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 AUDITED FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020

AUDITED ANNUAL RESULTS

Reference is made to the announcement of China Baoli Technologies Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") dated 30 June 2020 in relation to the unaudited final results of the Group for the year ended 31 March 2020 (the "**Unaudited Annual Results Announcement**").

As certain changes have been made to the unaudited financial information of the Group for the year ended 31 March 2020 as contained in the Unaudited Annual Results Announcement, the differences between the unaudited financial information and the audited financial information contained in this announcement are set out in the section headed "Material differences between Unaudited and Audited Annual Results" in this announcement. Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as those defined in the Unaudited Annual Results Announcement.

The board (the "**Board**") of directors ("**Director(s)**") of the Company hereby announces the audited consolidated results of the Group for the year ended 31 March 2020, together with the comparative audited figures for the year ended 31 March 2019, as follows:

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For the year ended 31 March 2020

	Notes	**2020** **HK\$'000**	2019 HK\$'000
Revenue from contracts with customers	4	**49,302**	44,580
Cost of revenue		**(42,636)**	(103,149)
Gross profit (loss)		**6,666**	(58,569)
Other income, gains and losses, net	6	**15,140**	30,024
Impairment losses under expected credit loss model, net of reversal	8	**(6,464)**	(612,901)
Impairment loss on interests in associates		–	(331,352)
Impairment loss on goodwill		–	(87,196)
Administrative expenses		**(118,216)**	(203,888)
Selling and distribution expenses		**(4,912)**	(19,576)
Loss on deconsolidation of a subsidiary	9	**(175,437)**	–
Gain on deregistration of subsidiaries		**3,445**	–
Loss on derecognition of associates		**(313)**	–
Gain on disposal of a subsidiary	10	**207,760**	–
Finance costs	7	**(43,138)**	(25,468)
Share of profit of associates		–	474
Loss before tax		**(115,469)**	(1,308,452)
Income tax (expense) credit	11	**(3,090)**	2,502
Loss for the year	12	**(118,559)**	(1,305,950)
Loss for the year attributable to:			
– Owners of the Company		**(114,089)**	(1,298,305)
– Non-controlling interests		**(4,470)**	(7,645)
		(118,559)	(1,305,950)
Loss per share	14		
– Basic and diluted		**(3.08) cents**	(36.29) cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	2020	2019
	HK$'000	*HK$'000*
Loss for the year	**(118,559)**	(1,305,950)
Other comprehensive income (expense):		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**11,874**	(25)
Release of exchange reserve upon deregistration of subsidiaries	**(3,923)**	–
Share of exchange reserve of associates	**–**	(3,168)
Release of exchange reserve upon derecognition of associates	**313**	–
Other comprehensive income (expense) for the year, net of income tax	**8,264**	(3,193)
Total comprehensive expense for the year	**(110,295)**	(1,309,143)
Total comprehensive expense attributable to:		
Owners of the Company	**(106,395)**	(1,301,645)
Non-controlling interests	**(3,900)**	(7,498)
	(110,295)	(1,309,143)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Notes	2020 HK$'000	2019 HK$'000
Non-current assets			
Property, plant and equipment		**6,699**	9,986
Land use rights		**–**	8,328
Right-of-use asset		**11,197**	–
Intangible assets		**52,292**	19
Goodwill		**54,962**	185,285
Interests in associates		**–**	–
Deferred tax assets		**–**	2,524
		125,150	206,142
Current assets			
Inventories		**7**	11,638
Trade and other receivables	*15*	**44,374**	36,005
Financial assets at fair value through profit or loss		**512**	778
Bank balances and cash		**2,715**	7,317
		47,608	55,738
Current liabilities			
Trade and other payables	*16*	**237,970**	387,047
Contract liabilities		**26,543**	469
Lease liabilities		**3,586**	–
License fees payables		**28,633**	–
Tax payable		**3,090**	–
Bank and other borrowings		**259,491**	209,895
Convertible loan		**9,493**	–
		568,806	597,411
Net current liabilities		**(521,198)**	(541,673)
Total assets less current liabilities		**(396,048)**	(335,531)

	2020	2019
	HK$'000	*HK$'000*
Non-current liabilities		
Bank and other borrowings	**9,868**	28,895
Lease liabilities	**812**	–
License fees payables	**23,763**	–
Deferred tax liabilities	**–**	30
	34,443	28,925
Net liabilities	**(430,491)**	(364,456)
Capital and reserves		
Share capital	**372,156**	363,823
Reserves	**(790,861)**	(716,627)
Equity attributable to owners of the Company	**(418,705)**	(352,804)
Non-controlling interests	**(11,786)**	(11,652)
Total deficit	**(430,491)**	(364,456)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

China Baoli Technologies Holdings Limited (the "**Company**") was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business in Hong Kong is located at Suites 3103–04, 31/F., Oxford House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong.

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are mobile and multi-media technologies business, gamma ray irradiation services, tourism and hospitality business, and other operations − securities trading and investment.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

As stated in the consolidated financial statements, the Group reported loss attributable to the owners of the Company of approximately HK$114,089,000 for the year ended 31 March 2020 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK$521,198,000 and the Group had net liabilities of approximately HK$430,491,000, in which total bank and other borrowings amounted to approximately HK$269,359,000, while its cash and cash equivalents amounted to approximately HK$2,715,000 only. Notwithstanding the above, the consolidated financial statements have been prepared on a going concern basis as the directors of the Company (the "**Directors**") have given careful consideration to the impact of the current and anticipated future liquidity of the Group and are satisfied that:

(1) The Company is in the final stage of discussion with the People's Government of Tongnan County of Chongqing City to capitalise its loan which amounted to approximately HK$121,839,000;

(2) The Company reached an agreement with one of the creditors to capitalise the loan which amounted to approximately HK$23,400,000 subsequent to the reporting period;

(3) The shareholders and directors of the Company undertake not to require the Company to repay their loans until such time when repayment will not affect the ability of the Group to repay other creditors in the normal course of business;

(4) The mobile and multi-media technologies business has generated approximately HK$39,946,000 revenue for the year ended 31 March 2020 and this proves the success of Company's business strategies in focusing more on asset-light, less capital-intensive mobile and multi-media technologies business; and

(5) The Company is in discussion with potential investors to implement a fund-raising exercise which can raise fund in the maximum amount of HK$200,000,000.

