中國全通
ALL ACCESS

中 國 全 通（ 控 股 ）有 限 公 司
CHINA ALL ACCESS (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 633)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

The board (the "**Board**") of directors (the "**Directors**") of China All Access (Holdings) Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2019 together with the comparative figures for the corresponding period in 2018.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2019

(Expressed in Renminbi)

	Notes	**2019** *RMB'000*	2018 *RMB'000*
CONTINUING OPERATIONS			
Revenue	5	**5,044,439**	1,702,670
Cost of sales		**(4,960,017)**	(1,594,253)
Gross profit		**84,422**	108,417
Other income	7	**18,455**	59,764
Other net loss	7	**(407,744)**	(15,923)
Distribution costs		**(6,251)**	(6,512)
Administrative expenses		**(368,654)**	(149,546)
Allowance for credit losses	8(c)	**(1,279,592)**	(87,794)
Research and development expenses		**(145,975)**	(9,415)
Loss from operations		**(2,105,339)**	(101,009)
Finance income	8(a)	**1,874**	29,295
Finance costs	8(b)	**(554,432)**	(218,853)
Share of results of associates		**(1,709)**	709
Loss before taxation	8	**(2,659,606)**	(289,858)
Income tax expense	9	**(1,466)**	(6,833)
Loss for the year from continuing operations		**(2,661,072)**	(296,691)
DISCONTINUED OPERATION			
Loss for the year from discontinued operation		**—**	(381,416)
Loss for the year		**(2,661,072)**	(678,107)
Loss attributable to owners of the Company			
— from continuing operations		**(2,659,123)**	(296,691)
— from discontinued operation		**—**	(381,416)
		(2,659,123)	(678,107)
Loss attributable to non-controlling interests			
— from continuing operations		**(1,949)**	—
— from discontinued operation		**—**	—
		(1,949)	—
		(2,661,072)	(678,107)
Loss per share	10		
From continuing and discontinued operations			
Basic and diluted (RMB)		**(1.248)**	(0.349)
From continuing operations			
Basic and diluted (RMB)		**(1.248)**	(0.153)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

(Expressed in Renminbi)

	2019	2018
	RMB'000	*RMB'000*
Loss for the year	**(2,661,072)**	(678,107)
Other comprehensive loss for the year (after tax and reclassification adjustments):		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of financial statements	**(69,206)**	(8,048)
Other comprehensive loss for the year	**(69,206)**	(8,048)
Total comprehensive loss for the year	**(2,730,278)**	(686,155)
Total comprehensive loss for the year attributable to:		
Owners of the Company	**(2,728,329)**	(686,155)
Non-controlling interests	**(1,949)**	—
	(2,730,278)	(686,155)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

(Expressed in Renminbi)

	Notes	**2019**	2018
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment		**213,800**	170,814
Intangible assets		**60,050**	361,638
Goodwill		**—**	93,892
Interests in associates		**—**	1,709
Other receivables	11	**142,046**	790,345
Deposit paid for acquisition of property, plant and equipment		**—**	135,580
Deferred tax assets		**—**	800
		415,896	1,554,778
Current assets			
Inventories		**315,560**	234,796
Trade and other receivables	11	**2,923,963**	2,671,108
Prepayments		**102,639**	1,029,558
Discounted bills receivables		**207,156**	169,607
Bills receivables		**260**	17,278
Financial assets at fair value through profit or loss		**36**	5,398
Restricted cash		**166,004**	154,729
Cash and cash equivalents		**18,462**	70,731
		3,734,080	4,353,205

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
At 31 December 2019
(Expressed in Renminbi)

	Notes	**2019**	2018
		RMB'000	*RMB'000*
Current liabilities			
Trade and other payables	12	**1,607,653**	919,997
Contract liabilities		**186,688**	67,655
Deferred income		**1,839**	3,630
Borrowings		**1,350,081**	1,192,251
Lease liabilities		**3,213**	—
Bank advances on discounted bills receivables		**207,984**	170,321
Income tax payable		**176,374**	193,995
		3,533,832	2,547,849
Net current assets		**200,248**	1,805,356
Total assets less current liabilities		**616,144**	3,360,134
Non-current liabilities			
Borrowings		**28,100**	200,000
Lease liabilities		**923**	—
Deferred income		**6,909**	8,152
Deferred tax liabilities		**545**	6,648
		36,477	214,800
NET ASSETS		**579,667**	3,145,334
CAPITAL AND RESERVES			
Share capital		**19,788**	16,017
Reserves		**561,828**	3,129,317
Equity attributable to owners of the Company		**581,616**	3,145,334
Non-controlling interests		**(1,949)**	—
TOTAL EQUITY		**579,667**	3,145,334

1. GENERAL INFORMATION

China All Access (Holdings) Limited (the "**Company**") was incorporated in the Cayman Islands on 4 December 2007 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands ("**Cayman Companies Law**"). The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 16 September 2009.

At 31 December 2019, the ultimate holding company of the Company is Creative Sector Limited, a company incorporated in the British Virgin Islands (the "**BVI**") with limited liability. The ultimate controlling party is Mr. Chan Yuen Ming ("**Mr. Chan**"), who is also the Chairman and Executive Director of the Company.

The functional currency of the Company is Hong Kong dollar ("**HK$**"). The consolidated financial statements are presented in Renminbi ("**RMB**") because the principal activities of the Company's subsidiaries (collectively with the Company referred to as the "**Group**") are carried out in the People's Republic of China (the "**PRC**"), and all values are rounded to the nearest thousand (RMB'000) unless otherwise indicated.

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

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

HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 *Leases*, and the related interpretations. The Group applied the HKFRS 16 in accordance with the transition provisions of HKFRS 16.

Definition of a lease

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

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

As a lessee

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

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

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

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

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

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

- applied a single discount rate to a portfolio of leases with a similar remaining term for similar class of underlying assets in similar economic environment; and

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

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted-average incremental borrowing rates applied by the relevant group entities range from 4.73% to 5.7%.

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 is as follows:

	At 1 January 2019 *RMB'000*
Operating lease commitments disclosed as at 31 December 2018	**17,131**
Discounted using the lessee's incremental borrowing rate at the date of initial application	**16,490**
Less: Practical expedient — leases with lease term ending within 12 months from the date of initial application	**(8,677)**
Lease liabilities relating to operating leases recognised upon application of HKFRS 16	**7,813**
Add: Finance lease liabilities recognised as at 31 December 2018 *(note)*	**337**
Lease liabilities recognised as at 1 January 2019	**8,150**
Analysed as:	
Current	**4,144**
Non-current	**4,006**
	8,150

Note:

The Group reclassified finance leases liabilities of approximately RMB337,000 to lease liabilities as current liabilities at 1 January 2019.

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

	Right-of-use assets *RMB'000*
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	**7,813**
Amount included in property, plant and equipment under HKAS 17 — Asset previously held under finance lease	**347**
	8,160
By class:	
Properties leased for own use, carried at depreciated cost	**7,813**
Motor vehicles	**347**
	8,160

The Group presents right-of-use assets in "property, plant and equipment", the same line item within which the corresponding underlying assets would be presented if they were owned.

Notes:

(a) The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities relating to that lease recognised in the consolidated statement of financial position at 1 January 2019.

(b) In relation to assets previously under finance leases, the Group recategorised the carrying amounts of the relevant assets which were still under lease as at 1 January 2019 amounting to RMB347,000 as right-of-use assets. In addition, the Group reclassified the obligations under finance leases of RMB337,000 to lease liabilities as current liabilities respectively at 1 January 2019.

The following table summarises the impacts of the adoption of HKFRS 16 in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018	Adjustments	Carrying amounts under HKFRS 16 at 1 January 2019
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets			
Property, plant and equipment	**170,814**	**7,813**	**178,627**
Current liabilities			
Trade and other payables	**(919,997)**	**337**	**(919,660)**
Lease liabilities	**—**	**(4,144)**	**(4,144)**
Non-current liabilities			
Lease liabilities	**—**	**(4,006)**	**(4,006)**
Net assets	**3,145,334**	**—**	**3,145,334**

Note:

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

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[3]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions[1]
Amendments to HKFRS 3	Definition of a Business[6]
Amendments to HKFRS 3	Reference to the Conceptual Framework[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[7]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[5]
Amendments to HKAS 1 and HKAS 8	Definition of Material[2]
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use[4]
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020[4]

1 Effective for annual periods beginning on or after 1 June 2020
2 Effective for annual periods beginning on or after 1 January 2020
3 Effective for annual periods beginning on or after 1 January 2021
4 Effective for annual periods beginning on or after 1 January 2022
5 Effective for annual periods beginning on or after 1 January 2023
6 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
7 Effective for annual periods beginning on or after a date to be determined

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

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. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the HKICPA and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange and by the disclosure requirements of the Hong Kong Companies Ordinance.

4. GOING CONCERN BASIS

The Group incurred a net loss of approximately RMB2,661,072,000 and an operating cash outflow of approximately RMB63,983,000 for the year ended 31 December 2019. At 31 December 2019, the Group recorded current and non-current borrowings of approximately RMB1,350,081,000 and RMB28,100,000 respectively and cash and cash equivalents of approximately RMB18,462,000. The total borrowings exceeded the cash and cash equivalents by an amount of approximately RMB1,359,719,000.

