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China Baoli Technologies Holdings Limited
中國寶力科技控股有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 164)

ANNOUNCEMENT OF UNAUDITED FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020

FINANCIAL RESULTS

The board (the "**Board**") of directors ("**Director(s)**") of China Baoli Technologies Holdings Limited (the "**Company**") herby announces the unaudited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2020, together with the comparative audited figures for the year ended 31 March 2019.

For the reasons explained in the paragraph headed "Review of Unaudited Annual Results" in this announcement, the audit process of the financial statements of the Group for the year ended 31 March 2020 has not been completed.

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For the year ended 31 March 2020

	Notes	2020 HK$'000 (Unaudited)	2019 HK$'000 (Audited)
Revenue	4	**54,397**	44,580
Cost of revenue		**(42,705)**	(103,149)
Gross (loss) profit		**11,692**	(58,569)
Other income, gains and losses, net	6	**21,978**	30,024
Impairment losses on financial assets, net of reversal		–	(612,901)
Impairment loss on interests in associates		–	(331,352)
Impairment loss on goodwill	8	**(185,286)**	(87,196)
Gain on disposal of subsidiary	9	**209,064**	–
Gain on deconsolidation of subsidiary		**15,160**	–
Administrative expenses		**(131,351)**	(203,888)
Selling and distribution expenses		**(4,945)**	(19,576)
Finance costs	7	**(34,901)**	(25,468)
Share of profit (loss) of associates		–	474
Loss before tax		**(98,589)**	(1,308,452)
Income tax credit	10	–	2,502
Loss for the year	11	**(98,589)**	(1,305,950)
Loss for the year attributable to:			
– Owners of the Company		**(96,489)**	(1,298,305)
– Non-controlling interests		**(2,100)**	(7,645)
		(98,589)	(1,305,950)
Loss per share			
– Basic and diluted	13	**(2.65) cents**	(36.29) cents

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Loss for the year	**(98,589)**	(1,305,950)
Other comprehensive (expense) income:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	–	(25)
Share of other comprehensive (expense) income of associates	–	(3,168)
Other comprehensive expense for the year, net of income tax	–	(3,193)
Total comprehensive expense for the year	**(98,589)**	(1,309,143)
Total comprehensive expense attributable to:		
Owners of the Company	**(96,489)**	(1,301,645)
Non-controlling interests	**(2,100)**	(7,498)
	(98,589)	(1,309,143)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Notes	2020 HK$'000 (Unaudited)	2019 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment		**6,699**	9,986
Land use rights		**7,348**	8,328
Intantigle asset		**128,820**	19
Goodwill		**34,383**	185,285
Right-of-use asset		**3,689**	–
Deferred tax assets		**730**	2,524
		181,669	206,142
Current assets			
Inventories		**–**	11,638
Trade and other receivables	*14*	**69,540**	36,005
Financial assets at fair value through profit or loss		**432**	778
Bank balances and cash		**2,615**	7,317
		72,587	55,738
Current liabilities			
Trade and other payables	*15*	**183,729**	387,047
Contract liabilites		**2,863**	469
License rights fee payables		**30,688**	–
Lease liability		**4,102**	–
Bank and other borrowings		**295,371**	209,895
		516,753	597,411
Net current (liabilities)		**(444,166)**	(541,673)
Total assets less current liabilities		**(262,497)**	(335,531)
Non-current liabilities			
Bank and other borrowings		**58,815**	28,895
License rights fee payables		**31,363**	–
Deferred tax liabilities		**–**	30
		90,178	28,925
Net (liabilities)		**(352,675)**	(364,456)
Capital and reserves			
Share capital		**372,156**	363,823
Reserves		**(741,943)**	(716,627)
Equity attributable to owners of the Company		**(369,787)**	(352,804)
Non-controlling interests		**17,112**	(11,652)
Total (deficit) equity		**(352,675)**	(364,456)

NOTES TO THE UNAUDITED 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 securities trading and investment.

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

2. BASIS OF PREPARATION

These unaudited consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRSs**"); Hong Kong Accounting Standards ("**HKASs**"); and Interpretations. These unaudited consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

The Group continues to adopt the going concern basis in preparing its unaudited consolidated financial statements. The Group incurred a loss of approximately HK$98,589,000 during the year ended 31 March 2020 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK$465,728,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Notwithstanding the above, the unaudited 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:

(a) The management of the Company has been in discussions with the major creditors to extend the loans and potentially part of them will be repaid by equity. The Group will make further announcements once an agreement has been reached;

(b) The total loan from shareholder and Directors to the Company was approximately HK$58,815,000 as at 31 March 2020. Taking into account the current situation of the Group, most of these Directors have confirmed in writing that they will not require the Company to repay the loan until such time when repayment will not affect the ability of the Group to repay other creditors in the normal course of business;

(c) The management of the Company has been actively looking for potential investors. Through fund-raising exercises, the Group would be able to meet its financial obligations and obtain additional financing resources in pursuing other business and fulfilling the operational needs.

