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 ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2022

ANNUAL RESULTS

The board (the "**Board**") of directors ("**Director(s)**") of China Baoli Technologies Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") hereby announces the consolidated annual results of the Group for the year ended 31 March 2022, together with the comparative audited figures for the year ended 31 March 2021, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
Revenue	4	**74,552**	54,941
Cost of revenue		**(59,190)**	(41,698)
Gross profit		**15,362**	13,243
Other income, gains and losses, net	5	**(3,872)**	3,696
Impairment losses under expected credit loss model, net of reversal		**(2,494)**	998
Impairment loss on goodwill		**–**	(14,466)
Administrative expenses		**(37,282)**	(36,378)
Selling and distribution expenses		**(6,476)**	(8,044)
Gain (loss) on deconsolidation of a subsidiary	7	**36,874**	(39,585)
Gain on disposal of subsidiaries	8	**119,183**	–
Share of loss of associates		**(206)**	–
Finance costs	6	**(22,835)**	(33,423)
Profit (loss) before tax		**98,254**	(113,959)
Income tax (expense) credit	9	**(1,503)**	1,319
Profit (loss) for the year	10	**96,751**	(112,640)
Profit (loss) for the year attributable to:			
– Owners of the Company		**96,614**	(111,404)
– Non-controlling interests		**137**	(1,236)
		96,751	(112,640)
			(Restated)
Earnings (loss) per share	12		
– Basic and diluted		**20.8 HK cents**	(29.9) HK cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	2022 *HK$'000*	2021 *HK$'000*
Profit (loss) for the year	**96,751**	(112,640)
Other comprehensive (expense) income:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(6,171)**	(12,595)
Share of exchange reserve of associates	**(3)**	–
Release of exchange reserve upon deconsolidation of a subsidiary	**7,101**	3,279
Release of exchange reserve upon disposal of subsidiaries	**(7,778)**	–
Other comprehensive expense for the year, net of income tax	**(6,851)**	(9,316)
Total comprehensive income (expense) for the year	**89,900**	(121,956)
Total comprehensive income (expense) attributable to:		
Owners of the Company	**89,881**	(120,833)
Non-controlling interests	**19**	(1,123)
	89,900	(121,956)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

	Notes	2022 *HK$'000*	2021 *HK$'000*
Non-current assets			
Property, plant and equipment		**117**	5,470
Right-of-use assets		**5,794**	8,264
Intangible assets		**12,017**	34,487
Goodwill		**47,878**	45,935
Interests in associates		**267**	–
Deferred tax assets		**–**	1,348
		66,073	95,504
Current assets			
Trade and other receivables	13	**47,625**	32,331
Financial assets at fair value through profit or loss		**–**	224
Bank balances and cash		**28,493**	10,063
		76,118	42,618
Current liabilities			
Trade and other payables	14	**236,656**	300,024
Contract liabilities		**39,343**	42,732
Lease liabilities		**1,619**	812
License fees payables		**–**	23,942
Tax payable		**3,090**	3,090
Other borrowings		**221,137**	297,244
		501,845	667,844
Net current liabilities		**(425,727)**	(625,226)
Total assets less current liabilities		**(359,654)**	(529,722)

	2022	2021
	HK$'000	*HK$'000*
Non-current liabilities		
Lease liabilities	**4,253**	–
Convertible loan	**–**	10,442
	4,253	10,442
Net liabilities	**(363,907)**	(540,164)
Capital and reserves		
Share capital	**5,883**	372,156
Reserves	**(361,344)**	(911,569)
Equity attributable to owners of the Company	**(355,461)**	(539,413)
Non-controlling interests	**(8,446)**	(751)
Total deficit	**(363,907)**	(540,164)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Stock Exchange. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business in Hong Kong is located at Suites 3706–3708, 37/F, Dah Sing Financial Centre, 248–256 Queen's Road East, Wanchai, Hong Kong.

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are multi-media technologies and convergence media business, gamma ray dry grinding and dry beneficiation business and other operations – investment, securities trading and tourism and hospitality business.

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

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, Hong Kong Accounting Standards ("**HKAS**") 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the "**Committee**") of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories.

The application of the 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 the consolidated financial statements.

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 and the related Amendments[2]
Amendments to HKFRS 3	Reference to the Conceptual Framework[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020[1]

1 Effective for annual periods beginning on or after 1 January 2022.

2 Effective for annual periods beginning on or after 1 January 2023.

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

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 March 2022 have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and by the Hong Kong Companies Ordinance ("**CO**").

