中國全通
CHINA ALL ACCESS

CHINA ALL ACCESS (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)
STOCK CODE : 633

INNOVATION • INTELLIGENT • TOMORROW
創新 • 智慧 • 未來

Annual Report 2021

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Chan Yuen Ming
Mr. Shao Kwok Keung (FCPA)

Non-Executive Directors

Mr. Bao Tiejun (Resigned on 31 January 2021)

Independent Non-Executive Directors

Mr. Wong Che Man Eddy (FCPA)
Mr. Lam Kin Hung Patrick
Mr. Tam Sui Kwan

AUTHORISED REPRESENTATIVES

Mr. Chan Yuen Ming
Mr. Shao Kwok Keung (FCPA)

AUDIT COMMITTEE

Mr. Wong Che Man Eddy (Chairman) (FCPA)
Mr. Lam Kin Hung Patrick
Mr. Tam Sui Kwan

REMUNERATION COMMITTEE

Mr. Tam Sui Kwan (Chairman)
Mr. Wong Che Man Eddy (FCPA)
Mr. Shao Kwok Keung (FCPA)

NOMINATION COMMITTEE

Mr. Lam Kin Hung Patrick (Chairman)
Mr. Wong Che Man Eddy (FCPA)
Mr. Shao Kwok Keung (FCPA)

COMPANY SECRETARY

Mr. Shao Kwok Keung (FCPA)

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Joint and Several Liquidators of the Company
c/o PricewaterhouseCoopers Limited
22/F, Prince Building, Central
Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

AUDITOR

HLB Hodgson Impey Cheng Limited
31 Floor, Gloucester Tower, The Landmark
11 Pedder Street
Central
Hong Kong

CORPORATE INFORMATION

HONG KONG LEGAL ADVISER

Chiu & Partners
40th Floor, Jardine House
1 Connaught Place
Central
Hong Kong

PRINCIPAL BANKERS

Bank of Communications Co., Ltd.
Hong Kong Branch
20 Pedder Street
Central
Hong Kong

The Hongkong and Shanghai Banking
Corporation Limited
1 Queen's Road Central
Hong Kong

China Construction Bank Corporation
Shenzhen Branch
A Section, Rongchao Business Center
6003 Yitian Road, Futian District
Shenzhen
People's Republic of China

SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Union Registrars Limited
33/F., Two Chinachem Exchange Square,
338 King's Road,
North Point,
Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Royal Bank of Canada Trust Company
(Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road
P.O. Box 1586
Grand Cayman KY1-1110
Cayman Islands

COMPANY WEBSITE

www.chinaallaccess.com

FINANCIAL SUMMARY

A five year financial summary of the results and of the assets and liabilities of China All Access (Holdings) Limited (In Liquidation) (the "**Company**") and its subsidiaries (collectively, the "**Group**") is set out below. This summary does not form part of the audited financial statements.

	Years ended 31 December				
	2021	2020	2019	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Results					
Continuing operations					
Revenue	**5,453,197**	7,472,715	5,044,439	1,702,670	2,516,498
Cost of sales	**(5,369,404)**	(7,352,386)	(4,960,017)	(1,594,253)	(2,096,602)
Gross profit	**83,793**	120,329	84,422	108,417	419,896
Other income	**83,554**	31,922	18,455	59,764	82,706
Other net (loss)/gain	**343,327**	(51,325)	(407,744)	(15,923)	9,438
Distribution costs	**(4,984)**	(10,338)	(6,251)	(6,512)	(8,904)
Administrative expenses	**(106,131)**	(60,785)	(368,654)	(149,546)	(197,111)
Allowance for credit loss	**(121,970)**	(609,307)	(1,279,592)	(87,794)	—
Research and development expenses	**(184,545)**	(27,173)	(145,975)	(9,415)	(9,256)
(Loss)/profit from operations	**(93,045)**	(606,677)	(2,105,339)	(101,009)	296,769
Finance income	**5,120**	1,768	1,874	29,295	29,064
Finance costs	**(308,092)**	(249,818)	(554,432)	(218,853)	(194,511)
Gain on disposal of subsidiaries	**—**	—	—	—	6,971
Share of profits less losses of associates	**—**	—	(1,709)	709	1,809
(Loss)/profit before taxation	**(209,927)**	(854,727)	(2,659,606)	(289,858)	140,102
Income tax credit/(expense)	**13,852**	(8,918)	(1,466)	(6,833)	(12,322)
(Loss)/profit for the year from continuing operations	**(196,075)**	(863,645)	(2,661,072)	(296,691)	127,780
Discontinued operation					
(Loss)/profit for the year from discontinued operation	**—**	—	—	(381,416)	104,427
(Loss)/profit for the year	**(196,075)**	(863,645)	(2,661,072)	(678,107)	232,207

FINANCIAL SUMMARY

	Years ended 31 December				
	2021	2020	2019	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Earnings per share					
From continuing and discontinued operations					
Basic (RMB)	**(0.085)**	(0.373)	(1.248)	(0.349)	0.117
Diluted (RMB)	**(0.085)**	(0.373)	(1.248)	(0.349)	0.117
From continuing operations					
Basic (RMB)	**(0.085)**	(0.373)	(1.248)	(0.153)	0.064
Diluted (RMB)	**(0.085)**	(0.373)	(1.248)	(0.153)	0.064
From discontinued operations					
Basic (RMB)	**—**	—	—	(0.197)	0.053
Diluted (RMB)	**—**	—	—	(0.197)	0.053
Assets and liabilities					
Total assets	**5,123,059**	4,166,700	4,149,976	5,907,983	6,996,294
Total liabilities	**5,513,587**	4,309,621	3,570,309	(2,762,649)	(3,005,779)
Total equity	**(390,528)**	(142,921)	579,667	3,145,334	3,990,515

THE STORY OF
CHINA ALL ACCESS

This modern city, with sun, sea and the brilliant first rays of the morning sun, is full of vitality. Flow of automobiles runs endlessly on the viaduct; aircrafts take off from and land on the busy airport runway; white-collar workers are working in highrise buildings; people are doing morning exercise in the city park — all these are features of a city with harmony, everything seems so harmonious, life with happiness, work with hope and ordinariness with fortune.

The city, the largest city in China, which is known as a first-tier city internationally, is like a huge machine operating at high speed which would not stop running for a second. Functional authorities such as the government, public security, traffic police and fire services are the heart of this machine. Public utilities such as water, electricity, heating and gas as well as the network systems are the blood vessels of this machine that reach every corner of the city and penetrate into every detail of people's life. To ensure the seamless, safe and smooth operation of this machine, apart from the dutiful watch by tens of thousands of workers, technological solutions which are more intelligent than the brain and terminal facilities which are sharper than the eyes are required at the frontline for support.

All access, wisdom and life – this is the story behind this beautiful city seen and happy life enjoyed by people.

China All Access – a leading manufacturer and provider of integrated information communication system solution and innovative devices using new generation information communication technology.

CHAIRMAN'S STATEMENT

RESTRUCTURING TO BECOME A STRONGER ENTERPRISE

Since our IPO in 2009, we have gone through different stages of our business development. We always take the altitude of positive thinking to face the challenges and to grasp the opportunities. That powerful mindset has driven us to ride on every wave for more than one decade. However, the profound worsening macro-environment starting from Sino US trade battle and the outbreak of COVID-19 in the last three years has cast a severe liquidity impact on our business. It resulted in a distress situation which required our management's tremendous effort in comforting all the debt owners to continue the journey with us.

Debt Restructuring To Strengthen Our Balance Sheet

Even though our business philosophy is to avoid any legal proceedings despite any adverse situation, we eventually had to maintain our dialogue with our debt owners though various parties engaged in Hong Kong legal system. Whilst continuing to deliver promising business operating results as profound track record to support our debt restructuring plan involving a proposed scheme of arrangement, we believe we will eventually reach an agreement with our debt owners to reform our Balance Sheet for the benefit of all stakeholders.

Business Restructuring To Stimulate More Robust Growth Momentum

Whilst solidifying our strong foothold in the Greater Bay Area through our principal office in Hong Kong and our research and development centre in Shenzhen, we have successfully stretched out to inner region of China to expand our production capacity as a high technology manufacturing entity. We have built a very solid foundation in Ganzhou, Jiangxi Province. We expect this three instrumental business nodes will propel our future growth to a much higher level which will benefit our stakeholders in return.

Looking Forward

As a public company, we are striving to comply with all the requirements in order to maintain our buoyance. We humbly seek for support from all stakeholders, especially our debt owners, so that we can jointly march forward to portrait our prominent future. To overcome challenges and to ride on opportunities really requires a team of talented, high calibre and passionated executives who share the same vision and shoulder the same mission. I would like to express my thankfulness to our hard working and mission driven team who is committed to bring promising prospect to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group reported its audited consolidated results for the year ended 31 December 2021. The Group continued to focus on the development its businesses in the information and communication technology ("**ICT**"), New Energy and Investment activities segments in 2021. Major business highlights for the year are as follows:

1. Revenue for the year ended 31 December 2021 decreased by approximately 27.03% to approximately RMB5,453,197,000 as compared to that in 2020;

2. Gross profit for the year ended 31 December 2021 decreased by approximately 30.36% to approximately RMB83,793,000 as compared to that in 2020; and

3. Loss attributable to owners of the Company for the year ended 31 December 2021 decreased by approximately 77.37% to approximately RMB195,361,000 as compared to that in 2020.

ICT

Revenue generated from ICT during the year ended 31 December 2021 decreased by approximately 27.03% to approximately RMB5,453,197,000 as compared to the corresponding period in last year, which accounted for approximately 100.00% of the Group's total revenue for the year ended 31 December 2021.

Due to the continued unfavorable impact of factors such as the outbreak of the novel coronavirus ("**COVID-19**") and the weakening demand in the ICT market, the competition in the ICT market remained aggressive. To deal with the unfavorable situation, the Group has carried out several business improvements, such as improving production efficiency and reducing production costs. The Group has also carried out review and optimized the customer base and product portfolio. Therefore, the Group was able to proactively respond to market challenge, and still be able to improve the profitability in term of gross profit.

New Energy

In 2020 and 2021, due to the prolonged impact of COVID-19 and subsequent lockdown and travel bans of cities in the PRC, it has caused significant disruption for the New Energy segment. There was no revenue generated from New Energy segment for the years ended 31 December 2020 and 31 December 2021.

Investment activities

Owing to the adverse situation in the market, the Group did not rollout any investment activity during the year ended 31 December 2020 and 31 December 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Revenue decreased from approximately RMB7,472,715,000 for the year ended 31 December 2020 to approximately RMB5,453,197,000 for the year ended 31 December 2021, representing a decrease of approximately 27.03%. The decrease in revenue during the year as compared with that of last year was mainly attributable to the performance of ICT segment and an analysis of the Group's major business segments are set out as below:

- ICT segment recorded a decrease in revenue from approximately RMB 7,472,715,000 for the year ended 31 December 2020 to approximately RMB5,453,197,000 for the year ended 31 December 2021, representing a decrease of approximately 27.03%. The decrease was mainly attributable to the continued unfavorable impact of factors such as the outbreak of the COVID-19 and the weakening demand in the ICT market, then lead to the increase in competition in the ICT market.

Gross profit

Gross profit decreased from approximately RMB120,329,000 for the year ended 31 December 2020 to approximately RMB83,793,000 for the year ended 31 December 2021, representing a decrease of approximately 30.36% from the corresponding period in 2020. The gross profit margin trended from approximately 1.61% for the year ended 31 December 2020 to approximately 1.54% for the year ended 31 December 2021. It maintained the profit margin at similar level despite the increased market competition.

Other income

Other income increased from approximately RMB31,922,000 for the year ended 31 December 2020 to approximately RMB83,554,000 for the year ended 31 December 2021, representing an increase of approximately 161.74% from the corresponding period in 2020. It was mainly attributable to the increase in government subsidy for the year ended 31 December 2021.

Other net gain

Other net gain increased from a loss of RMB51,325,000 for the year ended 31 December 2020 to approximately RMB343,327,000 for the year ended 31 December 2021. Whilst obsolete inventories of RMB113,420,000 were written down for the year ended 31 December 2021, there was a reversal of interest expenses amounting to RMB470,814,000 in the same period resulting in a net gain position.

MANAGEMENT DISCUSSION AND ANALYSIS

Distribution costs, administrative expenses and research and development expenses

Distribution costs, administrative expenses and research and development expenses increased from approximately RMB98,296,000 for the year ended 31 December 2020 to approximately RMB295,660,000 for the year ended 31 December 2021, representing an increase of approximately 200.79% from the corresponding period in 2020. The increase was mainly due to the increase in administrative expenses and research and development expenses. The increase in administrative expenses was mainly due to the incurrence of legal and professional fees in dealing with the legal proceedings instituted by some creditors. The research and development expenses were increased to strengthen our competitive edge in product innovation.

The percentage of distribution costs, administrative expenses and research and development expenses as a percentage of the Group's total revenue increased from approximately 1.32% for the year ended 31 December 2020 to approximately 5.44% for the year ended 31 December 2021. The Group will continue to take all necessary measures to control the costs to improve profitability of the Group in the future.

Allowance for credit loss

Allowance for credit loss decreased from approximately RMB609,307,000 for the year ended 31 December 2020 to approximately RMB121,970,000 for the year ended 31 December 2021, representing a decrease of approximately 79.98% from the corresponding period in 2020. The Group performs impairment assessment under expected credit loss model on trade and other receivables individually or based on provision matrix.

Whilst the Company provided a considerable amount of allowance for credit loss in 2020 with reference to an assessment on the then economic situation and consequential implication on the Group's cash flow of the trade and other receivables, the directors consider that the Group's credit risk is significantly reduced. The situation was improved in 2021.

Finance income and finance costs

Finance income increased from approximately RMB1,768,000 for the year ended 31 December 2020 to approximately RMB5,120,000 for the year ended 31 December 2021, representing an increase of approximately 189.59% from the corresponding period in 2020. The increase was mainly attributable to the increase in interest income from bank deposits.

Finance costs increased from approximately RMB249,818,000 for the year ended 31 December 2020 to approximately RMB308,092,000 for the year ended 31 December 2021, representing an increase of approximately 23.33% from the corresponding period in 2020. The increase was mainly due to the increase in the interest on borrowings.

Income tax

Income tax changed from an expense of approximately RMB8,918,000 for the year ended 31 December 2020 to a credit of approximately RMB13,852,000 for the year ended 31 December 2021. It was mainly due to reversal of over-provision done in prior years.

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 RMB195,361,000 for the year ended 31 December 2021 as compared to a loss for the year attributable to owners of the Company of approximately RMB863,248,000 for the year ended 31 December 2020. The decrease in loss for the year attributable to owners of the Company were mainly due to the contribution of other net gain and the decrease in allowance for credit loss.

The reason for the decrease in such area was discussed in the financial review section above.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity, financial resources and capital structure

As at 31 December 2021, the Group had unrestricted cash and cash equivalents of approximately RMB29,945,000 (2020: RMB33,741,000), restricted cash of approximately RMB200,545,000 (2020: RMB132,215,000) and borrowings of approximately RMB1,242,065,000 (2020: RMB1,311,588,000). The gearing ratio (calculated by dividing borrowings by total assets) as at 31 December 2021 was approximately 24.24% (2020: 31.48%). As at 31 December 2021, the Group had current assets of approximately RMB4,966,248,000 (2020: RMB3,982,766,000) and current liabilities of approximately RMB5,513,587,000 (2020: RMB4,288,998,000). The current ratio was approximately 0.90 as at 31 December 2021, as compared with the current ratio of approximately 0.93 as at 31 December 2020. The current ratio remained stable and only slightly decreased for the year ended 31 December 2021.

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 RMB9,524,000 (2020: RMB17,108,000), which was mainly used for procurement for upgrading plant, machinery and equipment.

Capital commitment

As at 31 December 2021, the Group had no capital commitment (2020: nil).

Charge on material assets

As at 31 December 2021, assets of the Group amounting to approximately RMB200,545,000 (2020: RMB110,508,000) were pledged for the Group's borrowings and bills payable.

Contingent liabilities

As at 31 December 2021, the Group had no material contingent liabilities (2020: nil).

Going concern

The Group incurred a net loss of approximately RMB196,075,000 (2020: RMB863,645,000) for the year ended 31 December 2021 and, as of that date, the Group had net current liabilities of approximately RMB547,339,000 (2020: RMB306,232,000) and net liabilities of approximately RMB390,528,000 (RMB142,921,000). At 31 December 2021, the Group recorded current and non-current borrowings of approximately RMB1,242,065,000 (2020: RMB1,290,965,000) and nil (2020: RMB20,623,000) respectively and cash and cash equivalents of approximately RMB29,945,000 (2020: RMB33,741,000). The total borrowings exceeded the cash and cash equivalents of approximately RMB1,212,120,000 (2020: RMB1,277,847,000).

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 Going Concern".

Up to the date of this report, 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 audited 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 audited consolidated financial statements have been prepared on a going concern basis.

Further discussions in relation to the going concern and the Company's proposed Measures on going concern are set out on page 16 of this report.

Recoverability of the Hebei Noter Group Receivables

Included in other receivables disclosed in note 17 to the audited consolidated statement of financial position 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 2021 and RMB1,101,202,000 and RMB795,785,000 respectively as at 31 December 2020, which were overdue for repayment as at 31 December 2021 and 2020 and remained unsettled as at the date of this report.

The Company reviewed the business portfolio of the Purchaser at the time of the disposal agreement. Based on its business portfolio, the Company assessed the Purchaser's credit status to ascertain that its financial position was sound enough to honour the payments. Upon defaulting the first instalment payment, the Company has been reviewing the business portfolio to assess the Purchaser's credit status. The aging situation of the inventory and receivables of the Purchaser's business portfolio is unavoidable due to the adverse economic situation caused by the Sino-US trade battle since 2018 and the pandemic outbreak of COVID-19 since the end of 2019.

According to the disposal agreement, the entire ownership of the disposal company is pledged to the Company after completion. There is no change in the ultimate beneficial owner of the Purchaser since disposal agreement on 3 June 2018. The Purchaser has been maintaining dialogue with the Company on its plan to pay the consideration. Both parties are actively working on solutions to resolve the problem. In view of the unexpected adverse economic situation as mentioned above, the businesses of both the Company and the Purchaser have been seriously affected. The Company is taking the view that working actively with the Purchaser to resolve the payment is more constructive than taking any claim on the Purchaser.

Since the Purchaser's failure to pay first instalment of the consideration on timely basis, the Company has been liaising with the Purchaser to recover the consideration as soon as possible. Also, the Company has been urging the Purchaser to provide additional valuable collaterals which can be liquidated in the market to generate cash for paying the consideration. The Purchaser provided certain quantity of commodity as additional collaterals (the "**Collaterals**"). It is being stored in an overseas warehouse. Based on the valuation report provided by the Purchaser, the market value of the assets far exceeds the amount due from the Purchaser to the Company.

Scope of limitation on inventories

Included in consolidated statement of financial position of the Group were inventories of approximately RMB289,117,000 as at 31 December 2020, and write down of inventories amounted to approximately RMB8,931,000 recognized in consolidated profit or loss for the year ended 31 December 2020.

The auditors were unable to observe the counting of physical inventories of these inventories at the end of the reporting period due to the lockdown measures imposed to combat COVID-19 and they were unable to satisfy themselves by alternative means concerning the existence of the inventory quantities and carrying amount of these inventories held at 31 December 2020 and consequently the cost of inventories recognized in cost of sales for the year ended 31 December 2021, and the write down of inventories amounted to approximately RMB113,420,000 and RMB8,931,000 recognised in consolidated profit or loss for the years ended 31 December 2021 and 2020 respectively, were free from material misstatement.

Due to the lockdown measures imposed to combat COVID-19, the auditors did not commute from Hong Kong to China to perform physical stock take for the year ended 31 December 2020.

The Company performed physical stock take of physical inventories as at 31 December 2020 to confirm the carrying amounts of inventories as at 31 December 2020 and consequently the cost of inventories recognized in cost of sales for the year ended 31 December 2021, and the write down of inventories amounted to approximately RMB113,420,000 and RMB8,931,000 recognised in consolidated profit or loss for the years ended 31 December 2021 and 2020 respectively.

Scope limitation on trade and other payables and borrowings and related finance costs

Included in (1) trade and other payables in the consolidated statement of financial position of the Group were interest payables and corporate bonds with carrying amounts of approximately RMB635,214,000 and RMB13,824,000 respectively as at 31 December 2021 and RMB854,714,000 and RMB19,151,000 respectively as at 31 December 2020; (2) the borrowings in the consolidated statements of financial position of the Group were guaranteed loans, promissory notes and unsecured loan (the "**Borrowings**") with carrying amounts of approximately RMB85,000,000, RMB1,048,502,000 and RMB50,000,000 respectively as at 31 December 2021 and RMB178,800,000, RMB1,078,732,000 and RMB50,000,000 respectively as at 31 December 2020 and included in the consolidated statement of profit or loss of the Group was finance costs of approximately RMB308,092,000 and RMB249,818,000 respectively for the years ended 31 December 2021 and 2020 and interest expenses reversed included in other gain for the year of approximately RMB470,814,000 for the year ended 31 December 2021. Details of which are disclosed in notes 24, 26, 8(b) and 7 to the consolidated financial statements respectively. Further, included in the statement of financial position of the Company were borrowings and other payables and accruals with carrying amounts of approximately RMB1,098,502,000 and RMB750,692,000 respectively as at 31 December 2021 and approximately RMB1,128,732,000 and RMB1,083,765,000 respectively as at 31 December 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

The auditors were unable to satisfy themselves about (i) the completeness and recording accuracy of the promissory notes and unsecured loan included in the borrowings because the Group had defaulted in its payments with aggregate carrying amount of approximately RMB1,100,961,000 and RMB1,128,732,000 respectively as at 31 December 2021 and 2020; and (ii) the amount of finance costs reported for the years ended 31 December 2021 and 2020 because supporting documentation to ascertain the accuracy and completeness of the interest calculations was not made available to us. Consequentially, the auditors were unable to assess the completeness of interest payable included in trade and other payables of approximately RMB635,214,000 and RMB854,714,000 respectively as at 31 December 2021 and 2020 and the validity and recording accuracy of movements of the finance costs recorded in interest payables, including the finance costs recognised for the years ended 31 December 2021 and 2020 and interest expenses reversed in consolidated profit or loss for the year ended 31 December 2021; (iii) the validity and recording accuracy of the balance of the corporate bonds of approximately RMB13,824,000 and RMB19,151,000 respectively as at 31 December 2021 and 2020 as the Company failed to make payment in accordance with the relevant repayment schedule entered into; and (iv) the auditors were unable to carry out effective confirmation procedures with the respective counter parties of the Borrowings and corporate bonds holders for the purposes of their audit as the auditors have not received replies to their direct confirmation requests from these creditors with carrying amounts of RMB1,100,961,000 and RMB13,824,000 as at 31 December 2021 and RMB1,147,532,000 and RMB19,151,000 as at 31 December 2020.

Since the appointment of Liquidators on 5 January 2022 up to now, the Liquidators only received a few number of proof of debts submitted by a small number of creditors. The creditors may file their proof of debt after receiving the debt restructuring proposal being prepared by the attorney. Hence, the validity, completeness and recording accuracy of the carrying amount of the promissory notes, unsecured loan and corporate bonds can only be relied on our internal accounting records. Meanwhile, we took a reasonable approach in accruing the interest amount to minimize the risk of misstating the finance costs and interest payable.

The Company has been maintaining dialogue with the major creditors to ascertain the validity, completeness, recording accuracy and reasonableness of the carrying amount of the trade and other payables and borrowings and related finance costs in the books which the Company believes reflect a fair amount of our liabilities.

HUMAN RESOURCES

As at 31 December 2021, the Group had 930 employees (2020: 3,067 employees). The decrease in the number of employees was mainly due to the Group's business improvements of improving production efficiency and reducing production costs, while maintaining the same scale of production. 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.

PROSPECTS

The Group has established its ICT production plant in Ganzhou, Jiangxi Province to expand our production capacity for five years. It earmarked a very successful model of relocating high technology production facility from Shenzhen, Guangdong Province northward to an inner province whilst its original plant in Shenzhen, Guangdong has been transformed to become a research and development centre and pilot run facility enabling us to further develop the technology of LCD display and showcase our new solutions to all customers in the Greater Bay Area. With that track record, we have received tremendous support from the local government of both cities in terms of favourable taxation policies and other government subsidiaries. Moreover, the impact of COVID-19 expedited the application of more technology products including wearables, tabloids and all kinds of motion control and voice control display type devices which created a much broader market for our ICT business. We believe our strong position in the market will enable us to be benefited from the prominent market growth in the years to come.