Having taken into account the above, the Directors consider that the Group will have sufficient financial resources to meet in full its working capital requirements and financial obligations as and when they fall due in the foreseeable future. Accordingly, the unaudited consolidated financial statements have been prepared on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the values of the assets to their recoverable amounts, to provide for any further liabilities which might arise and to classify non-current assets and liabilities as current assets and liabilities respectively. The effects of these potential adjustments have not been reflected in these unaudited consolidated financial statements.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

New and revised HKFRSs applied in current year

In the current year, the Group has applied the following new and revised HKFRSs issued by the HKICPA:

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

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 performance and positions for the current and prior years and/or on the disclosures set out in these unaudited consolidated financial statements.

The Company has initially applied HKFRS 16 as from 1 April 2019. The Company has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(a) Changes in the accounting policies

(i) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Company applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 April 2019. For contracts entered into before 1 April 2019, the Company has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases.

Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(ii) Lease accounting

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Company is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets. As far as the Company is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment.

When the Company enters into a lease in respect of a low-value asset, the Company decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Company will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) *Critical accounting judgements and sources of estimation uncertainty in applying the above accounting policies*

(i) Determining the lease term

As explained in the above accounting policies, the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Company, the Company evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Company to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Company's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Company's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

(c) *Transitional impact*

At the date of transition to HKFRS 16 (i.e. 1 April 2019), the Company determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 April 2019. To ease the transition to HKFRS 16, the Company applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(i) the Company elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 March 2020;

The following table reconciles the operating lease commitments as at 31 March 2019 to the opening balance for lease liabilities recognised as at 1 April 2019:

	1 April 2019 *HK$'000*
Operating lease commitments at 31 March 2019	7,401
Less: total future interest expenses	(761)
Total lease liabilities recognised at 1 April 2019	6,640

There are no significant impact on the adoption of HKFRS 16 of the Company's statement of financial position as at 1 April 2019.

New and revised HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 3	Definition of a Business[2]
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 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 date 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.

Except for the new and amendments to HKFRSs and interpretations mentioned in the unaudited 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

A. For the year ended 31 March 2020

(i) Disaggregation of revenue from contracts with customers

	Mobile and multi-media technologies related business	**Sale of travel related products**	**Gamma ray irradiation service**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Geographical markets				
Hong Kong	–	4,681	–	4,681
PRC	45,041	–	4,675	49,716
Total	45,041	4,681	4,675	54,397
Timing of revenue recognition				
At a point in time	45,041	4,681	4,675	54,397
Sales channel/type of customer				
Retail	–	4,681	–	4,681
Wholesale	8,600	–	–	8,600
Corporate	36,441	–	4,675	41,116
Total	45,041	4,681	4,675	54,397

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*
Sales of mobile and multi-media technologies related business	45,041
Sale of travel related products *(Note)*	4,681
Gamma ray irradiation service	4,675
Revenue from contracts with customers and total revenue	54,397

(ii) Performance obligations for contracts with customers

Sales of mobile and multi-media technologies related business

Revenue is recognised for sales which are considered highly probable that a significant reversal in the cumulative revenue recognised will not occur. A contract liability is recognised for sales in which revenue has yet been recognised.

Sale of travel related products

The performance obligation is satisfied when services are rendered and the payment is normally due immediately upon completion of the service. However, certain customers are granted credit period from 30 to 60 days.

Gamma ray irradiation service

The performance obligation is satisfied when services are rendered and the credit period granted to the customers is normally 30 to 180 days.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

Transaction price allocated to the remaining performance obligation for contracts with customers.

All revenue contracts are for period of one year or less. As permitted by HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

B. For the year ended 31 March 2019

An analysis of the Group's revenue for the year from continuing operations is as follows:

	2019
	HK$'000
	(Audited)
Sales of mobile and multi-media technologies related business	34,610
Service income from sale of travel related products *(Note)*	5,227
Gamma ray irradiation service income	4,743
	44,580

Note:

Total customer sales proceeds

	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Gross sales proceeds related to passenger tickets revenue*	**182,172**	217,160

* The Group's gross sales proceeds from sales of travel related products, 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. SEGMENT INFORMATION

Information reported to the board of directors of the Company (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 and operating segments under HKFRS 8 Operating Segments are as follows:

(a) Mobile and multi-media technologies business – research and development, production, distribution and sale of dual-screen mobile handsets and placing multi-media contents on trains in the PRC.