As stated in the consolidated financial statements, although the Group reported a net profit attributable to the owners of the Company of approximately HK$96,614,000 for the year ended 31 March 2022, which mainly arise from one-off gain on deconsolidation of a subsidiary and gain on disposal of subsidiaries of approximately HK$36,874,000 and HK$119,183,000, respectively. In addition, the Group's current liabilities exceeded its current assets by approximately HK$425,727,000 and the Group had net liabilities of approximately HK$363,907,000 as at 31 March 2022. As at the same date, the Group's total borrowings amounted to approximately HK$221,137,000, while its cash and cash equivalents amounted to approximately HK$28,493,000 only. Notwithstanding the above, the consolidated financial statements have been prepared on a going concern basis as the Directors have given careful consideration to the impact of the current and anticipated future liquidity of the Group and are satisfied that:

(1) Actively seeking opportunities for fund-raising

The Group is actively seeking various fund-raising opportunities, including but not limited to, placing and rights issue, depending on the prevailing market conditions and the development of the Group's core businesses. In order to achieve the best interest of the Group and the Shareholders as a whole, the Group will seek the professional's advice from the financial advisors and consultants in conducting these fund-raising activities.

(2) Discussion on loan capitalisation

The Company has significantly reduced its net liabilities for the year ended 31 March 2022. One of the major contributing factors to improve the Group's liquidity in the coming twelve months is the implementation of loan capitalisation with some creditors. The management of the Company is confident that more creditors will agree to the loan capitalisation plans in the coming financial year. Completion of the loan capitalisation will be subject to, amongst others, the grant of listing approval of the issue of new shares by the Stock Exchange and approval by the Shareholders.

(3) Actively seeking opportunities for debt or equity financing

The Group will continue to approach various financial institutions to explore further possibility of debt or equity financing to lower its gearing ratio and finance costs and to improve its capital structure.

(4) Developing successful business strategies for its multi-media technologies and convergence media business

The Company has successfully built up its multi-media technologies and convergence media business in the past few years. The revenue of this segment amounted to HK$39,946,000, HK$50,792,000 and HK$72,353,000 for the financial year 2020, 2021 and 2022 respectively, representing 27.2% and 42.4% increase compared with the previous corresponding year. Despite the continuing impacts from the pandemic, the robust growth of this business segment demonstrated (a) the strong capability of the management; (b) the successful business strategies of the Group; and (c) the improvement in the financial position of the Group. The management will look to capture the economic recovery of the post-pandemic period to fight for more business and synergistic opportunities, in the multi-media technologies and convergence media business, in order to enhance the revenue of the Group in the coming financial year.

(5) Diversifying the application of gamma ray dry grinding and dry beneficiation technologies into more profitable and larger scale industries

Following the disposal of its traditional sterilisation of food and medical products business, the Company could rationalize the resources and expertise to apply the enhanced gamma ray dry grinding and dry beneficiation technologies in other more profitable and larger scale industries, in particular, the mining industry. The integrated enhanced technology could be the cornerstone for a major transformational breakthrough for iron ore beneficiation, as it allows grinding, beneficiation and processing of iron ore in low or even extremely low content ores across different types of ores. It is expected that higher investment in the gamma ray dry grinding and dry beneficiation business in the coming years could improve the Group's profitability.

Through fund-raising exercises and continuing the abovementioned business strategies, the Directors believe that the Group would be able to meet its financial obligations and fulfill its operational needs while obtaining additional financing resources in pursuing other businesses.

The Directors have prepared a cash flow forecast covering a period up to 31 March 2023 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 2022. 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.

4. REVENUE

Disaggregation of revenue from contracts with customers

For the year ended 31 March 2022

	Multi-media technologies and convergence media business *HK$'000*	**Gamma ray dry grinding and dry beneficiation business** *HK$'000*	**Total** *HK$'000*
Types of goods or service			
Multi-media and advertising service	**72,353**	**–**	**72,353**
Irradiation sterilisation processing services	**–**	**2,199**	**2,199**
Total	**72,353**	**2,199**	**74,552**
Timing of revenue recognition			
A point in time	**–**	**2,199**	**2,199**
Over time	**72,353**	**–**	**72,353**
Total	**72,353**	**2,199**	**74,552**
Type of customer			
Corporate	**72,353**	**2,199**	**74,552**

For the year ended 31 March 2021

	Multi-media technologies and convergence media business *HK$'000*	Gamma ray dry grinding and dry beneficiation business *HK$'000*	Total *HK$'000*
Types of goods or service			
Multi-media and advertising service	50,792	–	50,792
Irradiation sterilisation processing services	–	4,149	4,149
Total	50,792	4,149	54,941
Timing of revenue recognition			
A point in time	–	4,149	4,149
Over time	50,792	–	50,792
Total	50,792	4,149	54,941
Type of customer			
Corporate	50,792	4,149	54,941

5. OTHER INCOME, GAINS AND LOSSES, NET

	2022 ***HK$'000***	2021 *HK$'000*
Interest income from financial institutions	**5**	19
Imputed interest income on rental deposit	**43**	161
Other interest income	**490**	–
Gain from change in fair value of convertible loan derivative component	**142**	1,187
Loss on modification of convertible loan	**–**	(401)
Loss on early redemption of convertible loan	**(1,310)**	–
Net unrealised losses on financial assets at fair value through profit or loss	**(40)**	(288)
Gain on early termination of a lease	**298**	–
Government grants	**93**	676
Written-off of property, plant and equipment	**(89)**	–
Exchange (loss) gain, net	**(3,753)**	1,780
Others	**249**	562
	(3,872)	3,696