In addition, the management of the Company has been actively working on restructuring and resumption progress. Through fund-raising exercises and continuing the above mentioned business strategies, 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 Directors have prepared a cash flow forecast covering a period up to 31 March 2021 on the basis that the Group's aforementioned plans and measures will be successful, and are satisfied that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the twelve months from 31 March 2020. Accordingly, the Directors consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

The consolidated financial statements do not include any adjustments that would result from the failure of the Group to obtain sufficient future funding. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to reduce the carrying amounts of the assets of the Group to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC)-Interpretation ("**Int**") 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to Hong Kong Accounting Standard ("**HKAS**") 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3.1 HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 *Leases* ("**HKAS 17**"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019.

As at 1 April 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

(i) relied on the assessment of whether leases are onerous by applying HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;

(ii) elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

(iii) excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and

(iv) used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The incremental borrowing rate applied is 10.62%.

	At 1 April 2019
	HK$'000
Operating lease commitments disclosed as at 31 March 2019	7,774
Lease liabilities discounted at relevant incremental borrowing rates	6,531
Add: Change in allocation basis between lease and non-lease components	834
Less: Practical expedient – leases with lease term ending within 12 months from the date of initial application	(785)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16 and lease liabilities as at 1 April 2019	6,580
Add: Accrued lease payments at 31 March 2019	550
Lease liabilities as at 1 April 2019	7,130
Analysed as:	
Current	3,283
Non-current	3,847
	7,130

The carrying amount of right-of-use assets as at 1 April 2019 comprises the following:

		Right-of-use assets
	Notes	*HK$'000*
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16		7,130
Adjustments on rental deposits at 1 April 2019	*(a)*	348
Reclassified from land use rights	*(b)*	8,328
Less: Accrued lease liabilities at 1 April 2019		(550)
		15,256

(a) Before the application of HKFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which HKAS 17 applied under other receivables. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. Accordingly, approximately HK$348,000 was adjusted from refundable rental deposits paid to right-of-use assets.

(b) Upfront payments for leasehold lands in the People's Republic of China (the "**PRC**") for own used properties were classified as land use rights as at 31 March 2019. Upon application of HKFRS 16, the non-current portion of land use rights amounting to approximately of HK$8,328,000 was reclassified to right-of-use assets.

The transition to HKFRS 16 has no impact on the accumulated losses at 1 April 2019.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2019	**Adjustments**	**Carrying amounts under HKFRS 16 at 1 April 2019**
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets			
Land use rights	8,328	(8,328)	–
Right-of-use assets	–	15,256	15,256
Current assets			
Trade and other receivables	36,005	(348)	35,657
Current liabilities			
Trade and other payables	387,047	(550)	386,497
Lease liabilities – current portion	–	3,283	3,283
Non-current liabilities			
Lease liabilities – non-current portion	–	3,847	3,847

Note: For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 March 2020, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 April 2019 as disclosed above.

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied under trade and other payables. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets should be adjusted to reflect the discounting effect at transition. Based on the assessment by the management of the Company, the amount of the adjustment is insignificant and therefore no adjustment to refundable rental deposits received has been made.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 3	Definition of Business[2]
Amendments to HKAS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]

1 Effective for annual periods beginning on or after 1 January 2021.

2 Effective for business combinations and asset acquisitions for which the acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2020.

3 Effective for annual periods beginning on or after a date to be determined.

4 Effective for annual periods beginning on or after 1 January 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, *the Amendments to References to the Conceptual Framework in HKFRS Standards*, will be effective for annual periods beginning on or after 1 January 2020.

Except for the new and amendments to HKFRSs mentioned in the consolidated financial statements, the Directors anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

4. REVENUE

Disaggregation of revenue from contracts with customers

For the year ended 31 March 2020

	Mobile and multi-media technologies business *HK$'000*	Tourism and hospitality business *HK$'000*	Gamma ray irradiation service *HK$'000*	Total *HK$'000*
Types of goods or service				
Sales of mobile phones and related products	6,263	–	–	6,263
Multi-media and advertising service	33,683	–	–	33,683
Online travel product booking service	–	4,681	–	4,681
Irradiation sterilisation processing services	–	–	4,675	4,675
Total	39,946	4,681	4,675	49,302
Geographical markets				
Hong Kong	–	4,681	–	4,681
PRC	39,946	–	4,675	44,621
Total	39,946	4,681	4,675	49,302
Timing of revenue recognition				
A point in time	6,263	4,681	4,675	15,619
Over time	33,683	–	–	33,683
Total	39,946	4,681	4,675	49,302
Sales channel/type of customer				
Retail	–	4,681	–	4,681
Wholesale	6,263	–	–	6,263
Corporate	33,683	–	4,675	38,358
Total	39,946	4,681	4,675	49,302

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

	Segment revenue *HK$'000*
Mobile and multi-media technologies business	**39,946**
Tourism and hospitality business *(Note)*	**4,681**
Gamma ray irradiation service	**4,675**
Revenue from contracts with customers and total revenue	**49,302**

For the year ended 31 March 2019

	Mobile and multi-media technologies business *HK$'000*	Tourism and hospitality business *HK$'000*	Gamma ray irradiation service *HK$'000*	Total *HK$'000*
Types of goods or service				
Sales of mobile phones and related products	34,610	–	–	34,610
Online travel product booking service	–	5,227	–	5,227
Irradiation sterilisation processing services	–	–	4,743	4,743
Total	34,610	5,227	4,743	44,580
Geographical markets				
Hong Kong	–	5,227	–	5,227
PRC	34,610	–	4,743	39,353
Total	34,610	5,227	4,743	44,580
Timing of revenue recognition				
A point in time	34,610	5,227	4,743	44,580
Sales channel/type of customer				
Retail	–	5,227	–	5,227
Wholesale	34,610	–	–	34,610
Corporate	–	–	4,743	4,743
Total	34,610	5,227	4,743	44,580

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

	Segment revenue *HK$'000*
Mobile and multi-media technologies business	34,610
Tourism and hospitality business *(Note)*	5,227
Gamma ray irradiation service	4,743
Revenue from contracts with customers and total revenue	44,580

Note:

Total customer sales proceeds

	2020 ***HK$'000***	2019 *HK$'000*
Gross sales proceeds related to passenger tickets revenue*	**130,566**	217,160

* The Group's gross sales proceeds from provision of online travel product booking service, including air tickets, hotel accommodation and other travel products, are considered as cash collected on behalf of a principal as an agent. The gross sales proceeds from these sales, which do not represent revenue, represent the price at which the products have been sold inclusive of service fees. The related service income is recorded by the Group on net basis.