(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 – trading of securities.

(a) Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable and operating segment:

For the year ended 31 March 2020

	Mobile and multi-media technologies business *HK$'000* (Unaudited)	**Tourism and hospitality business** *HK$'000* (Unaudited)	**Gamma ray irradiation services** *HK$'000* (Unaudited)	**Other operations – securities trading and investment** *HK$'000* (Unaudited)	**Total** *HK$'000* (Unaudited)
Revenue	**45,041**	**4,681**	**4,675**	**–**	**54,397**
Segment results	**(38,366)**	**(4,998)**	**(596)**	**(3,636)**	**(47,596)**
Unallocated corporate income					**224,224**
Unallocated corporate expenses					**(240,316)**
Finance costs					**(34,901)**
Loss before tax					**(98,589)**

For the year ended 31 March 2019

	Mobile and multi-media technologies business *HK$'000* (Audited)	Tourism and hospitality business *HK$'000* (Audited)	Gamma ray irradiation services *HK$'000* (Audited)	Other opreations – securities trading and investment *HK$'000* (Audited)	Total *HK$'000* (Audited)
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 unaudited consolidated financial statements. Segment results represent the loss from each segment without allocation of 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*
	(Unaudited)	(Audited)
(Loss) gain on disposal of property, plant and equipment	**(183)**	149
(Loss) on disposal of a subsidiary	**(7,788)**	–
Written-off of property, plant and equipment	**–**	(63)
Interest income from associates	**–**	32,964
Net unrealised losses on financial assets at fair value through profit or loss	**(346)**	(1,377)
Exchange gain, net	**4,187**	(1,863)
Government grants	**–**	190
Other income	**26,108**	24
	21,978	30,024

7. FINANCE COSTS

	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Interests on:		
Bank borrowings	**–**	560
Margin account payable	**3,323**	3,036
Placing notes at effective interest rates	**–**	1,812
Early redemption of placing notes	**–**	261
Overdue royalty fee payable	**12,610**	7,939
Other borrowings	**18,968**	11,860
	34,901	25,468

8. IMPAIRMENT LOSS ON GOODWILL

Refer to the Subsequent Events section, on 29 June 2020, the Company received a sealed copy of the winding up order against We Fly from the High Court. Per HKAS 36, such impairment losses have been made in view of the carrying amount of goodwill would not be recoverable. The Group recognised an impairment of goodwill in respect of the tourism and hospitality business segment of approximately HK$185,286,000.

9. GAIN ON DISPOSAL OF SUBSIDIARY

On 18 March 2020, the Company completed the disposal of an indirect wholly-owned subsidiary of the Company to a purchaser who is, to the best knowledge, information and belief of the Directors, independent of the Company and connected persons of the Company (save for holding not more than 5% equity interest in the Company as at 31 March 2020, being the date of the sale and purchase agreement). The Group realized an unaudited gain on disposal of HK$209,064,000.

10. INCOME TAX

	2020 ***HK$'000*** **(Unaudited)**	2019 *HK$'000* (Audited)
Deferred taxation	–	(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 is 25% for both years ended 31 March 2020 and 2019.

11. LOSS FOR THE YEAR

	2020 *HK$'000* (Unaudited)	2019 *HK$'000* (Audited)
Loss for the year has been arrived at after charging:		
Staff costs		
– directors' emoluments (excluding share-based payments)	**5,167**	7,777
– salaries and bonus	**2,104**	16,850
– retirement benefits scheme contributions	**147**	1,328
– share-based payments	**–**	52,368
	7,418	78,323
Auditors' remuneration		
– audit services	**1,080**	1,824
– non-audit services	**–**	–
Depreciation of property, plant and equipment	**2,079**	3,029
Amortisation of intangible asset	**24,819**	8
Amortisation of land use rights	**980**	463
Operating lease payments	**1,039**	7,810
Cost of inventories recognised as an expense	**–**	69,600
Written-down of inventories recognised as cost of sales	**–**	21,426
Royalty fee	**61,667**	57,448
Depreciation of right-of-use-assets	**2,951**	–

12. 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).

13. 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 *HK$'000* (Unaudited)	2019 *HK$'000* (Audited)
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	**(96,489)**	(1,298,305)

	2020 *'000* (Unaudited)	2019 *'000* (Audited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**3,721,561**	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 denominator for the purpose of calculating basic and diluted loss per share for the year ended 31 March 2018 has been restated to reflect the effect of the share consolidation during the year ended 31 March 2019.