6. FINANCE COSTS

	2022	2021
	HK$'000	*HK$'000*
Interests on:		
Bank borrowings	**–**	251
Margin account payable	**2,571**	3,594
Placing notes at effective interest rates	**1,550**	1,635
Convertible loan payable at effective interest rates	**955**	1,735
Other borrowings	**15,731**	17,529
Lease liabilities	**267**	264
License fees payables	**1,761**	8,415
	22,835	33,423

7. DECONSOLIDATION OF SUBSIDIARIES

For the year ended 31 March 2022

(a) Deconsolidation of Allied Jumbo Investments Limited ("Allied Jumbo") and its subsidiaries ("Allied Jumbo Group")

A winding up petition (the "**Petition**") was filed with The High Court of the Hong Kong Special Administrative Region (the "**Court**") on 27 September 2021 by Instant Idea Limited, being the petitioner, against Allied Jumbo, an indirect wholly-owned subsidiary of the Company, under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) applying for the winding up of Allied Jumbo.

The Petition was filed against Allied Jumbo on the principal ground that Allied Jumbo has failed to pay its outstanding debt.

The Petition was heard before the Court on 1 December 2021. On 1 December 2021, Allied Jumbo was ordered to be wound up by the Court and an official receiver be appointed as the provisional liquidator of Allied Jumbo.

Accordingly, the Group had deconsolidated Allied Jumbo Group as the Directors considered that the Group's control over Allied Jumbo had been lost on 1 December 2021.

Analysis of assets and liabilities over which control was lost:

	HK$'000
Plant and equipment	19
Trade and other receivables	13
Bank balances and cash	54
Trade and other payables	(44,061)
Amounts due to group companies	(304,461)
Net liabilities	(348,436)
Gain on deconsolidation of Allied Jumbo Group:	
Net liabilities deconsolidated	348,436
Amounts due from Allied Jumbo Group	(304,461)
Release of exchange reserve upon deconsolidation	(7,101)
Gain on deconsolidation	36,874
Net cash outflow arising on deconsolidation:	
Bank balances and cash of Allied Jumbo Group	(54)

For the year ended 31 March 2021

(b) Deconsolidation of 寶力優特科技 (深圳) 有限公司 (Baoli Yota Technologies (Shenzhen) Limited*) ("Baoli Yota")

A creditor of Baoli Yota had applied for the bankruptcy and liquidation of Baoli Yota to 廣東省深圳市中級人民法院 (Intermediate People's Court of Shenzhen, Guangdong Province of the PRC*) (the "**SZ Court**") on the ground that Baoli Yota is unable to pay its outstanding debt.

Pursuant to the judgement on 25 August 2020, the SZ Court held that the creditor's application complied with the legal requirements and accepted the creditor's application for bankruptcy and liquidation against Baoli Yota, and designated 深圳市正源清算事務有限公司 (Shenzhen Zhengyuan Liquidation Services Company Limited*) as the bankruptcy administrator of Baoli Yota.

Accordingly, the Group had deconsolidated Baoli Yota as the Directors considered that the Group's control over Baoli Yota had been lost on 25 August 2020.

* *For identification purpose only*

Analysis of assets and liabilities over which control was lost:

	HK$'000
Plant and equipment	8
Trade and other receivables	443
Amount due from immediate holding company	63,746
Bank balances and cash	691
Trade and other payables	(12,226)
Amount due to a non-controlling shareholder	(28,420)
Amounts due to group companies	(21,735)
Net assets	2,507

Loss on deconsolidation of Baoli Yota:	
Net assets deconsolidated	2,507
Amounts due from Baoli Yota	21,735
Non-controlling interest	12,064
Release of exchange reserve upon deconsolidation	3,279
Loss on deconsolidation	39,585

Net cash outflow arising on deconsolidation:	
Bank balances and cash of Baoli Yota	(691)

8. DISPOSAL OF SUBSIDIARIES

For the year ended 31 March 2022

Disposal of Fine Merit Limited ("Fine Merit") and its subsidiaries ("Fine Merit Group")

On 22 November 2021, the Group disposed of its 100% equity interests of Fine Merit, at a consideration of HK$300,000 to an independent third party. The net liabilities of Fine Merit Group at the date of disposal were as follows:

Consideration received:

	HK$'000
Cash received	300

Analysis of liabilities over which control was lost:

	HK$'000
Plant and equipment	4,857
Right-of-use assets	7,385
Trade and other receivables	164
Bank balances and cash	269
Financial assets at fair value through profit or loss	184
Amounts due to group companies	(487,668)
Trade and other payables	(23,300)
Other borrowings	(100,657)
Net liabilities disposed of	(598,766)