5. OPERATING SEGMENTS

Information reported to the board of Directors (the "**Board**"), being the chief operating decision maker (the "**CODM**"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

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

(a) Mobile and multi-media technologies business – running a mobile and multi-media technologies via different media channels using electronic paper display and dual-screen technologies.

(b) Tourism and hospitality business – provision of online travel product booking platform.

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

(d) Other operations – securities trading and investment.

(a) Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segments:

For the year ended 31 March 2020

	Mobile and multi-media technologies business *HK$'000*	Tourism and hospitality business *HK$'000*	Gamma ray irradiation services *HK$'000*	Other operations – securities trading and investment *HK$'000*	Total *HK$'000*
Revenue	**39,946**	**4,681**	**4,675**	**–**	**49,302**
Segment results	**(114,264)**	**(4,998)**	**(1,250)**	**(3,589)**	**(124,101)**
Unallocated corporate income					**10**
Unallocated corporate expenses					**(21,162)**
Loss on deconsolidation of a subsidiary					**(175,437)**
Gain on deregistration of subsidiaries					**3,445**
Loss on derecognition of associates					**(313)**
Gain on disposal of a subsidiary					**207,760**
Finance costs					**(5,671)**
Loss before tax					**(115,469)**

For the year ended 31 March 2019

	Mobile and multi-media technologies business *HK$'000*	Tourism and hospitality business *HK$'000*	Gamma ray irradiation services *HK$'000*	Other operations – securities trading and investment *HK$'000*	Total *HK$'000*
Revenue	34,610	5,227	4,743	–	44,580
Segment results	(1,180,876)	(86,039)	(2,515)	(4,420)	(1,273,850)
Unallocated corporate income					24
Unallocated corporate expenses					(26,922)
Finance costs					(7,704)
Loss before tax					(1,308,452)

The accounting policies of the operating segments are the same as the Group's accounting policies described in the Group's consolidated financial statements. Segment results represent the loss from each segment without allocation of loss on deconsolidation of a subsidiary, gain on deregistration of subsidiaries, loss on derecognition of associates, gain on disposal of a subsidiary, central administration cost, certain other income, gains and losses, net, finance costs and directors' emoluments. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

6. OTHER INCOME, GAINS AND LOSSES, NET

	2020	2019
	HK$'000	*HK$'000*
Interest income from financial institutions	**10**	24
Written-off of property, plant and equipment	**(479)**	(63)
Interest income from associates	**–**	32,964
Imputed interest income on rental deposit	**145**	–
Gain on disposal of property, plant and equipment	**1**	149
Gain from change in fair value of convertible loan derivative component	**49**	–
Net unrealised losses on financial assets at fair value through profit or loss	**(266)**	(1,377)
Gain on early renewal of license fee agreement	**17,382**	–
Exchange loss, net	**(1,106)**	(1,863)
Government grants	**8**	190
Others	**(604)**	–
	15,140	30,024

7. FINANCE COSTS

	2020	2019
	HK$'000	*HK$'000*
Interests on:		
Bank borrowings	**728**	560
Margin account payable	**3,324**	3,036
Placing notes at effective interest rates	**1,658**	1,812
Early redemption of placing notes	**–**	261
Overdue royalty fee payable	**12,947**	7,939
Overdue rental expenses	**260**	–
Convertible loan payable at effective interest rates	**992**	–
Other borrowings	**14,376**	11,860
Lease liabilities	**568**	–
License fees payables	**8,285**	–
	43,138	25,468

8. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	2020	2019
	HK$'000	*HK$'000*
Reversal of impairment losses on:		
Trade receivables	**134**	64
Other receivables	**1,389**	30
Impairment losses on:		
Trade receivables	**(5,930)**	(792)
Other receivables	**(2,057)**	(2,126)
Amounts due from associates	**–**	(610,077)
	(6,464)	(612,901)

9. DECONSOLIDATION OF A SUBSIDIARY

On 3 February 2020, a director who was appointed by the Group as a director of We Fly Travel Limited ("**We Fly**"), has resigned as a director of We Fly, accordingly, the Directors resolved that the Group no longer had the power to govern the financial and operating policies of We Fly, and the control over We Fly could no longer meet the definition of control in HKFRS 10 *Consolidated Financial Statements* on that date and the financial statements of We Fly have been deconsolidated from the financial statements of the Company since 3 February 2020 (the "**Deconsolidation Date**").

Due to the non-cooperation of the management of We Fly, the Directors were unable to access the books and records of We Fly since the Deconsolidation Date, despite the fact that the Directors have taken all reasonable steps and have used their best endeavors to resolve the matter.

Analysis of assets and liabilities of We Fly as at the Deconsolidation Date:

	HK$'000
Plant and equipment	275
Intangible assets	10
Goodwill	185,285
Deferred tax assets	2,524
Trade and other receivables	3,869
Bank balances and cash	2,153
Amount due to group company	(1,150)
Trade and other payables	(22,776)
Deferred tax liabilities	(30)
Net assets	170,160
Loss on deconsolidation of We Fly:	
Net assets deconsolidated	170,160
Amount due from We Fly	1,150
Non-controlling interest	4,127
Loss on deconsolidation	175,437
Net cash outflow arising on the deconsolidation:	
Bank balances and cash of We Fly	2,153

10. DISPOSAL OF A SUBSIDIARY

Disposal of China Baoli Innovation Technologies Limited ("CB Innovation")

On 18 March 2020, the Group disposed of its 100% equity interests of CB Innovation, at a consideration of HK$100,000 to an independent third party. The net liabilities of CB Innovation at the date of disposal were as follows:

	HK$'000
Amount due to group company	(36,206)
Trade and other payables	(207,660)
Net liabilities disposed of	(243,866)
Gain on disposal of CB Innovation:	
Consideration received	100
Net liabilities disposed of	243,866
Amount due from CB Innovation	(36,206)
Gain on disposal	207,760
Net cash inflow arising on disposal of CB Innovation:	
Cash consideration	100
Consideration received:	
Cash received	100

11. INCOME TAX EXPENSE (CREDIT)

	2020	2019
	HK$'000	*HK$'000*
Current tax – PRC	**3,090**	–
Deferred taxation	**–**	(2,502)
	3,090	(2,502)

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. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

No provision for taxation in Hong Kong has been made for both years ended 31 March 2020 and 2019 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 years ended 31 March 2020 and 2019.