REMEDIAL MEASURES TO ADDRESS THE GOING CONCERN

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

(a) The Company is preparing a debt restructuring plan which involves a proposed scheme of arrangement (the "**Scheme**"). If the Scheme is approved by the requisite majority of creditors for the creditors' meeting, the Company will seek the Hong Kong's court sanction for the Scheme.

(b) The Company has been actively looking for buyers to liquidate the collateral pledged in favour of the Group.

(c) The Company has been developing ICT segment to generate more operating cash flow for serving the debt.

As at the date of this report, (c) of the above Measures has been completed. As the above Measures involve on-going negotiations and communications with various external parties, it is difficult to determine a definite timetable on the completion of the Measures. Notwithstanding, the Board will strive to complete the above Measures as soon as possible.

Recoverability of the Hebei Noter Group Receivables

In order to address the issues, up to the date of this report, the Group continues to focus on implementing the following Measures to resolve the issues of the Hebei Noter Group Receivables.

(a) The Company reviewed the business portfolio of the Purchaser at the time of the disposal agreement. Based on its business portfolio, the Company assessed the Purchaser's credit status to ascertain that its financial position was sound enough to honour the payments.

Upon defaulting the first instalment payment, the Company has been reviewing the business portfolio to assess the Purchaser's credit status. The aging situation of the inventory and receivables of the Purchaser's business portfolio is unavoidable due to the adverse economic situation caused by the Sino-US trade battle since 2018 and the pandemic outbreak of COVID-19 since the end of 2019;

(b) The Company is listing the Collateral in a specialized trading platform in the PRC;

(c) The Company started commercial negotiation with another buyer in South East Asia at the selling price which is close to the market value of the Collateral as per the valuation report provided by the Purchaser; and

(d) The Company started commercial negotiation with another buyer in Europe at the selling price which is close to the market value of the Collateral as per the valuation report provided by the Purchaser.

As of the date of this report, (a) of the above measures has been completed. The buyer of (a) is going through internal procedures. Meanwhile, the Company is waiting for feedback from the buyer of (b) on the terms and conditions of the transaction. The Board will strive to complete the above measures as soon as possible.

IMPACT OF THE GOING CONCERN ON THE GROUP'S FINANCIAL POSITION

Should the Group fail 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 audited consolidated financial statements of the Group for the year ended 31 December 2021.

EVENTS SUBSEQUENT TO THE REPORTING PERIOD

With reference to the announcement of the Company dated 31 March 2021, trading in the shares of the Company on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") was suspended with effect on 1 April 2021 pending the publication of the announcement in relation to the audited annual results for the year ended 31 December 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

With reference to the announcements of the Company dated 1 June 2021 and 12 January 2022, the Stock Exchange provided a set of resumption guidance (the "**Resumption Guidance**") for the Company to:

(a) publish all outstanding financial results required under the Listing Rules and address any audit modifications;

(b) demonstrate the Company's compliance with Rule 13.24 of the Listing Rules;

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

(d) have the winding-up order against the Company withdrawn or dismissed and the appointment of any liquidators discharged.

Under Rule 6.01A of the Listing Rules, the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months. In the case of the Company the 18-month period expires on 30 September 2022.

With reference to the announcement of the Company date 10 February 2022, the Company was ordered to be wound up by the High Court of Hong Kong (the "**High Court**"). On 5 January 2022, the High Court ordered that Messrs. So Man Chun and Jong Yat Kit of PricewaterhouseCoopers Limited be appointed as the joint and several liquidators of the Company (the "**Liquidators**"). Since the appointment, the Liquidators have been investigating into the affairs of the Company and taking all necessary actions to preserve the assets. The Liquidators only managed to obtain limited books and records from the Official Receiver (i.e. the Provisional Liquidator) and are still in the process of taking control of the subsidiaries. Due to the limited financial information available to the Liquidators and the Liquidators were only appointed in the early 2022, the Liquidators have no information in relation to the Group prior to their appointments and the directors are working on the outstanding financial statements. Therefore, the Liquidators therefore are not in a position to confirm the completeness, existence and accuracy of the historical results of the Group. Furthermore, the Liquidators do not accept or assume responsibility for the consolidated financial statements for any purpose or to any person to whom the consolidated financial statements are shown or into whose hands they may come. The information contained in this announcement has been presented to the best knowledge of the Liquidators based on limited information made available to them up to the date of this announcement.

Since the suspension of trading in the shares of the Company, the Company has been taking measures to negotiate with creditors in relation to debt settlement arrangement, including making proposal for possible debt restructuring and repayment plan, and take appropriate steps to fulfill the Resumption Guidance. The Company will update shareholders and potential investors of the Company on the resumption progress and development of debt settlement arrangement as and when appropriate.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

The current members of the Board and the Group's senior management are listed below.

EXECUTIVE DIRECTORS

- CHAN Yuen Ming, Chairman
- SHAO Kwok Keung, Chief Executive Officer and Company Secretary

NON-EXECUTIVE DIRECTORS

- BAO Tiejun (Resigned on 31 January 2021)

INDEPENDENT NON-EXECUTIVE DIRECTORS

- WONG Che Man Eddy
- LAM Kin Hung Patrick
- TAM Sui Kwan

SENIOR MANAGEMENT

- WANG Yong Zhong, Executive Vice President
- Dr. LI Hiu Yeung, Chief Technology Officer

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

CHAN Yuen Ming, aged 66, is the Chairman and an executive Director of the Company. Mr. Chan has been with the Group since its establishment in 2006 and is the founder of the Group. Mr. Chan was appointed as an executive Director on 4 December 2007. He is responsible for the Group's overall business development and strategic planning. Since 1990s, he was a key member of the management teams of several communication corporations in the PRC, including Sky Communication Group Co., Ltd ("**SkyComm**") and its subsidiaries (collectively "**SkyComm Group**"). These corporations are principally engaged in mobile communication, satellite communication, internet, wireless data and call center businesses. Mr. Chan was the founder of SkyComm Group responsible for establishing the business of SkyComm Group in December 2000. During his time in SkyComm Group up to his resignation from all his positions in the SkyComm Group in December 2008, Mr. Chan was responsible for the overall business development, strategic planning and corporate management and supervision of daily operation of the SkyComm Group. Mr. Chan is currently a director of China All Access Group Limited ("**CAA BVI**"), All Access Global Limited ("**CAA HK**"), and other principal operating subsidiaries of the Company (including Shenzhen City Changfei Investment Company Limited ("**Changfei Investment**") and its subsidiaries). He is also the director and shareholder of Creative Sector Limited, the controlling shareholder (as defined in the Listing Rules) of the Company.

SHAO Kwok Keung, aged 60, is the Chief Executive Officer, an executive Director and the Company Secretary of the Company and has joined the Group since December 2007. Mr. Shao was appointed as an executive Director on 4 December 2007. Mr. Shao is a member of the Remuneration Committee and Nomination Committee of the Board. He is responsible for the corporate management of the Company. Mr. Shao graduated with an honours diploma from Hong Kong Baptist College in 1984 and a master degree in business administration from Warwick University, U.K., in 1994. He is a fellow of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. Possessing more than 20 years of working experience in organizations across different industries, he has taken up finance and management positions in a CPA firm, a financial institution, a television station, satellite communication, telecommunications and consumer electronics product distribution and manufacturing companies. Prior to joining the Group, Mr. Shao was the group financial controller of IDT International Limited (Stock code: 167), a company listed on the Main Board of the Stock Exchange. Mr. Shao is currently a director of CAA BVI, CAA HK and other principal operating subsidiaries of the Company (including Changfei Investment).

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

WONG Che Man Eddy, aged 62, is an independent non-executive Director of the Company. He joined the Group on 19 August 2009 when he was appointed as an independent non-executive Director. Mr. Wong is the Chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee of the Board. Mr. Wong graduated with an honours diploma in accounting from Hong Kong Baptist College in 1984. Mr. Wong has over 30 years of experience in the auditing and accounting profession. He is the sole proprietor of Eddy Wong & Co., Certified Public Accountants, and is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He is also an independent non-executive director of Sun Hing Vision Group Holdings Limited (Stock code: 125), which is listed on the Main Board of the Stock Exchange.

LAM Kin Hung Patrick, aged 64, is an independent non-executive Director. He joined the Group on 19 August 2009 when he was appointed as an independent non-executive Director. Mr. Lam is the Chairman of the Nomination Committee and a member of the Audit Committee of the Board. Mr. Lam graduated from the University of London with an honours Bachelor of Laws degree in 1988, from the University of Hong Kong with the Postgraduate Certificate in Laws in 1989, from the University of London with a Master of Laws degree in 1991 and from the City Polytechnic of Hong Kong (now known as the City University of Hong Kong) with a Postgraduate Diploma in Language and Law in 1991. He was admitted as a solicitor of the Supreme Court of Hong Kong and the Supreme Court of England and Wales in 1991, and was subsequently admitted as an Associate of the Chartered Institute of Arbitrators in 1993, and as a practitioner of the Supreme Court of Tasmania, Australia in 1994. He has been appointed as a China Appointed Attesting Officer since 2003. From 1996 to 2000, Mr. Lam had taken up part-time teaching positions in various tertiary institutions in China and Hong Kong, including the 西江大學 (University of Xijiang), the Open University of Hong Kong, Vocational Training Council and Sun Life of Canada (International) Limited, on subjects of law and building management. Mr. Lam is a practising solicitor and is currently a Consultant in Yip, Tse & Tang, a solicitor's firm in Hong Kong.

TAM Sui Kwan, aged 63, is an independent non-executive Director of the Company. He joined the Group on 12 July 2019 when he was appointed as an independent non-executive Director. Mr. Tam is the member of the Audit Committee and the chairman of the Remuneration Committee of the Board. He graduated with a Bachelor of Science majoring in telecommunication engineering from the University of Essex in 1982. He obtained a Master degree in Control Systems from Imperial College, the University of London in 1983 and Master in Business Administration from University of Warwick in 1994. Mr. Tam is a chartered engineer in the United Kingdom. Mr. Tam was employed by Zopo Intelligence (HK) Ltd from 2015 to 2017 as a general manager responsible manufacture, sales of local brand cellphone to Hong Kong and Global Market. He has over 35 years' extensive experience in the telecom industry, covering wireline and wireless telecom equipment development, network construction, network operation, manufacture terminal equipment, as well as telecom project financing, investment and risk control and solid management experiences of various stages of telecom projects implementation. Mr. Tam is also equipped with management experiences in starting up high-technology companies and risk management experience in relation to capital investment and funding of projects. Mr. Tam is currently a director of Just In Mobile (Asia) Limited and several private companies in Hong Kong.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

WANG Yong Zhong, aged 52, is the Executive Vice President of the Group. Mr. Wang joined the Group upon the Group's acquisition of Changfei Group in December 2012. Mr. Wang graduated from Xi'an Jiaotong University with a master degree in engineering in 1994, and that same year joined the ZTE Group. Over the following 17 years he held various technical management positions in the ZTE Group in the areas of development and testing, including as director of communications engineering division, vice general manager of the No. 2 sales division, vice general manager of the mobile phone divisions and general manager of the GSM & uMTS products division. From the year 2011 to 2017, he has been the general manager of Lead Communications Co. Ltd., one of the principal operating subsidiaries of the Group. He is also a director of several subsidiaries of the Group.

Dr. Li Hiu Yeung, aged 66, graduated from College of Forestry, Guangxi University (廣西大學林學院), with a bachelor's degree of forestry in 1984; and obtained a master degree and doctorate degree in aeroplane design and applied mechanics from 北京航空航天大學研究生院 (Graduate School of Beihang University*) from 1988 to 1994. Dr. Li has long been engaged in scientific research and technological application, industrial manufacturing and international business-related works, involving many areas in advanced technology. In 2008, Dr. Li published a paper in "Frontier Science" (前沿科學) (a science periodical in China) in relation to the light group field theory which has re-recognised the essence of light and its motion characteristics and is completely different from classical physics, quantum physics and other optical theories, which formed the foundation for Dr. Li's invention of the devices for increasing the luminous flux per unit area for photovoltaic plants. Dr. Li joined the Group since July 2016 as the Chief Technology Officer, and focuses on assisting the Group to conduct application research regarding the patent and develop related industrial products.

REPORT OF THE DIRECTORS

The board (the "**Board**") of directors (the "**Directors**") of China All Access (Holdings) Limited (the "**Company**") is pleased to present the annual report together with the audited consolidated statements of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2021.

PRINCIPAL PLACE OF BUSINESS

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. It has its registered office at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and principal place of business at Joint and Several Liquidators of the Company c/o PricewaterhouseCoopers Limited 22/F, Prince Building, Central Hong Kong.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the principal activities of the Group are the engagement of businesses in ICT, New Energy and investment activities. Other particulars of the subsidiaries of the Company are set out in note 33 to the consolidated financial statements.

BUSINESS REVIEW

Please refer to the section headed "Management Discussion and Analysis" of this annual report for a business review of the Group for the year ended 31 December 2021.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the financial year is as follows:

Percentage of the Group's total Sales Purchases

	Percentage of the Group's total	
	Sales	**Purchases**
The largest customer	27%	
Five largest customers in aggregate	94%	
The largest supplier		24%
Five largest suppliers in aggregate		88%

None of the Directors, their close associates (as defined under the Listing Rules) or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's issued shares) had any interest in these major customers and suppliers.

REPORT OF THE DIRECTORS

FINANCIAL STATEMENTS

The loss of the Group for the year ended 31 December 2021 and the state of the Company's and the Group's affairs as at that date are set out in the consolidated financial statements on pages 88 to 194.

TRANSFER TO RESERVES

Loss attributable to shareholders of the Company (the "**Shareholders**") before dividend of approximately RMB195,361,000 (2020: RMB863,248,000) have been transferred to reserves. Details of movements in reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity and note 31 to the consolidated financial statements respectively.

The Company's reserves available for distribution to Shareholders as at 31 December 2021 were approximately nil (2020: nil). The Directors did not recommend the payment of a final dividend (2020: Nil) in respect of the year ended 31 December 2021.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment are set out in note 12 to the consolidated financial statements.

INTEREST-BEARING BORROWINGS

Particulars of interest-bearing borrowings of the Group during the year are set out in note 26 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital are set out in note 31 to the consolidated financial statements.

REPORT OF THE DIRECTORS

DIRECTORS

The Directors of the Company during the year under review were as follows:

Executive Directors

Mr. Chan Yuen Ming, Chairman
Mr. Shao Kwok Keung, Chief Executive Officer

Non-executive Director

Mr. Bao Tiejun (Resigned on 31 January 2021)

Independent non-executive Directors

Mr. Wong Che Man Eddy
Mr. Lam Kin Hung Patrick
Mr. Tam Sui Kwan

In accordance with article 105(A) of the Company's articles of association the ("**Articles of Association**"), not less than one-third of the Directors shall retire from office by rotation at each annual general meeting of the Company. Any Director who retires under this article shall then be eligible for re-election as Director. Accordingly, Mr. Chan Yuen Ming and Mr. Shao Kwok Keung shall retire as Director by rotation. Each of Mr. Chan Yuen Ming and Mr. Shao Kwok Keung, being eligible, offers himself for re-election as Director at the forthcoming annual general meeting of the Company.

DIRECTORS' SERVICE CONTRACTS

Each executive Director has entered into continuous service contract with the Company. The non-executive Directors (including independent non-executive Directors) are appointed for an initial term of two years. All the Directors are subject to retirement in accordance with the Listing Rules and the Articles of Association.

No Director proposed for re-election at the forthcoming annual general meeting of the Company has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

REPORT OF THE DIRECTORS

The Company has received an annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors as independent.

The biographical details of the Directors are set out in the section headed "Biography of Directors and Senior Management" of this annual report.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The remuneration of the senior management of the Group by band for the year ended 31 December 2021 is set out below:

Remuneration bands	Number of senior management
Nil to HK$1,000,000	2
HK$1,000,001 to HK$1,500,000	–
HK$1,500,001 to HK$2,000,000	–
HK$2,000,001 to HK$2,500,000	–
HK$2,500,001 to HK$3,000,000	–
HK$3,000,001 to HK$3,500,000	1
HK$3,500,001 to HK$4,000,000	–
HK$4,000,001 to HK$4,500,000	–
HK$4,500,001 to HK$5,000,000	–
	3

Further details of the Directors' remuneration and the five highest paid employees for the year are set out in note 10 to the consolidated financial statements respectively.

PERMITTED INDEMNITY PROVISIONS

During the year ended 31 December 2021 and up to the date of this report, there was or is permitted indemnity provision (within the meaning in Section 469 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) in the articles of association of the Company being in force. The Company has maintained directors' and officers' liability insurance throughout the year, which provides appropriate cover certain legal actions brought against its directors and officers arising out of corporate activities.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company, which were not contract of service with any Director or any person engaged in full time employment of the Company, were entered into or existed during the year.

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2021, the interests and short positions of the Directors and chief executives of the Company in any of the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**"), which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register maintained by the Company under section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix 10 to the Listing Rules, were as follows:

Name of Director	Entity in which interest are held	Capacity/ Nature of interest	Number and class of securities Held (Note 1)	Approximate percentage of shareholding (Note 4)
Mr. Chan Yuen Ming ("**Mr. Chan**")	The Company	Interest of a controlled corporation (Note 2)	589,501,546 ordinary Shares (L)	25.50%
		Beneficial owner	1,000,000 ordinary Shares (L)	0.04%
Mr. Shao Kwok Keung ("**Mr. Shao**")	The Company	Beneficial owner (Note 3)	15,800,000 ordinary Shares (L)	0.68%

Notes:

(1) The letter "L" denotes a long position in the shares or underlying shares of the Company or any of its associated corporations and the letter "S" denotes a short position in the shares or underlying shares of the Company or any of its associated corporations.

(2) These Shares were held by Creative Sector Limited, the entire issued share capital of which was owned by Mr. Chan, an executive Director. Mr. Chan was deemed to be interested in all the Shares in which Creative Sector Limited was interested by virtue of the SFO.

(3) On 26 September 2018, a total of 15,800,000 share options (each share option entitling the holder to subscribe for one Share) were granted to Mr. Shao under the share option scheme of the Company. As at 31 December 2021, all these share options remained outstanding.

(4) Calculated on the basis of 2,311,890,683 Shares in issue as at 31 December 2021.

Save as disclosed above, as at 31 December 2021, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register maintained by the Company pursuant to section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2021, the interests and short positions of each person other than a Director or chief executive of the Company, in the Shares or underlying Shares of the Company as recorded in the register kept by the Company under Section 336 of the SFO were as follows:

Name of shareholder	Capacity/ Nature of interest	Number and class interest of securities held (Note 1)	Approximate percentage of shareholding (Note 4)
Creative Sector Limited	Beneficial owner	589,501,546 ordinary Shares (L)	25.50%
Li Hiu Yueng	Beneficial owner	36,056,000 ordinary Shares (L)	1.56%
	Interest of a controlled corporation (Note 2)	148,000,000 ordinary Shares (L)	6.40%
Light Group Field Sci-Tech Limited	Beneficial owner (Note 2)	148,000,000 ordinary Shares (L)	6.40%
Tianan Property Insurance Co., Ltd.	Beneficial owner (Note 3)	117,000,000 ordinary Shares (L)	5.06%

Notes:

(1) The letter "L" denotes a person's long position in the Shares or underlying Shares and the letter "S" denotes a person's short position in the Shares or underlying Shares.

(2) As at 31 December 2021, the entire issued share capital in Light Group Field Sci-Tech Limited was owned by Dr. Li Hiu Yeung. Dr. Li was deemed to be interested in all the Shares in which Light Group Field Sci-Tech Limited was interested by virtue of the SFO.

(3) Based on the DI Notice filed by Tianan Property Insurance Co., Ltd. under Part XV of the SFO in respect of its interests in Shares and underlying Shares as of 3 June 2015, being the last DI Notice filed by it in respect of its interests in Shares and underlying Shares by 31 December 2021, Tianan Property Insurance Co., Ltd. had long position in 117,000,000 Shares in the capacity of beneficial owner

(4) Calculated on the basis of 2,311,890,683 Shares in issue as at 31 December 2021.

Save as disclosed above, as at 31 December 2021, no person (other than a Director or chief executive of the Company) had an interest or short position in the Shares or the underlying Shares of the Company that were recorded in the register kept by the Company under Section 336 of the SFO.

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

During the year ended 31 December 2021 and 31 December 2020, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the year ended 31 December 2021, there was no material acquisition or disposal of subsidiaries or associated companies by the Company.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in note 29 to the consolidated financial statements and in the section headed "Share option scheme" in this report of the directors, at no time during the year were there rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or minor (natural or adopted), or were such rights exercised by them; nor was the Company or any of the subsidiaries of the Company a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

On 12 June 2019, under the approval of its shareholders at extraordinary general meeting, the Company adopted a new share option scheme (the "**New Share Option Scheme**") and terminated the old share option scheme (the "**Old Scheme**") which was approved by the annual general meeting held on 28 August 2009. The purpose of the New Share Option Scheme is to grant options to selected participants as incentives or rewards for their contribution to the Group. It will enable the Group to reward the employees, the directors and other selected participants for their contributions to the Group and to motivate them to contribute to the development of the Group.

Eligible participants of the New Share Option Scheme include: (i) any employee (whether full-time or part-time including any executive director but excluding any non-executive director) of the Company, any of its subsidiaries or any entity in which the Group holds an equity interest; and (ii) any non-executive directors (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity. The New Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the New Share Option Scheme is adopted.

The maximum number of Shares to be issued upon the exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 30% of the Shares in issue from time to time. The maximum number of Shares issuable upon the exercise of options granted under the New Share Option Scheme and any other share option scheme adopted by the Group (including both exercised or outstanding options) to each grantee within any 12-month period is limited to 1% of the Shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to Shareholders' approval in a general meeting. Share options granted to a Director, chief executive or substantial Shareholder of the Company, or to any of their associates (as defined under the Listing Rules), are subject to approval in advance by the independent non-executive Directors of the Company. In addition, any share options granted to a substantial Shareholder or an independent non-executive Director of the Company, or to any of their associates (as defined under the Listing Rules), in excess of 0.1% of the Shares in issue at any time and with an aggregate value (based on the closing price of the Shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to Shareholders' approval in advance in a general meeting.

The total number of Shares which may be issued upon the exercise of all options (excluding for this purpose options which have lapsed) which may be granted under the New Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 228,189,068 Shares, representing 10% of the Shares in issue as at 12 June 2019 (i.e. the date that the 10% general scheme limit of the New Share Option Scheme was refreshed by an ordinary resolution passed by the Shareholders at an extraordinary general meeting of the Company) and approximately 9.87% of the Shares in issue as at the latest practicable date prior to the issue of this report.

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the Directors, which period may commence from the date of the offer of the share options, and end on a date which is not later than ten years from the date of grant of the share options subject to the provisions for early termination thereof.

The exercise price of the share options is determinable by the Directors, but shall not be less than the highest of (i) the closing price of the Shares as quoted on the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Shares on the date of the offer for the grant, which must be a business day; (ii) the average closing price of the Shares as quoted on the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of offer; and (iii) the nominal value of a Share. Share options do not confer rights on the holders to dividends or to vote at Shareholders' meetings of the Company.

On 10 June 2015, a total of 50,000,000 share options (each share option entitling the holder to subscribe for one Share) were granted to eligible participants including two Directors and the rest were employees of the Group.

On 26 September 2018, a total of 80,000,000 share options (each share option entitling the holder to subscribe for one Share) were granted to eligible participants including one Director and the rest were employees of the Group.