Gain on disposal of Fine Merit Group:	
Consideration received	300
Net liabilities disposed of	598,766
Amount due from Fine Merit Group	(487,668)
Non-controlling interest	7
Release of exchange reserve upon disposal	7,778
Gain on disposal	119,183

Net cash inflow arising on disposal of Fine Merit Group:	
Cash consideration	300
Less: bank balances and cash disposed of	(269)
	31

9. INCOME TAX (EXPENSE) CREDIT

	2022	2021
	HK$'000	*HK$'000*
Current tax – PRC	**(155)**	(29)
Deferred taxation	**(1,348)**	1,348
	(1,503)	1,319

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 2022 and 2021 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 are 25% for both years ended 31 March 2022 and 2021.

10. PROFIT (LOSS) FOR THE YEAR

	2022	2021
	HK$'000	*HK$'000*
Profit (loss) for the year has been arrived at after charging:		
Staff costs		
– directors' emoluments	**5,693**	4,082
– salaries and other benefits in kind	**6,852**	7,543
– retirement benefits scheme contributions	**832**	523
– share-based payments	**2,742**	–
	16,119	12,148
Auditors' remuneration		
– audit services	**980**	980
– non-audit services	**180**	160
Depreciation of property, plant and equipment	**682**	1,635
Depreciation of right-of-use assets	**2,712**	3,527
Amortisation of intangible asset included as cost of revenue	**34,958**	31,884
Cost of inventories recognised as an expense	**–**	7
Share-based payments for consultants	**1,421**	–
Gain from waiver of license fees payables included as cost of revenue	**–**	(8,472)

11. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2022, nor has any dividend been proposed since the end of the reporting period (2021: Nil).

12. EARNINGS (LOSS) PER SHARE

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

	2022	2021
	HK$'000	*HK$'000*
Profit (loss) for the year attributable to owners of the Company for the purpose of basic and diluted earnings (loss) per share	**96,614**	(111,404)

	2022	2021
	'000	*'000*
		(Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	**465,071**	372,156

The computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price for shares for the year ended 31 March 2022.

The computation of diluted loss per share for the year ended 31 March 2021 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.

13. TRADE AND OTHER RECEIVABLES

	2022	2021
	HK$'000	*HK$'000*
Trade receivables	**5,330**	3,170
Less: Allowance for credit losses	**(1,334)**	–
Trade receivables	**3,996**	3,170
Bills receivables	**5,158**	1,717
Trade and bills receivables, net *(Note)*	**9,154**	4,887
Other receivables and deposits	**20,707**	22,718
Prepayments	**19,403**	5,147
	40,110	27,865
Less: Allowance for credit losses	**(1,639)**	(421)
Other receivables, prepayments and deposits paid, net	**38,471**	27,444
Trade and other receivables, net	**47,625**	32,331

Note:

As at 1 April 2020, trade and bills receivables from contracts with customers amounted to approximately HK$5,016,000, net of allowance for credit losses of HK$6,291,000.

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

	2022	2021
	HK$'000	*HK$'000*
0 to 30 days	**3,057**	2,365
31 to 90 days	**395**	625
91 to 180 days	**5,702**	1,897
	9,154	4,887

14. TRADE AND OTHER PAYABLES

	2022	2021
	HK$'000	*HK$'000*
Trade payables *(Note)*	**2,152**	41,435
Other payables and accruals	**137,769**	162,120
Deposit received	**15,640**	15,640
Amounts due to shareholders and directors	**81,095**	80,829
	236,656	300,024

Note:

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

	2022	2021
	HK$'000	*HK$'000*
Up to 30 days	**197**	82
31 to 90 days	**528**	82
91 to 180 days	**579**	246
181 to 365 days	**848**	421
Over 365 days	**–**	40,604
	2,152	41,435

The average credit period granted by the trade creditors is 30 to 45 days (2021: 30 to 45 days).

15. EVENTS AFTER THE REPORTING PERIOD

(a) Issue of convertible bonds

On 21 April 2022, the Company entered into a subscription agreement with Yulong Infotech Inc. (the "**Subscriber**"), the shareholder of Yulong Computer Telecommunication Scientific (Shenzhen) Co., Ltd* (宇龍計算機通信科技(深圳)有限公司) ("**Yulong Shenzhen**"), a wholly-owned subsidiary of Coolpad Group Limited, and Yulong Shenzhen, pursuant to which the Company conditionally agreed to issue and the Subscriber conditionally agreed to subscribe for the convertible bonds in the principal amount of HK$40,000,000 (equivalent to approximately RMB32,786,900) (the "**Convertible Bonds**"). The Company, the Subscriber and Yulong Shenzhen agreed that the Subscriber was assigned by Yulong Shenzhen as its nominee to subscribe and hold the Convertible Bonds (the "**Subscription**").