12. LOSS FOR THE YEAR

	2020	2019
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging:		
Staff costs		
– directors' emoluments (excluding share-based payments)	**5,221**	7,777
– salaries and other benefits in kind	**8,186**	16,850
– retirement benefits scheme contributions	**756**	1,328
– share-based payments	**–**	52,368
	14,163	78,323
Auditors' remuneration		
– audit services	**1,210**	1,824
– non-audit services	**40**	–
Depreciation of property, plant and equipment	**1,953**	3,029
Depreciation of right-of-use-assets	**3,525**	–
Amortisation of intangible asset included as cost of revenue	**20,673**	8
Amortisation of land use rights	**–**	463
Minimum lease payments paid under operating lease	**–**	7,810
Cost of inventories recognised as an expense	**8,024**	69,600
Written-down of inventories recognised as cost of revenue	**–**	21,426
Royalty fee	**61,667**	57,448

13. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2020, nor has any dividend been proposed since the end of the reporting period (2019: Nil).

14. 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:

	2020	2019
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	**(114,089)**	(1,298,305)

	2020	2019
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**3,706,534**	3,577,097

The weighted average number of ordinary shares for the purpose of basic and diluted loss per share has been adjusted for the share consolidation on 3 August 2018.

The computation of diluted loss per share for the year ended 31 March 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.

The computation of diluted loss per share for the year ended 31 March 2019 does not assume the conversion of the Company's outstanding share options because the exercise price of those options was higher than the average market price for shares.

15. TRADE AND OTHER RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Trade receivables	**11,307**	9,742
Less: Allowance for credit losses	**(6,291)**	(806)
Trade receivables, net	**5,016**	8,936
Other receivables and deposits	**41,775**	16,838
Prepayments	**625**	12,605
	42,400	29,443
Less: Allowance for credit losses	**(3,042)**	(2,374)
Other receivables, prepayments and deposit paid, net	**39,358**	27,069
	44,374	36,005

Notes:

As at 1 April 2018, trade receivables from contracts with customers amounted to approximately HK$7,743,000 net of allowance for credit losses of HK$34,714,000. The following is an aged analysis of trade receivables net of allowance for credit losses, presented based on the invoice date, which approximates the respective revenue recognition dates:

	2020	2019
	HK$'000	*HK$'000*
0 to 30 days	**426**	1,433
31 to 90 days	**1,746**	2,273
91 to 180 days	**958**	2,798
181 to 365 days	**1,886**	2,432
	5,016	8,936

16. TRADE AND OTHER PAYABLES

	2020	2019
	HK$'000	*HK$'000*
Trade payables	**65,228**	85,257
Other payables and accruals	**111,076**	106,032
Deposit received	**15,640**	15,640
Amounts due to shareholders and directors	**46,026**	45,078
Amount due to an associate	**–**	135,040
	237,970	387,047

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

	2020	2019
	HK$'000	*HK$'000*
Up to 30 days	**109**	11,547
31 to 90 days	**166**	490
91 to 180 days	**151**	4,634
181 to 365 days	**453**	18,322
Over 365 days	**64,349**	50,264
	65,228	85,257

The average credit period granted by the trade creditors is 30 to 45 days (2019: 30 to 45 days).

17. EVENTS AFTER THE REPORTING PERIOD

(a) On 13 July 2020, Shanghai YunYao Culture & Media Limited* (上海雲遙文化傳媒有限公司) (the "**Purchaser**"), a wholly-owned subsidiary of the Company, and Mr. Xu Shang Wu* (徐尚武) and Ms. Ou Xian Lan* (歐憲蘭) (the "**Vendors**") entered into the share transfer agreements and supplemental agreements (collectively referred to the "**Share Transfer Agreements**"), pursuant to which the Vendors conditionally agreed to sell and the Purchaser conditionally agreed to purchase an aggregate of 80% of the entire issued share capital of ShenZhen ZiJun Media Company Limited* (深圳紓駿傳媒有限公司), for an aggregate consideration of RMB1,825,800 (equivalent to approximately HK$2,008,380), which shall be satisfied in cash to the Vendors or their nominee in accordance with the terms and conditions of the Share Transfer Agreements.

(b) The outbreak of COVID-19 since early 2020 has brought about additional uncertainties in the Group's operating environment and has impacted the Group's operations and financial position and performance.

The Group has been closely monitoring the impact of the developments on the Group's businesses and has put in place contingency measures. These contingency measures include: exploring business opportunities on those less influential by COVID-19 business, such as gamma ray segment. The Company is in discussion of business cooperation with a state-owned enterprise in relation to gamma ray technologies. The Group will keep its contingency measures under review as the situation evolves.

This is not practicable to estimate the impact of COVID-19 to the financials as at the date of this announcement. However, following the lift of travel restrictions related to the COVID-19 pandemic in mainland China, the railway transport network services in mainland China have started to resume gradually. In the interim, the Company continues to be actively engaged in discussions with a number of new and existing customers placing multi-media contents on GSCR Hexiehao Trains. The Company expects its mobile and multi-media technologies business will regain its momentum once the COVID-19 pandemic has subsided and will continue a major drive in developing a scalable mobile and multi-media technology business going forward.

* *For identification purpose only*

MATERIAL DIFFERENCES BETWEEN UNAUDITED AND AUDITED ANNUAL RESULTS

Since the financial information contained in the Unaudited Annual Results Announcement was neither audited nor agreed with Asian Alliance (HK) CPA Limited as at the date of its publication and subsequent adjustments have been made to such information, shareholders and potential investors of the Company are advised to pay attention to certain differences between the financial information of the unaudited and audited annual results of the Group. Set forth below are principal details and reasons for the material differences in such financial information in accordance with Rule 13.49(3)(ii)(b) of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

	2019/20 Unaudited Annual Results	**2019/20 Audited Annual Results**	**Difference**	
	HK$'000	*HK$'000*	*HK$'000*	*Notes*
Consolidated Statement of Profit or Loss and Other Comprehensive Income				
Revenue from contracts with customers	54,397	49,302	(5,095)	*1*
Loss before tax	(98,589)	(115,469)	(16,880)	*2*
Consolidated Statement of Financial Position				
Non-current assets				
Intangible assets	128,820	52,292	(76,528)	*3*
Goodwill	34,383	54,962	20,579	*3*
Current assets				
Trade and other receivables	69,540	44,374	(25,166)	*4*
Current liabilities				
Trade and other payables	(183,729)	(237,470)	(53,741)	*5*
Non-current liabilities				
Bank and other borrowings	(58,815)	(9,868)	48,947	*5*

Notes:

(1) The difference is mainly due to the decrease in the revenue of approximately HK$3,000,000 generated from one consumer which cannot be recognised pursuant to HKFRS 15.