The computation of diluted loss per share for the year ended 31 March 2018 does not assume the conversion of the Company's outstanding share options since their assumed exercise would result in a decrease in loss per share.

14. TRADE AND OTHER RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**31,284**	9,742
Less: Allowance for credit losses	**–**	(806)
Trade receivables, net	**31,284**	8,936
Other receivables	**16,149**	16,838
Prepayments and deposit paid	**22,107**	12,605
Less: Allowance for credit losses	**–**	(2,374)
Other receivables, prepayments and deposit paid, net	**38,256**	27,069
	69,540	36,005

Notes:

The Group allows an average credit period of 30 days to 180 days (2019: 30 days to 180 days) to its trade customers. 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*
	(Unaudited)	(Audited)
0 to 30 days	**23,047**	1,433
31 to 90 days	**170**	2,273
91 to 180 days	**–**	2,798
181 to 365 days	**8,067**	2,432
	31,284	8,936

15. TRADE AND OTHER PAYABLES

	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade payables	**65,208**	85,257
Other payables and accruals	**76,359**	75,226
Deposit received	**15,648**	15,640
Amounts due to shareholders and directors	**–**	45,078
Amount due to an associate	**290**	135,040
Amount due to a non-controlling shareholder	**26,224**	29,306
	183,729	387,047

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

	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Up to 30 days	**–**	11,547
31 to 90 days	**–**	490
91 to 180 days	**–**	4,634
181 to 365 days	**568**	18,322
Over 365 days	**64,640**	50,264
	65,208	85,257

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

China Baoli Technologies Holdings Limited (the "**Company**") and its subsidiaries (collectively, as 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 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 ("**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 multi-media 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$45,041,000 (2019: approximately HK$34,610,000). Segment loss was approximately HK$38,366,000 (2019: approximately 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$4,675,400 (2019: approximately HK$4,743,000). Segment loss was approximately HK$596,000 (2019: approximately 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 Operation

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$3,636,000 (2019: loss of approximately HK$4,420,000), representing net unrealised gains of approximately HK$346,000 (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$918,000 (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$54,397,000 (2019: approximately HK$44,580,000), representing an increase of approximately 22.0% compared with last year. Loss for the year under review amounted to approximately HK$98,589,000 (2019: approximately HK$1,305,950,000). Net loss attributable to owners of the Company for the year under review amounted to approximately HK$96,489,000 (2019: approximately 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 on more in asset-light and technology-focused mobile and multi-media platform business.

The revenue of mobile and multi-media technologies business was HK$45,041,000 (2019: HK$34,610,000), which was increased by 30.1%. 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: approximately 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 17.7% to approximately HK$3,636,000 for this year 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$346,000 for this year as compared to approximately HK$1,377,000 for the preceding year.

Liquidity and Financial Resources

As at 31 March 2020, the Group had bank balance and cash of approximately HK$2,615,000 (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$354,186,000 (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$295,371,000 (2019: HK$209,895,000), accounting for approximately 83.4% (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 of 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$432,000 (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' 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.

(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. The Company defaulted on the repayment of the interest on placing notes on their respective due dates during the year ended 31 March 2019. One creditor had taken legal actions against the Company to recover the debts. The total debts amount includes the principal of HK$10,000,000 and outstanding interests of approximately HK$1,264,000.

SUBSEQUENT EVENTS

On 24 June 2020, We Fly was ordered to be wound up by 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.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (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 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. Currently, 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.

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 black-out 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.

REVIEW OF UNAUDITED ANNUAL RESULTS

In light of the suspension of work, quarantine measures and travel restrictions imposed due to the outbreak of the novel coronavirus (COVID-19) epidemic, the audit process of the financial statements of the Group for the year ended 31 March 2020 has been affected. The unaudited annual results contained herein have not been agreed by the Company's auditor. An announcement relating to the audited annual results will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants. The unaudited annual results for the year ended 31 March 2020 contained herein have been reviewed by the Audit Committee of the Company.

FURTHER ANNOUNCEMENT(S)

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to the audited annual results for the year ended 31 March 2020 as agreed by the Company's auditors and the material differences (if any) as compared with the unaudited annual results contained herein. In addition, the Company will issue further announcement(s) as and when necessary if there are other material development in relation to the completion of the auditing process.

PUBLICATION OF THE UNAUDITED ANNUAL RESULTS AND ANNUAL REPORT

This unaudited annual results announcement is published on the websites of the Stock Exchange and the Company. The Company's 2019–20 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 in due course.

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, 30 June 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.*