In the case of the conversion rights having been exercised in full at the initial conversion price of HK$0.35 per conversion share, a maximum of 114,285,714 shares will be allotted and issued by the Company. The bondholder shall have the right, exercisable during the period commencing from the first issue date and ending on the date which is 30 days prior to the maturity date (i.e. the date which falls on the first anniversary of the first issue date).

The consideration of the Subscription in the sum of HK$40,000,000 (equivalent to approximately RMB32,786,900) shall be used to set-off HK$40,000,000 (equivalent to approximately RMB32,786,900) from the claimed amount under the Arbitral Award (defined in the Company's announcement dated 29 June 2021) of RMB80,000,000 on a dollar-for-dollar basis. There will not be any proceeds from the Subscription.

Details of the issue of Convertible Bonds has been disclosed in the Company's announcement dated 21 April 2022 and 14 June 2022 and circular of the Company dated 7 June 2022.

(b) Disposal of 20% equity interests in the Target Company

On 21 April 2022, Shanghai YunYao Culture & Media Limited* (上海雲遙文化傳媒有限公司) (the "**Transferor**"), an indirect wholly-owned subsidiary of the Company, Yulong Shenzhen and the Shenzhen ZiJun Media Company Limited* (深圳紓駿傳媒有限公司), an indirect non-wholly owned subsidiary of the Company (the "**Target Company**") entered into a share agreement, pursuant to which the Transferor conditionally agreed to transfer, and Yulong Shenzhen conditionally agreed to accept the transfer of, the sale shares, representing 20% equity interests in the Target Company at a consideration of RMB20,000,000 (equivalent to approximately HK$24,400,000) (the "**Disposal**").

Upon the completion of the Disposal, the Target Company will remain as an indirect non-wholly owned subsidiary of the Company, and its financial results will continue to be consolidated into the consolidated financial statements of the Group.

The consideration of the Disposal in the sum of RMB20,000,000 (equivalent to approximately HK$24,400,000) shall be used to setoff RMB20,000,000 from the claimed amount on a dollar-for-dollar basis. There will not be any proceeds from the Disposal.

Details of the Disposal has been disclosed in the Company's announcement dated 21 April 2022.

* *For identification purpose only*

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 2022 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 *Basis 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) Limitations of scope on comparative figures and related disclosures

The consolidated financial statements of the Group for the year ended 31 March 2021, which form the basis for the comparative figures presented in the consolidated financial statements for the year ended 31 March 2022, was disclaimed by us because of the significance of the possible effect of the limitations of scope as follows:

Limitation of scope on loss on deconsolidation of Baoli Yota Technologies (Shenzhen) Limited* ("Baoli Yota")

As stated in Note 40(a) to the consolidated financial statements, on 25 August 2020 (the "**Baoli Yota Deconsolidation Date**"), the Company has been informed by the Intermediate People's Court of Shenzhen, Guangdong Province of the PRC* (the "**SZ Court**") that the SZ Court held that the creditor's application complied with the legal requirements and accepted the creditor's application for bankruptcy and liquidation against Baoli Yota. On the same date, the SZ Court has designated a bankruptcy administrator in relation to the bankruptcy and liquidation of Baoli Yota. Consequently, the Group had deconsolidated Baoli Yota as the directors of the Company (the "**Directors**") considered that the Group's control over Baoli Yota had been lost on the Baoli Yota Deconsolidation Date. The Group recognised a loss on deconsolidation of Baoli Yota of approximately HK$39,585,000 during the year ended 31 March 2021.

The books and records of Baoli Yota were kept and maintained by the bankruptcy administrator of Baoli Yota, which were not made available to the Group's management subsequent to the Baoli Yota Deconsolidation Date. Under the circumstances as explained above, we were not able to carry out procedures which we considered necessary on the books and records of Baoli Yota, to satisfy ourselves as to the existence, ownership, completeness, accuracy, valuation and classification of its total assets of approximately HK$64,888,000 and total liabilities of approximately HK$62,381,000

* *For identification purpose only*

and the cumulative exchange reserve of approximately HK$3,279,000 (debit balance) as at the Baoli Yota Deconsolidation Date and of its loss of approximately HK$4,071,000 for the period from 1 April 2020 to the Baoli Yota Deconsolidation Date. Consequently, we were unable to satisfy ourselves as to whether the loss on deconsolidation of approximately HK$39,585,000 arising thereon was fairly stated.

Any adjustments found to be necessary to the above amounts would affect the amounts recorded in the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income in respect of Baoli Yota, with a corresponding effect on the loss on deconsolidation of a subsidiary for the year ended 31 March 2021, and the related disclosure thereof in the consolidated financial statements. Our audit opinion on the consolidated financial statements for the year ended 31 March 2022 was modified because of the possible effect of this matter on the comparability of the related current year figures and the corresponding figures in the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income.