(2) The difference is mainly attributable to the impairment loss under the expected credit loss model of approximately HK$6,464,000, and finance costs of approximately HK$8,285,000.

(3) The difference is mainly due to the calculation method adopted by valuer was more in depth and more aligned with the accounting standard.

(4) The difference is mainly due to the impairment loss recognised in respect of impairment losses under the expected credit loss model.

(5) The difference is mainly due to the reclassification of non-current liabilities to current liabilities in relation to shareholders and directors loan.

Save as disclosed in this announcement and the corresponding adjustments in totals, percentages, ratios and comparative figures related to the above key differences, all other information contained in the Unaudited Results Announcement remain unchanged.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 March 2020 which has included a disclaimer of opinion:

DISCLAIMER OF OPINION

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the *Basic for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

(a) Limitation of scope on prior year's scope limitation affecting comparative figures and related disclosures

As explained in our report dated 12 July 2019 on the Group's consolidated financial statements for the year ended 31 March 2019 (the "**2019 Consolidated Financial Statements**"), we were not provided with sufficient evidence to enable us to satisfy ourselves as to whether the Group's share of result and thus impairment loss of Yota and its subsidiaries (the "**Yota Group**") for the year ended 31 March 2019 were fairly stated and whether the summarised financial information of the Yota Group as shown in Note 21 to the 2019 Consolidated Financial Statements were properly disclosed. We qualified our opinion on the Group's 2019 Consolidated Financial Statements in respect of this limitation of scope accordingly.

Any adjustments found to be necessary to the figures as described above may affect the related disclosures in the notes to the consolidated financial statements of the Group for the year ended 31 March 2020. The comparative figures for the year ended 31 March 2019 shown in these consolidated financial statements may not be comparable with the figures for the current year.

(b) Limitation of scope on loss on deconsolidation of We Fly

As stated in Note 43 to the consolidated financial statements, a director who was appointed by the Group as a director of We Fly Travel Limited ("**We Fly**"), resigned on 3 February 2020, accordingly, the directors of the Company (the "**Directors**") resolved that the Group no longer had the power to govern the financial and operating policies of We Fly, and the control over We Fly was lost on that date and deconsolidate We Fly since 3 February 2020 (the "**Deconsolidation Date**").

Due to the non-cooperation of the management of We Fly, the Directors were unable to access to the books and records of We Fly since the Deconsolidation Date, despite the fact that the Directors have taken all reasonable steps and has used its best endeavors to resolve the matter.

Under the circumstances as explained above, we were not able to carry out procedures which we considered necessary on the books and records of We Fly, to satisfy ourselves as to the existence, ownership, completeness, accuracy, valuation and classification of its total assets of approximately HK$194,116,000 and total liabilities of approximately HK$23,956,000 as at the Deconsolidation Date and of its loss of approximately HK$4,935,000 for the period from 1 April 2019 to the Deconsolidation Date. Consequently, we were unable to satisfy ourselves as to whether the loss on deconsolidation of approximately HK$175,437,000 arising thereon was fairly stated. There were no other satisfactory audit procedures that we could adopt to obtain sufficient appropriate evidence in this regard.

Any adjustments found to be necessary to the above amounts would affect the amounts recorded in the consolidated statement of profit or loss and other comprehensive income in respect of We Fly for the period from 1 April 2019 to the Deconsolidation Date, with a corresponding effect on the loss on deconsolidation of a subsidiary, and the related disclosures thereof in the consolidated financial statements.

(c) Limitation of scope on share of results and derecognition of interests in associates

As stated in Note 24 to the consolidated financial statements, the Directors assessed that the Group has lost its significant influence on the Yota Group on 30 April 2019 (the "**Derecognition Date**"). As the books and records of the Yota Group were kept and maintained by the official liquidator, which were not made available to the Group's management, we have not been provided with sufficient appropriate audit evidence, including information and explanations, to ascertain the financial position of the Yota Group as at the Derecognition Date and its result of operations for the period from 1 April 2019 to the Derecognition Date. There were no other satisfactory audit procedures that we could adopt to obtain sufficient appropriate evidence in this regard.

Any adjustments found to be necessary to the above amounts would affect the amounts recorded in the consolidated statement of profit or loss and other comprehensive income in respect of the Yota Group for the period from 1 April 2019 to the Derecognition Date, with a corresponding effect on the loss on derecognition of associates, and the related disclosures thereof in the consolidated financial statements.

(d) Multiple fundamental uncertainties relating to going concern

As stated in Note 2 to the consolidated financial statements, the Group reported loss attributable to the owners of the Company of approximately HK$114,089,000 for the year ended 31 March 2020 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK$521,198,000 and the Group had net liabilities of approximately HK$430,491,000, in which total borrowings amounted to approximately HK$269,359,000, while its cash and cash equivalents amounted to approximately HK$2,715,000.

These conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

As explained in Note 2 to the consolidated financial statements, the consolidated financial statements have been prepared by the Directors on a going concern basis, the validity of which is dependent on the Group's ability to obtain sufficient future funding. Due to the uncertainty of the Group's ability to maintain adequate future cash flows, we were unable to ascertain whether the assumptions made by the Directors in preparing the consolidated financial statements on a going concern basis are proper and appropriate.

Should the going concern assumption be inappropriate, adjustments would be necessary to reclassify all non-current assets and liabilities as current assets and liabilities respectively, write-down the value of assets to their recoverable amounts and to provide for further liabilities which may arise. The consolidated financial statements have not incorporated any of these adjustments. However, the uncertainty surrounding the Group's future cash flows raises significant doubt about the Group's ability to continue as a going concern. We consider that appropriate disclosures have been made in the consolidated financial statements concerning this situation, but we are unable to obtain adequate evidence concerning the Group's ability to meet any financial obligations as and when they fall due and we consider that these material uncertainties relating to going concern basis.