In preparing the consolidated financial statements, the directors have given careful consideration to the future liquidity of the Group in light of the conditions described above. Further, as at 31 December 2019, the Group had borrowings of approximately RMB1,378,181,000, of which approximately RMB1,149,481,000 were overdue for repayment. Certain other payables were also overdue including default interests on overdue borrowings of approximately RMB430,660,000. These overdue balances are further explained below:

(a) Prosper Talent Limited ("**Prosper Talent**") (also referred to as the "**Plaintiff**") is a promissory noteholder of the promissory note issued by the Company with an outstanding principal amount of US$56,000,000 which was due for repayment since August 2018 and remains unsettled. On 27 June 2019, the Company, Mr. Chan, an executive director of the Company, and China All Access Science and Engineering Technology Development Limited ("**SETD**") an indirect wholly owned subsidiary of the Company (collectively referred to as the "**Defendants**"), received a writ of summons issued in the Court of First Instance of High Court of Hong Kong by Prosper Talent against the Defendants. According to the indorsement of claim enclosed in the writ of summons, US$95,383,187.40 was due and outstanding under a note purchase agreement entered into between Prosper Talent, the Company and Mr. Chan which was secured by a personal guarantee entered into by Mr. Chan and security assignment entered into by SETD in favour of Prosper Talent. Prosper Talent's claims are for (i) the sum of US$95,383,187.40 or its Hong Kong dollars equivalent at the time of payment; (ii) further interest; (iii) costs; and (iv) further and/or other reliefs.

(b) Promissory note issued by the Company to Dundee Greentech Limited ("**Dundee**") with an outstanding principal amount of HK$847,080,000 was due for repayment since December 2018 and remains unsettled.

(c) Other payables with amount of HK$31,500,000 (equivalent to approximately RMB28,218,000) which were due to three independent individuals were due for repayment since January 2020. On 17 June 2020, one of the individuals (the "**Creditor**") filed a winding-up petition at the Court of First Instance of High Court of Hong Kong against the Company for (i) the outstanding principal of HK$10,000,000; (ii) interest payable of HK$500,000; and (iii) default interest at 9% on the sum of HK$10,500,000 from 27 January 2020 until full and final payment of this petition.

Further, the Company had declared a final dividend of HK5.0 cents per ordinary share subsequent to the financial year ended 31 December 2017, of amounting to approximately HK$99,986,000 in total, which is still outstanding as at the date of approval of these consolidated financial statements.

The above conditions indicate the existence of material uncertainties, which may cast significant doubt upon the Group's ability to continue as a going concern.

In view of these circumstances, the directors have given careful consideration to the future liquidity and its available sources of financing to assess whether the Group will have sufficient funds to fulfill its financial obligations to continue as a going concern. The Group has taken the following measures to improve the Group's financial position and alleviate its liquidity pressure, which include, but not limited to, the following:

(a) The Company is negotiating a debt repayment plan (the "**Prosper Talent Repayment Plan**") with Prosper Talent to settle the outstanding principal and interests and a consent order executed by the Plaintiff and the Defendants has been filed to the Court of First Instance of High Court of Hong Kong on 22 June 2020 in which the proceedings will be wholly discontinued.

(b) The Company has negotiated a debt repayment plan (the "**Dundee Repayment Plan**") with Dundee to settle the outstanding principal, interests and the arrangement fee by installments in the forthcoming five years.

(c) The Company has repaid outstanding balances including interest with amount of approximately HK$11,370,000 (equivalent to approximately RMB10,005,000) to the Creditor and a consent summon executed by the Company and the Creditor has been filed to the Court of First Instance of High Court of Hong Kong on 9 September 2020 in which the winding-up petition will be wholly discontinued.

(d) The Group has been taking active measures to collect trade and other receivables through various channels to improve operating cash flows and its financial position.

(e) The directors are considering various alternatives to strengthen the capital base of the Company through various fundraising exercises, including but not limited to, private placements, open offers or right issue of new shares of the Company. In particular, the Company has entered into the following agreement or transaction to raise fund:

    — On 28 April 2020, the Company entered into the subscription agreement with ADIB Holdings Limited ("**ADIB Holdings**"), pursuant to which ADIB Holdings has conditionally agreed to subscribe (or procure the subscription by its nominee(s)), and the Company has conditionally agreed to allot and issue, 420,000,000 shares of HK$0.16 each for a cash consideration of approximately HK$67,200,000 (the "**Subscription**"). At the date of approval of these consolidated financial statements, the Subscription has not been completed. Further details were set out in the Company's announcements dated 28 April 2020 and 4 May 2020; and

    — the Company entered into a trade financing agreement with Energy Venture Holding Company (EVHC) LLC ("**EVHC**") (the "**EVHC Trade Financing**"). Pursuant to the EVHC Trade Financing, EVHC agreed to provide trade financing of US$500 million for the joint development of the telecommunications projects and solar energy projects which are being developed by the Company.

(f) The Group continues to take active measures to control administrative costs through various channels to improve operating cash flows and its financial position.

Notwithstanding the above, significant uncertainties exist as to whether management will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon (i) successful negotiation and execution of the Prosper Talent Repayment Plan and the Dundee Repayment Plan; (ii) the Group's debtors will timely settle their debts following the agreed settlement schedules; (iii) the Group will succeed in raising sufficient fund to meet its financial obligations; (iv) the Group can satisfy the conditions precedent and complete the transactions stated above; and (v) the Group will be able to improve its business operations.

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

5. REVENUE

For the year ended 31 December 2019

Disaggregation of revenue from contracts with customers

	ICT	**New Energy**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
Continuing operations			
Sale of goods			
Sales of electronic components			
— Display and touch modules	**4,889,077**	—	**4,889,077**
— Casings and keyboard	**87,029**	—	**87,029**
Sales of photovoltaic module and related products	—	**68,333**	**68,333**
Total	**4,976,106**	**68,333**	**5,044,439**
Timing of revenue recognition			
— At a point in time	**4,976,106**	**68,333**	**5,044,439**

For the year ended 31 December 2018

Disaggregation of revenue from contracts with customers

	ICT *RMB'000*	**New Energy** *RMB'000*	**Total** *RMB'000*
Continuing operations			
Type of goods and services			
Sales of electronic components			
— Display and touch modules	1,691,293	—	1,691,293
— Casings and keyboard	9,162	—	9,162
	1,700,455	—	1,700,455
Systems operations managements services income	651	—	651
Total	1,701,106	—	1,701,106
Timing of revenue recognition			
— At a point in time	1,701,106	—	1,701,106

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

	2019 ***RMB'000***	2018 *RMB'000*
Continuing operations		
Sales of electronic components	**4,976,106**	1,700,455
Sales of photovoltaic module and related products	**68,333**	—
System operations managements services income	**—**	651
Revenue from contracts with customers	**5,044,439**	1,701,106
Loan interest income	**—**	1,564
Total revenue	**5,044,439**	1,702,670

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

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its revenue such that the Group does not disclose information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts as all contract works entered into by the Group have an original expected duration of one year or less.

6. SEGMENT REPORTING

The Group manages its businesses by divisions which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments:

— ICT: including but not limited to research and development, manufacture and distribution of wireless terminals and equipment, including display modules, casings and keyboards.

— New Energy: including but not limited to development, investment, operation and management of solar power plants. The Group has engaged in research and development, installation and application of devices for increasing the luminous flux per unit area for photovoltaic plants and sale of photovoltaic module and related products.

— Investment activities: revenue generated from interest earned from provision of facilitating capital to supply steam and investment returns generated from direct investment and high yield treasury products.

河北諾特通信技術有限公司 (Hebei Noter Communication Technology Co., Limited*) ("**Hebei Noter**") and its subsidiary ("**Hebei Noter Group**") constituted a major line of business in development and provision of communication equipment, application services system operating managements, application upgrade and system maintenance.

Upon disposal of Hebei Noter Group on 7 December 2018, the segment information reported below does not include any amounts for the discontinued operation.

* *for identification purposes only*

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

All assets and liabilities are allocated to the reportable segments with the exception of other corporate assets and liabilities, certain communication equipment which is jointly used by all reportable segments, income tax payable and deferred tax liabilities.

Revenue and expenses are allocated to the reportable segments with reference to profit earned/(loss) suffered by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. However, assistance provided by one segment to another, including sharing of assets, is not measured.

The measure used for reporting segment profit is "segment operating (loss)/profit". Segment operating (loss)/profit includes the gross profit generated by the segment, certain distribution costs, administrative expenses and finance costs directly attributable to the segment. Items that are not specifically attributable to individual segments, such as partial other income, partial other net loss, other corporate administrative expenses, finance income, partial finance costs and share of results of associates, are excluded from segment operating (loss)/profit.

In addition to receiving segment information concerning segment operating (loss)/profit, management is provided with segment information concerning revenue, assets and liabilities used by the segments in their operations.

	ICT		New Energy		Investment activities		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Reportable segment revenue *(Note)*	**4,976,106**	1,701,106	**68,333**	—	**—**	1,564	**5,044,439**	1,702,670
Segment operating (loss)/profit	**(1,725,841)**	(5,915)	**(201,483)**	(48,962)	**—**	1,610	**(1,927,324)**	(53,267)
Unallocated other income							**4,210**	4,591
Unallocated other net loss							**(36,092)**	(4,009)
Finance income							**1,874**	29,295
Unallocated finance costs							**(544,004)**	(207,733)
Share of results of associates							**(1,709)**	709
Other corporate expenses							**(156,561)**	(59,444)
Loss before taxation from continuing operations							**(2,659,606)**	(289,858)

Note: Segment revenue reported above represents revenue generated from external customers. There were no inter-segment revenue in both years.