(b) Multiple fundamental uncertainties relating to going concern

As stated in Note 3.1 to the consolidated financial statements, although the Group reported a net profit attributable to the owners of the Company of approximately HK$96,614,000 for the year ended 31 March 2022, which mainly arise from one-off gain on deconsolidation of a subsidiary and gain on disposal of subsidiaries of approximately HK$36,874,000 and HK$119,183,000, respectively. In addition, the Group's current liabilities exceeded its current assets by approximately HK$425,727,000 and the Group had net liabilities of approximately HK$363,907,000 as at 31 March 2022. As at the same date, the Group's total borrowings amounted to approximately HK$221,137,000, while its cash and cash equivalents amounted to approximately HK$28,493,000 only.

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 3.1 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, to 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

Amidst the prolonged economic challenges and business disruption caused by the COVID variant in the region, the Group displayed great resilience and achieved a significant turnaround in its major businesses. The Group's consolidated revenue was approximately HK$74,552,000, representing a year-on-year increase of 35.7%. For the year under review, the Company recorded profit attributable to owners of the Company of approximately HK$96,614,000, the turnaround of which was favorably driven by the gain on disposal of subsidiaries and deconsolidation of a subsidiary, compared to a loss of approximately HK$111,404,000 in the previous year.

For the year under review, the Company has completed i) capital reorganization and rights issue and ii) placing of new shares, with an aggregate net proceeds of approximately HK$80 million. These fund raising activities have strengthened the Company's capital base, improved its financial position and provided more buffer to cope with the economic uncertainties and challenges in the future.

The emergence of the omicron COVID variant and business disruption resulted from the zero-COVID tolerance policy of the People's Republic of China ("**PRC**") government, coupled with rising global inflation and rates hike in the United States, have weighed heavily on the recovery of regional economy. In face of the challenging circumstances, the Group has restructured and improved its multi-media technologies and convergence media business and the gamma ray dry grinding and dry beneficiation business in order to meet with its long-term strategic initiatives of these segments. During the year under review, the Group has swiftly captured the opportunities to expand its scale of convergence media business and e-commerce business in the PRC. Despite the tumultuous economic climate, the Group emphasized our visions and strengths in the dry grinding and dry beneficiation technologies and has built exciting pipelines of opportunities in this business segment. The Group will continue to examine its repayment obligations of the borrowings, the financing of the capital investment and cost for development and operation of its major segments in the post-pandemic period. The Group will also explore potential strategic investments and cooperation opportunities in expanding the scope of businesses in its core business segments, so as to achieve growth and create value for shareholders in the long term.

Multi-media Technologies and Convergence Media Business

The multi-media technologies and convergence media business recorded a revenue of approximately HK$72,353,000 for the year ended 31 March 2022, representing 42.4% year-on-year increase (2021: approximately HK$50,792,000).

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

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

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

Due to the on-going impact of the omicron COVID variant, it is expected that the continuous travel demand would change from international travelling to domestic travelling. Other than airlines, high-speed railway is the most frequently used travelling transportation in the PRC. A significant increase in such passenger flow is expected in the post pandemic period, and this will help in expanding the Group's high-speed railway convergence media platform business. Our unique High Speed Train channel allows us to reach our end customers not only as marketing means but also sales distribution platform.

The Group tapped into the growth of duty-free e-commerce industry through its e-commerce sales platform "極速夠GO" APP in the PRC. The Group has engaged prominent suppliers to provide international well-known brands and products to consumers. Consumers could shop for genuine brand products via the "極速夠GO" APP and this helps to enhance consumer confidence and sales volume. The business will be conducted under the PRC customs 1210 framework to allow direct foreign sales to the consumers without import duties. The business will also leverage on our APP to promote sales of customs cleared import consumer products. The Group has accelerated initiatives to expand its train media and convergence media e-commerce segments and grow new revenue streams to capture opportunities arising from the stimulus policies in spurring consumer spending implemented by the PRC government.

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

The Group has put a lot of efforts and resources in building the multi-media and convergence media platform to today's scale and to further capture the global trend of integration of offline/online and advertising/sales. The Group believes that the performance of the multi-media technologies and convergence media business is well placed to thrive and continue to be one of the key revenue drivers of the Group.

Gamma Ray Dry Grinding and Dry Beneficiation Business

In respect of the gamma ray business, the revenue for the year ended 31 March 2022 was approximately HK$2,199,000 (2021: approximately HK$4,149,000).

During the year under review, the Group has announced the disposal of its traditional cold pasteurisation of food and sterilisation of medical products business. This is in line with the Company's strategy of restructuring plan to rationalize the resources and expertise to apply the gamma ray technology in other more profitable and larger scale business, i.e. the dry grinding and dry beneficiation business.

Through diversifying the application of gamma ray technologies into other industries, in particular, the mining industry, the Company has set up business collaborations with various partners to promote the Group's enhanced dry grinding and dry beneficiation technologies. The integrated enhanced technology could be the cornerstone for a major transformational breakthrough for iron ore beneficiation, as it allows grinding, beneficiation and processing of iron ore in low or even extremely low content ores across different types of ores such as hematites and magnetites.