We consider the cumulative effect of the above matters on the consolidated financial statements is so extreme that we have disclaimed our opinion.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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

FY2019/20 was a turbulent year for the Group. Its businesses in Hong Kong and mainland China were being adversely affected by the intensification of geopolitical and trade tensions, the social incidents in Hong Kong and the outbreak of COVID-19 pandemic. The effect on the tourism and hospitality segment was particularly severe.

The ongoing Sino-US trade disputes and the COVID-19 pandemic are expected to continue to affect the economy and, in turn, the Group will face significant local and global challenges in the next financial year. The Group, under such conditions, will continue to deploy its mobile and multi-media technologies in expanding the product range by putting its proprietary technologies to application in the multi-media and advertising platforms. The Group will explore potential strategic investments and cooperation opportunities in expanding the scope of businesses in train media segment and gamma ray business, so as to achieve growth and create value for shareholders in the long term.

Mobile and Multi-media Technologies Business

The Group runs a multi-media and advertising platform via different media channels using the knowhow and expertise it has developed and accumulated over the years. Given the escalating trade dispute between China and the United States and China's slowdown in economic growth, the hardware mobile business in China market is expected to be volatile and will remain challenging in the foreseeable future. Therefore, the Group is focusing on putting its proprietary technologies into application, thereby strengthening its asset-light, less capital-intensive technology-focused mobile and advertising platform business.

One substantial application of such knowhow and expertise is transport and other panels in the city centers. As portals to cities, trains are the city's nerve center and the daily channels for millions of people. It has transformed from a simple traffic tool to a living space on its own and can reach an ever-larger captive, network audience which is highly valued by advertisers. The Group helps clients produce high-quality and tailor-made multi-media contents on display media and O2O advertising which can be accessed by millions of travellers in one of the most developed train networks in the world, thereby providing a strategic and effective channel for the People's Republic of China (the "**PRC**") and international brands to increase their brand awareness and promote their business in the Guangdong-Hong Kong-Macao Bay Area.

The Company, through Hong Kong Made (Media) Limited and Ample Success Limited, two wholly-owned subsidiaries of the Company, possesses the rights to operate multimedia business on Guangzhou-Shenzhen China Railway High-speed Harmony Series trains (廣深線和諧號) (the "**GSCR Hexiehao Trains**"). In particular, the Group is entitled to an exclusive usage of and the operating right to 25 GSCR Hexiehao Trains.

Apart from GSCR Hexiehao Trains, the Company has also looked into other opportunities which can deploy its edge and expertise in expanding the train media network, including but not limited to other train media related projects and advertising agency projects.

As at the date of this announcement, the Group had signed advertising contracts with companies engaged in a variety of businesses, including but not limited to consumer products, mobile communications and automobile manufacturing, which have employed the Group's services in placing multi-media contents on display media and O2O advertising on GSCR Hexiehao Trains.

Due to the COVID-19 outbreak, most of the railway transport network services in mainland China have been largely reduced or suspended since February 2020, as a result of which the performance of the train media business of the Group has inevitably been affected. However, following the lift of travel restrictions in mainland China, the train media business is expected to resume gradually.

In the interim, the Company continues to be actively engaged in discussions with a number of new and existing customers for GSCR Hexiehao Trains. The Group has successfully built up its competitive advantage in multi-media and advertising platforms business and has attracted its existing clients to further retain the Group for its services. The Group will continue to develop its businesses related to multi-media and advertising platforms via different channels in China, thereby creating additional revenue to the Group and improving the Group's profitability to deliver long-term benefits to the Group and its shareholders.

During the year under review, the revenue from this segment was approximately HK$39,946,000 (2019: HK$34,610,000). Segment loss was approximately HK$114,264,000 (segment loss 2019: HK$1,180,876,000). The Group considers that following the ease of lockdown measures in mainland China, the Group will engage more customers to sign advertising contracts in placing multi-media contents on GSCR Hexiehao Trains. This helps the Group in developing a scalable multi-media and mobile technology business going forward.

Gamma Ray Irradiation Services

The Group's gamma ray irradiation business is conducted through 淄博利源高科輻照技術有限公司 (Zibo Liyuan Gamma Ray Technologies Co. Limited**), a 80% owned subsidiary of the Group which is licensed by 中華人民共和國環境保護部 (Ministry of Environmental Protection of the PRC**), for the provision of irradiation services by utilizing gamma ray technologies.

During the period under review, the Group's gamma ray irradiation business continued to provide irradiation sterilization processing services to different clients. This segment performance was relatively less affected by the COVID-19 pandemic. Revenue generated from the gamma ray irradiation services for the period under review was approximately HK$4,675,000 (2019: HK$4,743,000). Segment loss was approximately HK$1,250,000 (2019: HK$2,515,000). The management is actively looking for opportunities in broadening its gamma ray technologies to other industries applications such as metals and other commodities, healthcare and other industries.

Tourism and Hospitality Business

In 2019, real gross domestic product in Hong Kong contracted by 1.2%, the first annual decline since a decade. The weakening economic conditions dampened consumer sentiment, and the local social incidents and frictions in trade between China and the United States took a heavy toll on travel and tourism industry and other consumption-related sectors.

Total number of visitor arrivals in Hong Kong last year plunged 14.2 percent year-on-year to nearly 56 million as travelers shunned the city which has been rocked by the social incidents since mid-June 2019. After the outbreak of COVID-19 pandemic, the situation became worse and the total number of visitor arrivals has further plunged 80.9 percent year-on-year to less than 3.5 million; while the levy income slumped almost 82 per cent in February 2020 year-on-year which reflected that the outbound market was also heavily struck by the pandemic.

As a result, during the year under review, the revenue in the tourism and hospitality business recorded a substantial decline of 10.4% year-on-year from approximately HK$5,227,000 in the year ended 31 March 2019 to approximately HK$4,681,000 in the year ended 31 March 2020.

The Group conducted this segment business through We Fly Travel Limited ("**We Fly**"), a non-wholly owned subsidiary of the Company, which operated an online travel product booking platform. We Fly received the winding-up petition presented by the Company on 20 March 2020.

On 24 June 2020, We Fly was ordered to be wound up by the High Court of Hong Kong Special Administrative Region of the People's Republic of China (the "**High Court**") under the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). On 29 June 2020, the Company received a sealed copy of the winding up order against We Fly from the High Court.