	2019	2018
	RMB'000	*RMB'000*
Assets		
Reporting segment assets:		
— ICT	**2,995,706**	3,879,988
— New Energy	**68,492**	532,829
— Investment activities	**—**	3,983
Reportable segment assets	**3,064,198**	4,416,800
Unallocated assets	**1,085,778**	1,491,183
Total assets	**4,149,976**	5,907,983
Liabilities		
Reporting segment liabilities:		
— ICT	**1,541,367**	1,017,810
— New Energy	**39**	50,697
— Investment activities	**—**	—
Reportable segment liabilities	**1,541,406**	1,068,507
Unallocated liabilities	**2,028,903**	1,694,142
Total liabilities	**3,570,309**	2,762,649

(b) Other segment information

Amounts included in the measure of segment profit or loss or segment assets:

	ICT		New Energy		Investment activities		Unallocated		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Depreciation and amortisation	**27,313**	26,954	**33,871**	32,145	**—**	—	**1,016**	2,836	**62,200**	61,935
Loss/(gain) on disposal and written-off of property, plant and equipment	**12,484**	(5,387)	**—**	—	**—**	—	**27,012**	—	**39,496**	(5,387)
Allowance for credit losses on trade and other receivables	**1,271,457**	69,973	**—**	14,667	**—**	—	**8,092**	11,412	**1,279,549**	96,052
Exchange loss, net	**—**	—	**—**	—	**—**	—	**3,718**	15,458	**3,718**	15,458
Government subsidy	**14,195**	24,504	**—**	—	**—**	—	**—**	—	**14,195**	24,504
Penalty income	**—**	30,030	**—**	—	**—**	—	**—**	—	**—**	30,030
Unrealised loss/(gain) on fair value change of financial assets at FVTPL	**—**	—	**—**	—	**—**	—	**5,362**	(37)	**5,362**	(37)
Loss on fair value change of investment property	**—**	—	**—**	—	**—**	—	**—**	4,029	**—**	4,029
(Reversal) of/allowance for credit losses on bills receivables	**(71)**	72	**—**	—	**—**	—	**—**	—	**(71)**	72
Allowance for credit losses on discounted bills receivables	**114**	714	**—**	—	**—**	—	**—**	—	**114**	714
Impairment of goodwill	**93,892**	—	**—**	—	**—**	—	**—**	—	**93,892**	—
Impairment of intangible assets	**10,003**	—	**253,815**	—	**—**	—	**—**	—	**263,818**	—
Write-down of obsolete inventories	**12,673**	10,543	**—**	—	**—**	—	**—**	—	**12,673**	10,543
Finance costs	**10,428**	11,120	**—**	—	**—**	—	**544,004**	207,733	**554,432**	218,853
Investment in associates	**—**	—	**—**	—	**—**	—	**—**	1,000	**—**	1,000
Addition to non-current assets *(Note)*	**59,162**	63,985	**—**	136,126	**—**	—	**105,500**	93,612	**164,662**	293,723

Note: Addition to non-current assets exclude additions of financial instrument and deferred tax assets.

Information about major customers

Revenue from customers amounting to 10% or more of the Group's revenue is set out below.

	2019	2018
	RMB'000	*RMB'000*
Customer A[1]	**2,759,027**	554,237
Customer B[1]	**1,213,498**	361,776

1 Revenue generated from Customer A and Customer B are attributable to ICT.

Except disclosed above, no other customers contributed 10% or more to the Group's total revenue from continuing operations for both years.

(c) Geographical segments

The following table provides an analysis of the Group's revenue from external customers based on location of operations and non-current assets based on geographical location of the assets.

	Revenue from external customers		**Non-current assets**	
	2019	2018	**2019**	2018
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
The PRC	**5,044,439**	1,701,106	**164,121**	437,265
Hong Kong	**—**	1,564	**2,837**	96,896
Malaysia	**—**	—	**106,892**	—
	5,044,439	1,702,670	**273,850**	534,161

Note: Non-current assets excluded those relating to financial assets, goodwill and deferred tax assets.

7. OTHER INCOME AND NET LOSS

	2019	2018
	RMB'000	*RMB'000*
Continuing operations		
Other income		
Government subsidy	**14,195**	24,504
Penalty income	**—**	30,030
Others	**4,260**	5,230
	18,455	59,764
Continuing operations		
Other net loss		
(Loss)/gain on disposal and written-off of property, plant and equipment	**(39,496)**	5,387
Exchange loss, net	**(3,718)**	(15,458)
Impairment loss recognised in respect of		
— goodwill	**(93,892)**	—
— intangible assets	**(263,818)**	—
	(357,710)	—
Realised loss on fair value change of financial assets at FVTPL	**—**	(1,825)
Unrealised (loss)/gain on fair value change of financial assets at FVTPL	**(5,362)**	37
Loss on fair value change of investment property	**—**	(4,029)
Others	**(1,458)**	(35)
	(407,744)	(15,923)

8. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

(a) Finance income

	2019	2018
	RMB'000	*RMB'000*
Continuing operations		
Interest income from entrusted loans	—	11,977
Interest income from bank deposits	**708**	1,353
Interest income from other receivables	**1,166**	15,965
	1,874	29,295

(b) Finance costs

	2019	2018
	RMB'000	*RMB'000*
Continuing operations		
Interest on borrowings	**114,964**	173,914
Default interest	**430,660**	—
Interest on lease liabilities	**347**	—
Interest on discounted bills receivables	**8,134**	7,466
Imputed interests on convertible bonds	—	36,304
Bank charges	**327**	1,169
	554,432	218,853

(c) (Reversal) of/allowance for credit loss

	2019	2018
	RMB'000	*RMB'000*
Continuing operations		
Allowance for credit losses in respect of trade and other receivables, net	**1,279,549**	87,008
(Reversal) of/allowance for credit losses in respect of bills receivables, net	**(71)**	72
Allowance for credit losses in respect of discounted bills receivables, net	**114**	714
	1,279,592	87,794

(d) Other items

	2019	2018
	RMB'000	*RMB'000*
Continuing operations		
Cost of inventories sold	**4,945,629**	1,552,057
Depreciation of property, plant and equipment	**21,515**	24,872
Depreciation of right-of-use assets	**1,856**	—
Amortisation of intangible assets	**38,829**	37,063
Write-down of obsolete inventories (included in cost of sales)	**12,673**	10,543
Auditors' remuneration:		
— Audit service	**1,800**	5,738
— Non-audit services	**1,575**	1,735
	3,375	7,473
Operating lease charges in respect of leased premises	—	19,603
Expenses relating to short term leases	**9,658**	—
Gross rental income from investment property	—	(75)
Less: Direct operating expenses from investment property that generated rental income during the year	—	62
Direct operating expenses from investment property that did not generate rental income during the year	—	17
	—	4

(e) Staff costs (excluding directors' remuneration)

	2019	2018
	RMB'000	*RMB'000*
Continuing operations:		
Salaries, wages and other benefits	**92,537**	89,998
Share-based payment expenses	**4,489**	3,067
Retirement benefit scheme contributions	**5,361**	4,399
	102,387	97,464

9. INCOME TAX EXPENSE

Income tax expense in the consolidated statement of profit or loss represents:

	2019	2018
	RMB'000	*RMB'000*
Continuing operations:		
Current tax — Hong Kong Profits Tax		
Over-provision in prior years	**—**	(9,824)
Current tax — PRC Enterprise Income Tax		
Provision for the year	**6,769**	18,203
Under-provision in prior years	**—**	4
	6,769	18,207
Deferred tax		
Credited for the year	**(5,303)**	(1,550)
	1,466	6,833

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, if any, is calculated at 16.5% of the estimated assessable profit for both years. The Group does not have assessable profits chargeable to Hong Kong Profits Tax for both years.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for both years, except for 北京全通諾特通信技術有限公司 (Beijing All Access Noter Communication Technology Co., Limited*) ("**Beijing All Access**"), Shenzhen Lead and 深圳市康銓機電有限公司 (Shenzhen Kangquan Mechanical and Electrical Co., Limited*) ("**Shenzhen Kangquan**") which qualified as High and New Technology Enterprises and entitled to the preferential tax rate of 15%.

* *for identification purposes only*

10. LOSS PER SHARE

From continuing and discontinued operations

The computations of basic and diluted loss per share attributable to owners of the Company are based on the following data:

	2019	2018
	RMB'000	*RMB'000*
Loss		
Loss for the purpose of basic and diluted loss per share (loss for the year attributable to owners of the Company)	**(2,659,123)**	(678,107)

	2019	2018
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**2,130,352**	1,940,957

As the Company's outstanding share options had an anti-dilutive effect to the basic loss per share calculation for the years ended 31 December 2019 and 2018, the exercise of the above potential dilutive shares is not assumed in the calculation of diluted loss per share.

From continuing operations

The computations of basic and diluted loss per share from continuing operations attributable to owners of the Company are based on the following data:

	2019	2018
	RMB'000	*RMB'000*
Loss		
Loss for the purpose of basic and diluted loss per share (loss for the year from continuing operations attributable to owners of the Company)	**(2,659,123)**	(296,691)

The weighted average number of ordinary shares used herein are same as those detailed above for the purpose of basic and diluted loss per share from continuing and discontinued operations respectively.

From discontinued operation

The computations of basic and diluted loss per share from discontinued operation attributable to owners of the Company are based on the following data:

	2018
	RMB'000
Loss	
Loss for the purpose of basic and diluted loss per share (loss for the year from discontinued operation attributable to owners of the Company)	(381,416)

The weighted average number of ordinary shares used herein are same as those detailed above for the purpose of basic and diluted loss per share from continuing and discontinued operations respectively.