Details of the movements in the Company's outstanding share options granted under the Old Scheme for the year ended 31 December 2021 were as follows:

	Number of Shares in respect of share options							
Grantee	Outstanding as at 1 January 2021	Granted during the year ended 2021	Exercised during the year ended 2021	Lapsed or cancelled during the year ended 2021	Outstanding as at 31 December 2021	Exercisable Period	Exercise price per share (HK$)	Closing price per share on the trading day immediately before the date of grant (HK$)
A. Directors								
Shao Kwok Keung	5,266,666	–	–	–	5,266,666	26 September 2019 to 25 September 2022	0.69	0.68
	5,266,667	–	–	–	5,266,667	26 September 2020 to 25 September 2022	0.69	0.68
	5,266,667	–	–	–	5,266,667	26 September 2021 to 25 September 2022	0.69	0.68
B. Employees								
In aggregate	21,400,000	–	–	–	21,400,000	26 September 2019 to 25 September 2022	0.69	0.68
	21,400,000	–	–	–	21,400,000	26 September 2020 to 25 September 2022	0.69	0.68
	21,400,000	–	–	–	21,400,000	26 September 2019 to 25 September 2022	0.69	0.68
Total	80,000,000	–	–	–	80,000,000			

No share option was granted or exercised under the New Share Option Scheme and the Old Scheme during the year ended 31 December 2021.

REPORT OF THE DIRECTORS

ENVIRONMENTAL POLICIES AND PERFORMANCES

The current environmental protection laws and regulations promulgated by the PRC government impose a progressive scale of fees for the discharge of waste materials and require the payment of fines for pollution and the closure of any facility which causes serious environmental problems. Production plants are required to have environmental protection facilities designed to operate simultaneously with the production facilities. Due to the nature of the businesses of the Group, a certain level of noise, certain amount of waste water and solid waste production materials will be produced during the production processes. Therefore, the Group is required to satisfy tests carried out from time to time by relevant local environmental regulatory authorities for smoke emissions, noise level, solid waste disposal and waste water discharges. Non-compliance with any environmental laws, rules or regulations may, depending on the seriousness of the violation, result in an order for rectification from the authorities, penalties, or an order for cessation of production.

CONTRACTS OF SIGNIFICANCE

Except as disclosed in note 35 to the consolidated financial statements and under "Disclosure pursuant to Rule 13.21 of the Listing Rules" below, no Director or an entity connected with a Director had a material interest, whether directly or indirectly, in any transaction, arrangement or contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party, subsisted at the end of the year or at any time during the year.

Except as disclosed in note 35 to the consolidated financial statements, no contract of significance (whether it is in relation to provision of services to the Group or not) had been entered into between the Company or any of its subsidiaries and the controlling shareholders (as defined in the Listing Rules) of the Company or any of its subsidiaries.

REVIEW BY THE AUDIT COMMITTEE

The audit committee of the Board has reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed the auditing, internal control and financial reporting matters in relation to the annual report of the Group for the year ended 31 December 2021.

The audit committee of the Board has reviewed the annual report of the Group for the year ended 31 December 2021.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding the Company's securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

REPORT OF THE DIRECTORS

FIVE YEAR SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 4 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, the Company has maintained a sufficient public float as required under the Listing Rules.

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: Nil).

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

As disclosed in the announcement of the Company dated 23 August 2016, on 23 August 2016, the Company and Mr. Chan Yuen Ming ("**Mr. Chan**") entered into a note purchase agreement (the "**Note Purchase Agreement**") with Prosper Talent Limited (the "**Prosper Talent**"), pursuant to which the Company has agreed to issue, and Prosper Talent has agreed to purchase from the Company, US$70,000,000 guaranteed notes (the "**Prosper Talent Notes**") due 2017. Pursuant to the Note Purchase Agreement, Mr. Chan shall also provide a personal guarantee in favour of Prosper Talent to secure, among others, the due and punctual observance and performance by the Company under the Note Purchase Agreement and other documents in connection with the transaction contemplated under the Note Purchase Agreement.

Pursuant to the Note Purchase Agreement, the following specific performance obligations are imposed on Mr. Chan that, during the term of the Note Purchase Agreement and the Prosper Talent Notes:

(a) He shall remain as the chairman and an executive director of the Board;

(b) He shall legally and beneficially own the entire issued share capital of Creative Sector; and

(c) He shall procure that Creative Sector shall not, without the prior written consent of Prosper Talent, transfer or agree to transfer any Shares held by Creative Sector.

Any breach of the above specific performance obligations may constitute a breach under the Note Purchase Agreement and also an event of default under the Prosper Talent Notes, pursuant to which Prosper Talent may require the Prosper Talent Notes to be repaid immediately pursuant to the terms and conditions of the Prosper Talent Notes.

On 24 August 2017, a supplemental deed was entered into, among others, the Company, Mr. Chan and Prosper Talent to amend the Note Purchase Agreement and the terms and conditions of note such that, among others, the maturity date of the notes and date of repayment would be extended from August 2017 to various dates up to August 2018 but the above specific performance obligations remain unchanged.

REPORT OF THE DIRECTORS

On 27 June 2019, Prosper Talent issued a writ of summons issued in the Court of First Instance of the High Court of Hong Kong against the Company, Mr. Chan and an indirectly wholly owned subsidiary of the Company (collectively the "**Defendants**"). According to the indorsement of claim enclosed in the writ of summons, US$95,383,187.40 was due and outstanding under the Prosper Talent Notes.

On 22 June 2020, Prosper Talent took out a consent order, pursuant to which Prosper Talent will discontinue all the proceedings against the Defendants.

Please refer to the announcements of the Company dated 1 July 2019 and 22 June 2020 for further details.

As at the date of this annual report, the above specific performance obligations continued to subsist.

AUDITORS

The Company has appointed HLB Hodgson Impey Cheng Limited as auditor of the Company for the year ended 31 December 2021. HLB Hodgson Impey Cheng Limited will retire as the Company's auditor at the end of the forthcoming annual general meeting of the Company and, being eligible, will offer themselves for re-appointment. A resolution will be proposed for approval by Shareholders at the forthcoming annual general meeting of the Company to re-appoint HLB Hodgson Impey Cheng Limited as the Company's auditor for the year ending 31 December 2022.

By Order of the Board
China All Access (Holdings) Limited
(In Liquidation)
Shao Kwok Keung
Company Secretary

Hong Kong, 30 September 2022

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

I. REPORTING FRAMEWORK AND PRINCIPLES

Upholding the core value of "Integrity Foremost, Application Oriented" (信為先，用為本), the vision of "Technology paves the way to smart life" (讓科技開啟智慧生活) and adhering to the aim of developing premium integrated information communication solutions and innovative smart terminals that enhance convenient communication, China All Access (Holdings) Limited and its subsidiaries (the "**Group**" or "**we**") actively performs the enterprises' environmental and social responsibilities.

Not only has the Group made tremendous progress in its business expansion and economic development, we also have paid great attention to environmental protection and the fulfilment of their social responsibilities. With a strong ambition and commitment to forge an eco-friendly, resilient and reliable enterprise that pioneers in sustainable development compared to its peers in the industry, the Group never stops its footstep in exploring new ways to change its business model and operating practice in order to make contributions to addressing the pressing global climate change-related challenge.

The Group is pleased to present its Environmental, Social and Governance ("**ESG**") Report to demonstrate the Group's approach and performance in terms of ESG management and corporate sustainable development for the financial year ended 31 December 2021. This ESG report is prepared in full compliance with the ESG Reporting Guide as set out in Appendix 27 of the Listing Rules. To deliver a formalised and internationally compatible ESG report, the Group referenced recommendations of the Task Force on Climate-related Financial Disclosures to improve the integrity, international compatibility and industrial comparability of the report.

Reporting Principles	How it is applied to this report
Materiality	The ESG Report includes ESG issues that are determined by the Board of Directors, with the assistance of the management and ESG working group that are above the threshold at which they are sufficiently important to investors and other stakeholders to be reported. These material ESG issues were identified through consideration and discussion by the Board of Directors and the ESG working group, and also through the discussions in the normal course of engagement with the different stakeholders. Further detail of the identification process and the selection criteria are set out in the "Stakeholder Engagement" section.

Reporting Principles	How it is applied to this report
Quantitative	The KPIs in respect of historical data described in the ESG Report are measured by the Company. Targets set are either in terms of actual numerical figures, or directional statements or forward-looking statements to reduce a particular impact related to each of the KPIs. The effectiveness of ESG policies and management systems can hence be evaluated and validated. Each quantitative information is accompanied by a narrative, explaining its purpose, impacts, and comparative data are given where appropriate. Information on the standards, methodologies, assumptions and/or calculation used, and source of key emission and conversion factors used for both quantitative environmental and social KPIs are disclosed in the ESG Report where appropriate. Refer to the explanations accompanied the relevant KPIs for further detail.
Balance	The ESG report provides an unbiased picture of the Company's performance during the Reporting Period by disclosing information in an objective manner, avoiding contents that may inappropriately influence the judgment made by report readers, i.e. bias selections, omissions, or present in a format that deliberately misrepresentation reality.
Consistency	Methodologies used is consistent so as to allow for meaningful comparison of ESG data over time. Any changes that could affect a meaningful comparison of the KPIs have been disclosed accordingly.

II. REPORTING PERIOD AND SCOPE OF THE REPORT

This ESG Report covers the environmental and social performance within the operational boundaries of the Group including data and activities of the Group's two manufacturing facilities in the PRC. The reporting period of this ESG Report is the financial year from 1 January 2021 to 31 December 2021 ("**FY2021**"), unless specifically stated otherwise. This ESG report is prepared in English and Chinese, if there is any conflict or inconsistency, the English version shall prevail.

III. ABOUT THE GROUP

China All Access (Holdings) Limited is a leading provider of smart technology-based complete information communication solutions and services.

Holding a service-oriented and technology-based corporate philosophy, producing a series of leading integrated information system solutions and advanced technology devices, the Group has driven a significant development in the areas of social public security, governmental emergency communication and urban comprehensive management in China, and in doing so we have gained customers' trust and an excellent social reputation.

With more than 20 years' industry experience and an acute sense of the market's development, the management team has shown the ability to organically combine the knowledge of innovative solutions with the R&D and production of smart terminal devices. In 2012, the Group acquired the controlling ownership of Changfei Group, which has over 10 years of extensive R&D and production experience. This powerful combination will enhance the Group's corporate scale, to meet the ever-increasing market demands for advanced technology, products and services.

IV. BOARD INCLUSIVENESS

The Group has developed its internal strategies and policies with aims to create sustainable values to its stakeholders, thereby to large extent minimising the Group's undue impact on the environment. In order to carry out the Group's sustainability strategy from top to bottom, the Board has ultimate responsibilities for ensuring the effectiveness of the Group's ESG policies.

The Group has established dedicated teams to manage ESG issues within each business division of the Group and kept monitoring and overseeing the progress against corporate goals and targets for addressing climate change. Dedicated teams with designated staff for management of ESG issues has been assigned to enforce and supervise the implementation of the relevant ESG policies cascading through the Group.

With the forward-looking guidance and well-designed plans of action to address underlying ESG matters, the management and responsible teams keep reviewing and adjusting the Group's sustainability policies to satisfy the ever-changing needs of its stakeholders on a regular basis. For instance, through the assignment of the responsibility of progress tracking to different management-level positions, the Group is committed to achieving an excellent performance in ESG management while also remaining competitive compared with its peers. Details of the Group's management approaches in both the environmental and social aspects are elaborated in different sections of this ESG report.

OUR GOVERNANCE STRURE OF sustainability

Top-down; decision making and leadership

BOARD

- Develops and initiates sustainability strategies and guidelines;
- Identifies the potential risks in roadmap of business development.

MANAGEMENT

- Steers, supervises and monitors the implementation of sustainability practices;
- Assesses and manages the risks during operations.

BUSINESS UNITS

- Executes the policies at different stages of operations;
- Eliminates, abates and control the risks.

Bottom-up; experiences and feedback

V. STAKEHOLDER ENGAGEMENT

An effective communication with both internal and external stakeholders is regarded essential to the Group in many areas. This does not only deliver the Group's commitment to long-term value creation to stakeholders who care about the level of sustainable development of the Group, but also helps the Group gains a better understanding of those topic's material and relevant to different groups of stakeholders.

With the goal to strengthen corporate sustainability approach and performance while enhancing stakeholders' awareness of ESG and sustainability issues, the Group has put tremendous efforts into its internal and external stakeholder inclusiveness. The Group highly values the feedback from its stakeholders and takes initiative to build a trustful and supporting relationship with them through their preferred communication channels, which are listed in the table below.

Stakeholders	Expectations and concerns	Communication Channels
Government and regulatory authorities	— Compliance with laws and regulations — Support economic development	— Supervision on complying with local laws and regulations — Routing reports and taxes paid
Shareholders	— Return on investments — Corporate governance — Business compliance	— Regular reports and announcements — Regular general meetings — Official website
Employees	— Employees' compensation and benefits — Career development — Health and safety working environment	— Performance reviews — Regular meetings and trainings — Emails, notice boards, hotline, caring activities with management
Customers	— High quality products and services — Protect the rights of customers	— Customer satisfaction survey — Face-to-face meetings and on-site visits — Customer service hotline and email
Suppliers	— Fair and open procurement — Win-win cooperation	— Open tendering — Suppliers' satisfactory assessment — Face-to-face meetings and on-site visits — Industry seminars
General public	— Involvement in communities — Business compliance — Environmental protection awareness	— Media conferences and responses to enquiries — Public welfare activities — Face-to-face interview

Materiality Assessment

Since ESG risks and opportunities for companies vary across industries and depend on specific business patterns of companies, the Group undertakes annual review in identifying and understanding its stakeholders' main concerns and material interests for the ESG report. In FY2021, the Group engaged its stakeholders to conduct a materiality assessment survey initiated by a third-party agency in order to guarantee the accuracy and objectivity of evaluation. Specifically, internal and external stakeholders including customers, suppliers, business partners, board members and employees from various business units of the Group were chosen and assessed based on their respective influence and dependence on the Group. Stakeholders were invited to express their concerns on a list of sustainability issues via an online survey to pinpoint the ESG issues that were identified as material to the Group's business development and strategies. Through a science-based materiality assessment to prioritise the topics from the entire inventory of ESG issuers, the Group eventually formulated a materiality assessment matrix below, which could genuinely reflect the real concern of its stakeholders on ESG matters and facilitate the Group to develop actions plans for effective ESG management. According to the outcome of the materiality analysis matrix, the Group identified seven ESG issues that are of great significance to both the Group and its stakeholders from the inventory of 29 sustainability topics, namely "Customers Satisfaction", "Prevention Bribery, Extortion, Fraud and Money Laundering", and "Anti-Corruption Policies and Whistle-Blowing Procedures". Besides these, the Group also engages stakeholders with the Sustainability Development Goals ("**SDGs**") to determine the future goals for Group ESG policy.

The Group has identified "Target 9: Industry, Innovation and Infrastructure" and "Target 10: Reducing Inequalities" as the most concerned goals for the sustainability development. This review and assessment helped the Group to objectively prioritise its sustainability issues, precisely identify the material and relevant aspects, and make for the purposeful documentation and disclosure of its ESG performance so as to align them with stakeholders' expectations.

ESG-related goals and targets progress review

Material ESG-related issues are issues that are critical to both short-term and long-term success of the Company's business. It is those parts of the Company's business where these issues lie, the ESG impact of these issues is highly relevant. The KPIs of material ESG-related issues are regularly reviewed against goals and targets set-up by the Management and the Board, with the assistance of ESG working group, throughout the process of the preparing of ESG reporting to determine progress made and made adjustment and revisions to the original goals and targets where appropriate.

Stakeholders Feedback

As the Group strives for excellence, stakeholders' feedback is always welcomed, especially on topics listed as the highest importance in the materiality assessment and its ESG approach and performance. Readers are also welcome to share your views with the Group at chinaallaccess@chinaallaccess.com.

VI. ENVIRONMENTAL SUSTAINABILITY

The Group is committed to the long-term sustainability of the environment and community in where it operates. The Group has complied with relevant environmental laws and regulations set out in Hong Kong and the People's Republic of China (the "**PRC**"). The Group stringently controls its emissions and consumption of resources in daily operations.

This section primarily discloses the policies and practices of the Group along with the quantitative data on emissions, use of resources, the environment and natural resources during FY2021.

A.1. Emissions

The Group currently operates two factories to produce solar facilities and communication application and owns offices in the PRC and Hong Kong. The Group strictly complies with relevant laws and regulations set out in the PRC and Hong Kong, including the

- Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》);
- Water Pollution Protection Law of the People's Republic of China (《中華人民共和國水污染保護法》);
- Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》); and
- Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong).

The Group is committed to making its integrated information and communication products in ways that protect the environment, managing the manufacturing line, eliminating and reducing the emissions including solid wastes, waste water and greenhouse gases. The Group strictly controls the chemical used in manufacturing process and guaranteed there is no chemicals leaked into the environment. For the offices, the emissions are insignificant than those of the production sites.

During FY2021, the Group commissioned independent environmental consultants to inspect its discharge of industrial wastewater, gas emissions and noise produced. The Group has never received any complaint on the environmental pollution issues from surrounding residents and regulators. The emission results are generally within the applicable emission guidelines. All the emission data are illustrated in Table 1.

Manufacturing facilities

Due to the nature of this business, manufacturing factories mainly generate industrial and municipal wastewater and solid wastes. Other air emissions form the use of vehicles and electricity and use of natural gas in restaurants are also generated in daily operation. The Group conducted regular treatments on the wastes during the manufacturing process and kept meticulous monitoring and controlling on the emissions especially air emission, waste water, solid waste and noise control, in order to guarantee the emissions are all complied with the corresponding discharge standards of the PRC.

Wastewater

The wastewater generated from the manufacturing operations includes industrial wastewater and domestic wastewater. Domestic wastewater is discharged directly to local wastewater treatment plant for further treatment through pipes. Industrial wastewater comes from the cooling process, which is collected separately and sealed in specific containers for unified treatment in local professional industrial wastewater treatment company. The wastewater treatment company commits that industrial wastewater is discharged to the sewage disposal plant for further treatment after confirming the eligibility of all the emission indexes.

To reduce the amount of wastewater, the Group strictly controls and monitors the wastewater and has implemented different measures such as turning off vacant production machine and increasing the recycle rate for cooling.

Solid waste

The main solid waste from the production process is the leftover materials and offcuts from the manufactured products, used cleaning rags for machines, wasted containers and domestic garbage produced from the daily operations in offices. The hazardous solid waste from the production segment amounted to 0.4 tonnes in FY2021, which has been dealt by qualified local industrial waste treatment company. All the hazardous wastes generated during the production are emitted under the compliance with corresponding emission standards.

The Group has been continuously performing the separate collection method on daily domestic garbage to ensure the reuse of the recyclable waste. Apart from the daily domestic garbage, the Group has carefully collected the waste packaging materials by category, such as paper, cardboard and used boxes for centralised recycling and re-usage purpose.

Air emissions

Air emissions of the Group mainly come from the use of vehicles and use of natural gas form the restaurant and dormitory. Since the Group uses diesel and gasoline for powering vehicles, the exhaust gases generated from car use are mainly sulphur oxides ("**SO_X**") and nitrogen oxides ("**NO_X**"). The air emissions from the use of natural gas are mainly carbon dioxide and leaked natural gas.

All the exhaust gases are emitted after ensuring the compliance with relevant emission regulations. Online monitor facilities have also been implemented to test whether the emitted gases meet the emission regulations. Meanwhile, anti-dust equipment has been implemented and professional inspecting companies have been irregularly invited to run environmental inspection.

Greenhouse gases ("GHGs")

The Greenhouse gases ("**GHGs**") emissions from the manufacturing process are mainly generated from its purchased electricity. The GHGs emissions are positively correlated with electricity consumption. To reduce the amount of carbon emission, the Group has implemented several practical measures on saving energy as further described in the next section "A.2. Use of Resources".

The noise sources of manufacturing process mainly include the transportation of raw materials, fans and mechanical noise. The noise during daytime and night fully meets the national noise control requirements. To lower the manufacturing noise, the Group has refreshed the production facilities. The Group received no complaint on noise issue in FY2021.

The emissions from offices in the PRC of the Group is insignificant compared to those of manufacturing factories. The wastewater and solid waste are dealt by the property management company and the amount of air emissions are insignificant. The Group is committed to keeping the daily operations in a waste reduction and energy saving manner. The Group collects domestic wastes separately and makes appropriate reuse on the recyclable materials. Also, proper electricity consumption manner has been advocated to minimise the GHGs emissions.

Table 1 Total emissions of the Group by category in FY2020 and FY2021

Items	Type of emissions	Units	FY2021 Amount	FY2021 Intensity (Per employee)	FY2020 Amount	FY2020 Intensity (Per employee)
Air emissions						
Vehicles	SOx	kg	**0.18**	**—**	0.25	—
	NOx	kg	**6.79**	**0.01**	8.34	—
	PM	kg	**0.53**	**—**	0.64	—
GHG emissions						
	Scope 1	Tonnes CO_2e	**32.74**	**0.05**	44.00	—
	Scope 2	Tonnes CO_2e	**3,577.19**	**5.41**	2,964.51	1.09
Wastes						
Industrial	Solid waste	kg	**400.00**	**0.61**	400.00	0.15
	Wastewater	m^3	**143,744.95**	**217.47**	124,617.00	45.92
Non-hazardous	Solid waste	kg	**10,400.00**	**15.73**	12,500.00	4.61

During the year under review, the Group was not in violation of any relevant laws and regulations that have a significant impact on the Group in terms of emissions.

A.2. Use of Resources

The Group complied with the relevant laws and regulations with regards to its use of resources, including but not limited to Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》) and Provisions on the Management of Water Conservation in Cities (《城市節約用水管理規定》) during the year under review. Resources used by the Group mainly include electricity, natural gas, diesel, gasoline and water. The Group has also consumed some packaging materials, which is insignificant compared to other resources consumed. Hence, this section has excluded from this report.

The Group strives to save energy and resources through persistent implementation of internal policies and advanced technologies in order to ensure that the resources are consumed in a responsible manner.

Water

The water consumption of the Group comes from domestic water usage and production water usage. The industrial water consumption is significantly larger than the domestic water consumption. The Group has educated its employees to save water in the daily working hours. The amount of domestic water consumed is minimal and need-based. To improve the utilization efficiency of water resources, the Group has formulated the internal regulation as below:

- Perform regular propaganda and education work on saving every drop of water among its staff;
- Place "Saving Water Resource" posters in prominent places to encourage water conservation;
- Collect used water for cooling purposes, floor cleaning, toilet washing and yard washing if possible;
- Carry out regular leakage tests on water tap, washers and other defects in the water supply system;
- Adapt advanced technology to increase recycling rate; and
- Fix dripping taps immediately.

Electricity

The Group keeps a detailed record of its electricity consumption. All subsidiaries of the Group stringently comply with the Group's policy of saving energy. The Group is committed to saving electricity from both production lines and daily operation in office by executing the following measures:

- Switch off the vacant lights and air-conditioning;
- Maintain a constant temperature of the air-conditioners;
- Replace the central air-condition in the production process;
- Place "Saving Electricity, turn off the Light when Leaving" posters in prominent places to remind employees;
- Keep the office equipment clean (such as refrigerator, air-conditioner and paper shredder) and ensure that they run efficiently;
- Remove unnecessary production facilities;
- Replace old equipment with new electricity-saving equipment;
- Turn off the computers, copy machines and drinking machines after work;
- Replace high electricity consumption lamps with LED lights for office lighting; and
- Reduce lighting at well-lighted areas and turn off lights after work uniformly.

In office area of the factories, the Group has changed ordinary light bulb into LED light bulb, while the production line has changed the T8 light bulb into T5 light bulb. Also, the newly implemented air-conditioning system is estimated to save 50 MWh electricity per year.

Energy

The Group consumed gasoline, natural gas and diesel in FY2021. The Group encourages energy saving through simple measures, such as making the best use of room to avoid unnecessary transport and replacing old production equipment with new ones. Apart from these, the Group also highly encourages its staff to take public transportation or environmental-friendly buses instead of driving to work. The Group is dedicated to making contribution to the reduction of GHG emissions.

Other resources

Other resources consumed by the Group is packaging materials, paper and stationary. The packaging materials consumed from the manufacture segment is plastic and paper. However, the amount of paper and stationary consumed from the offices are insignificant. The Group has implemented active strategies to save the resources as following:

- Collect the paper consumption data by department and purchase accordingly every month;
- Replace pen holders every three month;
- Encourage double sided print in black and white and set print limit;
- Recycle the single sided paper or draft paper;
- Promote automation system and implement paperless electronic file transfer mode;
- Use environmentally-friendly paper to print annual report; and
- Place recycle tray beside copy machine to recycle paper.