Contrary to conventional beneficiation technology, water will not be consumed as a medium in the entire integrated enhanced beneficiation process. Hence, this resolves the problem of water consumption or pollution as a result of the release of toxic substances and mitigates the risk of tailing dams of the conventional wet beneficiation technology. In fact, the global mining communities and countries are applying much more stringent rules and regulations to scrutinize conventional tailings dams after the recent tragic accidents in Brazil and Canada. In addition, as the iron concentrates and tailings are in form of dry powder, the transportation costs of which will be significantly reduced as well. Moreover, the integrated enhanced technologies will not engage any concentration, pressure filtration and dehydration process which can significantly reduce investment cost as less processing equipments are required to build. Less operating cost and energy consumption will be incurred as benefited from the less complicated production processes.

Through the business collaboration and the utilization of the integrated enhanced dry grinding and dry beneficiation technology between the Company and its international and domestic PRC partners, high quality iron concentrates will be produced while also meeting the latest geological, economic, energy consumptions and environmental requirements with significant cost savings and reduction in capital investments. This will allow the Group and its business partners to capture the significant price differences between low grade iron ore and high grade iron concentrates. The Group sees significant potential in its advanced dry grinding and dry beneficiation technologies and expects the iron ore industry will continue to grow. As per the "Iron Ore – Global Market Trajectory & Analytics" reports published in March and May 2022 by Global Industry Analysts Inc., a premier market research company, amid the pandemic, the global market for iron ore estimated at 2.2 billion metric tons in 2022, is projected to reach a revised size of 2.5 billion metric tons by 2026, growing at a CAGR of 3.2% over the analysis. In 2021, over 62% of the world seaborne iron ore demand was from the PRC (in volume terms), on account of its expanding steel production and increasing demand in several industries. In 2022, prices of iron ore are expected to rise due to recovery in demand, in which, the PRC, as the world's second largest economy, is forecast to reach an estimated market size of 1.6 billion metric tons in the year 2026 trailing a CAGR of 4.1% through the analysis period.

The PRC government has actively called for the stable long term supply of iron ores as the key to national security and the high quality development of the steel industry as the fundamental arena for low carbon economic development.

In order to grasp the abovementioned business opportunities, the Group intends to allocate more resources to leverage its advanced technologies in its dry grinding and dry beneficiation business over the next few years, irrespective of short-term market volability, to develop a strong and substainable business segment. The Group's long-term strategy is to further expand its business presence and investments and to apply similar technologies to different iron ores operators, both in the PRC markets and the international markets. It is expected that higher investment in the gamma ray dry grinding and dry beneficiation business in the coming years could improve the Group's profitability and deliver long-term benefits to the Shareholders of the Company. The Group will carefully examine its capital expenditure and costs in its planned investments in developing its dry grinding and dry beneficiation business segment, and will make decisive actions in responding the strong growth opportunities of the iron ore industry, particularly in the PRC, in the post-pandemic period.

Other Operations – Investment, Securities Trading and Tourism and Hospitality Business

The Group has been closely monitoring the developments of the pandemic and will position itself to pursue and capture suitable business opportunities in its operations and investments in the region as and when they arise.

Business Model and Business Strategy

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

PROSPECTS

Despite the fact that regional and world economy are still reeling from the COVID variant, growth and expansion opportunities for the Company are rapidly emerging as the need for convergence media and cost-savings iron ore beneficiation technology become more imminent.

Consistent with the long-term strategy, the Group will continue to allocate substantial resources in the multi-media technologies and convergence media business, and the gamma ray dry grinding and dry beneficiation business, through accelerating the diversification of the business channels, such as expanding its scale of convergence media business via the new online/offline e-commerce platform, and expand the business presence of the gamma ray dry grinding and dry beneficiation technology business. The Company is confident that it will pursue revenue stream diversification to tap into the post pandemic growth opportunities.

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

Looking ahead, the Group will continue to explore potential strategic investments and cooperation opportunities with an aim of creating synergies for the Group in various aspects including technological development, diversifying product portfolio, channel expansion and/or cost control. The Company is confident that the Group's prospects will reach for greater heights and the Group will continue to generate value to the Shareholders of the Company.

FINANCIAL REVIEW

During the year under review, the Group recorded a revenue of approximately HK$74,552,000 (2021: approximately HK$54,941,000), representing an increase of approximately 35.7% compared with last year. The increase in revenue was mainly due to the strong growth momentum of the multi-media technologies and convergence media business of the Group. The revenue of multi-media technologies and convergence media business was approximately HK$72,353,000 (2021: approximately HK$50,792,000), which has increased by 42.4%. This reflects the Group has successfully built up its diversified multi-media technologies and convergence media business, which, in turn, have elevated the customers' willingnesses in their advertising and marketing spendings on the Group's segment platform.