Other Operations – Securities Trading and Investment

The Group's securities trading and investment business continued to adopt a wait and see attitude investment strategy during the period under review. The Group's securities trading and investment business reported a loss of approximately HK$3,589,000 (2019: loss of approximately HK$4,420,000), representing net unrealised gains of approximately HK$266,000 (2019: net unrealised losses of approximately HK$1,377,000) arising from change in fair value of listed securities held for trading. As at 31 March 2020, the carrying amount of the listed securities was approximately HK$512,000 (31 March 2019: approximately HK$778,000).

Prospects

COVID-19 is an unprecedented incident affecting not only the region but the entire world. The outlook for the coming year will be highly uncertain if the pandemic cannot be curbed, and the performance of the Group will be exacerbated by the significant negative impact of COVID-19 pandemic. With the Group's businesses still being affected by the precautious measures taken by the authorities, this will result in lesser demand for our products and services, and the revenue generated from these businesses for the coming financial year is expected to decrease, amidst an already difficult environment brought about by geopolitical and trade tensions.

The Company faces a very challenging business environment during the year, especially tourism and hospitality segment. In order to mitigate these challenges, the Group will adopt a flexible approach in allocating its resources, taking into account factors such as costs, market conditions and risk diversification, to make the Group's businesses more resilient. In view of the foregoing, the Group will continue to allocate substantial resources to train and multi-media business segment and the gamma ray segment under the Group's long-term strategy and will seek to diversify the distribution channels and further enhance its knowhow and expertise in the multi-media advertising platform and gamma ray technology so as to achieve prominent growth in these business segments.

The Group will further examine the expenditure to focus on increased productivity and cost savings, the Company will focus on prioritising the projects and deferring or cancelling non-critical expenditure. The Company would like to thank all our staffs for the dedication they have shown during these exceptionally challenging times in ensuring that the Company can maintain its operations as competitive as possible.

Looking ahead, the Group will continue to explore potential strategic investment and cooperation opportunities with the 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 the shareholders of the Company.

Financial Review

During the year under review, the Group recorded revenue of approximately HK$49,302,000 (2019: HK$44,580,000), representing an increase of approximately 10.6% compared with last year. Loss for the year under review amounted to approximately HK$118,559,000 (2019: HK$1,305,950,000), representing a substantial decrease of 90.0% as compared to the year ended 31 March 2019. Net loss attributable to owners of the Company for the year under review amounted to approximately HK$114,089,000 (2019: HK$1,298,305,000).

Mobile and Multi-media Technologies Business

Given the escalating trade dispute between China and the United States and China's slowdown in economic growth, the hardware of mobile business in China market is expected to be volatile and remains challenging in the foreseeable future. Therefore, the Group adopts a cautious approach and focus more on asset-light and technology-focused mobile and multi-media platform business.

The revenue of mobile and multi-media technologies business was HK$39,946,000 (2019: HK$34,610,000), which has increased by 15.4%. The Group has successfully built up its competitive advantage in mobile and multi-media advertising platforms business and has attracted its existing clients to further retain the Group for its services. The Group will continue to develop its businesses related to mobile and multi-media technologies platforms via different channels in China, thereby generating additional revenue to the Group and improving the Group's profitability to deliver long-term value for shareholders.

Gamma Ray Irradiation Services

During the year under review, the performance of gamma ray irradiation services is relatively stable. The revenue has slightly decreased to approximately HK$4,675,000 (2019: HK$4,743,000) for the year ended 31 March 2020.

Tourism and Hospitality Business

Outbreak of COVID-19 disease since January 2020 across countries gives a serious shock to tourism industry. As aforementioned, on 24 June 2020, We Fly was ordered to be wound up by the High Court. On 29 June 2020, the Company received a sealed copy of the winding up order against We Fly from the High Court.

We Fly reported around HK$4,681,000 revenue in 2020 (2019: HK$5,227,000). A drop of 10.4% of revenue was recorded in 2020 as compared with the performance in 2019. The Group will closely review the market situation from time to time and seek a sustainable business model and good position in Hong Kong and China.

Other Operations – Securities Trading and Investment

No revenue (2019: HK$0) has been recognised for the year ended 31 March 2020. The loss was narrowed by 18.8% to approximately HK$3,589,000 for the year under review from approximately HK$4,420,000 during the year ended 31 March 2019. The improvement is mainly due to net unrealized losses of approximately HK$266,000 for the year under review as compared to approximately HK$1,377,000 for the preceding year.

Placing notes

On 20 August 2013, the Company entered into a placing agreement (the "**2013 Placing Agreement**") with a placing agent (the "**Placing Agent**"), pursuant to which the Company agreed to place, through the Placing Agent, on a best efforts basis, the notes up to an aggregate amount of HK$300,000,000 to be issued by the Company in the denomination of HK$2,000,000 each (the "**Placing Notes**") to independent third parties. Pursuant to the 2013 Placing Agreement, the Placing Notes carry interest at 5% per annum and are to be redeemed on the seventh anniversary from the respective issue dates of the Placing Notes. In August 2014, the Company entered into an agreement to renew the placing period for the placing of the Placing Notes up to 31 August 2015. As at 31 March 2019, the Placing Notes in the aggregate principal amount of HK$30,000,000 (2018: HK$30,000,000) were outstanding.

Liquidity and Financial Resources

As at 31 March 2020, the Group had bank balance and cash of approximately HK$2,715,000 (2019: HK$7,317,000), of which 47.6% was in Hong Kong dollars, 51.9% was in Renminbi and 0.1% was in Japanese Yen. As at 31 March 2020, the Group had total bank and other borrowings of approximately HK$269,859,000 (2019: HK$238,790,000), of which 53.3% was in Hong Kong dollars and 46.7% was in Renminbi and of which borrowings within one year was HK$259,991,000 (2019: HK$209,895,000), accounting for approximately 96.3% (2019: 87.90%) of the total borrowings. The increase in borrowings was mainly due to the loan was obtained by an indirect wholly-owned subsidiary during the year under review. As at 31 March 2020, the Group's borrowings with fixed interest rates to total borrowings was approximately 19.0%. The gearing ratio, being the ratio of the sum of total borrowings to total deficit, was 100.4% as at 31 March 2020 (2019: 66%). The increase in gearing ratio was mainly due to the loan obtained by an indirect wholly owned subsidiary during the year under review. The liquidity ratio, being the ratio of current assets over current liabilities, was 14.0% as at 31 March 2020 (2019: 9.33%). The increase of liquidity ratio was mainly due to the decrease in amounts due from associates during the year under review.