Table 2 Total resource consumption of the Group by category in FY2020 and FY2021

		FY2021		FY2020	
Type of resources	**Units**	**Amount**	**Intensity**	**Amount**	**Intensity**
Energy consumption					
Gasoline (Petrol)	L	**8,617.00**	**13.04**	13,157.97	4.85
Diesel	L	**3,571.00**	**5.40**	3,571.00	1.32
Natural Gas	m^3	**344,266.68**	**520.77**	338,112.20	124.58
Purchased Electricity	kWh	**338,074.06**	**511.46**	328,746.20	121.13
Steam	m^3	**12,290.84**	**18.59**	10,011.31	3.69
Water					
Consumption	m^3	**176,220.95**	**266.60**	162,895.00	60.02
Packaging materials					
Plastic	tons	**0.20**	**0.00**	1.75	—
Paper	tons	**61.09**	**0.09**	92.22	—

A.3. The Environment and Natural Resources

The Group has strictly complied with the relevant laws and regulations, namely Law of the People's Republic of China on Circular Economy Promotion (《中華人民共和國循環經濟促進法》) and Environmental Impact Assessment Law of the People's Republic of China (《中華人民共和國環境影響評價法》), in relation to the environment and the use of natural resources during the year under review.

Sustainable Development Goals (SDGs) of United Nations defined the vision and priorities of global sustainability in 2030 and call on all enterprises to maximise their innovation capabilities for addressing the challenges of sustainability and to some degrees accomplishing the 17 sustainability goals together. With an ambitious target to integrate the global sustainable development goals into its business strategies, The Group references the SDG Compass and commits to achieve the understanding of sustainability goals, setting of priorities and long-term goals, integration and implementation of corporate sustainability efforts, and effective reporting and communication in the near future.

To eliminate the impact on the environment, the Group has implemented various measures in daily operations. For example, the Group has replaced old central air-condition with the newest energy-saving water-cooled central air-condition in the production area. Employees are encouraged to use public transport to travel for work. The Group also invested in environmental protection equipment in FY2021 and installed gas treatment equipment in production line. The dormitory also implemented solar water heaters to reduce the use of natural gas.

A.4. Climate Change

The Group acknowledges that climate change poses different kinds of risks as well as opportunities to the Company's operations. According to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), climate risks are classified into transitional risks (the adaptation challenges that companies may face in terms of policies, laws, technologies and markets) and physical risks (the impact that extreme weather events may have on companies).

For physical risks, examples include bad weather such as extreme cold or heat, heavy rain, storm, typhoon, and other extreme weather events that can disrupt operations by damaging power grid, communication infrastructures, obstructing and injuring our staff on the way or during their work, and also disastrous events incidental to these weather such as the fire hazard from overheated equipment in severe heat waves cause by global warming. All these events may bring severe impact to the company's operations.

For transformation risks, which means the risks faced by the Company include the introduction of policies related to energy conservation and emission reduction, stricter emission reporting obligations and compliance requirements, etc.

In response, the Group will identify these risks and prioritise those which have severe impact to take precaution measures first. The Group will also identify, if any, opportunities where changing of the business processes may be possible, for instance, staff switch to use online video conference methods to communicate in order that these severe impact to operations may be mitigated or avoided.

VII. SOCIAL SUSTAINABILITY

EMPLOYMENT AND LABOUR PRACTICES

B.1. Employment

The Group views talents as its most valuable assets and the key driving factor in ensuring the success and sustainable development of the Group. We strive to provide our employees with a safe and suitable platform for developing their career, professionalism and advancement. The composition of employees of the two factories located in PRC are listed below:

Employee composition		FY2021	FY2020
Total		**661**	2,714
By gender	Male	**348**	1,372
	Female	**313**	1,342
By age	<25	**315**	1,292
	25-29	**212**	693
	30-39	**90**	562
	40-49	**36**	146
	>50	**8**	21
By type	Full-time	**514**	1,587
	Part-time	**147**	1,127

Employee turnover		FY2021	Turnover rate	FY2020	Turnover rate
Total		**2,663**	**403%**	2,103	77%
By gender	Male	**1,594**	**509%**	1,608	117%
	Female	**1,069**	**307%**	495	37%
By age	<25	**1,474**	**468%**	1,143	88%
	25-29	**506**	**239%**	452	65%
	30-39	**545**	**606%**	435	77%
	40-49	**123**	**342%**	65	45%
	>50	**15**	**188%**	8	38%

Law compliance

The Group's human resources policies fully align with the applicable employment laws and regulations in Hong Kong and the PRC, such as:

- Employment Ordinance (Chapter 57 of the Laws of Hong Kong);
- Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong);
- Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong);
- Labour Law of the People's Republic of China (《中華人民共和國勞動法》);
- Employment Promotion Law of the People's Republic of China (《中華人民共和國就業促進法》); and
- Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》).

The Group has also complied with the laws and regulations in respect to the employees' social security schemes that are enforced by the local government, such as the social security benefits (including the provision of pension, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing provident fund) in the PRC and Mandatory Provident Fund Scheme and Medical Insurance Scheme in Hong Kong. To make sure that the relevant internal policies are fully in line with the latest laws and regulations, it is the Group's human resources department that reviews and updates corporate documents in talent management on a regular basis.

Recruitment and promotion

Talent acquisition is vital in ensuring the sustainable development of the business. Adhering to the core values, "Integrity Foremost, Application Oriented" of the Group, we have high requirements on our employees. The Group prepares the "Year Recruitment Plan" and adopts a variety of initiatives to facilitate the recruitment of staff, such as internet, institutions' recruitment seminars and agents, to attract talented employees. All the recruitment procedures are transparent to ensure the fairness. To attract high-calibre candidates, the Group offers fair, competitive remuneration and benefits based on the individuals' past performance, personal attributes, job experiences and career aspiration. The Group also references market benchmarks and internal budget in determining its remuneration and benefit policies.

The Group ensures all the employees are treated fairly and get development and promotion opportunities when appropriate.

Compensation and dismissal

We have strictly adhered to local policies relating to employees' compensations, such as Minimum Wage Standards and Overtime Payment Accounting Standards to ensure employees' benefit. We have also implemented multi-level wage labour inspection system to review working time, which helps us to properly assess employees' performance. The Group constantly reviews its compensation packages and performs probationary and regular evaluations according to the overall market environment, profitability of the Group and employee's performance in the past. This ensures that employees are recognised by the Group appropriately with respect to their efforts and contributions. The Group gives bonus to employees according to their performance and set share point scheme as a long-term incentive plan for key management staff. By improving the remuneration system and career paths, the Group expects to establish a comprehensive incentive system based on physical, mental, emotional and growth motivations to carry forward the harmonious and stable employment relationship.

Meanwhile, any appointment, promotion or termination of employment contract would be based on reasonable and lawful grounds along with internal policies, such as staff handbooks. The Group strictly prohibits any kind of unfair or unreasonable dismissals.

Working hours and rest period

The Group has formulated its own internal policies based on local employment laws and Rules of the State Council on Working Hours and Staff Members (《國務院關於職工工作時間的規定》) to determine working hours and rest period for employees. We have implemented working hours monitor system to monitor employees' working hours. For overtime work, the Group has overtime payment and compensation rest hours for employees.

In addition to basic paid annual leave and statutory holidays prescribed by the employment laws of the local governments, employees may also be entitled to additional leave entitlements such as marriage leave, maternity leave and funeral leave.

Equal opportunity and anti-discrimination

As an equal opportunity employer, the Group is committed to creating a fair, respectful and diverse working environment by formulating Equal Opportunity Policy (《平等就業政策》) in all its human resources and employment decisions. For instance, training and promotion opportunities, dismissals and retirement policies are based on factors irrespective of the employees' age, sex, marital status, pregnancy, family status, disability, race, colour, descent, national or ethnic origins, nationality, religion or any other non-job related factors in all business units of the Group.

The equal opportunity policy allows zero tolerance in relation to any workplace discrimination, harassment or vilification in accordance with local ordinances and regulations, such as Disability Discrimination Ordinance (Chapter 487 of the Laws of Hong Kong), Race Discrimination Ordinance (Chapter 602 of the Laws of Hong Kong) and Sex Discrimination Ordinance (Chapter 480 of the Laws of Hong Kong). Employees are encouraged to report any incidents involving discrimination to the human resources department of the Group. The Group shoulders the responsibility for assessing, dealing with, recording and taking any necessary disciplinary actions in relation to such incidents.

Other benefits and welfare

The Group provides additional benefits and welfare such as medical subsidies and hospitalisation scheme to employees. For those employees working at a manufacturing facility, additional employee benefits include the provision of well-equipped dormitories and meals are provided. The Group also hosts a series of activities, such as outing, talent competition and department dinner, for its employees to enhance the sense of belongings and relieve stress, which exemplified the Group's corporate culture of enhancing the spirit of solidarity and cohesion among its employees.

In terms of internal communication, the effective two-way communication between the general staff and managerial staff is highly encouraged within the Group. The employees maintain timely and smooth communication with each other and the management through a variety of ways including phones, regular meetings and social meetings. Maintaining a barrier-free employer-employee relationship helps create a productive and pleasant working environment.

During the year under review, the Group was in compliance with relevant laws and regulations in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, welfare and other benefits that have a significant impact on the Group.

B.2. Health and Safety

To provide and maintain good working conditions and a safe and healthy working environment for its employees, the Group has established internal safety and health policies, which are in line with various laws and regulations stipulated by Hong Kong and the PRC. The specific laws and regulations include:

- Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong);
- Production Safety Laws of the People's Republic of China (《中華人民共和國安全生產法》);
- Regulation on Work-Related Injury Insurance (《工傷保險條例》); and
- Occupational Disease Prevention Law of the People's Republic of China (《中華人民共和國職業病防治法》).

The Group has established a comprehensive mechanism and stringent safety and labour practice standards to ensure workplace to minimise the risk of accidents and enhance employees' health and safety awareness.

Besides, the Group strictly follows several operating health and safety standards including GB/T29639-2013, GBZ 1-2010, GB12011-2009, GB2811-2007 and sets up internal manuals such as Environment and Safety Monitor and Control Process (《環境及健康安全監測控制程序》) in order to provide a healthy and safe working environment to employees. The quality management department has performed annual evaluation on the compliance of laws and regulations for senior managers' review.

Under those manuals, the Group keeps a record on the hidden dangers and accidents and evaluates the accomplishment on danger control. In addition, the Group prohibits smoking and drinking while enhancing the safety awareness of employees. Regular safety meetings and trainings are held to all employees in the operating areas. The Group has always been committed to providing a safe and healthy environment by incorporating a range of occupational health and safety measures for all the employees in the offices and production sites, such as regular disinfection treatment of carpets, cleaning of air-conditioning systems, building up safety warning signs and setting up safe and healthy work bulletin.

The Group has complied with relevant laws to provide protection equipment such as masks and earplugs and has adopted alternate working system with an aim to protect employees from occupational hazards. Employees involved in special type of work shall possess required work permits and wear shielding shoes and safety helmet. The Group has hosted emergency exercise (including safety drill, emergency management, machine safeguarding, occupational health and safety and hazardous material handling) annually and set safety signs to enhance employees' safety awareness. The Group targets to achieve accident-free workplace environment.

In FY2021, no work-related fatalities and no lost days due to work injury occurred in the Group's related activities. During the year under review, the Group was not in violation of any of the relevant laws and regulations in relation to providing a safe working environment and protecting the employees from occupational hazards that have a significant impact on the Group.

Occupational Health and Safety	**2021**	2020	2019
Number of work-related fatalities	**0**	0	0
Lost days due to work injury	**3**	194	0

B.3 Development and Training

Training is the behaviour and process of trainees to earn knowledge, skills, attitudes and even directed improvement of behaviour through systematic and continuous systematic learning so that they can complete the work at an expected level. Training is investment to improve organisational performance, reduce costs, improve quality and improve customer satisfaction and can effectively solve problems.

The Group offers comprehensive training and development programmes to its staff in order to strengthen their work-related skills and knowledge. Trainings can be divided into internal trainings and external trainings to comprehensively increase employees' quality and ability. For newly recruited staff, the Group provides training regarding to their roles, positions, Group policies and cultures. The employees have to pass the induction training before becoming a formal employee. For other employees, trainings are focused on personal professional skill training and management training. The Group aims to foster a learning culture that strengthens its employees' professional knowledge.

The Group also encourages outstanding employees to attend external trainings for enhancing their competitiveness and expanding their capability through continuous learning. The Group may arrange external training organisations and trainers to provide job-related trainings to its employees. For those who passed professional training and obtain relevant certificate, the employees can apply for reimbursement and receive corresponding exam leave.

The Group aims to foster a learning culture that could strengthens its employees' professional knowledge, so as to benefit the Group as employees are expected to achieve better working performance after receiving appropriate training. Employees' performances in the trainings are considered in the employees' performance evaluations.

Employees' training in FY2021

	Number of trained employees	Percentage of employees under each category	Average hours trained under each category
By employee category			
Senior management	20	100%	11.75
Middle management	34	100%	17.59
General staff	60	10%	0.49
By gender			
Male	1,951	100%	0.71
Female	753	100%	0.99

B.4. Labour Standards

The Group strictly abides by the laws and regulations in Hong Kong and the PRC related to labour standards to prohibit any child and/or forced labour employment, including but not limited to:

- Employment Ordinance (Chapter 57 of the Laws of Hong Kong);
- Labour Law of the People's Republic of China (《中華人民共和國勞動法》);
- Prohibition of Child Labour of the People's Republic of China(《中華人民共和國禁止使用童工規定》); and
- Protection of Minors Law of the People's Republic of China(《中華人民共和國未成年人保護法》).

To combat illegal employment on child labour, underage workers and forced labour, and to ensure that applicants are lawfully employable, all employees are required by the Group's human resources staff to provide valid identification document prior to the confirmation of employment. The human resources department is responsible for monitoring and ensuring compliance with the latest and relevant laws and regulations that prohibit child labour and forced labour. The Group has regular review on the human resources policies and the human resources department established reporting mechanism to monitor and ensure the compliance of all relevant laws and regulations.

During the year under review, the Group was not in violation of any of the relevant laws and regulations, in relation to the prevention of child and forced labour that have a significant impact on the Group.

OPERATING PRACTICES

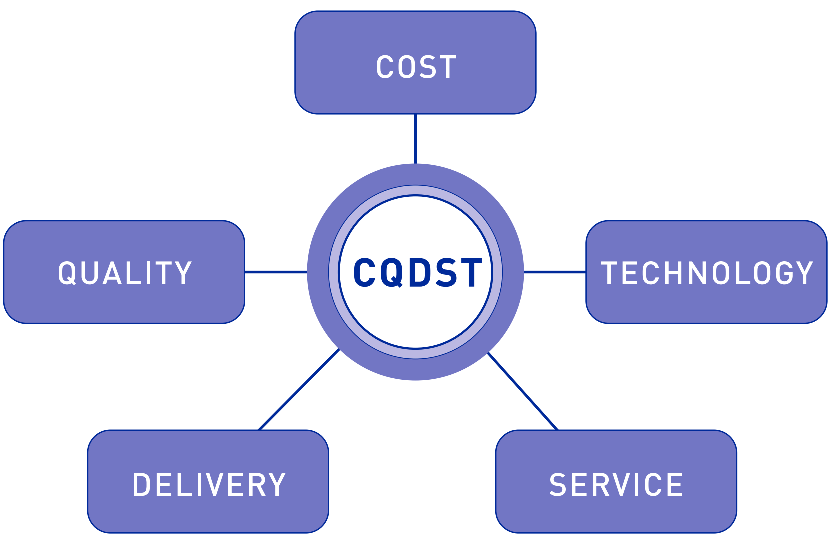
B.5. Supply Chain Management

As a socially responsible enterprise, it is critical and vital for the Group to maintain and manage a sustainable and reliable supply chain that has minimal negative repercussions on the environment and society. The Group achieves this goal by conducting comprehensive evaluation of potential and existing suppliers. The principal raw materials used in the production are LCD panels, driver IC, backlight, polarizer, glass cover, tough IC and auxiliary materials. There are 3 main suppliers of the Group two of which are located in Shenzhen, the other located in Taiwan.

The Group has established internal policies for searching potential suppliers. When searching for potential suppliers, the Group has taken the following aspects into consideration:

- Advantaged business scale in the industry;
- Certification for quality management system (ISO9001);
- Experience in manufacturing integrated information and communication product;
- Cooperation wellness;
- Adaptation of product (when the industry is in a relevant low level);
- Production experience of two years or above;
- Cost effective;
- Principle of proximity for structural component, packaging materials and other non-wearable materials with low value;
- Certificate for QC080000 or other relevant certification if necessary; and
- The recognition of factories, agent and merchant.

After searching for potential suppliers, the sourcing engineer runs basic production and agent evaluation and issue Application for Import of New Supplier Form (《新供方導入申請表》). A site assessment team led by souring engineer and composed by staffs from relevant department will assess the potential suppliers through Supplier Evaluation Report (《供應商／外協廠稽核報告》), ISO9001 quality standard and the special requirement for corresponding materials and perform environmental evaluation separately after the assessment of relevant departments and the vice president. Approved suppliers are required to sign the quality commitments and other agreement issued by the Group and added to the Qualified Supplier List (《合格供應商清單》). The quality department, R&D department, logistics department and warehouse department conduct CQDST evaluation independently every month, which includes cost, quality, delivery, service and technology. The suppliers fail in the CQDST evaluation for three-month will be suspended.



The cooperation philosophy of the Group with suppliers is win-win cooperation. To better manage the risks in supply chain, the Group has established Supplier Risk Identification and Management Principle (《供應商風險識別及管控規範》) and set half-year bids to manage the share of each supplier to lower the risk in supply chain.

In relation to existing suppliers, the quality control force formed from cross-disciplinary departments will conduct regular and coordinated assessments on the suppliers based on an established scoring mechanism. The assessments are based on criteria such as the suppliers' price, product quality, transportation and delivery capacity, reputation, financial situation, aftersales service, complaint mechanism and environmental and social responsibility, to ensure the performance of the suppliers and to confirm their products meet our stringent manufacturing standards. The Group has regularly reviewed its list of qualifying suppliers.

The Group attaches great importance to the communication with the suppliers to build internal trust. To facilitate better cooperation and communication with suppliers and maintain a long-term strategic cooperation relation, the Group regularly provides quality management training and give advices on production risk management and handing quality deficiency to its supplier during supplier meeting. To ensure sufficient supply, the Group has kept close contact with the suppliers and reserved products in advance. Therefore, the suppliers are reliable after long-term cooperation. Given the solid and steady relationships with its suppliers, the Group did not experience any material delays in receiving supplies from its suppliers in past years.

To manage environmental risks in supply chain, all suppliers have to sign Safety Commitment and Supplier Green Commitment. The on-site assessment teams are also responsible to check whether the supplier has proper environmental management team and hazardous material management system. To ensure the compliance with environmental requirements, the Group requires suppliers to provide evidence to show hazardous materials will not be used in the production of goods provided to the Group.

B.6. Product Responsibility

In order to protect the legitimate rights and interests of consumers and strengthen the supervision on the quality of products, the Group has complied with related laws and regulations on products safety and health including:

- Law of the People's Republic of China on Product Quality (《中華人民共和國產品質量法》);
- Law of the People's Republic of China on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》); and
- Law of the People's Republic of China on the Protection of Production Safety (《中華人民共和國安全生產法》).

During the year under review, the Group was not in violation of any relevant laws and regulations regarding health and safety, advertising, labelling and privacy matters of its products that may have a significant impact on the Group. As a leading participant in the integrated information and communication industry in the PRC and adhering to our service philosophy of prioritising customer and quality, quick responding with continuous improvement, the Group has attached great importance on product responsibility and quality. The quality management system adheres to internationally recognized technical specification on ISO14001, OHSAS18001 and ISO9001.

For continuous improvement of the quality of products, different departments are responsible for their own duties. The project tram takes the lead in project developing while the engineering department optimise the processes and develop new production processes. The quality assurance department of the Group is responsible for handling comprehensive quality control and assurance issues from development stage to finished product and after-sale services. In the manufacturing process, apart from the products' functional testing and visual inspection, the quality assurance department is responsible for arranging reliability testing, including extreme temperature and humidity test, electrostatic shock test and drop test, and other ordinary automated testing procedures. These tests can reliably simulate the real conditions where products are used by customers and identify any manufacturing and design defects.

If there are any defective products, the Group is responsible for contacting customer who has purchased the product, collecting the sample products from customers for quality testing and analysis and requiring distributors to recall disqualified products if necessary.

The Group has customer service managers to closely listen to customers' feedback and addresses most after-sales concerns, including any product complaints and product recalls. If there is any complaint, the customer service managers will inform the Group and gather relevant staffs to rectify the mistake and prevent such accidents in the future according to the internal regulation.

The Group has issued internal guideline to ensure all the sales materials providing accurate and precise descriptions and information to customers which comply with the relevant laws and regulations for local operations such as Advertising Law of the People's Republic of China (《中華人民共和國廣告法》). Any misrepresentation or exaggeration advertisements are strictly prohibited. The administrative department has closely monitored released marketing materials and product labelling to prevent inappropriate or exaggerated advertisement. If there is any violence with the internal guidelines, the Group would carry out corrective action immediately. In addition, the internal guidelines have been regularly updated with the latest regulations released by the government.

The Group has been dedicated to protecting and enforcing intellectual property rights which is crucial to the sustainable business growth in the integrated information and communication industry. The intellectual property right (IPR) management team has been established to monitor IPR related risks surrounding all group functions, including R&D, human resources, procurement, sales, production, finance and other functions to ensure that the IPR risk level is controlled within an acceptable range.

The Group has generally entered into agreement with business partners to protect the IPR of the Group by using the intellectual property on the sales only. The Group also prohibits business partners to participate in any activities that may infringe upon the Group's interest. The employees have also been responsible to maintain business secrets and other proprietary intellectual properties confidentially.

The Group is committed to abiding by the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong), and Law on Protection of Consumer Rights and Interests of the People's Republic of China (《中華人民共和國消費者權益保護法》) to ensure customer's information is under strict protection. Information collected would only be used for the purpose for which it has been collected and customers would be told about how the data collected would be used in business. The Group prohibits the provision of consumer information to a third party without authorisation from the customers. Customers remain the rights to review and revise their data and remain the rights to opt out from any direct marketing activities. All collected personal data is treated confidentially and is kept securely, accessible by designated personnel only. Through the internal training and confidential agreements with employees, the Group emphasise on confidentiality obligations and the legal consequences for the breaches of obligations.

During the year under review, the Group has not in violation of any relevant laws and regulations relating to health and safety, advertising, labelling and privacy matters relating to products and services provided.

B.7. Anti-corruption

To maintain a fair, ethical and efficient business and working environment, the Group strictly adheres to the local laws and regulations relating to anti-corruption and bribery, irrespective of the area or country where the Group conducts its business, such as

- Law of the PRC on Anti-money Laundering (《中華人民共和國反洗錢法》);
- Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Chapter 615 of the Laws of Hong Kong); and
- Prevention of Bribery Ordinance (Chapter. 201 of the Laws of Hong Kong).

The Group has formulated and strictly enforced its anti-corruption policies and comprehensive internal operating manuals to prevent any corruption. To minimise corruption activities within the Group, we have adopted more transparent anti-bribery and anti-corruption policies and programs, demonstrated the concept of fair operation, strengthened employee compliance standards, accessed the compliance risks of operations to enhance the capability of risk management. All employees are expected to discharge their duties with integrity and self-discipline, and are required to abstain from engaging in bribery, extortion, fraud and money laundering activities or any activities which might exploit their positions against the Group's interests.

The Group has no tolerance to any corruption and has set whistle-blowing policy to report any corruption. We encourage employees to report any suspicious actions in operation. Relevant evaluation, consultation, investigation and punishment have been written in the Whistle-blowing policy. Whistle-blowers can report verbally or in writing to the risk management and internal audit department or the senior management of the Group for any suspected misconduct with full details and supporting evidence. The management will conduct investigations against any suspicious or illegal behaviour to protect the Group's interests. The Group advocates a confidentiality mechanism to protect the whistle-blowers against unfair dismissal or victimisation through security regimes.