The consolidated profit attributable to owners of the Company for the year under review amounted to approximately HK$96,614,000 (Loss attributable to owners of the Company in 2021: approximately HK$111,404,000). As at 31 March 2022, the total assets and net liabilities of the Group were approximately HK$142,191,000 and HK$363,907,000 (2021: approximately HK$138,122,000 and approximately HK$540,164,000) respectively.

Liquidity and Financial Resources

As at 31 March 2022, the Group had bank balance and cash of approximately HK$28,493,000 (2021: approximately HK$10,063,000), and the Group had total bank and other borrowings of approximately HK$221,137,000 (2021: approximately HK$297,244,000), of which borrowings of 25.8% was in Hong Kong dollars and 74.2% was in Renminbi and of which borrowings within one year was HK$221,137,000 (2021: HK$297,244,000), accounting for approximately 100% (2021: 100%) of the total borrowings. The gearing ratio, being the ratio of the sum of total borrowings to total deficit, was 60.8% as at 31 March 2022 (2021: 55.0%). The liquidity ratio, being the ratio of current assets over current liabilities, was 15.2% as at 31 March 2022 (2021: 6.4%). As at 31 March 2022, the Group's other borrowings with fixed interest rates accounted for approximately 29.1% of total borrowings.

Capital Commitments

As at 31 March 2022, the Group had capital commitments contracted but not provided for in the consolidated financial statements of approximately HK$79,037,000 (2021: approximately HK$231,899,000).

Pledge of Assets

As at 31 March 2022, the Group's financial assets at fair value through profit or loss with carrying amount of HK$Nil (31 March 2021: approximately HK$224,000) were pledged to secure the margin account payable.

Contingent Liabilities

As at 31 March 2022, except as disclosed in the section of "Litigation", the Group had no significant contingent liabilities (2021: Nil).

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

1. The resolutions as set out in the notice of special general meeting ("**SGM**") dated 7 June 2022 in relation to the subscription agreement dated 21 April 2022 (see note 15(a) for the details of the subscription agreement), including the conditional issue of the Convertible Bonds by the Company, the allotment and issue of the conversion shares by the Company and the grant of a specific mandate, were duly passed by the Shareholders at the SGM held on 24 June 2022.

2. On 24 May 2022, the Company, as a major creditor and contributory of Allied Jumbo Investments Limited ("**Allied Jumbo**"), has attended the first meeting of the creditors and contributories of Allied Jumbo. Details of the winding up order against Allied Jumbo were set out in the announcement of the Company dated 2 December 2021.

LITIGATION

On 20 August 2013, the Company entered into the placing agreement with the placing agent. Pursuant to the placing agreement, the placing notes carry interest at 5.0% per annum and are to be redeemed on the seventh anniversary from the respective issue dates of the placing notes. One creditor purportedly a beneficial owner of the placing notes commenced court action against the Company for recovery of her alleged outstanding debt due by the Company to her under the placing notes. Nevertheless, the note holders of the placing notes have not commenced any court action against the Company. Such creditor's alleged debt amount includes the principal of HK$10 million and outstanding interest of approximately HK$1.26 million. On 16 March 2020, the placing agent was added by such creditor as the 2nd defendant in the Amended Writ of Summons and Amended Statement of Claim. On 4 December 2020, the Company filed and served a Writ of Summons and Statement of Claim against the placing agent. A mediation conference was held on 13 September 2021 and the mediation ended without agreement. On 17 June 2022, by way of a consent summons filed and served in the Court, the Court has ordered leave be granted for the Company to file and serve the Re-Amended Defence and Counterclaim and Re-Amended Writ of Summons and Statement of Claim. A case management summons hearing is scheduled on 13 February 2023.

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

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2022 (2021: Nil).

CORPORATE GOVERNANCE

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

The Company has put in place corporate governance practices to meet the code provisions (the "**Code Provision(s)**") as set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") (the "**CG Code**"), that are considered to be relevant to the Group, and has complied with all of the Code Provisions for the time being in force throughout the year under review, except the following deviation. The Company periodically reviews its corporate governance practices to ensure that these continue to meet the requirements of the CG Code.

Under Code Provision C.1.6 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. Chan Fong Kong, Francis was absent at the annual general meeting of the Company held on 30 September 2021 due to other important engagement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the year ended 31 March 2022, 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**").

Having made specific enquiry, all Directors have confirmed that they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions throughout the 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 2022, 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 2022 with the Group's management and the Company's external auditor.

PUBLICATION OF FINAL RESULTS AND 2021–22 ANNUAL REPORT

This final results announcement is published on the websites of the Stock Exchange and the Company. The Company's 2021–22 annual report containing all the information required under the Listing Rules will be dispatched to the shareholders of the Company and will be published on the websites of the Stock Exchange and the Company by the end of July 2022.

By order of the Board
China Baoli Technologies Holdings Limited
Chu Wei Ning
Executive Director and Chief Executive Officer

Hong Kong, 30 June 2022

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.