Pledge of Assets

As at 31 March 2020, the Group's land use rights and certain property, plant and equipment with carrying amount of approximately HK$12,432,000 (2019: HK$12,584,000) were pledged to a bank to secure the bank borrowing granted to the Group. As at 31 March 2020, the Group's listed securities with carrying amount of approximately HK$512,000 (2019: HK$759,000) were pledged to secure margin account payable granted to the Group.

Contingent Liabilities

As at 31 March 2020, the Group had no significant contingent liabilities (2019: Nil).

LITIGATIONS

(1) In April 2016, the Company completed a placing pursuant to the terms of the placing agreement with a placing agent and allotted and issued 25,000,000,000 new shares to various placees (the "**Placing**"). Pursuant to the terms of the placing agreement, each placee undertook to the Company that the shares issued and allotted to it under the Placing would be subject to a lock-up period of 24 months from the date of allotment and issue of such shares. In May 2016, three placees under the Placing were found to have breached their lock-up undertakings to the Company under the Placing by pledging their shares to two lenders as security for loans. An interlocutory injunction order (the "**Injunction Order**") was obtained by the Company from the High Court of Hong Kong (the "**Court**") on 27 May 2016, which was subsequently continued by a court order given on 3 June 2016, restraining the three placees from breaching the lock-up undertakings by, among other things, directly or indirectly selling, mortgaging, charging, pledging, hypothecating, lending, granting or selling any option, warrant, contract or right to purchase, transferring, disposing of, creating any right over, or agreeing or offering to do any of the aforesaid in relation to the 1,667 million shares allotted and issued to them under the Placing until trial or further order. Further details of the court orders are set out in the announcements of the Company dated 29 May 2016 and 7 June 2016. The two lenders then took out applications in the Court in June 2016 and July 2016 respectively seeking declarations that they are beneficially entitled to the shares being the subject matter of the Injunction Order and later for variation of the Injunction Order to the effect that those shares shall no longer be the subject matter of the Injunction Order. The three placees disputed the contention that the lenders are the beneficial owners of the shares and legal proceedings regarding

the ownership of those shares were brought in foreign jurisdictions. On 12 June 2017, the Court ordered that one of the lenders' (the "**2nd Third Party**") application be adjourned pending the decision of the legal proceedings in foreign jurisdiction and the other lender's application be dismissed with costs to the Company. The lock-up period has already expired in April 2018 and the Injunction Order has been automatically discharged upon expiry of the lock-up period. As at the date of this announcement, the litigation is still in progress against the three placees for their breach of the lock-up undertakings. On 6 July 2020, the Company received a letter from the 2nd Third Party indicating its intention to restore the hearing for its applications. The 2nd Third Party had also communicated its intention to the Court. Up to the date hereof, the Company has not received the 2nd Third Party's application to restore the hearing.

(2) On 20 August 2013, the Company entered into a Placing Agreement with a Placing Agent. Pursuant to the 2013 Placing Agreement, the placing notes carry interest at 5% per annum and are to be redeemed on the seventh anniversary from the respective issue dates of the placing notes. One creditor had taken legal actions against the Company to recover the alleged outstanding debts under the Placing Notes. The alleged debts amount includes the principal of HK$10,000,000 and outstanding interests of approximately HK$1,264,000. The Placing Agent was added as the 2nd Defendant ("**2nd Defendant**") in the Amended Statement of Claim by the Plaintiff on 16th March 2020. On 10th July 2020, the Company filed and served its Amended Defence and was served the Plaintiff's reply. To date, the Company has not been served with the Defence of the 2nd Defendant. This action is still in progress and the Company intends to defend this matter vigorously.

Save as disclosed above, there is no other material litigation 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 litigation.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2020 (2019: 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 under review, in compliance with the code provisions (the "**Code Provision(s)**") under the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules, except the following deviations:

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 year under review, Mr. Han Chunjian, who retired at the annual general meeting of the Company held on 30 September 2019, was absent at the annual general meeting due to other important engagement.

Under Code Provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election. Save for Mr. Chan Chi Yuen who was appointed as an independent non-executive Director not for a specific term, the other independent non-executive Directors were appointed for a term of three years, while all of them are subject to retirement by rotation at the Company's annual general meetings as specified in the Company's Bye-laws. Mr. Chan Chi Yuen resigned as an independent non-executive Director on 18 September 2019.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the year ended 31 March 2020, the Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the "**Model Code**").

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

Save as disclosed above, having made specific enquiry, all current 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 and up to the date of this announcement.

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

During the year ended 31 March 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the consolidated financial statements of the Company for the year ended 31 March 2020 with the Group's management and the Company's external auditor.

SCOPE OF WORK OF ASIAN ALLIANCE (HK) CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position as at 31 March 2020, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2020 as set out in this preliminary announcement have been agreed by the Group's auditors, Asian Alliance (HK) CPA Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Asian Alliance (HK) CPA Limited 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 Asian Alliance (HK) CPA Limited on this preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This audited annual results announcement is published on the websites of the Stock Exchange and the Company. As more time is required for preparing the Company's 2019–20 annual report containing all the information required under the Listing Rules, it is expected that the Company's 2019–20 annual report will be dispatched to the shareholders of the Company and will be published on the websites of the Stock Exchange and the Company on or before 8 September 2020.

RESUMPTION GUIDANCE

On 11 July 2019, the Company received a letter from the Stock Exchange, in which, among other things, the Stock Exchange sets out the following resumption guidance:

(a) to publish all outstanding financial results required by the Listing Rules and address any audit qualifications if any; and

(b) to demonstrate its compliance with Rules 13.24 of the Listing Rules; and

(c) to inform the market of all material information for the Company's shareholders and investors to appraise the Company's position.

As set out in the letter from the Stock Exchange, the Company must remedy the issues causing its trading suspension and fully comply with the Listing Rules to the Stock Exchange's satisfaction before trading in the Shares is allowed to resume.

On 24 January 2020, the Company submitted a resumption proposal to the Stock Exchange and received follow-up queries from the Stock Exchange. The Company will continue to work towards resumption and will provide further submission(s) to the Stock Exchange to address the resumption conditions as set out in the resumption guidance. As at the date of this announcement, the Company is working towards resumption and is taking appropriate steps to fulfil the resumption conditions. The Company will keep the shareholders of the Company and the public on, among others, the progress as and when appropriate.

CONTINUED SUSPENSION OF TRADING

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

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

Hong Kong, 31 August 2020

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

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

** *If there is any inconsistency between the English and Chinese versions of this announcement, the English version shall prevail.*