During the year under review, the Group was not in violation of any of the relevant laws and regulations in relation to bribery, extortion, fraud and money laundering that have a significant impact on the Group.

COMMUNITY

B.8. Community Investment

The Group believes that community is the foundation on which the company depends for survival and development. All business activities of the company will fully consider the interests of the community. The Group places great emphasis on employee benefits and cultivating social responsibility awareness among employees, encourages them to voluntarily participate in charitable community activities and focuses on environmental protection. Participation in such projects helps the Group formulate policies and objectives, which are in line with the interests of these communities reciprocally.

We treasure our employees and consider them as part of our family. To enhance employees' sense of belongs and relieve their working pressure, the Group has organised sporting activities, such as outings, climbing and corporate basketball competition, and cultural activities such as singing competition and guess riddle. For sick employees, the Group also organised comfort visit to show our concern.

For the volunteer work, we have organised outdoor waste recycling and encourage employees to participate in transportation management during the year under review. These measures help us to maintain the stabilization of the local community.

Beside these, the Group has also organised photography competition with the theme of environmental protection. This helped employees to further understand the pollution in surrounding areas and alert other people to pay more attention to contaminations around themselves and take measures to protect the environment.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to enhancing corporate governance and transparency of the Group by applying the principles and complying with the code provisions of the Corporate Governance Code (the "**CG Code**") set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). The audit committee of the Board is delegated by the Board with the corporate governance functions set out in code provision D.3.1 of the CG Code and is responsible for reviewing the Company's compliance with the CG Code and making recommendations to the Board.

During the year ended 31 December 2021, the Company was in due compliance with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "**Model Code**"). 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 directors' securities transactions during the year ended 31 December 2021.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

(A) Composition of the Board

During the year ended 31 December 2021, the composition of the Board was as follows:

Name of Directors	Other positions in the Company
Executive Directors:	
Mr. Chan Yuen Ming	Chairman of the Board ("**Chairman**")
Mr. Shao Kwok Keung	Chief Executive Officer ("**CEO**") Member of the Remuneration Committee Member of the Nomination Committee
Non-executive Director:	
Bao Tiejun (Resigned on 31 January 2021)	

Name of Directors	Other positions in the Company
Independent Non-Executive Directors:	
Mr. Wong Che Man Eddy	Chairman of the Audit Committee Member of the Remuneration Committee Member of the Nomination Committee
Mr. Lam Kin Hung Patrick	Chairman of the Nomination Committee Member of the Audit Committee
Mr. Tam Sui Kwan	Member of the Audit Committee Chairman of the Remuneration Committee

There are no relationship, including financial, business, family or other material relationships, between members of the Board and between the Chairman and the CEO.

(B) Responsibility of the Board

The Board is responsible for leading the Company by setting the overall strategies and objectives, designing the business development plans, monitoring and controlling its operating and financial performance and making key decisions. The tasks of day-to-day management and operations of the Group are entrusted to the executive Directors and the senior management who are closely supervised by the Board to ensure compliance with the Company's policy and objectives.

(C) *Directors' Attendance at Board and General Meetings*

During the year ended 31 December 2021, the Company held 17 Board meetings (excluding Board committee meetings) and 0 general meeting. The attendance of each Director at these meetings, by name, is set out below:

Name of Directors	Attendance/Number of board meetings held	Attendance/Number of general meetings held
Executive Directors		
Mr. Chan Yuen Ming	17/17	0/0
Mr. Shao Kwok Keung	17/17	0/0
Independent Non-executive Directors		
Mr. Wong Che Man Eddy	17/17	0/0
Mr. Lam Kin Hung Patrick	17/17	0/0
Mr. Tam Sui Kwan	17/17	0/0

The individual attendance record of the Directors at meetings of the remuneration committee, nomination committee and audit committee of the Board are set out in the section headed "Board Committees" of this corporate governance report.

(D) *Independence of the Independent Non-executive Directors*

The Company has received written confirmation from each of the independent non-executive Directors regarding his independence with reference to the requirements of Rule 3.13 of the Listing Rules. Based on these confirmations, the Company considers that each of the independent non-executive Directors to be independent.

(E) *Terms of Appointment of the non-executive Directors*

The non-executive Director is appointed for an initial term of one year renewable automatically for successive terms of one year upon each expiry, unless terminated in accordance with the terms of the letter of appointment/by not less than three months' notice in writing served by either the Company or the non-executive Director expiring at the end of the initial term or at any time thereafter.

Each of the independent non-executive Directors is appointed for an initial term of two years renewable automatically for successive terms of one year each commencing from the next day after the expiry of the then current term of his appointment, unless terminated by not less than three months' notice in writing served by either the Company or the relevant independent non-executive Director expiring at the end of the initial term or at any time thereafter. In accordance with the articles of association of the Company (the "**Articles of Association**"), at each annual general meeting of the Company, at least one-third of all the Directors (including the independent non-executive Directors) shall retire from office by rotation at least once every three years and each of the retiring Directors shall be eligible for re-election at the annual general meeting of the Company at which he retires.

(F) Continuous Professional Development of Directors

To ensure the Directors' contribution to the Board remains informed and relevant and in compliance with code provision A.6.5 of the CG Code, the Company shall arrange and fund suitable training for Directors to develop and refresh their knowledge and skills. During the year under review, the Directors participated in the kinds of training in compliance with code provision A.6.5 of the CG Code as follows:

Name of Directors	Kind of Training
Executive Directors	
Mr. Chan Yuen Ming	A,B
Mr. Shao Kwok Keung	A,B
Independent Non-executive Directors	
Mr. Wong Che Man Eddy	A,B
Mr. Lam Kin Hung Patrick	A,B
Mr. Tam Sui Kwan	A,B

A: Reading materials on legal and regulatory updates

B: Attending seminar, training and/or conferences relevant to the Group's business or Directors' duties

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles and duties of the Chairman and CEO of the Company are separate and performed by different individuals. The Chairman of the Board, Mr. Chan Yuen Ming, is responsible for the Group's overall business development and strategic planning. Mr. Shao Kwok Keung, the CEO, is responsible for the corporate management of the Company.

BOARD COMMITTEES

In compliance with the Listing Rules and principles of good corporate governance, the Company has established the remuneration committee (the "**Remuneration Committee**"), the nomination committee (the "**Nomination Committee**") and the audit committee (the "**Audit Committee**") of the Board to assist the Board in the overall supervision of the management of the Company.

(A) Remuneration Committee

The Company established the Remuneration Committee pursuant to a resolution of all Directors passed on 28 August 2009.

The Remuneration Committee currently comprises three members, namely, Mr. Tam Sui Kwan (Chairman of the Remuneration Committee and an independent non-executive Director), Mr. Wong Che Man Eddy (independent non-executive Director) and Mr. Shao Kwok Keung (executive Director).

The role and function of the Remuneration Committee are set out in its written terms of reference. The written terms of reference are published on the websites of the Stock Exchange and the Company. The principal duties of the Remuneration Committee include (1) making recommendations to the Board on the Company's policy and structure for the remuneration of the Directors and the senior management, (2) making recommendations to the Board on the remuneration packages of each executive Director and member of the senior management, (3) making recommendations to the Board on the remuneration packages of non-executive Directors, (4) ensuring that no Director or any of his associate is involved in deciding his own remuneration and (5) reviewing and approving compensation arrangements relating to dismissal or removal of Directors.

During the year ended 31 December 2021, the Remuneration Committee had held one meetings to review and make recommendations to the Board regarding the remuneration of the Directors and the senior management. The attendance record of each member of the Remuneration Committee at its meeting is set out below:

Name of Directors	Attendance/Number of meetings held
Executive Director:	
Mr. Shao Kwok Keung	1/1
Independent Non-executive Directors:	
Mr. Tam Sui Kwan (Chairman of the Remuneration Committee)	1/1
Mr. Wong Che Man Eddy	1/1

(B) Nomination Committee

The Company established the Nomination Committee pursuant to a resolution of all Directors passed on 28 August 2009.

The Nomination Committee currently comprises three members, namely, Mr. Lam Kin Hung Patrick (chairman of the Nomination Committee and an independent non-executive Director), Mr. Wong Che Man Eddy (independent non-executive Director) and Mr. Shao Kwok Keung (executive Director). The role and function of the Nomination Committee are set out in its written terms of reference. The written terms of reference are published on the websites of the Stock Exchange and the Company. The principal duties of the Nomination Committee include (1) reviewing the structure, size and composition of the Board on a regular basis, (2) identifying suitably qualified candidates for directorship, (3) making recommendations to the Board on the selection of nominated individuals for directorship and matters related to appointment or re-appointment of Directors, (4) assessing the independence of the Independent Non-executive Directors (5) succession planning for Directors, and (6) reviewing the Board's diversity policy.

The Nomination Committee follows a set of procedures when recommending candidates for directorship. The following criteria are considered in selecting a candidate:

- Integrity, objectivity, and intelligence of the person, with reputations for sound judgment and open mind, and a demonstrated capacity for thoughtful group decision-making;

- Qualification and career experience; and

- Understanding of the Company and its corporate mission.

When a candidate is proposed for directorship of the Company, he or she shall be evaluated on the basis of the criteria set out in the procedures mentioned above. Selection of the suitable candidate is based on a majority vote. Each committee member will be asked to express his or her view before voting. After voting, the chairman of the Nomination Committee will report its recommendations to the Board.

To ensure that the Board has a balance of skills and experience appropriate for the requirements of the business of the Group, the Company has adopted a board diversity policy as set out below.

(i) Policy statement: In determining the optimum composition of the Board, differences in the skills, regional and industry experience, background, race, gender and other qualities of Directors will be taken into account. All Board appointments will be based on merit while taking into account Diversity.

(ii) Measurable objectives: The Nomination Committee shall develop measurable objectives for implementing this policy and make recommendations to the Board. The Nomination Committee shall also review the progress of achieving these objectives as may be adopted by the Board from time to time.

Based on the business needs of the Group, the following measurable objectives have been set for implementing the policy:

(a) a prescribed proportion of Board members shall be non-executive Directors or independent non-executive Directors;

(b) a prescribed proportion of Board members shall have attained bachelor's degree or above;

(c) a prescribed proportion of Board members shall have obtained accounting or other professional qualifications;

(d) a prescribed proportion of Board members shall have more than seven years of experience in the industry he is specialized in; and

(e) a prescribed proportion of Board members shall have China-related work experience.

(iii) Implementation and monitoring: The Nomination Committee shall review the Board's composition including the skills, knowledge, experience and diversity of perspectives and the effectiveness of the board diversity policy and its measurable objectives at least annually. Based on its review, the Nomination Committee considers that the Company has achieved the measurable objectives set for implementing the board diversity policy of the Company.

During the year ended 31 December 2021, the Nomination Committee had held one meetings to review the structure, size and composition of the Board and the board committees. The attendance record of each member of the Nomination Committee at its meeting is set out below:

Name of Directors	Attendance/Number of meetings held
Executive Director:	
Mr. Shao Kwok Keung	1/1
Independent Non-executive Directors:	
Mr. Lam Kin Hung Patrick (Chairman of the Remuneration Committee)	1/1
Mr. Wong Che Man Eddy	1/1

(C) Audit Committee

The Company established the Audit Committee pursuant to a resolution of all Directors passed on 28 August 2009. The Audit Committee currently comprises three members, all being independent non-executive Directors, namely, Mr. Wong Che Man Eddy (chairman of the Audit Committee), Mr. Tam Sui Kwan and Mr. Lam Kin Hung Patrick. The role and function of the Audit Committee are set out in its written terms of reference. The Audit Committee is delegated with the corporate governance functions under code provision D.3.1 of the CG Code. Please refer to the written terms of reference of the Audit Committee published on the websites of the Company and the Stock Exchange for further details.

The principal duties of the Audit Committee include:

On external audit:

- Making recommendations to the Board on appointment, reappointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor;

- Reviewing and monitoring the external auditors' independence as well as the objectives and effectiveness of the audit process in accordance with applicable standards;

- Discussing with the external auditor before the audit commences the nature and scope of the audit and reporting obligations and ensuring co-ordination where more than one audit firm is involved; and

- Developing and implementing policy on the engagement of the external auditor to provide non audit services.

On financial information of the Company:

- Monitoring integrity of the interim and annual financial statements and interim and annual reports and accounts, and reviewing significant financial reporting judgments contained therein before submission to the Board, with a focus on the fairness and reasonableness of any connected transaction;

- Reviewing the Group's financial and accounting policies and practices;

- Reviewing the external auditors' management letter, any material queries raised by the auditor to the management in respect of accounting records, financial accounts or system of control and management response;

- Considering any significant or unusual items that are, or may need to be, reflected in the interim and annual reports and accounts and giving due consideration to any matters that have been raised by the Board; and

- Meeting with the external auditor of the Company at least once a year, and to discuss any problems or reservations arising from the interim and final audits, and any matters the auditors my wish to discuss (in the absence of the management where necessary).

On internal control and risk management:

- Reviewing the Group's financial controls and its internal control and risk management system;

- Discussing with the Group's management the system of risk management and internal control and ensuring that the management has discharged its duty to have effective systems, including the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and its training programs and budget;

- Considering any findings of major investigation of risk management and internal control matters as delegated by the Board or on its own initiative and management's responses thereto;

- Ensuring co-ordination between the internal and external auditors and that the internal audit function is adequately resourced and has appropriate standing within the Group; and

- Reporting to the Board on the matters raised in the CG Code.

On corporate governance functions:

- reviewing the effectiveness of the Group's corporate governance policies and practices and to make recommendations to the Board;

- ensuring that appropriate monitoring systems are in place to ensure compliance against the relevant internal controls systems, processes and policies;

- reviewing and monitoring the Group's communication policy with its shareholders;

- reviewing and monitoring the training and continuous professional development of directors and senior management of the Group;

- reviewing and monitoring the Group's policies and practices on compliance with legal and regulatory requirements; and

- reviewing the Company's compliance with the CG Code and disclosure in the corporate governance Report.

During the year ended 31 December 2021, the Audit Committee held one meetings to review the annual results of the Company, the internal control and risk management of the Company and the corporate governance of the Company. The attendance record of each member of the Audit Committee at its meeting is set out below:

Name of Directors	Attendance/Number of meetings held
Independent Non-executive Director:	
Mr. Wong Che Man Eddy (Chairman of the Audit Committee)	1/1
Mr. Lam Kin Hung Patrick	1/1
Mr. Tam Sui Kwan	1/1

Special attention of the Audit Committee was drawn to Note 3(b) "Basis of preparation: Going concern basis" to the consolidated financial statements that the Group incurred a net loss of approximately RMB196,075,000 (2020: RMB863,645,000) for the year ended 31 December 2021 and, as of that date, the Group had net current liabilities of approximately RMB547,339,000 (2020: RMB306,232,000) and net liabilities of approximately RMB390,528,000 (2020: RMB142,921,000). As at 31 December 2021, the Group recorded current and non-current borrowings of approximately RMB1,242,065,000 and RMB nil (2020: RMB1,290,965,000 and RMB20,623,000) respectively and cash and cash equivalents of approximately RMB29,945,000 (2020: RMB33,741,000). The total borrowings exceeded the cash and cash equivalents by an amount of approximately RMB1,212,120,000 (2020: RMB1,277,847,000).

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 12 to 13 of this annual report.

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. Details of major judgmental areas are set out in Note 4 to the consolidated financial statements.

The Audit Committee has reviewed and agreed with the management's position on these judgmental areas.

AUDIT COMMITTEE'S VIEW ON THE AUDIT QUALIFICATION

Audit Committee's view on the going concern

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 in the next financial year.

Regarding the scope limitation on inventories

The Audit Committee noted that the Board has undertaken or in the progress of implementing the measures to confirm the inventories were free from material misstatement. As at the date of this report, the Board was not aware of any indication that any of the measures cannot be completed. Assuming the successful implementation of the measures, the Audit Committee was satisfied that the Company will obtain sufficient appropriate evidence to satisfy that the inventories were free from material misstatement as at 31 December 2021.

Regarding the scope limitation on trade and other payables and borrowings and related finance costs

The Audit Committee noted that the Board has undertaken or in the progress of implementing the measures to confirm the trade and other payables and borrowings and related finance costs were free from material misstatement. As at the date of this report, the Board was not aware of any indication that any of the measures cannot be completed. Assuming the successful implementation of the measures, the Audit Committee was satisfied that the Company will obtain sufficient appropriate evidence to satisfy that the trade and other payables and borrowings and related finance costs were free from material misstatement as at 31 December 2021.

AUDITORS' REMUNERATION

For the year ended 31 December 2021, the fees for services rendered by HLB Hodgson Impey Cheng Limited is set out below:

	Fees (RMB'000)
Audit services	1,000
Audit-related services	—
	1,000

COMPANY SECRETARY

The Company Secretary Mr. Shao Kwok Keung is responsible for facilitating the procedures of the Board of Directors of the Company and communications among Directors, between Directors and shareholders and among the management. A brief biography of the Company Secretary is set out in the section headed "Biography of Directors and Senior Management" of this annual report on page 20.

In 2021, the Company Secretary received more than 20 hours of training to upgrade his professional skills and expertise.

INTERNAL CONTROL

The Board acknowledges its responsibility for maintaining a sound and effective internal control system for the Company to safeguard the investments of the shareholders and assets of the Company at all times.

The Board has conducted a review on the internal control system of the Group for the financial year ended 31 December 2021, details of which are set forth below:

(A) Internal Control System

The principal functions of the internal control system are to help achieve the Group's business objectives, safeguard assets and maintain proper accounting records for the provision of reliable financial information. The system is designed to provide reasonable, but not absolute, assurance against material misstatement in the financial statements or loss of assets and to manage rather than eliminate risks of failure when business objectives are being sought.

The following key processes have been adopted by the Board in reviewing the adequacy and integrity of the internal control system for the Group:

(1) Monitoring mechanisms and corporate culture

There are periodic meetings of the Board attended by the Directors. The Board committees and the management of the Company represent the main platform by which the Company's performance and behavior are monitored. The day-to-day business operations are entrusted to the CEO and the management team. Under the supervision of the CEO, the heads of all departments are empowered with the responsibilities to manage their respective operations.

The Board is responsible for setting the business direction and for overseeing the Group's operations with the aid of the various Board committees.

(2) Enterprise risk management framework

The Board recognizes that an effective risk management framework will allow the Group to identify, evaluate and manage the risks that affect the achievement of the Group's objectives within defined risk parameters in a timely and effective manner.

The management of the Group is responsible for identifying the risks affecting the Group and evaluating the effectiveness of the existing controls to determine whether mitigation action shave to be formulated accordingly. Regular internal meetings are conducted by the Group's management to facilitate the exchange of views between the management team members on any issues which may give rise to external risks and internal risks. Upon identification of any risk, the management of the Group formulates action plan and assigns responsible person to execute the plan. In addition, the management is obliged to report to the Board on the progress and the result of all matters relating to the risks identified by the management.

(B) Internal Audit

The Risk Control Department of the Group has regularly reports its review results to the Board through the Audit Committee.

(C) *Weaknesses in the Internal Control System that Result in Material Losses*

During the financial year under review, no weaknesses in internal control that resulted in material losses were identified. The management will continue to take adequate measures to strengthen the control environment in which the Company operates.

The improvement of internal control system is an on-going process and the Board maintains an on-going commitment to strengthen the Group's control environment and processes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Each of the Directors understands and acknowledges his responsibility for the preparation of the consolidated financial statements of the Company which give a true and fair view of the state of affairs of the Company and the Group in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements pursuant to the Hong Kong Companies Ordinance.

This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as an on-going concern.

The auditors' statement about its reporting responsibilities on the financial statements is set out in the Independent Auditors' Report set out in pages 78 to 87 of this annual report.

COMPLIANCE AND ENFORCEMENT OF THE NON-COMPETE UNDERTAKING FROM CONTROLLING SHAREHOLDERS

None of the Directors or any of their respective associates has engaged in any business that competes or may compete with the business of the Group.

To protect the Group from potential competition, Mr. Chan Yuen Ming and Creative Sector Limited, being controlling shareholders of the Company (the "**Controlling Shareholders**"), have given an irrevocable non-compete undertaking (the "**Non-compete Undertaking**") in favour of the Company on 28 August 2009 pursuant to which each of the Controlling Shareholders has, among other matters, irrevocably and unconditionally undertaken with the Company on a joint and several basis that each of the Controlling Shareholders shall, and shall procure that their respective associates (other than the Group) shall, among other matters, not to, directly or indirectly, invest in, be engaged in or participate in any business or activity which would or might compete with the business of the Group. Details of the Non-compete Undertaking have been set out in the sub-paragraph headed "Non-Compete Undertaking" of the paragraph headed "Continuing Connected Transactions" under the section headed "Our relationship with SkyComm Group and our Controlling Shareholders" of the prospectus of the Company dated 4 September 2009 in respect of its initial public offering.

The Company has received the annual confirmations from each of the Controlling Shareholders in respect of their respective compliance with the terms of the Non-compete Undertaking.

In order to properly manage any potential or actual conflict of interests between the Company and the Controlling Shareholders in relation to the compliance and enforcement of the Non-compete Undertaking, the Company has adopted the following corporate governance measures:

(a) the independent non-executive Directors shall review, at least on an annual basis, the compliance with and enforcement of the terms of the Non-compete Undertaking by the Controlling Shareholders;

(b) the Company will disclose any decisions on matters reviewed by the independent non-executive Directors relating to compliance and enforcement of the Non-compete Undertaking either through annual report or by way of announcement;

(c) the Company will disclose in the corporate governance report of its annual report on how the terms of the Non-compete Undertaking have been complied with and enforced; and

(d) in the event that any of the Directors and/or their respective associates has material interest in any matter to be deliberated by the Board in relation to the compliance and enforcement of the Non-compete Undertaking, he/she may not vote on the resolutions of the Board approving the matter and shall not be counted towards the quorum for the voting pursuant to the applicable provisions in the Articles of Association.

The Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between the Controlling Shareholders and their respective associates and the Group and to protect the interests of the shareholders of the Company, in particular, the minority shareholders.

SHAREHOLDERS' RIGHTS

1. Procedures for shareholders to convene an extraordinary general meeting

The following procedures for shareholders ("**Shareholders", each a "Shareholder**") of the Company to convene an extraordinary general meeting ("**EGM**") of the Company are prepared in accordance with Article 64 of the Articles of Association:

(1) One or more Shareholders (the "**Requisitionist(s)**") holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings shall have the right, by written notice, to require an EGM to be called by the Directors for the transaction of any business specified in such requisition.

(2) Such requisition shall be made in writing to the Board or the company secretary of the Company and deposited at the Company's head office and principal place of business in Hong Kong at Joint and Several Liquidators of the Company c/o PricewaterhouseCoopers Limited 22/F, Prince Building, Central, Hong Kong.

(3) The EGM shall be held within two months after the deposit of such requisition.

(4) If the Directors fail to proceed to convene such meeting within 21 days of the deposit of such requisition, the Requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the Requisitionist(s) as a result of the failure of the Directors shall be reimbursed to the Requisitionist(s) by the Company.

2. *Procedures for raising enquiries*

Shareholders should direct their questions about their shareholdings, share transfer, registration and payment of dividend to the Company's branch share registrar in Hong Kong, Union Registrars Limited, with contact details as follows:

Address:	Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong
Email:	enquiry@unionregistrars.com
Tel:	(852) 2849 3399
Fax:	(852) 2849 3319

Shareholders may raise enquiry in respect of the Company at the following designated contact, correspondence address, email address and enquiry hotlines of the Company:

Attention:	Mr. Shao Kwok Keung (Company Secretary)
Address:	Joint and Several Liquidators of the Company c/o PricewaterhouseCoopers Limited 22/F, Prince Building, Central, Hong Kong
Email:	shao@chinaallaccess.com Tel: (852) 2289 8888
Fax:	(852) 2810 9888

3. *Procedures for putting forward proposals at Shareholders' meetings*

(i) Proposal for election of a person other than a Director as a Director:

Pursuant to Article 110 of the Articles of Association, a Shareholder wishes to propose a person other than a Director for election as a Director at a general meeting (the "Election Proposal") should lodge, at least seven clear days before the date of the general meeting, (i) a written notice setting out the Election Proposal; and (ii) a written notice signed by the person to be proposed of his willingness to be elected, at either (a) the head office and principal place of business of the Company in Hong Kong at Joint and Several Liquidators of the Company c/o PricewaterhouseCoopers Limited 22/F, Prince Building, Central Hong Kong, or (b) the branch share registrar and transfer office of the Company in Hong Kong, i.e. Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.