11. TRADE AND OTHER RECEIVABLES

		2019	2018
	Notes	***RMB'000***	*RMB'000*
Trade receivables		**911,406**	676,916
Less: Allowance for credit losses		**(326,565)**	(118,784)
		584,841	558,132
Other receivables and deposits	(i)	**1,379,966**	1,351,160
Consideration receivables for disposal of Hebei Noter Group	(ii)	**1,101,202**	1,502,161
Entrusted loan	(iii)	**—**	50,000
		2,481,168	2,903,321
Total trade and other receivables		**3,066,009**	3,461,453

	2019	2018
	RMB'000	*RMB'000*
Analysed for reporting purposes as:		
Current assets	**2,923,963**	2,671,108
Non-current assets	**142,046**	790,345
	3,066,009	3,461,453

Notes:

(i) At 31 December 2019, amounts due from Hebei Noter Group with carrying amount, net of allowance for credit losses, of approximately RMB795,785,000 were included in other receivables (2018: RMB 1,094,579,000).

During the year ended 31 December 2019, an allowance for credit losses of approximately RMB289,715,000 (2018: RMB4,617,000) was recognised in respect of the amounts due from Hebei Noter Group.

(ii) At 31 December 2019 and 2018, consideration receivables from disposal of Hebei Noter Group represent the remaining balance of consideration for the disposal of the entire equity interest in Hebei Noter Group to China RS Group Limited. The consideration shall be repayable in the manner as set forth in note 37 to the consolidated financial statements. The fair value of the consideration at the disposal date has been arrived on the basis of valuation carried out by third party qualified valuers. The effective interest rate of the consideration on initial recognition is 13.58%. Details of the repayment terms of the consideration receivables are set out in the Company's circular dated 15 November 2018. The consideration receivables is secured over the share charge of Hebei Noter made by China RS Group Limited in favour of the Group.

During the year ended 31 December 2019, an allowance for credit losses of approximately RMB400,958,000 (2018: RMB6,336,000) was recognised in respect of the consideration receivables from disposal of Hebei Noter Group.

(iii) At 31 December 2018, RMB50,000,000 of entrusted loan was provided to independent third party through a financial institution. The Group did not hold any collateral over this balance from the independent third party.

The entrusted loans at 31 December 2018 was interest-bearing at 12% per annum.

At the end of the reporting period, the aging analysis of trade receivables (which are included in trade and other receivables), based on the invoice date (or date of revenue recognition, if earlier) and net of allowance for credit losses, is as follows:

	2019	2018
	RMB'000	*RMB'000*
Within 1 month	**367,790**	274,318
1 to 2 months	**188,643**	21,362
2 to 3 months	**13,679**	19,020
3 to 6 months	**3,666**	18,709
Over 6 months but within 1 year	**2,512**	6,320
Over 1 year	**8,551**	218,403
	584,841	558,132

The Group may grant credit up to 18 months to its customers according to the negotiation and relationship with these customers. Credit terms could be extended for certain well-established customers on a case-by-case basis. The Group does not hold any collateral over its customers.

During the year ended 31 December 2019, an allowance for credit losses of approximately RMB207,781,000 (2018: RMB119,665,000) was recognised in respect of trade receivables.

During the year ended 31 December 2019, an allowance for credit losses of approximately RMB1,071,768,000 (2018: RMB12,007,000) was recognised in respect of other receivables.

12. TRADE AND OTHER PAYABLES

	2019	2018
	RMB'000	*RMB'000*
Trade and bills payables	**700,068**	491,772
Other payables and accruals	**907,585**	428,225
	1,607,653	919,997

All of the trade payables, bills payables and other payables and accruals are expected to be settled within one year. Bills payables of approximately RMB166,004,000 (2018: RMB119,141,000) was supported by guarantee deposits of equivalent amount as requested by banks and presented as restricted cash. Other payables and accruals mainly include interest payable of approximately RMB276,215,000, default interests payable of approximately RMB430,660,000 and dividend payables of approximately RMB89,567,000 and other accrued operating expenses.

Final dividend of HK5.0 cents per ordinary share for the year ended 31 December 2017, of amount approximately HK$99,986,000 in total, which is still outstanding as at the date of approval of these consolidated financial statements.

The credit period granted by suppliers ranging from 30 to 180 days.

At 31 December 2018, included in other payables and accruals was finance lease liability of carrying amount of approximately RMB322,000 in respect of the total minimum lease payments of motor vehicles of approximately RMB337,000. The interest rate of such finance lease was 4.73% and the charge of finance lease was included in administrative expenses. Upon application of HKFRS 16, the finance lease liability of approximately RMB337,000 was reclassified to lease liabilities.

At the end of the reporting period, the aging analysis of trade and bills payables based on the invoice date is as follows:

	2019	2018
	RMB'000	*RMB'000*
Within 1 month	**157,999**	136,254
1 to 3 months	**167,900**	64,364
3 to 6 months	**180,771**	117,569
Over 6 months but within 1 year	**131,366**	50,174
Over 1 year	**62,032**	123,411
	700,068	491,772

EXTRACT OF INDEPENDENT AUDITORS' REPORT ON THE GROUP'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

The Company's auditors have issued a disclaimer of opinion on the Group's consolidated financial statements for the year ended 31 December 2019, an extract of the auditors' report is as follow:

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 and as to whether 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) Multiple uncertainties relating to going concern

As disclosed in Note 3(b) to the consolidated financial statements, the Group incurred net loss of approximately RMB2,661,072,000 and an operating cash outflow of approximately RMB63,983,000 for the year ended 31 December 2019. As at 31 December 2019, the Group had total borrowings of approximately RMB1,378,181,000 outstanding, of which approximately RMB1,149,481,000 were overdue, and had incurred default interests which were included in other payables amounting to approximately RMB430,660,000, while the Group had cash and cash equivalents of only approximately RMB18,462,000.

These conditions, together with others described in Note 3(b) to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt over the Group's ability to continue as a going concern.

The directors of the Company have been undertaking a number of measures to improve the Group's liquidity and financial position and to meet its liabilities as and when they fall due, which are set out in Note 3(b) to the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the eventual successful outcome of these measures, which are subject to multiple uncertainties, including: (a) successful negotiation and execution of debt repayment plans with Prosper Talent Limited and Dundee Greentech Limited; (b) successful completion of shares subscription of the Company by independent third parties as stated in Note 3(b) to the consolidated financial statements in the near future so that net cash proceeds from these equity transactions will be made available to the Group for fulfilment of its financial obligations; (c) the Group's ability to speed up the collection of outstanding debts from its debtors; and (d) the Group's ability to improve its business operations and generate operating net cash inflows and obtain additional sources of financing in order to meet its financial obligations.

Should the Group fail to achieve successful outcomes from the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effects of these adjustments have not been reflected in the consolidated financial statements.

We have not been provided with sufficient appropriate audit evidence to conclude on the appropriateness of management's use of the going concern basis of accounting in the preparation of the consolidated financial statements. Any adjustments found to be required may have consequential significant effects on the consolidated net assets of the Group as at 31 December 2019 and the consolidated loss and other comprehensive loss and cash flows of the Group for the year ended 31 December 2019, and the related disclosures thereof in the consolidated financial statements.

(b) Recoverability of consideration receivable for disposal of Hebei Noter Communication Technology Co., Limited and its subsidiary ("Hebei Noter Group") and amount due from Hebei Noter Group (collectively referred to as the "Hebei Noter Group Receivables")

Included in other receivables disclosed in Note 20 to the consolidated financial statements are consideration receivable for disposal of Hebei Noter Group and amount due from Hebei Noter Group with carrying amounts, net of allowance for credit losses, of approximately RMB1,101,202,000 and RMB795,785,000 respectively as at 31 December 2019 which were overdue for repayment and remained unsettled as at the date of this report. The Group had been in negotiations with Hebei Noter Group and its holding company for settlement of the outstanding sums and in December 2019, the holding company of Hebei Noter Group provided additional collateral to the Group by pledging in favour of the Group certain assets held in overseas warehouses. We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the impairment assessments of the Hebei Noter Group Receivables and the related measurement of life time expected credit losses on these receivables as at 31 December 2019. In particular, we were unable to (i) satisfy ourselves about the existence and ownership of the assets pledged in favour of the Group; (ii) satisfy ourselves about the validity of the guarantee agreement arranged by the holding company of Hebei Noter Group and entered into in December 2019, including the validity of the collateral referred to in (i); and (iii) satisfy ourselves about the valuation of the assets pledged to the Group as collateral by the holding company of Hebei Noter Group and whether the credit exposures represented by the Hebei Noter Group Receivables are adequately covered by these collaterals. There were no alternative audit procedures that we could perform to satisfy ourselves as to whether the carrying amount of the Hebei Noter Group Receivables and the related allowance for credited losses recognised of approximately RMB1,896,987,000 and RMB690,673,000 respectively as at and for the year ended 31 December 2019 were free from material misstatement. Any adjustments that would be required may have consequential significant effects on the allowance for credit losses recognised in consolidated profit or loss in respect of the Hebei Noter Group Receivables and the net carrying amounts of Hebei Noter Group Receivables and hence on the consolidated net assets of the Group as at 31 December 2019 and the consolidated loss and other comprehensive loss and cash flows of the Group for the year ended 31 December 2019, and the related disclosures thereof in the consolidated financial statements.

