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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL RESULTS OF THE COMPANY FOR THE YEAR ENDED 31 MARCH 2021

References are made to the announcement of China Baoli Technologies Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") of 30 June 2021 published on 2 July 2021 in relation to the results of the Company for the year ended 31 March 2021 (the "**2021 Annual Results**") and the announcement of the Company dated 14 October 2020 (the "**Announcement**") in relation to, among other things, the We Fly Disclaimer (as defined below) and the Yota Group Disclaimer (as defined below). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the 2021 Annual Results and the Announcement.

The board (the "**Board**") of directors (the "**Directors**") of the Company would like to provide certain additional information in relation to the disclaimer of opinion on the 2021 Annual Results regarding:

(a) Limitation of scope on comparative figures and related disclosures, including:

  (i) Limitations of scope on loss on deconsolidation of We Fly Travel Limited ("**We Fly**") (the "**We Fly Disclaimer**"); and

  (ii) Limitation of scope on share of results and derecognition of interests in associates (the "**Yota Group Disclaimer**")

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

(a) Carryover effect of the We Fly Disclaimer and the Yota Group Disclaimer

As disclosed in the 2021 Annual Results, due to the non-cooperation of the management of We Fly, the Directors were unable to access to the books and records of We Fly since 3 February 2020 (the "**We Fly Deconsolidation Date**"), despite the fact that the Directors had taken all reasonable steps and had used its best endeavors to resolve the matter. We Fly was deconsolidated during the financial year ended 31 March 2020. The auditor of the Company (the "**Auditor**") expressed a disclaimer of opinion of this matter in the independent auditor's report on the consolidated financial statements of the Company for the year ended 31 March 2020.

As disclosed in the Announcement and the 2021 Annual Results, Yota was undergoing the process of liquidation by the official liquidator of Yota (the "**Liquidator**") and the Directors decided to fully impair the interests in associates and amounts due from associates to the Group during the year ended 31 March 2019. The Directors assessed that the Group had lost its significant influence on the Yota Group on 30 April 2019 (the "**Yota Derecognition Date**"). Due to the lack of response from the Liquidator, the Auditor had not been provided with sufficient appropriate audit evidence, including information and explanations, to ascertain the financial position of the Yota Group as at the Yota Derecognition Date and its result of operations for the period from 1 April 2019 to the Yota Derecognition Date. The Auditor expressed a disclaimer of opinion of this matter in the independent auditor's report on the consolidated financial statements of the Company for the year ended 31 March 2020.

As disclosed in the Announcement, the Directors were of the view that the limitation of scope was a one-off, non-recurring incident, which would only affect the comparative figures in relation to We Fly and Yota but not the opening balance on the consolidated financial statements of the Company for the year ended 31 March 2021.

The Directors and the audit committee of the Company (the "**Audit Committee**") were of the view that that the We Fly Disclaimer and the Yota Group Disclaimer will appear due to the carrying forward effect from the audit modification on the results of the Company for the year ended 31 March 2020. In this regard, the We Fly Disclaimer and the Yota Group Disclaimer will not appear in the consolidated financial statements of the Company for the financial year ending 31 March 2022.

The Auditor concurred with the view of the Directors and the Audit Committee that the We Fly Disclaimer and the Yota Group Disclaimer will be removed in the consolidated financial statements of the Company for the financial year ending 31 March 2022.

(b) Carryover effect of the Baoli Yota Disclaimer

On 25 August 2020 (the "**Baoli Yota Deconsolidation Date**"), the Company had been informed by 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. In addition, 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.

Baoli Yota was deconsolidated on the Baoli Yota Deconsolidation Date. The Directors and the Audit Committee were of the view that the limitation of scope was a one-off, non-recurring incident, which will only affect the comparative figures in relation to Baoli Yota but not the opening balance on the consolidated financial statements of the Company for the year ending 31 March 2022. The Directors, the Audit Committee and the Auditor agreed that this audit modification will appear due to the carrying forward effect from the audit modification on the Company's consolidated financial statements for the year ended 31 March 2021. In this regard, the Baoli Yota Disclaimer will not appear in the consolidated financial statements of the Company for the financial year ending 31 March 2023.

The Auditor concurred with the view of the Directors and the Audit Committee that the Baoli Yota Disclaimer will be removed in the consolidated financial statements of the Company for the financial year ending 31 March 2023.

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

Hong Kong, 2 July 2021

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

* *For identification purpose only*