Shareholders should follow the detailed procedures published on the Company's website in relation to making such Election Proposal.

(ii) Other Proposals:

If a Shareholder wishes to make other proposal (the "**Proposal**") at a general meeting, he may lodge a written request, duly signed, at the Company's the head office and principal place of business in Hong Kong at Joint and Several Liquidators of the Company c/o PricewaterhouseCoopers Limited 22/F, Prince Building, Central, Hong Kong marked for the attention of the Company Secretary. The identity of the Shareholder and his request will be verified with the Company's branch share registrar in Hong Kong and upon confirmation by the branch share registrar that the request is proper and in order and made by a Shareholder, the Board will in its sole discretion decide whether the Proposal may be included in the agenda for the general meeting to be set out in the notice of meeting.

The notice period to be given to all the Shareholders for consideration of the Proposal raised by the Shareholder concerned at the general meeting varies according to the nature of the Proposal as follows:

(1) Notice of not less than 21 clear days and not less than 20 clear business days in writing if the Proposal requires approval in an annual general meeting of the Company;

(2) Notice of not less than 21 clear days and not less than 10 clear business days in writing if the Proposal requires approval by way of a special resolution in an extraordinary general meeting of the Company;

(3) Notice of not less than 14 clear days and not less than 10 clear business days in writing if the Proposal requires approval by way of an ordinary resolution in an extraordinary general meeting of the Company.

INDEPENDENT AUDITORS' REPORT

國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
CHINA ALL ACCESS (HOLDINGS) LIMITED (IN LIQUIDATION)
(Incorporated in the Cayman Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of China All Access (Holdings) Limited (In Liquidation) (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 88 to 194, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

The Group incurred a net loss of approximately RMB196,075,000 for the year ended 31 December 2021 and, as of that date, the Group had net current liabilities of approximately RMB547,339,000 and net liabilities of approximately RMB390,528,000. As at 31 December 2021, the Group recorded borrowings of approximately RMB1,242,065,000 and cash and cash equivalents of approximately RMB29,945,000. These total borrowings exceeded the cash and cash equivalents by an amount of approximately RMB1,212,120,000.

BASIS FOR DISCLAIMER OF OPINION *(Continued)*

(a) Multiple uncertainties relating to going concern *(Continued)*

In preparing the consolidated financial statements, the directors have given consideration to the future liquidity of the Group in light of the conditions described above. Further, as at 31 December 2021, the Group's borrowings of approximately RMB1,242,065,000 included approximately RMB1,100,961,000 of borrowings which were overdue for repayment and certain other payables of the Group were also overdue, including interest payables of approximately RMB635,214,000 and corporate bond payables of approximately RMB13,824,000. The major overdue balances of the Group are further explained below:

(a) as disclosed in note 26 to the consolidated financial statements, the promissory note issued by the Company to Prosper Talent Limited ("**Prosper Talent**") on 23 August 2016 with the remaining outstanding principal amount of US$56,000,000 was matured and overdue for repayment at 31 December 2021 and 2020 and remains unsettled up to the date of the approval and authorization of the consolidated financial statements for issue. 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 the High Court of Hong Kong Special Administrative Region (the "**High Court of Hong Kong**") by Prosper Talent as the plaintiff 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 were 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 (the "**Prosper Talent Writ**"). As set out in the Company's announcement dated 20 June 2020, the Defendants made a consent order with Prosper Talent in the High Court of Hong Kong for the Prosper Talent Writ and according to this consent order, it is ordered that the proceedings be wholly discontinued and there be no order as to costs of these proceedings, including but not limited to the costs of and incidental to this consent order;

BASIS FOR DISCLAIMER OF OPINION *(Continued)*

(a) Multiple uncertainties relating to going concern *(Continued)*

(b) as disclosed in note 26 to the consolidated financial statements, a promissory note with an outstanding principal amount of HK$847,080,000 issued by the Company to Dundee Greentech Limited ("**Dundee**") on 18 November 2018 in connection with the redemption of the convertible bond issued by the Company to Dundee in August 2015, was matured and overdue as at 31 December 2021 and 2020 and remains unsettled up to the date of the approval and authorization of the consolidated financial statements for issue. As set out in the Company's announcement dated 22 February 2021, a winding-up petition (the "**Dundee Petition**") was filed by Dundee with the High Court of Hong Kong for the winding up of the Company under the provisions of the Companies (Winding Up and Miscellaneous Provision) Ordinance (Chapter 32 of the Laws of Hong Kong) in relation to an alleged unpaid amount in the sum of HK$1,451,584,773.03 (comprising of the principal amount of HK$847,080,000.00, establishment fee of HK$101,649,600.00, contractual interest payable of HK$34,254,522.74 and default interest payable of HK$468,600,650.29). Further, as set out in the Company's announcement dated 10 February 2022, (a) on 21 June 2021, the Company was ordered to be wound up by the High Court of Hong Kong and the Official Receiver was appointed as the Provisional Liquidator of the Company; and (b) on 5 January 2022, the High Court of Hong Kong ordered that Messrs. So Man Chun and Jong Yat Kit of PricewaterhouseCoopers Limited be appointed as the joint and several liquidators of the Company (the "**Liquidators**").

BASIS FOR DISCLAIMER OF OPINION *(Continued)*

(a) *Multiple uncertainties relating to going concern* *(Continued)*

(c) as disclosed in note 24 to the consolidated financial statements, other payables with carrying amount of HK$16,907,000 and HK$22,755,000 (equivalent to approximately RMB13,824,000 and RMB19,151,000) respectively as at 31 December 2021 and 2020 were in relation to the placement of 5% coupon unlisted bonds issued on 23 January 2015 which were due to three independent individuals (the "**Subscribers**") and matured on the fifth anniversary of the issue date (the "**Corporate Bonds**"), details of which were set out in the Company's announcement dated 4 May 2015. On 17 June 2020, one of the Subscribers (the "**First Subscriber**") filed a winding-up petition at the High Court of Hong Kong (the "**First Petition**") 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 (the "**First Petition Amount**"). As set out in the Company's announcement dated 25 September 2020, the Company and the First Petitioner entered into an agreement on 2 September 2020 pursuant to which the Company agreed to settle the First Petition Amount and the First Petitioner agreed to withdraw the First Petition. The First Petition Amount was settled on 4 September 2020 and on 9 September 2020, the High Court of Hong Kong issued the consent summons confirming that, amongst other things, the First Petition returnable for hearing at the open court on 16 September 2020 be dismissed. On 16 September 2020, the First Petition was formally withdrawn after hearing submissions. As further disclosed in the Company's announcement dated 18 January 2021, a winding-up petition (the "**Second Petition**") was filed by another Subscriber (the "**Second Subscriber**") on 15 December 2020 with the High Court of Hong Kong for the winding up of the Company under the provisions of the Companies (Winding Up and Miscellaneous Provision) Ordinance (Chapter 32 of the Laws of Hong Kong) in relation to an alleged sum of HK$11,336,260.27(comprising of the principal sum of HK$10,000,000, interest payable of HK$500,000 and default interest at 9% on the sum of HK$10,500,000 from 27 January 2020 until full and final payment of the Second Petition (the "**Second Petition Amount**"). On 21 June 2021, the Second Petition was heard and the High Court of Hong Kong ordered that the Company be wound up. As further disclosed in the Company's announcement 12 January 2022, (a) the Company and the Second Subscriber have signed an agreement on 27 July 2021 pursuant to which both parties agreed to a repayment schedule and the Second Subscriber does not object the Company to apply for the withdrawal of the winding-up order in relation to the Second Petition; and (b) the Company and the Second Subscriber signed an agreement on 12 January 2022 pursuant to which both parties agreed to a new repayment schedule and the Second Subscriber does not object the Company to apply for the withdrawal of the winding-up order in relation to the Second Petition. The remaining individual of the Subscribers (the "**Third Subscriber**") also entered into a repayment schedule with the Company with the same terms as the repayment schedule dated 12 January 2022 signed by the Second Subscriber (collectively referred to as the "**Repayment Schedules**") and pursuant to the Repayment Schedules the Company is required to settle the remaining amount of HK$7,474,917 due to each of the Second Subscriber and the Third Subscriber (amounting in aggregate to HK$14,949,834) (the "**Corporate Bonds Payables**") before 30 April 2022 as a condition for the Second Subscriber to withdraw the Second Petition and for the Third Subscriber not to object the Company to apply for the withdrawal of the winding-up order in relation to the Second Petition. Up to the date of the approval and authorization of the consolidated financial statements for issue, the Corporate Bonds Payables were not yet settled and the Second Petition was not yet withdrawn.

BASIS FOR DISCLAIMER OF OPINION *(Continued)*

(a) Multiple uncertainties relating to going concern *(Continued)*

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

The trading of the shares of the Company was suspended on 1 April 2021 as the Company failed to publish its annual results announcement for the year ended 31 December 2020 in accordance to the Listing Rules the Stock Exchange provided a set of resumption guidance for the Company to : (a) publish all outstanding financial results required under the Listing Rules and address any audit modifications; (b) demonstrate the Company's compliance with Rule 13.24 of the Listing Rules; (c) inform the market of all material information for the Company's shareholders and investors to appraise the Company's position; and (d) have the winding-up order against the Company withdrawn or dismissed and the appointment of any liquidators (provisional or not) discharged.

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.

The directors of the Company and the Liquidators have been undertaking a number of measures to improve the Group's liquidity and financial position so as to be able 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 whether: (a) the debt restructuring plan which involves a proposed scheme of arrangement will eventually be implemented by the Company and supported by creditors and sanctioned by the High Court of Hong Kong; (b) the Group's debtors will timely settle their debts to the Group according to the agreed settlement schedules; (c) the Group can successfully complete the sale of the Pledged Assets and the application for the drawing down of money under the Credit Facility Agreement; and (d) the Group can successfully implement its cost control measures and to improve its business operations.

BASIS FOR DISCLAIMER OF OPINION *(Continued)*

(a) *Multiple uncertainties relating to going concern* *(Continued)*

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 because of the lack of detailed analyses provided by management in relation to its plans and measures for future actions in its going concern assessment which take into account the uncertainty of outcome of these plans and measures and how variability in outcome would affect the future cash flows of the Group. Any adjustments found to be required may have consequential significant effects on the consolidated net liabilities of the Group as at 31 December 2021 and the consolidated loss and other comprehensive loss and cash flows of the Group for the year ended 31 December 2021, and the related elements and disclosures thereof in the consolidated financial statements.

BASIS FOR DISCLAIMER OF OPINION *(Continued)*

(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 17 to the consolidated financial statements is consideration receivable for disposal of Hebei Noter Group and amount due from Hebei Noter Group with carrying amounts, net of allowances for credit losses, of approximately RMB1,101,202,000 and RMB795,785,000 respectively as at 31 December 2021 and RMB1,101,202,000 and RMB795,785,000 respectively as at 31 December 2020, which were overdue for repayment as at 31 December 2021 and 2020 and remained unsettled as at the date of this report. The Group had been in negotiations with Hebei Noter Group and the purchaser of Hebei Noter Group as set out in the Company's circular dated 15 November 2018 (the "**Purchaser**") for settlement of the Hebei Noter Group Receivables. 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 2021 and 2020 because we were unable to satisfy ourselves about (i) the existence and ownership of the assets pledged in favour of the Group in relation to the Hebei Noter Group Receivables; (ii) the validity of the guarantee and supplementary guarantee agreements as disclosed in note 17 to the consolidated financial statements (the "**Guarantees**"), including the validity of the assets underlying the Guarantees included in (i); and (iii) the valuation of the assets (a) pledged to the Group as collateral by the Purchaser; and (b) underlying the Guarantees in relation to the Hebei Noter Group Receivables and whether the credit exposures represented by the Hebei Noter Group Receivables were adequately covered as at 31 December 2021 and 2020. There were no alternative audit procedures that we could perform to satisfy ourselves as to whether the carrying amounts of the Hebei Noter Group Receivables, and the related allowances for credit losses recognised of approximately RMB1,896,987,000 and RMB nil as at and for the year ended 31 December 2021 respectively and RMB1,896,987,000 and RMB nil respectively as at and for the year ended 31 December 2020 respectively, were free from material misstatement. Any adjustments that would be required may have consequential significant effects on the allowances for credit losses recognised in consolidated profit or loss for the years ended 31 December 2021 and 2020 in respect of the Hebei Noter Group Receivables and the impairment allowances in respect of and net carrying amounts of the Hebei Noter Group Receivables as at 31 December 2021 and 2020 and hence on the consolidated net liabilities of the Group as at 31 December 2021 and 2020 and the consolidated loss and other comprehensive income or loss and cash flows of the Group for the years ended 31 December 2021 and 2020, and the related elements and disclosures thereof in the consolidated financial statements.

BASIS FOR DISCLAIMER OF OPINION *(Continued)*

(c) Scope limitation on inventories

Included in the consolidated statement of financial position of the Group were inventories of approximately RMB289,117,000 as at 31 December 2020, details of which are disclosed in note 16 to the consolidated financial statements.

We were unable to observe the counting of physical inventories of these inventories at the end of that reporting period and we were unable to satisfy ourselves by alternative means concerning the existence of the inventory quantities of these inventories held at 31 December 2020.

There were no alternative audit procedures that we could perform to satisfy ourselves as to whether the carrying amount of inventories as at 31 December 2020 and consequently the cost of inventories recognized in cost of sales for the year ended 31 December 2021, and the write down of inventories amounted to approximately RMB113,420,000 and RMB8,931,000 recognised in consolidated profit or loss for the years ended 31 December 2021 and 2020 respectively, were free from material misstatement. Any adjustments that would be required may have consequential significant effects on these balances and hence on the consolidated net liabilities of the Group as at 31 December 2020 and loss and other comprehensive income or loss and cash flows of the Group for the years ended 31 December 2021 and 2020, and the related elements and disclosures thereof in the consolidated financial statements.

(d) Scope limitation on trade and other payables and borrowings and related finance costs

Included in (1) trade and other payables in the consolidated statement of financial position of the Group were interest payables and corporate bonds with carrying amounts of approximately RMB635,214,000 and RMB13,824,000 respectively as at 31 December 2021 and RMB854,714,000 and RMB19,151,000 respectively as at 31 December 2020; (2) the borrowings in the consolidated statements of financial position of the Group were guaranteed loans, promissory notes and unsecured loan (the "**Borrowings**") with carrying amounts of approximately RMB85,000,000, RMB1,048,502,000 and RMB50,000,000 respectively as at 31 December 2021 and RMB178,800,000, RMB1,078,732,000 and RMB50,000,000 respectively as at 31 December 2020 and included in the consolidated statement of profit or loss of the Group was finance costs of approximately RMB308,092,000 and RMB249,818,000 respectively for the years ended 31 December 2021 and 2020 and interest expenses reversed included in other gain for the year of approximately RMB470,814,000 for the year ended 31 December 2021. Details of which are disclosed in notes 24, 26, 8(b) and 7 to the consolidated financial statements respectively. Further, included in the statement of financial position of the Company disclosed in note 30 to the consolidated financial statements were borrowings and other payables and accruals with carrying amounts of approximately RMB1,125,982 and RMB723,212,000 respectively as at 31 December 2021 and RMB1,128,732,000 and RMB1,083,765,000 respectively as at 31 December 2020.

BASIS FOR DISCLAIMER OF OPINION *(Continued)*

(d) Scope limitation on trade and other payables and borrowings and related finance costs (Continued)

We were unable to satisfy ourselves about (i) the completeness and recording accuracy of the promissory notes, pledged loan and unsecured loan included in the borrowings because the Group had defaulted in its payments with aggregate carrying amount of approximately RMB1,100,961,000 and RMB1,128,732,000 respectively as at 31 December 2021 and 2020; and (ii) the amount of finance costs reported for the years ended 31 December 2021 and 2020 because supporting documentation to ascertain the accuracy and completeness of the interest calculations was not made available to us. Consequentially, we were unable to assess the completeness of interest payable included in trade and other payables of approximately RMB635,214,000 and RMB854,714,000 respectively as at 31 December 2021 and 2020 and the validity and recording accuracy of movements of the finance costs recorded in interest payables, including the finance costs recognised for the years ended 31 December 2021 and 2020 and interest expenses reversed in consolidated profit or loss for the year ended 31 December 2021; (iii) the validity and recording accuracy of the balance of the corporate bonds of approximately RMB13,824,000 and RMB19,151,000 respectively as at 31 December 2021 and 2020 as the Company failed to make payment in accordance with the relevant repayment schedule entered into; and (iv) we were unable to carry out effective confirmation procedures with the respective counter parties of the Borrowings and corporate bonds holders for the purposes of our audit as we have not received replies to our direct confirmation requests from these creditors with carrying amounts of RMB1,100,961,000 and RMB13,824,000 as at 31 December 2021 and RMB1,147,532,000 and RMB19,151,000 as at 31 December 2020.

Therefore, we were unable to satisfy ourselves as to whether the carrying amounts of trade and other payables and borrowings as at 31 December 2021 and 2020 and the recorded amount of other gain/loss and finance costs for the years ended 31 December 2021 and 2020 were free from material misstatements and whether there existed material amounts of trade and other payables and borrowings of the Group and the Company as at 31 December 2021 and 2020 which were not accounted for and recognised in the consolidated financial statements of the Group and the financial statements of the Company. Any adjustments found to be required in respect of the above matters and any unrecorded material amounts of trade and other payables and borrowings found to be in existence may have consequential significant effects on the net liabilities of the Group and the Company as at 31 December 2021 and 2020 and the loss and other comprehensive income or loss and cash flows of the Group for the years then ended, and the fair presentation thereof, and the elements making up, and related disclosures in, the consolidated financial statements.

RESPONSIBILITIES OF THE DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing ("**HKSA**") issued by the HKICPA and to issue an auditors' report. We report solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

The engagement director on the audit resulting in this independent auditors' report is Yu Chi Fat.

Certified Public Accountants
Yu Chi Fat
Practising Certificate Number: P05467

Hong Kong, 30 September 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021
(Expressed in Renminbi)

	Notes	2021 RMB'000	2020 RMB'000
Revenue	5	**5,453,197**	7,472,715
Cost of sales		**(5,369,404)**	(7,352,386)
Gross profit		**83,793**	120,329
Other income	7	**83,554**	31,922
Other net gain/(loss)	7	**343,327**	(51,325)
Distribution costs		**(4,984)**	(10,338)
Administrative expenses		**(106,131)**	(60,785)
Allowance for credit losses	8(c)	**(121,970)**	(609,307)
Research and development expenses		**(184,545)**	(27,173)
Profit/(loss) from operations		**93,045**	(606,677)
Finance income	8(a)	**5,120**	1,768
Finance costs	8(b)	**(308,092)**	(249,818)
Loss before taxation	8	**(209,927)**	(854,727)
Income tax credit/(expense)	9	**13,852**	(8,918)
Loss for the year		**(196,075)**	(863,645)
Loss attributable to:			
Owners of the Company		**(195,361)**	(863,248)
Non-controlling interests		**(714)**	(397)
		(196,075)	(863,645)
Loss per share	11		
Basic and diluted (RMB)		**(0.085)**	(0.373)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021
(Expressed in Renminbi)

	2021 RMB'000	2020 RMB'000
Loss for the year	**(196,075)**	(863,645)
Other comprehensive (loss)/income 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	**(52,931)**	136,636
Other comprehensive (loss)/income for the year	**(52,931)**	136,636
Total comprehensive loss for the year	**(249,006)**	(727,009)
Total comprehensive loss for the year attributable to:		
Owners of the Company	**(248,292)**	(726,612)
Non-controlling interest	**(714)**	(397)
	(249,006)	(737,009)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As 31 December 2021
(Expressed in Renminbi)

	Notes	2021 RMB'000	2020 RMB'000
Non-current assets			
Property, plant and equipment	12	**156,811**	175,854
Intangible assets	13	**—**	8,080
		156,811	183,934
Current assets			
Inventories	16	**66,717**	289,117
Trade and other receivables	17	**4,564,508**	3,058,542
Prepayments	18	**60,286**	162,235
Discounted bills receivable	19	**—**	240,637
Bills receivable	20	**43,826**	66,230
Financial assets at fair value through profit or loss	21	**421**	49
Restricted cash	22	**200,545**	132,215
Cash and cash equivalents	23	**29,945**	33,741
		4,966,248	3,982,766
Current liabilities			
Trade and other payables	24	**4,042,655**	2,413,133
Contract liabilities	25	**61,771**	141,886
Deferred income		**470**	2,225
Borrowings	26	**1,242,065**	1,290,965
Lease liabilities	27	**1,027**	1,601
Bank advances on discounted bills receivables	19	**—**	245,526
Income tax payable		**165,599**	193,662
		5,513,587	4,288,998
Net current liabilities		**(547,339)**	(306,232)
Total assets less current liabilities		**(390,528)**	(122,298)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As 31 December 2021
(Expressed in Renminbi)

	Notes	2021 RMB'000	2020 RMB'000
Non-current liabilities			
Borrowings	26	**—**	20,623
NET LIABILITIES		**(390,528)**	(142,921)
CAPITAL AND RESERVES			
Share capital	12	**19,788**	19,788
Reserves		**(408,931)**	(162,038)
Equity attributable to owners of the Company		**(389,143)**	(142,250)
Non-controlling interests		**(1,385)**	(671)
TOTAL EQUITY		**(390,528)**	(142,921)

The consolidated financial statements were approved and authorised for issue by the board of directors on 30 September 2022 and signed on behalf by:

Mr. Chan Yuen Ming
Chairman and Executive Director

Mr. Shao Kwok Keung
Chief Executive Officer and Executive Director

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021
(Expressed in Renminbi)

	Attributable to owners of the Company											
	Share capital	Share premium	Capital redemption reserve	Contributed surplus	Capital reserve	Share-based compensation reserve	Statutory general reserve	Translation reserve	Retained earnings/ (accumulated 5ollat)	Sub-total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2020	19,788	1,789,899	104	248,297	226,613	8,081	28,950	(150,167)	(1,589,949)	581,616	(1,949)	579,667
Loss for the year	–	–	–	–	–	–	–	–	(863,248)	(863,248)	(397)	(863,645)
Other comprehensive income	–	–	–	–	–	–	–	136,636	–	136,636	–	136,636
Total comprehensive loss	–	–	–	–	–	–	–	136,636	(863,248)	(726,612)	(397)	(727,009)
Share-based payment expenses	–	–	–	–	–	2,746	–	–	–	2,746	–	2,746
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	1,675	1,675
Balance at 31 December 2020 and at 1 January 2021	**19,788**	**1,789,899**	**104**	**248,297**	**226,613**	**10,827**	**28,950**	**(13,531)**	**(2,453,197)**	**(142,250)**	**(671)**	**(142,921)**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(195,361)**	**(195,361)**	**(714)**	**(196,075)**
Other comprehensive loss	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(52,931)**	**–**	**(52,931)**	**–**	**(52,931)**
Total comprehensive loss	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(52,931)**	**(195,361)**	**(248,292)**	**(714)**	**(249,006)**
Share-based payment expenses	**–**	**–**	**–**	**–**	**–**	**1,399**	**–**	**–**	**–**	**1,399**	**–**	**1,399**
Balance at 31 December 2021	**19,788**	**1,789,899**	**104**	**248,297**	**226,613**	**12,226**	**28,950**	**(66,462)**	**(2,648,558)**	**(389,143)**	**(1,385)**	**(390,528)**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021
(Expressed in Renminbi)

	Notes	2021 RMB'000	2020 RMB'000
Operating activities			
Cash generated from operations	24	348,560	33,745
Tax paid:			
— PRC Enterprise Income Tax paid		—	(9,986)
Net cash generated from operating activities		348,560	23,759
Investing activities			
Purchase of property, plant and equipment		(9,524)	(17,108)
Interest received from bank deposits		5,120	1,768
Net cash used in investing activities		(4,404)	(15,340)
Financing activities			
Proceeds from borrowings		56,909	14,500
Repayment of borrowings		(95,811)	(10,553)
Repayment of lease liabilities		(621)	(2,578)
Bank advances on discounted bills receivables		(245,526)	37,542
Interest paid		(47,720)	(37,663)
Repayment of Corporate Bonds		(6,000)	—
Capital contribution from non-controlling interests		—	1,675
Net cash (used in)/generated from financing activities		(338,769)	2,923
Net increase in cash and cash equivalents		5,387	11,342
Cash and cash equivalents at the beginning of the reporting period	24	33,741	18,462
Effect of foreign exchange rate changes		(9,183)	3,937
Cash and cash equivalents at the end of the reporting period	24	29,945	33,741

The accompanying notes form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021
(Expressed in Renminbi unless otherwise indicated)

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 and trading in shares of the Company has been suspended since 1 April 2021.