MATERIAL DIFFERENCES BETWEEN UNAUDITED AND AUDITED ANNUAL RESULTS

Pursuant to the financial information contained in the unaudited annual results announcement of the Company dated 31 March 2020 (the "**Unaudited Annual Results Announcement**") was neither audited by nor agreed with the auditors of the Company as at the date of its publication and subsequent adjustments have been made to such information, shareholders and potential investors of the Company are advised to pay attention to certain differences between the financial information of the unaudited and audited annual results of the Group. Set forth below are details and reasons for the material differences in such financial information in accordance with Rule 13.49(3)(ii)(b) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Disclosure in this Audited Annual Results Announcement *RMB'000*	Disclosure in Unaudited Annual Results Announcement *RMB'000*	Difference *RMB'000*	Notes
CONTINUED OPERATIONS				
Revenue	5,044,439	5,049,982	(5,543)	1
Cost of sales	(4,960,017)	(4,958,615)	(1,402)	2
Gross profit	84,422	91,367	(6,945)	
Other income	18,455	24,285	(5,830)	1, 3
Other net loss	(407,744)	(35,199)	(372,545)	4
Administrative expenses	(368,654)	(144,951)	(223,703)	1, 4(c), 4 (d), 5, 9
Allowances for credit loss	(1,279,592)	(325,557)	(954,035)	6
Research and development expenses	(145,975)	(133,975)	(12,000)	7
Loss from operations	(2,105,339)	(530,281)	(1,575,058)	
Finance income	1,874	93,781	(91,907)	8
Finance costs	(554,432)	(680,490)	126,058	4(e), 8, 9
Share of results of associates	(1,709)	54	(1,763)	5(a)
Loss before taxation	(2,659,606)	(1,116,936)	(1,542,670)	
Income tax expense	(1,466)	(6,769)	5,303	10
Loss for the year from continuing operations	(2,661,072)	(1,123,705)	(1,537,367)	
Loss for the year attributable to:				
Owners of the Company	(2,659,123)	(1,123,705)	(1,535,418)	
Non-controlling interests	(1,949)	—	(1,949)	11
From continuing and discontinued operations				
Basic and diluted (RMB)	(1.248)	(0.527)	(0.721)	
From continuing operations				
Basic and diluted (RMB)	(1.248)	(0.527)	(0.721)	

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Disclosure in this Audited Annual Results Announcement *RMB'000*	Disclosure in Unaudited Annual Results Announcement *RMB'000*	Difference *RMB'000*	Notes
Loss for the year	(2,661,072)	(1,123,705)	(1,537,367)	
Other comprehensive loss for the year (after tax and reclassification adjustments):				
Item that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of financial statements	(69,206)	(60,084)	(9,122)	
Other comprehensive loss for the year	(69,206)	(60,084)	(9,122)	
Total comprehensive loss for the year attributable to owners of the Company	(2,728,329)	(1,183,789)	(1,544,540)	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Disclosure in this Audited Annual Results Announcement *RMB'000*	Disclosure in Unaudited Annual Results Announcement *RMB'000*	Difference *RMB'000*	Notes
Non-current assets				
Property, plant and equipment	213,800	315,643	(101,843)	12
Intangible assets	60,050	341,151	(281,101)	4(b)
Goodwill	—	93,892	(93,892)	4(b)
Interest in associates	—	170	(170)	5(a)
Other receivables	142,046	183,761	(41,715)	3, 6, 8
Prepayments	—	70,393	(70,393)	4(a)
Deferred tax assets	—	800	(800)	10(a)
Current assets				
Inventories	315,560	316,707	(1,147)	2
Trade and other receivables	2,923,963	2,986,259	(62,296)	3, 6, 8, 15
Prepayments	102,639	936,398	(833,759)	4(a), 9, 15
Discounted bills receivable	207,156	248,303	(41,147)	6, 13
Restricted cash	166,004	151,555	14,449	8, 14
Cash and cash equivalents	18,462	32,813	(14,351)	14
Current liabilities				
Trade and other payables	1,607,653	1,263,905	343,748	5(b), 15, 16
Contract liabilities	186,688	188,089	(1,401)	15
Borrowings	1,350,081	1,339,982	10,099	15
Lease liabilities	3,213	—	3,213	16
Bank advances on discounted bills receivables	207,984	248,603	(40,619)	13
Net current assets	200,248	1,453,539	(1,253,291)	
Total assets less current Liabilities	616,144	2,459,349	(1,843,205)	
Non-current liabilities				
Other payables	—	1,888	(1,888)	15, 16
Borrowings	28,100	169,700	(141,600)	15
Lease liabilities	923	—	923	16
Deferred tax liabilities	545	6,648	(6,103)	10(b)
NET ASSETS	579,667	2,274,204	(1,694,537)	
CAPITAL AND RESERVES				
Reserves	561,828	2,254,416	(1,692,588)	
Non-controlling interests	(1,949)	—	(1,949)	11

Notes:

1. The differences were mainly due to elimination of intra-group revenue of approximately RMB7,160,000, reclassification of revenue of approximately RMB99,000 to other revenue and recognition of sales of approximately RMB1,716,000 as a result of cut-off adjustment.

2. The differences were mainly due to recognition of cost of sales of approximately RMB1,402,000 as a result of cut-off adjustment.

3. The differences were mainly due to reversal of other income of approximately RMB5,602,000 as a result of cut-off adjustment.

4. The differences were mainly due to the following adjustments:

   (a) Reclassification of loss on disposal of property, plant and equipment of approximately RMB13,567,000 from administrative expenses.

   (b) Impairment loss of approximately RMB357,710,000 was recognised in respect of goodwill and intangible assets as a result of finalisation of impairment assessment.

   (c) Reclassification of expenses of approximately RMB5,948,000 to administrative expenses.

   (d) Reclassification of fair value changes of financial assets at fair value through profit or loss of approximately RMB3,613,000 from administrative expenses.

   (e) Reclassification of expenses of approximately RMB3,603,000 from finance cost.

5. The differences were mainly due to the following adjustments:

   (a) Reclassification of share of results of associates of approximately RMB1,763,000.

   (b) Audit fee of approximately RMB1,800,000 was accrued.

   (c) Administrative expenses of approximately RMB85,486,000 was recognised.

6. Additional allowance for credit losses of approximately RMB954,035,000 was recognised as a result of finalisation of expected credit losses assessment.

7. The differences were mainly due to recognition of additional research and development expense of approximately RMB12,000,000.

8. The differences were mainly due to reversal of interest income of consideration receivable for disposals of subsidiaries and other receivables recognised of approximately RMB93,630,000, reclassification of finance income of approximately RMB1,630,000 which was previously offset with finance costs and recognition of interest income of restricted cash of approximately RMB93,000.

9. The differences were mainly due to reclassification of interest expense of approximately RMB124,085,000 to administrative expenses.

10. The differences were mainly due to the following adjustments:

    (a) Deferred tax expense of approximately RMB800,000 was recognised as a result of decrease in deductible temporary differences.

    (b) Deferred tax credit of approximately RMB6,103,000 was recognised as a result of decrease in taxable temporary differences.

11. The differences were mainly due to share of loss from a non-wholly owned subsidiary of approximately RMB1,949,000 to non-controlling interests.

12. The differences were mainly due to the followings:

    (a) Adjustment on the fair value of property, plant and equipment at acquisition date.

    (b) Approximately RMB19,209,000 capitalised in property, plant and equipment was recognised as administrative expenses and the related depreciation of approximately RMB640,000 was reversed.

    (c) Reversal of depreciation recognised of approximately RMB5,865,000 in respect of property, plant and equipment that is not available for use.

13. Adjustment of RMB40,619,000 was made in respect of discounted bills receivables and the respective bank advances on discounted bills receivables.

14. Restricted cash of approximately RMB14,351,000 was reclassified from cash and cash equivalents.

15. Certain reclassification adjustments were made in respect of other receivables, other payables, borrowings and contract liabilities.

16. Lease liabilities of approximately RMB4,136,000 was reclassified from other payables.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group reported its audited consolidated results for the year ended 31 December 2019. The Group continued to focus on the development its businesses in the information and communication technology ("**ICT**"), New Energy and Investment activities segments in 2019.

Major business highlights for the year are as follows:

1. Revenue for the year ended 31 December 2019 increased by approximately 196.27% to approximately RMB5,044,439,000 as compared to that in 2018 from continuing operations;

2. Gross profit for the year ended 31 December 2019 decreased by approximately 22.13% to approximately RMB84,422,000 as compared to that in 2018 from continuing operations; and

3. Loss attributable to owners of the Company arises from continuing and discontinued operations for the year ended 31 December 2019 increased by approximately 292.14% to approximately RMB2,659,123,000 as compared to that in 2018.

ICT

Despite the Sino-US trade war and increasing challenges in the global market, our ICT business realized very encouraging increase in product shipment and revenue generation. This was mainly attributable to the Group's effort in securing a number of new customers who are the major market leaders in the mobile phone market. These included both very famous international brands and local brands. It also reinforced the success of implementing the Group's strategy in diversifying our customer base. Moreover, the Group also enlarged its product portfolio from mainly mobile phone to tablet, motor vehicle electronic application, electronic label, AMOLED panel and wearable. Benefitted from the expansion of customer base and increase in sales orders, we demonstrated positive growth momentum in 2019. In addition, worldwide handset shipment in 2019 was around 1.5 billion units. Shenzhen Lead has shipped approximately 40 million units of LCD display module for production of handset. Therefore, at least 2 units are installed with LCD display module supplied by Shenzhen Lead for every 100 units of handset shipment.

New Energy

In 2018, with the advancement of technology, the Group found that the first generation products still have room for upgrade to achieve higher performance. The upgrade of the product has been completed and the commissioning phase is undergoing. The Group also installed the first generation products in the solar power station in Nanning, Guangxi Province, for field experiment, product testing and product display purpose.

Through the continuous research and development of our new technology, sales and marketing effort of the business team and the production facility which was built up in Jiangxi Province, we accomplished some initiatives in the aspects of entering into partnership agreements with some industry players as well as market development. The foundation laid by us in the market opened very good sales and marketing opportunities to our products and solutions in the new energy segment. As a result, we delivered a promising result in 2019. Revenue generated from New Energy segment for the year ended 31 December 2019 was approximately RMB68,333,000, accounting for approximately 1.35% of the Group's total revenue for the year ended 31 December 2019.

