advance Star within 3 years after the date of the First Framework Agreement in installments depending on the business needs, product production and orders of Advance Star after the commercial launch of the “YotaPhone 3” has commenced. The Consideration paid by China Youth Travel will be used to develop Yota smartphone and related business. China Baoli and China Youth Travel will commit a total investment amount of no more than RMB3,000,000,000 through their respective investments in Advance Star and its subsidiaries in respect of the development of Yota smartphone and related business on a pro-rata basis according to the then shareholding interest of China Baoli and China Youth Travel in Advance Star (or its subsidiary) (as the case may be). As at the date of this announcement, completion of the Deemed Disposal is yet to take place.

On 6 June 2016, the Company entered into a strategic cooperation framework agreement (the “**Second Framework Agreement**”) with 中國青旅實業發展有限責任公司 (China CYTS Industrial Development Co. Ltd.*) (“**CYTS**”), pursuant to which the Company and CYTS agreed to, subject to relevant laws and financial policies, cooperate in the setting up of the “One-Belt One-Road” investment fund (the “**Fund**”) and related asset investment company in Hong Kong. The Fund will have an initial target funding size of US\$4 billion, out of which CYTS will contribute US\$500 million as a subordinated limited partner, and the remaining funding will be raised from other potential preferred investors. CYTS will act jointly with certain other large state-owned enterprises as the Fund’s sponsor, and will have certain supervisory management rights over the Fund, including absolute management rights over the Fund’s risk control. The Company will act as the Fund’s designated investment manager, and will assist CYTS in the completion of its funding contribution and the subsequent fund-raising exercises. Pursuant to the Second Framework Agreement, the Fund will focus its investments on industrial and new-industry projects in countries and regions connected to the “One-Belt One-Road” region of the Silk Road Economy Belt and the 21st Century Overseas Economy Belt.

China Youth Travel and CYTS are directly owned by Communist Youth League Central State Holding Co., incorporated in the PRC, with strong background, network, resources and financial support. By leveraging on China Youth Travel’s existing network and connections in the PRC, the Board believes that the cooperation with China Youth Travel in developing the Yota smartphone and related business will be beneficial to the Group. Accordingly, China Baoli entered into the First Framework Agreement with China Youth Travel with a view to bringing in additional source of capital and networking for the development of the Yota smartphone and related business. Additionally, the strategic cooperation in setting up the Fund between the Company and CYTS not only supports the national “One-Belt One-Road” strategy, but also provides an investment opportunity for the Group to broaden its income source and improve its financial performance. Details of the First Framework Agreement and the Second Framework Agreement are set out in the Company’s announcements dated 25 May 2016 and 6 June 2016 respectively.

In the future, the Group intends to further expand the mobile technologies business. The Group has been actively looking for new investment opportunities in order to diversify its existing business with a view to achieving better growth potential and enhancing shareholders’ return in the long run.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 March 2016 (2015: HK\$Nil).

CORPORATE GOVERNANCE

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

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

Further information on corporate governance practices of the Company will be set out in the Corporate Governance Report contained in the annual report of the Company for the year ended 31 March 2016.

AUDIT COMMITTEE

The audit committee of the Company has reviewed with the Group’s management and the Company’s external auditor the consolidated financial statements of the Company for the year ended 31 March 2016.

SCOPE OF WORK OF TING HO KWAN & CHAN CPA LIMITED

The figures of the Group’s annual results for the year ended 31 March 2016 set out in this announcement have been agreed by the Group’s auditor, Ting Ho Kwan & Chan CPA Limited (“**THKC**”), to the amounts set out in the Group’s consolidated financial statements for the year. The work performed by THKC in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by THKC on this announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the year ended 31 March 2016, the Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard as pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**"). Having made specific enquiry, all the Directors have confirmed that they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions throughout the year under review.

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

During the year ended 31 March 2016, 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
Yeung Chun Wai, Anthony
Executive Director

Hong Kong, 24 June 2016

As at the date of this announcement, the executive Directors are Mr. Yeung Chun Wai, Anthony, Ms. Chu Wei Ning, Mr. Chen Domingo and Mr. Wong King Shiu, Daniel; and the independent non-executive Directors are Mr. Wong Hoi Kuen, Mr. Chan Chi Yuen and Mr. Lee Chi Ming.

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