At 31 December 2021, the immediate holding company and 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.

The principal activity of the Company is investment holding and details of the principal activities of the Company's subsidiaries are set out in note 33 to the consolidated financial statements.

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

Amendments to HKFRSs that are mandatorily effective for the current year

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

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

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

(Expressed in Renminbi unless otherwise indicated)

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS") *(Continued)*

Amendments to HKFRSs that are mandatorily effective for the current year *(Continued)*

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

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and related Amendments[3]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current and related amendments to Hong Kong Interpretation 5 (2020)[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to HKAS 8	Definition of Accounting Esimates[3]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds Before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020[2]

1 Effective for annual periods beginning on or after 1 April 2021.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after 1 January 2023.
4 Effective for annual periods beginning on or after a date to be determined.

The directors anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) 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. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Mainboard of the Stock Exchange (the "**Listing Rules**") and by the disclosure requirements of the Hong Kong Companies Ordinance.

(b) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

For financial instruments which are transacted at fair value and a valuation technique that are unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that the result of the valuation technique equals the transaction price.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Basis of preparation *(Continued)*

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

Going concern basis

The Group incurred a net loss of approximately RMB196,075,000 (2020: RMB863,645,000) for the year ended 31 December 2021 and, as of that date, the Group had net current liabilities of approximately RMB547,339,000 (2020: RMB306,232,000) and net liabilities of approximately RMB390,528,000 (2020: RMB142,921,000). As at 31 December 2021, the Group recorded current and non-current borrowings of approximately RMB1,242,065,000 and RMB nil (2020: RMB1,290,965,000 and RMB20,623,000) respectively and cash and cash equivalents of approximately RMB29,945,000 (2020: RMB33,741,000). The total borrowings exceeded the cash and cash equivalents by an amount of approximately RMB1,212,120,000 (2020: RMB1,277,847,000).

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 2021, the Group had borrowings of approximately RMB1,242,065,000 (2020: RMB1,311,588,000), of which approximately RMB1,100,961,000 (2020: RMB1,128,732,000) were overdue for repayment. Certain other payables were also overdue, including interest payables of approximately RMB635,214,000 (2020: RMB854,714,000) and corporate bonds of approximately RMB13,824,000 (2020: RMB19,151,000). The major overdue balances are further explained below:

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Basis of preparation *(Continued)*

Going concern basis *(Continued)*

(a) as disclosed in note 26 to the consolidated financial statements, the promissory note issued by the Company to Prosper Talent Limited ("**Prosper Talent**") on 23 August 2016 with the remaining principal amount of US$56,000,000 which was overdue at 31 December 2021 and 2020 and remains unsettled up to the date of the approval and authorization of the consolidated financial statements for issue. On 27 June 2019, the Company, Mr. Chan, 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 Special Administrative Region (the "**High Court of Hong Kong**") by Prosper Talent as the plaintiff 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 were 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 (the "**Prosper Talent Writ**"). As set out in the Company's announcement dated 20 June 2020, the Defendants made an consent order with Prosper Talent in the High Court of Hong Kong for the Prosper Talent Writ and according to this consent order, it is ordered that the proceedings be wholly discontinued and there be no order as to costs of these proceedings, including but not limited to the costs of and incidental to this consent order;

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Basis of preparation *(Continued)*

Going concern basis *(Continued)*

(b) as disclosed in note 26 to the consolidated financial statements, a promissory note issued by the Company to Dundee Greentech Limited ("**Dundee**") on 18 November 2018 with an outstanding principal amount of HK$847,080,000 in connection to redeem the convertible bond issued by the Company to Dundee in August 2015, was overdue as at 31 December 2021 and 2020 and remains unsettled up to the date of the approval and authorization of the consolidated financial statements for issue. As set out in the Company's announcement dated 22 February 2021, a winding-up petition (the "**Dundee Petition**") was filed by Dundee with the High Court of the Hong Kong for the winding up of the Company under the provisions of the Companies (Winding Up and Miscellaneous Provision) Ordinance (Chapter 32 of the Laws of Hong Kong) in relation to an alleged unpaid amount in the sum of HK$1,451,584,773.03 (comprising of the principal amount of HK$847,080,000.00, establishment fee of HK$101,649,600.00, contractual interest payable of HK$34,254,522.74 and default interest payable of HK$468,600,650.29). Further, as set out in the Company's announcement dated 10 February 2022, (a) on 21 June 2021, the Company was ordered to be wound up by the High Court of Hong Kong and the Official Receiver was appointed as the Provisional Liquidator of the Company; and (b) on 5 January 2022, the High Court of Hong Kong ordered that Messrs. So Man Chun and Jong Yat Kit of PricewaterhouseCoopers Limited be appointed as the joint and several liquidators of the Company (the "**Liquidators**").

(c) other payables with carrying amount of HK$16,907,000 and HK$22,755,000 (equivalent to approximately RMB13,824,000 and RMB19,151,000) as at 31 December 2021 and 2020 respectively were in relation to the placement of 5% coupon unlisted bonds issued on 23 January 2015 which were due to three independent individuals (the "**Subscribers**") and matured on the fifth anniversary of the issue date (the "**Corporate Bonds**"), details of which were set out in the Company's announcement dated 4 May 2015. On 17 June 2020, one of the Subscribers (the "**First Subscriber**") filed a winding-up petition at the Court of First Instance of High Court of Hong Kong (the "**First Petition**") 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 (the "**First Petition Amount**"). As set out in the Company's announcement dated 25 September 2020, the Company and the First Petitioner entered into an agreement on 2 September 2020 pursuant to which the Company agreed to settle the First Petition Amount and the First Petitioner agreed to withdraw the First Petition. The First Petition Amount was settled on 4 September 2020 and on 9 September 2020, the High Court of Hong Kong issued the consent summons confirming that, amongst other things, the First Petition returnable for hearing at the open court on 16 September 2020 be dismissed. On 16 September 2020, the First Petition was formally withdrawn after hearing submissions.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Basis of preparation *(Continued)*

Going concern basis *(Continued)*

(c) *(Continued)*

As further disclosed in the Company's announcement dated 18 January 2021, a winding-up petition (the "**Second Petition**") was filed by another Subscriber (the "**Second Subscriber**") on 15 December 2020 with the High Court of the Hong Kong for the winding up of the Company under the provisions of the Companies (Winding Up and Miscellaneous Provision) Ordinance (Chapter 32 of the Laws of Hong Kong) in relation to an alleged sum of HK$11,336,260.27 comprising of the principal sum of HK$10,000,000, interest payable of HK$500,000 and default interest at 9% on the sum of HK$10,500,000 from 27 January 2020 until full and final payment of the Second Petition (the "**Second Petition Amount**"). On 21 June 2021, the Second Petition was heard and the High Court of Hong Kong ordered that the Company be wound up. As further disclosed in the Company's announcement dated 12 January 2022, (a) the Company and the Second Subscriber have signed an agreement on 27 July 2021 pursuant to which both parties agreed to a repayment schedule and the Second Subscriber does not object the Company to apply for the withdrawal of the winding-up order in relation to the Second Petition; and (b) the Company and the Second Subscriber signed an agreement on 12 January 2022 pursuant to which both parties agreed to a new repayment schedule and the Second Subscriber does not object the Company to apply for the withdrawal of the winding-up order in relation to the Second Petition. The remaining individual of the Subscribers (the "**Third Subscriber**") also entered into a repayment schedule with the Company with the same terms as the repayment schedule dated 12 January 2022 signed by the Second Subscriber (collectively referred to as the "**Repayment Schedules**") and pursuant to the Repayment Schedules the Company is required to settle the remaining amounts of HK$7,474,917 due to each of the Second Subscriber and the Third Subscriber (amounting in aggregate to HK$14,949,834) (the "**Corporate Bonds Payables**") before 30 April 2022 as a condition for the Second Subscriber to withdraw the Second Petition and for the Third Subscriber not to object the Company to apply for the withdrawal of the winding-up order in relation to the Second Petition. Up to the date of the approval and authorization of the consolidated financial statements for issue, the Corporate Bonds Payables were not yet settled and the Second Petition was not yet withdrawn.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Basis of preparation *(Continued)*

Going concern basis *(Continued)*

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

The trading of the shares of the Company was suspended on 1 April 2021 as the Company failed to publish its annual results announcement for the year ended 31 December 2020 in accordance to the Listing Rules and the Stock Exchange provided a set of resumption guidance for the Company to: (a) publish all outstanding financial results required under the Listing Rules and address any audit modifications; (b) demonstrate the Company's compliance with Rule 13.24 of the Listing Rules; (c) inform the market of all material information for the Company's shareholders and investors to appraise the Company's position; and (d) have the winding-up order against the Company withdrawn or dismissed and the appointment of any liquidators (provisional or not) discharged.

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, including, but not limited to, the following:

(a) The Company has engaged a financial adviser (the "**FA**") to assist the directors of the Company in formulating a debt restructuring plan for its creditors (including Prosper Talent and Dundee) involving a proposed scheme of arrangement.

(b) 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Basis of preparation *(Continued)*

Going concern basis *(Continued)*

(c) The directors are considering various alternatives to strengthen the capital base of the Company through various financing projects:

(i) as set out in the Company's announcement dated 19 October 2020, the Company has engaged Asia Development & Investment Bank Limited, the holding company of ADIB Holdings Limited ("**ADIB**") in searching for customers for the assets pledged (the "**Pledged Assets**") from China RS Group Limited (中國榮勝集團有限公司) (the "**Purchaser**") in respect of the consideration for acquisition of 100% equity interest in Hebei Noter Communication Technology Co., Limited* (河北諾特通信技術有限公司) ("**Hebei Noter**") by the Purchaser from the Group (the "**Disposal**"). After the carrying out of a preliminary due diligence process by ADIB and some potential customers on the Pledged Assets, ADIB provided the Company on 16 October 2020 a purchase request from a state owned import and export trading company in the PRC (the "**Potential Buyer**") who is mainly engaged in the business of black metal, non-ferrous metals, mineral products, hardware products, petrochemical and its products. Up to the date of the approval and authorization of the consolidated financial statements for issue, no legally binding agreement was entered into between the Potential Buyer and the Group; and

(ii) as set out in the Company's announcement dated 24 May 2021, the Company entered into a credit facility agreement (the "**Credit Facility Agreement**") with ADIB Holdings. Pursuant to the Credit Facility Agreement, ADIB Holdings agreed to provide credit facility up to US$300 million for the investment, construction and operation of 5G telecommunications infrastructure projects (the "**Credit Facility**"). The Credit Facility is a revolving credit facility effective from 25 May 2021 until 24 May 2026 at the interest rate of 4.5% per annum. The Company is allowed to draw down the Credit Facility by one tranche or by different tranches through written application. Both parties will execute guarantee agreements, including maximum guarantee agreement, mortgage agreement and pledge agreement for each transaction done under the Credit Facility Agreement in order to guarantee the repayment of all credit. Up to the date of the approval and authorization of the consolidated financial statements for issue, no money had been drawn down in respect of the Credit Facility.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Basis of preparation *(Continued)*

Going concern basis *(Continued)*

(d) 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 (a) the debt restructuring plan be supported by creditors and the proposed scheme of arrangement being sanctioned by the High Court of Hong Kong; (b) the Group's debtors timely settling their debts to the Group according to the agreed settlement schedules; (c) the Group successfully completing the sale of the Pledged Assets and the application for the draw down of money under the Credit Facility Agreement; and (d) the Group successfully implementing its cost control measures and 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.

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Basis of consolidation *(Continued)*

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries with loss of control

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as permitted by applicable HKFRSs).

(d) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Business combinations *(Continued)*

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace sharebased payment arrangements of the acquiree are measured in accordance with HKFRS 2 at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Business combinations *(Continued)*

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

(e) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Interests in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(f) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash generating units (CGU) (or group of CGUs) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of CGUs).

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Goodwill *(Continued)*

On disposal of the relevant CGU or any of the CGU within the group of CGUs, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the CGU (or a CGU within a group of CGUs), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the CGU) disposed of and the portion of the CGU (or the group of CGUs) retained.

(g) Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets other than equipment under construction less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The principal annual rates are as follows:

—	Buildings held for own use	Over the lease term or 50 years
—	Leasehold improvement	Over the lease term or 10 years
—	Leased properties	Over the lease term
—	Telecommunications infrastructure and network equipment	10 years
—	Computer software and equipment	3-10 years
—	Motor vehicles	5-10 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour, and an appropriate proportion of overheads and borrowing costs, where applicable. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses, if any.

Other development expenditure is recognised as an expense in the period in which it is incurred. Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses, if any. Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Intangible assets *(Continued)*

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straightline basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

—	Technology know-how	3-5 years
—	Customer relationship	9 years
—	Backlog	1-2 years
—	License agreement (including patents)	12 years
—	Trademark	5 years

The amortization method is applied consistently from period to period, unless there is a change in the expected pattern of consumption of those future economic benefits. Where the future economic benefits embodied in an asset are absorbed in producing other assets, the amortisation charge constitutes part of the cost of the other asset and is included in its carrying amount.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(i) Impairment on property, plant and equipment, right-of-use assets, and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Impairment on property, plant and equipment, right-of-use assets, and intangible assets other than goodwill *(Continued)*

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual CGUs, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Impairment on property, plant and equipment, right-of-use assets, and intangible assets other than goodwill *(Continued)*

Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34 Interim Financial Reporting. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year.

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the reporting period to which the interim period relates.

(j) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("**FVTPL**")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Financial instruments *(Continued)*

Financial assets *(Continued)*

Classification and subsequent measurement of financial assets *(Continued)*

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("**FVTOCI**"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application of HKFRS 9/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Financial instruments *(Continued)*

Financial assets *(Continued)*

Classification and subsequent measurement of financial assets *(Continued)*

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other net loss" line item.

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("**ECL**") model on financial assets (including trade and other receivables, deposit paid for acquisition of property, plant and equipment, discounted bills receivables, bills receivables, restricted cash and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting period. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting period as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and partial other receivables without significant financing component. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings based on age group by due date.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) *Significant increase in credit risk*

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting period with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

(i) Significant increase in credit risk (continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

(v) Measurement and recognition of ECL (continued)

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as financial liabilities or equity

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities (including trade and other payables, borrowings, lease liabilities and bank advances on discounted bills receivables) are subsequently measured at amortised cost, using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with HKFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Convertible bonds contain equity component

The component parts of the convertible bonds are classified separately as financial liability and equity (recognised as "**capital reserve**") in accordance with the substance of the contractual arrangements and the definition of a financial liability and an equity instruments. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Financial liabilities *(Continued)*

Convertible bonds contain equity component (continued)

At the date of issue, the fair value of the liability component (including any embedded non-equity derivatives features) is estimated by measuring the fair value of similar liability that does not have an associated equity component.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effect, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium. Where the conversion option remains unexercised at maturity date of the convertible bonds, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity component in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand which are not restricted as to use, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(m) Employee benefits

Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Defined benefit retirement plan obligations

Payments to Mandatory Provident Fund Scheme (the "**MPF Scheme**") and state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

The Group operates a MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution scheme, the assets of which are held in separate trustee-administered funds.

Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, with the employer's contributions subject to a cap of monthly relevant income of HK$30,000. The Group's contributions to the scheme are expensed as incurred and vested in accordance with the scheme's vesting scales. Where employees leave the scheme prior to the full vesting of the employer's contributions, the amount of forfeited contributions is used to reduce the contributions payable by the Group.

The employees employed by the Group's subsidiaries in PRC are members of state-managed retirement benefit schemes operated by the government of the PRC. The subsidiaries are required to contribute a specific percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes operated by the government of the PRC is to make the specified contributions under the schemes.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Employee benefits *(Continued)*

Share-based payments

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the date of grant and is expensed on a straight-line basis over the vesting period, with a corresponding increase in share-based compensation reserve.

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share-based compensation reserve.

When share options are exercised, the amount previously recognised in share-based compensation reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based compensation reserve will be transferred to retained earnings.

(n) Taxation

Income tax expense for the year comprises current tax and movements in deferred tax assets and liabilities.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "loss before taxation" as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) Taxation *(Continued)*

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with interests in subsidiaries and interests in associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amounts of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) Taxation *(Continued)*

Deferred tax *(Continued)*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss.

(o) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(p) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. When inflow is virtually certain, an asset is recognised.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Revenue from contract with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to a contract are accounted for an presented on a net basis.

Revenue and other income recognition policies

The Group's revenue and other income recognition policies are as follows:

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Revenue from contract with customers *(Continued)*

Sales of electronic components and photovoltaic module and related products

The Group sell electronic components and photovoltaic module and related products directly to customers.

Revenue from sales of electronic components and photovoltaic module and related products is recognised at a point in time when control of the goods has transferred, being when the goods have been delivered to the specified location. The normal credit term granted to the customers is up to 3 months upon delivery.

Provision of system operations managements services

The Group provides system operations managements services which are recognised at a point of time when the related services are rendered.

(r) Government grants

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(s) Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(s) Leases *(Continued)*

The Group as a lessee

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

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.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 *Financial Instruments* and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(s) Leases *(Continued)*

The Group as a lessee *(Continued)*

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(s) Leases *(Continued)*

The Group as a lessee *(Continued)*

Lease liabilities *(Continued)*

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the standalone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

(t) Translation of foreign currencies

Items included in the financial statements of group entity are measured in the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity.

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of reporting period. Exchange gains and losses are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(t) Translation of foreign currencies *(Continued)*

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the date of the transactions. Statement of financial position items are translated into Renminbi at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the translation reserve.

(u) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(v) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control of the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(v) Related parties *(Continued)*

(b) *(Continued)*

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Close members of the family of a person are those family members who may be expected to influence, or to be influenced by, that person in their dealings with the entity.

(w) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

4. ACCOUNTING JUDGEMENTS AND ESTIMATES

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgement

The followings are the critical judgements, apart from those involving estimations, that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

(i) Principal versus agent consideration (principal)

The Group engages in the manufacturing of display and touch modules. The Group concluded that the Group acts as the principal for the supply of the display and touch modules to its customers as it controls the specified goods before they are transferred to the customers after taking into consideration indicators that the Group has control over the specified goods, including the fact that the Group is primarily responsible for fulfilling the promise to provide the specified goods; and the Group has exposure on inventory risk. When the Group satisfies the performance obligation, the Group recognises revenue at the gross amount of consideration to which the Group expects to be entitled as specified in the contracts.

During the year ended 31 December 2021, the Group recognised revenue relating to sale of display and touch modules amounting to approximately RMB5,372,989,000 (2020: RMB7,415,341,000).

4. ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Impairment of property, plant and equipment and right-of-use assets

The Group reviews the carrying amounts of the assets at the end of each reporting period to determine whether there is objective evidence of impairment. When indication of impairment is identified, management prepares discounted future cash flow analyses to assess the differences between the carrying amount and value in use and provided for impairment loss. Any change in the assumptions applied in the cash flow forecasts would increase or decrease in the provision of impairment loss and affect the Group's results in future years.

(ii) ECL on financial assets at amortised cost

The loss allowances for financial assets are based on assumption about risks of default and expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

(iii) Impairment of intangible assets and goodwill

Determining whether intangible assets and goodwill is impaired requires an estimation of the value in use of the CGU to which they have been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. Any change in the estimates would increase or decrease in the provision of impairment loss and affect the Group's results in future years.

5. REVENUE

For the year ended 31 December 2021

Disaggregation of revenue from contracts with customers

	ICT RMB'000	New Energy RMB'000	Total RMB'000
Sale of goods			
Sales of electronic components			
— Display and touch modules	5,372,989	—	5,372,989
— Casings and keyboard	80,208	—	80,208
Sales of photovoltaic module and related products	—	—	—
Total	5,453,197	—	5,453,197
Timing of revenue recognition			
— On a point in time basis	5,453,197	—	5,453,197

For the year ended 31 December 2020

Disaggregation of revenue from contracts with customers

	ICT RMB'000	New Energy RMB'000	Total RMB'000
Sale of goods			
Sales of electronic components			
— Display and touch modules	7,415,341	—	7,415,341
— Casings and keyboard	57,374	—	57,374
Sales of photovoltaic module and related products	—	—	—
Total	7,472,715	—	7,472,715
Timing of revenue recognition			
— On a point in time basis	7,472,715	—	7,472,715

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

5. REVENUE *(Continued)*

	2021 **RMB'000**	2020 RMB'000
Sales of electronic components	**5,453,197**	7,472,715
Sales of photovoltaic module and related products	**—**	—
Revenue from contracts with customers	**5,453,197**	7,472,715

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

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 such that the Group does not disclose information about its remaining performance obligations that were unsatisfied (or partially unsatisfied) as of the end of the reporting periods as all contracts in which these remaining performance obligations were part of have an original expected duration of one year or less. Revenue recognition are disclosed in note 3 to the consolidated financial statements.

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 and touch 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.

6. SEGMENT REPORTING *(Continued)*

(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	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Reportable segment revenue *(Note)*	**5,453,197**	7,472,715	**–**	–	**–**	–	**5,453,197**	7,472,715
Segment operating (loss)/profit	**(382,355)**	(577,966)	**(8,226)**	(51,573)	**(28)**	16	**(390,609)**	(629,523)
Unallocated other income							**–**	654
Unallocated other net gain/(loss)							**470,814**	(1,152)
Finance income							**5,120**	1,768
Unallocated finance costs							**(272,778)**	(212,533)
Other corporate expenses							**(22,474)**	(13,941)
Loss before taxation							**(209,927)**	(854,727)

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

6. SEGMENT REPORTING *(Continued)*

(a) *Segment results, assets and liabilities* *(Continued)*

	2021 RMB'000	2020 RMB'000
Assets		
Reportable segment assets:		
— ICT	**4,011,625**	3,055,728
— New Energy	**—**	9,104
— Investment activities	**21**	49
Reportable segment assets	**4,011,646**	3,064,881
Unallocated assets	**1,111,413**	1,101,819
Total assets	**5,123,059**	4,166,700
Liabilities		
Reportable segment liabilities:		
— ICT	**3,576,145**	1,971,968
— New Energy	**1,178**	385
— Investment activities	**—**	—
Reportable segment liabilities	**3,577,863**	1,972,353
Unallocated liabilities	**1,935,724**	2,337,268
Total liabilities	**5,513,587**	4,309,621

6. SEGMENT REPORTING *(Continued)*

(b) Other segment information

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

	ICT		New Energy		Investment activities		Unallocated		Total	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Depreciation and amortisation	21,717	40,240	995	7,447	–	–	1,044	1,941	23,756	49,628
Loss on disposal and written-off of property, plant and equipment	3,255	1,031	–	–	–	–	–	–	3,255	1,031
Allowance for credit losses on trade and other receivables	124,141	607,506	–	–	–	–	–	–	124,141	607,506
Exchange loss, net	–	–	–	–	–	–	(55)	1,152	(55)	1,152
Government subsidy	(80,612)	(25,535)	–	–	–	–	–	(654)	(80,612)	(26,189)
Penalty income	311	20	–	–	–	–	–	–	311	20
Unrealised (gain)/loss on fair value change of financial assets at FVTPL	–	–	–	–	–	–	28	(16)	28	(16)
Allowance for/(reversal of) credit losses on bills receivables	(109)	567	–	–	–	–	–	–	(109)	567
Allowance for credit losses on discounted bills receivables	(2,062)	1,234	–	–	–	–	–	–	(2,062)	1,234
Impairment of property, plant and equipment	–	5,560	–	–	–	–	–	–	–	5,560
Impairment of intangible assets	–	–	6,966	43,598	–	–	–	–	6,966	43,598
Impairment of prepayments	3,311	–	–	–	–	–	–	–	3,311	–
Write-down of obsolete Inventories	113,420	8,931	–	–	–	–	–	–	113,420	8,931
Finance costs	34,301	37,285	–	–	–	–	273,791	212,533	308,092	249,818
Addition to non-current assets *(Note)*	–	–	–	–	–	–	–	–	–	–

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

6. SEGMENT REPORTING *(Continued)*

(b) *Other segment information* *(Continued)*

Information about major customers

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

	2021 RMB'000	2020 RMB'000
Customer A[1]	—[2]	1,411,335
Customer B[1]	1,354,370	1,347,400
Customer C[1]	1,495,383	—[2]
Customer D[1]	1,202,481	—[2]

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

2 The corresponding revenue did not contribute over 10% of the total revenue of the Group.

Except disclosed above, no other customers contributed 10% or more to the Group's total revenue 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.