Investment activities

In 2018, the Group continued to manage cash using the investment market as platform. It subscribed some high yield treasury products and provided facilitating capital to its supply stream to earn reasonable returns under a risk-secured approach. Revenue generated from investment activities decreased from approximately RMB1,564,000 for the year ended 31 December 2018 to nil for the year ended 31 December 2019. The Group adopted same policy in investment and will continue to seek for investment projects with long term stable return rate.

FINANCIAL REVIEW

From Continuing Operations

Revenue

Revenue increased from approximately RMB1,702,670,000 for the year ended 31 December 2018 to approximately RMB5,044,439,000 for the year ended 31 December 2019, representing an increase of approximately 196.27%. The increase in revenue during the year as compared with that of last year was mainly attributable to the factors below:

- ICT segment recorded an increase in revenue from approximately RMB1,701,106,000 for the year ended 31 December 2018 to approximately RMB4,976,106,000 for the year ended 31 December 2019, representing an increase of approximately 192.52%. The increase was mainly attributable to the effort in securing a number of new customers who are the major market leaders in the mobile phone market.

- New Energy segment recorded an increase in revenue from approximately nil for the year ended 31 December 2018 to RMB68,333,000 for the year ended 31 December 2019. It was mainly due to the completion of the upgrade of the products and the completion of the installation of the products in the solar power station in Nanning, Guangxi Province for field experiment, product testing and product display purpose in 2019.

- Investment Activities segment recorded a decrease in revenue from approximately RMB1,564,000 for the year ended 31 December 2018 to nil for the year ended 31 December 2019. The Group adopted same policy in investment and will continue to seek for investment projects with long term stable return rate.

Gross profit

Gross profit decreased from approximately RMB108,417,000 for the year ended 31 December 2018 to approximately RMB84,422,000 for the year ended 31 December 2019, representing a decrease of approximately 22.13% from the corresponding period in 2018. The gross profit margin decreased from approximately 6.37% for the year ended 31 December 2018 to approximately 1.67% for the year ended 31 December 2019. As the business development of the Group faced major challenges in 2019, the Group strove for new customers and new orders in a very tough business environment. Hence, the profitability of the Group's business was seriously impacted.

Other income

Other income decreased from approximately RMB59,764,000 for the year ended 31 December 2018 to approximately RMB18,455,000 for the year ended 31 December 2019, representing a decrease of approximately 69.12% from the corresponding period in 2018. It was mainly attributable to the decrease in penalty income for the year ended 31 December 2019.

Other net loss

Other net loss increased from RMB15,923,000 for the year ended 31 December 2018 to approximately RMB407,744,000 for the year ended 31 December 2019, representing an increase of approximately 2,460.72% from the corresponding period in 2018. The loss was due to the impairment loss recognised in respect of goodwill and intangible assets of RMB357,710,000 for the year ended 31 December 2019.

Distribution costs, administrative expenses and research and development expenses

Distribution costs, administrative expenses and research and development expenses increased from approximately RMB165,473,000 for the year ended 31 December 2018 to approximately RMB520,880,000 for the year ended 31 December 2019, representing an increase of approximately 214.78% from the corresponding period in 2018. The increase was mainly due to the increase in research and development expenses. The research and development expenses were incurred for the upgrade of the first generation products in the New Energy segment. The upgrade were completed in 2019. The Group also installed the first generation products in the solar power station in Nanning, Guangxi Province, for field experiment, product testing and product display purpose.

The percentage of distribution costs, administrative expenses and research and development expenses as a percentage of the Group's total revenue increased from approximately 9.72% for the year ended 31 December 2018 to approximately 10.33% for the year ended 31 December 2019, representing an increase of approximately 0.61 percentage points from the corresponding period in 2018. The increase was mainly due to the increase in administrative expenses for the year ended 31 December 2019.

Allowance for credit loss

Allowance for credit loss increased from approximately RMB87,794,000 for the year ended 31 December 2018 to approximately RMB1,279,592,000 for the year ended 31 December 2019, representing an increase of approximately 1,357.49% from the corresponding period in 2018. The increase was mainly attributable to the continuous slowdown in the economic growth which will affect the consumer market in the PRC and in turn affecting the cash flow of the trade and other receivables. The Group performs impairment assessment under expected credit loss model on trade and other receivables individually or based on provision matrix. In this regard, the directors consider that the Group's credit risk is significantly reduced.

Finance income and finance costs

Finance income decreased from approximately RMB29,295,000 for the year ended 31 December 2018 to approximately RMB1,874,000 for the year ended 31 December 2019, representing a decrease of approximately 93.60% from the corresponding period in 2018. The decrease was mainly attributable to the decrease in interest income from structured deposits and other receivables during the year ended 31 December 2019.

Finance costs increased from approximately RMB218,853,000 for the year ended 31 December 2018 to approximately RMB554,432,000 for the year ended 31 December 2019, representing an increase of approximately 153.34% from the corresponding period in 2018. The increase was mainly due to the increase in finance costs associated with borrowings during the year ended 31 December 2019.

Income tax

Income tax decreased from approximately RMB6,833,000 for the year ended 31 December 2018 to approximately RMB1,466,000 for the year ended 31 December 2019, representing a decrease of approximately 78.55% from the corresponding period in 2018. The decrease in income tax was mainly due to the decline in PRC enterprise income tax for the year ended 31 December 2019.

Loss for the year from continuing operations attributable to owners of the Company

Loss for the year from continuing operations attributable to owners of the Company was approximately RMB2,659,123,000 as compared to a loss for the year from continuing operations attributable to owners of the Company of approximately RMB296,691,000 for the year ended 31 December 2018. The increase in loss for the year from continuing operations attributable to owners of the Company were mainly due to the increase in other net loss, allowance for credit loss and finance costs. The reason for the increase in such area was discussed in the financial review section above.

Loss for the year attributable to owners of the Company

The Group recorded a loss for the year attributable to owners of the Company of approximately RMB2,659,123,000 for the year ended 31 December 2019 as compared to a loss for the year attributable to owners of the Company of approximately RMB678,107,000 for the year ended 31 December 2018. In addition to the loss for the year from continuing operations as mentioned above, the loss for the year from discontinued operation attributable to owners of the Company for the year ended 31 December 2018 were mainly due to loss on disposal of subsidiaries attributable by discounted cash flow of the consideration to be received and the tax expenses resulted from the taxable gain of the disposal of subsidiaries.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity, financial resources and capital structure

As at 31 December 2019, the Group had unrestricted cash and cash equivalents of approximately RMB18,462,000 (2018: RMB70,731,000), restricted cash of approximately RMB166,004,000 (2018: RMB154,729,000) and borrowings of approximately RMB1,378,181,000 (2018: RMB1,392,251,000). The gearing ratio (calculated by dividing borrowings by total assets) as at 31 December 2019 was approximately 33.21% (2018: 23.57%). As at 31 December 2019, the Group had current assets of approximately RMB3,734,080,000 (2018: RMB4,353,205,000) and current liabilities of approximately RMB3,533,832,000 (2018: RMB2,547,849,000). The current ratio was approximately 1.06 as at 31 December 2019, as compared with the current ratio of approximately 1.71 as at 31 December 2018. The decrease of the current ratio was mainly attributable to the increase in trade and other payables and borrowing.

The approach of the Board to manage liquidity is to ensure, as far as possible, that the Group will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Group's reputation.

Foreign exchange exposure

The Group's sales and purchases were mainly denominated in Renminbi. Therefore, the Group is not exposed to significant foreign currency exchange risks. The Group does not employ any financial instruments for hedging purposes. While the Board currently does not expect currency fluctuations to materially impact the Group's operations, the Board will review the foreign exchange exposure of the Group from time to time as appropriate.

Capital expenditure

During the year under review, the Group's total capital expenditure amounted to approximately RMB164,662,000 (2018: RMB158,143,000), which was mainly used for procurement for upgrading plant, machinery and equipment.

Capital commitment

As at 31 December 2019, the Group had no capital commitment (2018: nil).

Charge on material assets

As at 31 December 2019, assets of the Group amounting to approximately RMB151,555,000 (2018: RMB214,891,000) were pledged for the Group's borrowings and bills payable.

Contingent liabilities

As at 31 December 2019, the Group had no material contingent liabilities.

Going concern

The Group incurred a net loss of approximately RMB2,661,072,000 and an operating cash outflow of approximately RMB63,983,000 for the year ended 31 December 2019. At 31 December 2019, the Group recorded current and non-current borrowings of approximately RMB1,350,081,000 and RMB28,100,000 respectively and cash and cash equivalents of approximately RMB18,462,000. The total borrowings exceeded the cash and cash equivalents by an amount of approximately RMB1,359,719,000.

These conditions indicate the existence of multiple material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Group may not be able to realize its assets and discharge its liabilities in the normal course of business.

In view of the circumstances, the Board has undertaken and/or is in the progress of implementing various measures (the "**Measures**") to improve the Group's liquidity position as set out in the below section headed "Remedial Measures To Address the Audit Qualification". Up to the date of this announcement, the Measures have not been completed. Assuming the successful implementation of the Measures, a cash flow forecast of the Group was prepared for a period covered not less than twelve months from the date of approval of the consolidated financial statements (the "**Approval Date**") (the "**Cash Flow Forecast**"). With reference to the Cash Flow Forecast, the Board is of the opinion that the Group will have sufficient working capital to meet its financial obligation as and when they fall due in the next twelve months from the Approval Date. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Due to the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements as described under the "Basis For Disclaimer Of Opinion" section on page 30, the auditor of the Company (the "**Auditor**") was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the consolidated financial statements. Accordingly, the Auditor issued a disclaimer of opinion in relation to the consolidated financial statements of the Group for the year ended 31 December 2019 (the "**Audit Qualification**").

Further discussions in relation to the Audit Qualification and the Company's proposed Measures on going concern to address the Audit Qualification are set out on pages 49 to 51 of this announcement.

HUMAN RESOURCES

As at 31 December 2019, the Group had 1,991 employees (2018: 1,172 employees). The increase in the number of employees was mainly due to the increase in the production scale.

The Group offers its employees competitive salary packages, as well as contribution to defined retirement plans.

The Group's employees are remunerated in line with the prevailing market terms and individual performance, with the remuneration package and policies reviewed on a regular basis. Discretionary bonuses may be rewarded to employees after assessment of the performance of the Group and that of the individual employee.

The Group also operates a defined contribution Mandatory Provident Fund retirement benefits scheme for its employees in Hong Kong, and provides its PRC employees with welfare schemes as required by the applicable laws and regulations of the PRC.

PROSPECT

Due to the outbreak of the novel coronavirus ("**COVID-19**") and the prolonged Sino-US trade war, the PRC economic performance was adversely impacted in the short run. However, because of the completion of phase one US-China Economic and Trade Agreement and the trend of the spread of COVID-19 within the PRC slowing down, it is expected that the PRC economy will not be affected in a long run. On the other hand, COVID-19 started to spread across the world, and it became a global crisis. The global economy and operating environment is facing unprecedented challenge. Nevertheless, all major countries in the world have launched very massive financial subsidies to cope with the risk of economic recession. Crisis creates opportunities. In order to cope with the crisis and seize the opportunities, the Group will continue to maintain and expand its ICT segment in the PRC market and develop the New Energy and Investment segments in the global market. The Group expects these three segments will have a very strong growth in the future.

LATEST DEVELOPMENT

Latest development in the ICT segment

The Group intends to strengthen its production capacity and research and development capability on the ICT segment by introducing artificial intelligence and high-end manufacturing equipment. The Group also intends to construct its headquarters building in Nanshan District of Shenzhen to reinforce the position of the Group's company, Shenzhen Lead Communications Limited* (深圳市立德通訊器材有限公司) ("**Shenzhen Lead**") as an Industrial Top 100 Enterprise in Nanshan District. The Construction and the upgrading of the plant and machinery and production capacity of Shenzhen Lead will empower Shenzhen Lead to further strengthen its research and development capability and will enable Shenzhen Lead to migrate to high end manufacturing, which in turn is expected to improve the Group's profitability and operating cashflow in a long run.

For details, please refer to the Company's announcements dated 21 January 2020 and 26 November 2019 and the Company's circular dated 31 December 2019.

* *For identification purposes only*

The Group planned to grow the Company's ICT segment in the aspects of telecommunications asset management, vertical market exploitation, sales of terminals and equipment, provision of network management service and technology development and support for application and system development. On 15 August 2019, the Group entered into a framework agreement with Aries Telecom Plc ("**Aries**") in relation to, among others, engineering procurement construction of 5G network in Malaysia (the "**Project**"). Aries was carrying out feasibility study for implementing 5G network connectivity in certain parts of Malaysia subject to clearance and obtaining licensing from the relevant authority with jurisdiction over telecommunication network infrastructure and services for roll out of services in Malaysia. Pursuant to the framework agreement, Aries engaged the Company to be in charge of the design and building engineering procurement construction and commissioning of the Project. As the contractor of the Project, the Company will provide consultancy service in the compilation of the commercial feasibility study and will also be mainly engaged in the technical network design, engineering, procurement and construction of the 5G network to be built in Malaysia. After completion of the technical network design and commercial feasibility study, the Company will provide equipment and services associated with the design and build installation, testing and commissioning of the 5G network in accordance with the terms of the framework agreement and purchase orders from Aries. The Group anticipates there would be tremendous opportunities upcoming whilst there is worldwide deployment of 5G technology.

For details, please refer to the Company's announcement dated 15 August 2019.

Latest development in the New Energy segment

The Group's Chief Technology Officer, Dr. Li Hiu Yeung, and the team led by him, has invented another patented technology, mirror array photovoltaic technology (the "**MA-PV**"). This technology can increase the power generation efficiency of photovoltaic power plant. The Group is making use of MA-PV in its development of the New Energy business. On 19 August 2019, the Group entered into a strategic cooperation agreement with Hongda Energy and Telecom Sdn Bhd. in relation to, among others, the appointment of Hongda to exclusively represent the Group in application for certification of the MA-PV and marketing of MA-PV in the Association of Southeast Asian Nations ("**ASEAN**"),Australia and New Zealand. The Company believed that this innovative technology can be implemented in a massive territory in the area mentioned above and the Belt and Road countries rapidly. The increase in power generation efficiency will enable the photovoltaic power plant to become as competitive as conventional thermo power plant in terms of power generation cost. Its environmental friendliness and renewability characteristics confirm its major role in power generation method in many years to go.

For details, please refer to the Company's announcement dated 19 August 2019.

Latest development in the Investment segment

As a result of the global crisis mentioned above and the turmoil economic situation in 2019, both factors will lead to the decline in value of assets and interest rate in the global market. The Group is still optimistic about the long-term global economy, that it will seize the opportunities to look for the undervalued investment and continue to look for partners who have international networks as well as PRC network. Through collaboration with these partners, the Group will develop its value proposition as a listed company to act as a platform for asset monetisation in the investment market under a risk-adverse approach.

REMEDIAL MEASURES TO ADDRESS THE AUDIT QUALIFICATION

The Auditor did not express opinion on the consolidated financial statements of the Group for the year ended 31 December 2019 due to the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements.

In order to address the issues, up to the date of this announcement, the Group continues to focus on implementing the following Measures to improve the Group's liquidity position:

(a) The Company is negotiating a debt repayment plan (the "**Prosper Talent Repayment Plan**") with Prosper Talent to settle the outstanding principal and interests and a consent order executed by the Plaintiff and the Defendants has been filed to the Court of First Instance of High Court of Hong Kong on 22 June 2020 in which the proceedings will be wholly discontinued.

(b) The Company has negotiated a debt repayment plan (the "**Dundee Repayment Plan**") with Dundee to settle the outstanding principal, interests and the arrangement fee by installments in the forthcoming five years.

(c) The Company has repaid outstanding balances including interest with amount of approximately HK$11,370,000 (equivalent to approximately RMB10,005,000) to the Creditor and a consent summon executed by the Company and the Creditor has been filed to the Court of First Instance of High Court of Hong Kong on 9 September 2020 in which the winding-up petition will be wholly discontinued.

(d) The Group has been taking active measures to collect trade and other receivables through various channels to improve operating cash flows and its financial position.

(e) The directors are considering various alternatives to strengthen the capital base of the Company through various fundraising exercises, including but not limited to, private placements, open offers or right issue of new shares of the Company. In particular, the Company has entered into the following transactions to raise fund:

— On 28 April 2020, the Company entered into the subscription agreement with ADIB Holdings Limited ("**ADIB Holdings**"), pursuant to which ADIB Holdings has conditionally agreed to subscribe (or procure the subscription by its nominee(s)), and the Company has conditionally agreed to allot and issue, 420,000,000 shares of HK$0.16 each for a cash consideration of approximately HK$67,200,000 (the "**Subscription**"). At the date of approval of these consolidated financial statements, the Subscription has not been completed. Further details were set out in the Company's announcements dated 28 April 2020 and 4 May 2020; and

— the Company entered into a trade financing agreement with Energy Venture Holding Company (EVHC) LLC ("**EVHC**") (the "**EVHC Trade Financing**"). Pursuant to the EVHC Trade Financing, EVHC agreed to provide trade financing of US$500 million for the joint development of the telecommunications projects and solar energy projects which are being developed by the Company.

(f) The Group continues to take active measures to control administrative costs through various channels to improve operating cash flows and its financial position.

As at the date of this announcement, (b) and (c) of the above Measures has been completed. As the above Measures involve on-going negotiations and communications with various external parties, potential purchasers and creditors, it is difficult to define a definite timetable on the completion of the Measures. Notwithstanding, the Board will strive to complete the above Measures before the financial year ending 31 December 2020.

In addition, the Company will also explore other avenues to finance the Group's working capital and to repay the promissory notes and other outstanding borrowings.

IMPACT OF THE AUDIT QUALIFICATION ON THE GROUP'S FINANCIAL POSITION

Had the Group failed to continue business as a going concern, adjustments would have been made to the consolidated financial statements to restate the value of assets to their recoverable amounts, to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively, and to make provision for further liabilities that may arise. The effects of these potential adjustments have not been reflected in the consolidated financial statements of the Group for the year ended 31 December 2019.

NEXT FINANCIAL STATEMENTS

Based on the Company's discussion with the Auditor, as the Audit Qualification relates to the Company's ability to continue as a going concern, in preparing the financial statements for the year ending 31 December 2020, the Board will be responsible for assessing the Company's ability to continue as a going concern and the appropriateness of preparing the Group's consolidated financial statements on a going concern basis with reference to the conditions and circumstances as at 31 December 2020. The Auditor will obtain sufficient appropriate audit evidence to assess the appropriateness of the Board's application of going concern basis in the preparing the Group's consolidated financial statements, and based on the audit evidence obtained, to determine whether multiple uncertainties exist in relation to the Company's going concern issue.

The Board's assessment of the Company's ability to carry on as a going concern as at 31 December 2020 will take into consideration the relevant conditions and circumstances, and also a then cash flow forecast of the Group for a period covering not less than twelve months from the date of approval of the consolidated financial statement for the year ending 31 December 2020.

Because of the foregoing, as at the date of this annual report, the Auditor is unable to confirm whether the Audit Qualification will be removed for the annual results for the year ending 31 December 2020. However, assuming all the Measures are successfully implemented as planned, sufficient and appropriate audit evidence is obtained by the Auditor and the Board is satisfied that the Company can continue business as a going concern, barring any unforeseen circumstances, it is likely that the annual results for the year ending 31 December 2020 will be free of the Audit Qualification.

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

During the year ended 31 December 2019, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities. During the year ended 31 December 2018, the Company had repurchased a total of 117,054,000 shares ("**Shares**") of HK$0.01 each on the Stock Exchange. Subsequently, all repurchase Shares were cancelled.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

(i) Acquisition of telecommunication network in Malaysia

On 30 April 2019, the Company entered a separate sale and purchase agreement (collectively, the "**Agreements**") with each of Hongda Capital Limited, Primawin Limited and Eastman Ventures Limited (collectively, the "**Vendors**") respectively in respect of the acquisition of the Metro Ethernet telecommunication network (the "**Network**"), comprising of sector one, two and three respectively, within the Klang Valley of Kuala Lumpur, Malaysia. Pursuant to the Agreements, the Company has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell the Network.

The aggregate consideration for the acquisition payable by the Company to the Vendors is HK$218,279,600 which shall be satisfied by the allotment and issue of 291,039,467 consideration shares at HK$0.75 per share to the Vendors.

All conditions precedent set out in the Agreements have been fulfilled and the acquisition was completed on 24 May 2019 in accordance with the terms and conditions of the Agreements.

Please refer to the announcements of the Company dated 30 April 2019, 9 May 2019 and 24 May 2019.

(ii) Disposal of property in Hong Kong

On 26 August 2019, Lide Global Limited, being a wholly owned subsidiary of the Company (the "**Vendor**") and each of Sunshine PCB (HK) Co., Limited, Gain Mind Limited and Goldland Limited (collectively, the "**Purchasers**") entered into three sale and purchase agreements (the "**SPA**") respectively among the Purchasers. Pursuant to which the Vendor agreed to sell, and the Purchasers agreed to acquire, Units 6, 7 and 8 on the 15th Floor of Greenfield Tower, Concordia Plaza, No.1 Science Museum Road, Kowloon, Hong Kong for the consideration of HK$80,800,000.

Completion of the SPA was inter-conditional with each other, which took place on 30 September 2019.

Please refer to the announcement of the Company dated 3 October 2019 for details.

(iii) Deemed disposal (the "Deemed Disposal") of interest in Shenzhen Lead Communications Limited* (深圳市立德通訊器材有限公司) ("Shenzhen Lead")

On 26 November 2019, CRC-YJ Industry Limited and Lide Global Limited, being a wholly owned subsidiary of the Company entered into the conditional capital investment agreement for the subscription for approximately RMB214.3 million of the registered capital of Shenzhen Lead (representing approximately 30% of the enlarged registered capital of Shenzhen Lead) by way of capital contribution in cash.

The Deemed Disposal was not completed as at the date of this annual report pending successful share subscription registration in the PRC.

Please refer to the announcements of the Company dated 26 November 2019, 31 December 2019 and 21 January 2020 for details.

* *the English translation of the Chinese name is for information purposes only, and should not be regarded as the official English translation of such name*

EVENTS SUBSEQUENT TO THE REPORTING PERIOD

(i) As disclosed in the Company's announcement dated 28 April 2020, on 28 April 2020, the Company entered into the subscription agreement with ADIB Holdings, pursuant to which ADIB Holdings has conditionally agreed to subscribe (or procure the subscription by its nominee(s)), and the Company has conditionally agreed to allot and issue, 420,000,000 shares of HK$0.16 each for a cash consideration of approximately HK$67,200,000 (the "**Subscription**"). As at the date of approval of this consolidated financial statements, the Subscription has not been completed. Further details were set out in the Company's announcements dated 28 April 2020 and 4 May 2020.

(ii) On 28 August 2020, the Company entered into a trade finance agreement with EVHC, pursuant to which EVHC agreed to provide trade financing of US$500 million for the joint development of the telecommunications projects and solar energy projects which are being developed by the Group.

(iii) Since the outbreak of the COVID-19 in early 2020, various prevention and control measures have been and continued to be implemented across the PRC. The Group will pay attention to the development of the COVID-19 and evaluate its impact on the financial position and operating results of the Group.

(iv) Trading of the shares of the Company on the Main Board of the Stock Exchange of Hong Kong Limited has been halted with effect on 9 July 2020.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 31 December 2019, the Company was in due compliance with the code provisions of the Corporate Governance Code (the "**CG code**") as set out in Appendix 14 to the Rules (the "**Listing Rules**") Governing the Listing of Securities on the Stock Exchange.

Pursuant to E.1.2 of the CG Code, the chairman of the Board should attend the annual general meeting. Mr. Chan Yuen Ming ("**Mr. Chan**"), an executive Director and the chairman of the Board, did not attend the annual general meeting of the Company held on 12 June 2019 due to other business engagements and instead, Mr. Shao Kwok Keung ("**Mr. Shao**"), an executive Director and the chief executive officer of the Company, took the chair at the annual general meeting. The Board considers that the arrangement is appropriate as Mr. Chan, as chairman of the Board, is responsible for the Group's overall business development and strategy whereas Mr. Shao, as chief executive officer, is responsible for the corporate management of the Company. The Board will regularly review the effectiveness of the segregation of roles to ensure its appropriateness under the Group's prevailing circumstances.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix 10 to the Listing Rules. The Company has made specific enquiry with all the Directors, and all of them confirmed that they had fully complied with the required standards set out in the Model Code and the Company's code of conduct regarding securities transactions during the year ended 31 December 2019.

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: Nil).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining members who are qualified for attending and voting at the forthcoming Annual General Meeting, the register of members of the Company will be closed from Tuesday, 23 June 2020 to Tuesday, 30 June 2020 (both days inclusive), during which period no transfer of the Shares will be effected. In order to qualify for attending and voting at the Annual General Meeting or any adjournment thereof, all share transfers accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office (the "**Branch Share Registrar**") of the Company, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration by no later than 4:00 p.m. on Monday, 22 June 2020.

For the purpose of determining members who are qualified for attending and voting at the forthcoming adjourned Annual General Meeting, the register of members of the Company will be closed from Friday, 6 November 2020 to Friday, 13 November 2020 (both days inclusive), during which period no transfer of the Shares will be effected. In order to qualify for attending and voting at the adjourned Annual General Meeting or any adjournment thereof, all share transfers accompanied by the relevant share certificates must be lodged with the Hong Kong Branch Share Registrar of the Company, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration by no later than 4:00 p.m. on Thursday, 5 November 2020.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and on the Company's website at www.chinaallaccess.com. The annual report of the Company for the year ended 31 December 2019 will also be published on the aforesaid websites and dispatched to the Shareholders in due course.

REVIEW OF ANNUAL RESULTS

The audit committee and auditors of the Company have reviewed the annual results of the Group for the year ended 31 December 2019.

AUDIT COMMITTEE

Special attention of the Audit Committee was drawn to Note 4 "Going concern basis" to the consolidated financial statements that the Group incurred a net loss of approximately RMB2,661,072,000 and an operating cash outflow of approximately RMB63,983,000 for the year ended 31 December 2019. At 31 December 2019, the Group recorded current and non-current borrowings of approximately RMB1,350,081,000 and RMB28,100,000 respectively and cash and cash equivalents of approximately RMB18,462,000. The total borrowings exceeded the cash and cash equivalents by an amount of approximately RMB1,359,719,000. These conditions indicate the existence of multiple material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Group may not be able to realize its assets and discharge its liabilities in the normal course of business. The management's discussions in relation to the Group's going concern and the Audit Qualification are set out on pages 45, 46, 49, 50 and 51 of this announcement.

In addition to the judgement that the financial statements shall be prepared on a going concern basis as discussed above, other major judgmental areas in relation to the preparation of the financial statements include the application of the Group's accounting policies on (i) Impairment of property, plant and equipment and right-of-use assets; (ii) ECL on financial assets at amortised cost; (iii) Net realisable value of inventories; and (iv) Impairment of intangible assets and goodwill.

The Auditor has not expressed disagreement over the abovementioned judgmental areas, whereas the Audit Committee has reviewed and agreed with the management's position on these judgmental areas.

AUDIT COMMITTEE'S VIEW ON THE AUDIT QUALIFICATION

The Audit Committee has reviewed and agreed with the views and concerns of the Auditor with respect to the Audit Qualification issued in relation to the consolidated financial statements of the Group for the year ended 31 December 2019. The Audit Committee noted that the Board has undertaken or in the progress of implementing the Measures to improve the Group's liquidity position. As at the date of this report, the Board was not aware of any indication that any of the Measures cannot be completed. With reference to the cash flow forecast of the Group which is prepared upon the assumption that the Measures will be successfully implemented, the Board is of the view that the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the next twelve months from the Approval Date. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

The Audit Committee has reviewed and agreed with the management's position and is of the view that the Board should continue its efforts in implementing necessary measures for enhancing the Group's liquidity position and removing the Audit Qualification in the next financial year.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange has been halted with effect from 9:00 a.m. on 9 July 2020. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9: 00 a.m. on 28 September 2020.

By Order of the Board
China All Access (Holdings) Limited
Mr. Chan Yuen Ming
Chairman

Hong Kong, 25 September 2020

As at the date of this announcement, the executive Directors are Mr. Chan Yuen Ming, Mr. Shao Kwok Keung; the non-executive Director is Mr. Bao Tiejun; and the independent non-executive Directors are Mr. Wong Che Man Eddy, Mr. Lam Kin Hung Patrick and Mr. Tam Sui Kwan.