	External customers		Non-current assets	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
The PRC	5,453,197	7,472,715	84,453	98,351
Hong Kong	—	—	—	1,059
Malaysia	—	—	72,358	84,254
	5,453,197	7,472,715	156,811	183,934

7. OTHER INCOME AND NET GAIN/(LOSS)

	2021 RMB'000	2020 RMB'000
Other income		
Government subsidies *(Note)*	**80,612**	26,843
Penalty income	**311**	20
Others	**2,631**	5,059
	83,554	31,922

Note:

During the years ended 31 December 2021 and 2020, the amount mainly represented (i) incentive program to industrial enterprises carried out by General Office of the People's Government of Guangdong Province received by Shenzhen Lead Communications Limited (深圳市立德通訊器材有限公司) ("**Shenzhen Lead**"); (ii) rental concessions for industrial enterprises in Shenzhen Nanshan District received by Shenzhen Lead; and (iii) COVID-19 related subsidies provided by Hong Kong government.

There were no unfulfilled conditions or contingencies relating to these government grants.

	2021 RMB'000	2020 RMB'000
Other net gain/(loss)		
Loss on disposal and written-off of property, plant and equipment	**(3,255)**	(1,031)
Exchange gain/(loss), net	**55**	(1,152)
Impairment loss recognised in respect of		
— property, plant and equipment	**—**	(5,560)
— intangible assets	**(6,966)**	(43,598)
— prepayments	**(3,311)**	—
	(10,277)	(49,158)
Unrealised (loss)/gain on fair value change of financial assets at FVTPL	**(28)**	16
Interest expenses reversed *(Note)*	**470,814**	—
Write down of obsolete inventories	**(113,420)**	—
Others	**(562)**	—
	343,327	(51,325)

Note:

The amount represented interest expenses reversed by the Company in respect of the borrowings from Prosper Talent and Dundee of approximately RMB72,089,000 and RMB398,725,000 respectively during the year ended 31 December 2021.

8. LOSS BEFORE TAXATION

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

(a) Finance income

	2021 RMB'000	2020 RMB'000
Interest income from bank deposits	**5,120**	1,874

(b) Finance costs

	2021 RMB'000	2020 RMB'000
Interest on borrowings	**295,345**	238,590
Interest on Corporate Bonds	**1,294**	—
Default interest on borrowings	**—**	—
Interest on lease liabilities	**72**	145
Interest on discounted bills receivables	**10,132**	7,673
Bank charges	**1,249**	3,410
	308,092	249,818

(c) Allowance for/(reversal of) credit loss

	2021 RMB'000	2020 RMB'000
Allowance for credit losses in respect of trade and other receivables, net	**124,141**	607,506
(Reversal of)/allowance for credit losses in respect of bills receivables, net	**(109)**	567
(Reversal of)/allowance for credit losses in respect of discounted bills receivables, net	**(2,062)**	1,234
	121,970	609,307

8. LOSS BEFORE TAXATION *(Continued)*

(d) Other items

	2021 RMB'000	2020 RMB'000
Cost of inventories sold	**5,352,141**	7,321,634
Depreciation of property, plant and equipment	**20,152**	39,566
Depreciation of right-of-use assets	**2,609**	2,615
Amortisation of intangible assets	**995**	7,447
Write-down of obsolete inventories (included in cost of sales)	**—**	8,931
Auditors' remuneration:		
— Audit service	**1,000**	1,000
— Non-audit services	**—**	—
	1,000	1,000
Expenses relating to short term leases	**1,396**	1,981

(e) Staff costs (excluding directors' remuneration)

	2021 RMB'000	2020 RMB'000
Salaries, wages and other benefits	**48,923**	27,634
Share-based payment expenses	**1,123**	1,970
Retirement benefit scheme contributions	**2,038**	1,092
	52,084	30,696

9. INCOME TAX EXPENSE

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

	2021 RMB'000	2020 RMB'000
Current tax – PRC Enterprise Income Tax		
Provision for the year	2,927	9,463
Over-provision in prior years	(16,779)	—
	(13,852)	9,463
Deferred tax *(Note 28)*		
Credited for the year	—	(545)
	(13,852)	8,918

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity in Hong Kong are taxed at 8.25%, and profits above HK$2 million are taxed at 16.5%. The profits of group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime are 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%.

9. INCOME TAX EXPENSE *(Continued)*

Reconciliation between income tax expense and loss before taxation:

	2021 RMB'000	2020 RMB'000
Loss before taxation	**(209,927)**	(854,727)
Tax calculated at tax rates applicable to the jurisdictions concerned	**(40,126)**	(154,314)
Tax effect of non-taxable income	**(119,559)**	(7,112)
Tax effect of non-deductible expenses	**130,426**	22,372
Tax effect of deductible temporary differences not recognised	**30,020**	145,015
Tax effect of estimated tax losses not recognised	**2,166**	2,957
Over-provision in prior years	**(16,779)**	—
	(13,852)	8,918

10. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

Directors' remuneration disclosed pursuant to applicable Listing Rules and the disclosure requirements of the Hong Kong Companies Ordinances, is as follows:

	For the year ended 31 December 2021				
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Share-based payment expenses RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Executive directors					
Chan Yuen Ming ("**Mr. Chan**")	100	2,156	—	18	2,274
Shao Kwok Keung ("**Mr. Shao**")	100	2,048	276	18	2,342
Non-executive director					
Bao Tiejun (resigned on 31 January 2021)	8	—	—	—	8
Independent non-executive directors					
Wong Che Man, Eddy	249	—	—	—	249
Lam Kin Hung, Patrick	249	—	—	—	249
Tam Sui Kwan	249	—	—	—	249
	955	4,204	276	36	5,371

10. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

(Continued)

	For the year ended 31 December 2020				
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Share-based payment expenses RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Executive directors					
Chan Yuen Ming	120	2,600	—	18	2,738
Shao Kwok Keung	120	2,470	776	18	3,384
Non-executive director					
Bao Tiejun	107	—	—	—	107
Independent non-executive directors					
Wong Che Man, Eddy	373	—	—	—	373
Lam Kin Hung, Patrick	373	—	—	—	373
Tam Sui Kwan	373	—	—	—	373
	1,466	5,070	776	36	7,348

Mr. Shao Kwok Keung is also the Chief Executive Officer of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive Officer.

No emoluments have been paid to any directors or any five highest paid individuals set out below as an inducement to join or upon joining the Group or as compensation for loss of office for the current and prior years.

No directors waived or agreed to waive any emoluments for both years.

Except as disclosed in note 35 to the consolidated financial statements, no other significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group. The non-executive director's emoluments shown above were mainly for his services as director of the Company or its subsidiaries. The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

10. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

(Continued)

The five highest paid individuals included two (2019: two) directors whose emoluments are disclosed above. The aggregate of the emoluments in respect of the other three (2019: three) individuals are as follows:

	2021 RMB'000	2020 RMB'000
Salaries, wages and other benefits	3,709	4,188
Share-based payment expenses	248	696
Retirement benefit scheme contributions	54	54
	4,011	4,938

The aggregated emoluments of the above individuals fell within the following bands:

	Number of individuals	
	2021	2020
Nil to HK$1,000,000	2	2
HK$3,000,001 to HK$3,500,000	1	1

The above individuals include two (2020: two) senior management as disclosed in the section headed "Biography of Directors and Senior Management".

11. LOSS PER SHARE

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

	2021 RMB'000	2020 RMB'000
Loss		
Loss for the purposes of basic and diluted loss per share (loss for the year attributable to owners of the Company)	(195,361)	(863,248)

	2021 '000	2020 '000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	2,311,890	2,311,890

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 2021 and 2020, the exercise of these potential ordinary shares is not assumed in the calculation of diluted loss per share.

12. PROPERTY, PLANT AND EQUIPMENT

	Buildings held for own use RMB'000	Leased properties RMB'000	Computer software and equipment RMB'000	Telecommunications infrastructure and network equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Leasehold improvement RMB'000	Total RMB'000
Cost:								
At 1 January 2020	2,430	7,846	105,173	106,892	17,576	–	11,455	251,372
Additions	–	–	5,834	–	376	10,898	–	17,108
Disposal and written off	–	–	(1,636)	–	–	–	–	(1,636)
Exchange alignment	(147)	(20)	(519)	(6,467)	(342)	–	–	(7,495)
At 31 December 2020 and at 1 January 2021	**2,283**	**7,826**	**108,852**	**100,425**	**17,610**	**10,898**	**11,455**	**259,349**
Additions	**–**	**–**	**7,684**	**–**	**–**	**1,840**	**–**	**9,524**
Transfer	**–**	**–**	**9,880**	**–**	**–**	**(9,880)**	**–**	**–**
Disposal and written off	**–**	**–**	**(10,102)**	**–**	**–**	**–**	**–**	**(10,102)**
Exchange alignment	**(112)**	**(16)**	**(348)**	**(2,864)**	**(238)**	**–**	**–**	**(3,578)**
At 31 December 2021	**2,171**	**7,810**	**115,966**	**97,561**	**17,372**	**2,858**	**11,455**	**255,193**
Accumulated depreciation and impairment loss:								
At 1 January 2020	2,170	1,865	12,576	–	11,017	–	9,944	37,572
Charge for the year	260	2,615	17,489	16,791	3,515	–	1,511	42,181
Impairment	–	–	5,560	–	–	–	–	5,560
Written back upon disposal and written off	–	–	(605)	–	–	–	–	(605)
Exchange alignment	(147)	(8)	(85)	(890)	(83)	–	–	(1,213)
At 31 December 2020 and at 1 January 2021	**2,283**	**4,472**	**34,935**	**15,901**	**14,449**	**–**	**11,455**	**83,495**
Charge for the year	**–**	**2,609**	**7,095**	**9,896**	**3,161**	**–**	**–**	**22,761**
Written back upon disposal and written off	**–**	**–**	**(6,847)**	**–**	**–**	**–**	**–**	**(6,847)**
Exchange alignment	**(112)**	**(5)**	**(78)**	**(594)**	**(238)**	**–**	**–**	**(1,027)**
At 31 December 2021	**2,171**	**7,076**	**35,105**	**25,203**	**17,372**	**–**	**11,455**	**98,382**
Carrying amounts								
At 31 December 2021	**–**	**734**	**80,861**	**72,358**	**–**	**2,858**	**–**	**156,811**
At 31 December 2020	–	3,354	73,917	84,524	3,161	10,898	–	175,854

12. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

As at 31 December 2021, computer software and equipment with gross carrying amount of approximately RMB4,500,000 (2020: RMB4,500,000), of which impairment loss for the entire gross carrying amount was recognised, was pledged for the Group's borrowings. Further details are set out in note 26 (iii).

During the year ended 31 December 2021, the management had assessed the usability of certain computer software and equipment and decided to write off computer software and equipment with carrying amount of RMB3,255,000.

Impairment assessment

The Group performed impairment assessment on the telecommunications infrastructure and network as at 31 December 2021 and 2020 and other classes of property, plant and equipment as at 31 December 2021 and 2020 by determining their recoverable amounts based on fair value less costs of disposal with reference to valuation conducted by independent professional valuers using depreciated replacement cost approach which is based on the costs to obtain a similar assets and adjusted for the relevant assets' current condition. The fair value measurement is categorised into Level 3 fair value hierarchy.

The carrying amount of the Group's telecommunication infrastructure and network equipment acquired during the year ended 31 December 2019 (the "**Telecommunication Network**") did not exceed its recoverable amount based on fair value less costs of disposal and therefore no impairment was recognised for the years ended 31 December 2021 and 2020. Impairment loss of RMB nil (2020: RMB5,560,000) was made for the year ended 31 December 2021 in respect of the Group's computer software and equipment which was attributable to the Group's ICT Business due to the recoverable amount was lower than its carrying amount.

12. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Right-of-use assets (included in the property, plant and equipment

The Group as a lessee

For both years, the Group leases various offices for its operations and recognised leased properties of RMB734,000 at 31 December 2021 (31 December 2020: RMB3,354,000) in accordance with HKFRS 16. Lease contracts are entered into for fixed term of 2 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

During the years ended 31 December 2021 and 2020, the cash outflows for lease are as follow:

	2021 **RMB'000**	2020 RMB'000
Repayment of lease liabilities	**1,576**	2,433
Interest paid in respect of lease liabilities	**72**	145
Expenses relating to short term leases	**1,396**	1,981
	3,044	4,559

13. INTANGIBLE ASSETS

	Technology know-how RMB'000	Customers relationship RMB'000	Backlog RMB'000	License agreement RMB'000	Trademark RMB'000	Total RMB'000
Cost:						
At 1 January 2020	81,735	67,077	510	440,187	45	589,554
Exchange alignment	–	–	–	(26,633)	–	(26,633)
At 31 December 2020 and at 1 January 2021	81,735	67,077	510	413,554	45	562,921
Exchange alignment	–	–	–	(11,794)	–	(11,794)
At 31 December 2021	**81,735**	**67,077**	**510**	**401,760**	**45**	**551,127**
Accumulated amortisation and impairment:						
At 1 January 2020	81,735	67,077	510	380,137	45	529,504
Charge for the year	–	–	–	7,447	–	7,447
Impairment loss recognised *(Note 15)*	–	–	–	43,598	–	43,598
Exchange alignment	–	–	–	(25,708)	–	(25,708)
At 31 December 2020 and at 1 January 2021	81,735	67,077	510	405,474	45	554,841
Charge for the year	–	–	–	995	–	995
Impairment loss recognised *(Note 15)*	–	–	–	6,966	–	6,966
Exchange alignment	–	–	–	(11,675)	–	(11,675)
At 31 December 2021	**81,735**	**67,077**	**510**	**401,760**	**45**	**551,127**
Carrying amounts:						
At 31 December 2021	**–**	**–**	**–**	**–**	**–**	**–**
At 31 December 2020	–	–	–	8,080	–	8,080

License agreement with net carrying amount of approximately RMB nil (2020: RMB8,080,000) as at 31 December 2021 represents the patent of solar energy technology sub-licensed to the Group by Mr. Li Hiu Yeung in 2016, of which details were set out in the Company's announcement dated 12 May 2016. The sub-license agreement entitles the Group to manufacture products using the solar energy technology for 12 years from the date of acquisition. During the year ended 31 December 2021, impairment loss of approximately RMB6,966,000 (2020: RMB43,598,000) was recognised (details of the impairment testing are disclosed in note 15 to the consolidated financial statements). As at 31 December 2020, the net carrying amount would be amortised over the remaining useful life of 8 years.

14. GOODWILL

	RMB'000
Cost:	
At 1 January 2020, at 31 December 2020, at 1 January 2021 and at 31 December 2021	94,619
Accumulated impairment losses:	
At 1 January 2020, at 31 December 2020, at 1 January 2021 and at 31 December 2021	94,619
Carrying amounts:	
At 31 December 2021 and 2020	—

The carrying amount of goodwill (net of accumulated impairment) was allocated to the display and touch modules under the ICT operations.

Details of the impairment testing on goodwill are disclosed in note 15 to the consolidated financial statements.

15. IMPAIRMENT TESTING ON INTANGIBLE ASSETS AND GOODWILL

ICT business

For the purpose of impairment testing, customers relationship and goodwill set out in notes 13 and 14 to the consolidated financial statements respectively have been allocated to the CGU of manufacturing of display and touch modules operations under the ICT business.

As at 31 December 2021 and 2020, the Group assessed there were no objective evidence of reversal of impairment losses of the CGU in existence as at that date, hence no further impairment assessment was carried out in respect of the CGU.

15. IMPAIRMENT TESTING ON INTANGIBLE ASSETS AND GOODWILL

(Continued)

New Energy business

For the purpose of impairment testing, the license agreement included in intangible assets set out in note 13 to the consolidated financial statements has been allocated to the CGU of solar power plants operations under the New Energy business.

The directors have assessed the recoverable amounts of the New Energy business CGU as at 31 December 2021 and 2020 by reference to the valuation as at 31 December 2021 and 2020 performed by third party qualified valuers. The valuation was based on value in use calculations which used the cash flow forecast projections approved by the directors covering a five-year period. Key assumptions for the cashflow forecast projections include budgeted sales and gross margin, growth rate and discount rate, such estimation is based on past experience and management's expectations of the market development. Cash flows beyond the five-year period are extrapolated using an estimated growth rate of 0% (2020: 0%) for the remaining two-year period (2020: three-year period) of the term of the license agreement, up to the end of estimated useful life of the licensing agreement. The cash flows are discounted by using a pre-tax discount rate of approximately 16.8% (2020: 16.8%). The discount rates used are pre-tax and reflect specific risks relating to the relevant operations.

Having considered the market's conditions of the Group's services in 2021 and 2020, impairment loss is considered to have arise in 2021 and 2020 as a result of the following factors: (i) the continuous slowdown in the economic growth has been affecting the consumer market in the PRC in 2021 and 2020; and (ii) the keen competition exists in the relevant market in the PRC. Based on the result of the assessment, the directors of the Company determined that the recoverable amount of the CGU is lower than the carrying amount prior to the impairment loss recognized for the year. The impairment amount has been allocated to license agreement under intangible assets such that the carrying amount of the asset is reduced to its recoverable amount. Based on the value in use calculation and the allocation, the recoverable amount of the CGU of solar power plants operations under the New Energy business was RMB nil (2020:RMB8,080,000) as at 31 December 2021 and an impairment loss of approximately RMB6,966,000 (2020: RMB43,598,000) has been recognised against the carrying amount of license agreement under intangible assets for the year ended 31 December 2021.

16. INVENTORIES

	2021 RMB'000	2020 RMB'000
Raw materials	**32,443**	174,787
Work in progress	**531**	24,251
Consigned manufacturing materials	**1,228**	47,028
Finished goods	**32,515**	43,051
	66,717	289,117

Inventories are expected to be recovered within one year.

The cost of inventories sold recognised as expenses amounted to approximately RMB5,352,141,000 (2020: RMB7,321,634,000) and write-down of obsolete inventories included in other gain/(loss) amounted to approximately RMB113,420,000 (2020: included in "cost of sales" of RMB8,931,000) were recognised for the year ended 31 December 2021.

The write down of inventories during 31 December 2021 was based on estimates of the realisable value with reference to the aging and conditions of the inventories, together with the economic circumstances on the marketability of such inventories.

17. TRADE AND OTHER RECEIVABLES

	Notes	2021 RMB'000	2020 RMB'000
Trade receivables		**3,133,658**	1,516,694
Less: Allowance for credit losses		**(469,682)**	(365,521)
		2,663,976	1,151,173
Other receivables and deposits	(i)	**799,330**	806,167
Consideration receivables for disposal of Hebei Noter	(ii)	**1,101,202**	1,101,202
Total trade and other receivables		**4,564,508**	3,058,542

17. TRADE AND OTHER RECEIVABLES *(Continued)*

Notes:

(i) As at 31 December 2021, other receivables and deposits included amounts due from Hebei Noter and its 90% owned subsidiary Hebei Haoguang Communication Technology Limited* (河北浩廣通信科技有限公司) ("**Hebei Haoguang**") (collectively referred to as the "**Hebei Noter Group**"), which represent balances that were due from Hebei Noter Group with carrying amount, net of allowance for credit losses, of approximately RMB795,785,000, which were included in other receivables (2020: RMB795,785,000).

During the year ended 31 December 2021, an allowance for credit losses of approximately RMB nil (2020: RMB nil) was recognised in respect of the amounts due from Hebei Noter Group.

(ii) As set out in the Company's circular dated 15 November 2018 (the "**Circular**"), China All Access Group Limited ("**CAA Group**"), a wholly owned subsidiary of the Company, entered into an agreement dated 3 June 2018 and a supplemental agreement dated 8 June 2018 (the "**Disposal Agreements**") in respect of the Disposal at a consideration of RMB1,750 million (the "**Disposal Consideration Receivable**"). Pursuant to the Agreements, the Disposal Consideration Receivable should be repayable in the following manner:

(1) RMB175,000,000 shall be payable within 60 business days after 7 December 2018 (the "**Disposal Date**");

(2) RMB350,000,000 shall be payable within 6 months after the Disposal Date;

(3) RMB350,000,000 shall be payable within 12 months after the Disposal Date;

(4) RMB350,000,000 shall be payable within 18 months after the Disposal Date;

(5) RMB350,000,000 shall be payable within 24 months after the Disposal Date; and

(6) RMB175,000,000 shall be payable within 30 months after the Disposal Date.

The Disposal Consideration Receivable was initially recognized at fair value at the Disposal Date and was arrived at on the basis of valuation carried out by independent professional valuers. The effective interest rate of the consideration on initial recognition is 13.58%. Pursuant to the Disposal Agreements, the Disposal Consideration Receivables is secured over the share charge of Hebei Noter made by the Purchaser in favour of the Group. Details of the terms of payment of the Disposal Consideration Receivable were set out in the Circular.

* For identification purposes only

17. TRADE AND OTHER RECEIVABLES *(Continued)*

Notes:

(ii) *(continued)*

On 31 December 2019, the Purchaser, CAA Group, and an entity which to the best of the Company's directors' knowledge, information and belief having made all reasonable enquiry, is a third party independent of the Company and the connected persons of the Company (the "**Third Party**") entered into guarantee agreement pursuant to which (1) the Company has the right to buy up to 5 million grams of ultrafine copper powder controlled by the Third Party (the "**Copper Powder**") at an agreed price of US$80; and (ii) to use the proceeds of the sales of the Copper Powder as compensation to indemnify the CAA Group against any loss as a result of the amount due from Hebei Noter Group and the Disposal Consideration Receivables (the "**Guarantee**"). On 31 December 2020, the Purchaser, CAA Group and the Third Party further entered into a supplemental guarantee pursuant to which (1) the unit price of the Copper Powder to be sold by the Third Party to CAA Group be amended from US$80 per gram to 50% of the net selling price, in any case not less than EURO 800 per gram; and (2) the Third Party agrees to collaborate with CAA Group as joint beneficial owners for collaterializing part of 5,000,000 gram of the Copper Powder in order to secure credit or loan facilities from any fund provider which will benefit the investment projects of CAA Group. The Third Party will, in return, share 50% of the investment return generated from the investment projects financed by such credit or loan facilities (the "**Supplementary Guarantee**"). The directors of the Company consider that the value of the Copper Powder is approximately not less than EUR1,250 per gram and is of high purity based on an expert report and an analysis performed by a firm of assaying services company based in Europe.

During the year ended 31 December 2021, an allowance for credit losses of approximately RMB nil (2020: RMB nil) was recognised in respect of the consideration receivables from the disposal of Hebei Noter Group.

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

	2021 **RMB'000**	2020 RMB'000
Within 1 month	**2,240,661**	986,185
1 to 2 months	**336,095**	107,976
2 to 3 months	**720**	5,053
3 to 6 months	**155**	37,179
Over 6 months but within 1 year	**76,973**	12,246
Over 1 year	**9,372**	2,534
	2,663,976	1,151,173

17. TRADE AND OTHER RECEIVABLES *(Continued)*

The Group may grant credit up to 3 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 2021, an allowance for credit losses of approximately RMB104,161,000 (2020: RMB38,956,000) was recognised in respect of trade receivables.

During the year ended 31 December 2021, an allowance for credit losses of approximately RMB19,980,000 (2020: RMB568,550,000) was recognised in respect of other receivables.

Details of impairment assessment of trade and other receivables for the years ended 31 December 2021 and 2020 are set out in Note 37.

18. PREPAYMENTS

	2021 RMB'000	2020 RMB'000
Prepayment for raw material purchases	**60,249**	161,643
Other prepayments	**37**	592
	60,286	162,235

During the year ended 31 December 2021, the Group recognised impairment of approximately RMB3,311,000 in respect of prepayment for raw material purchases. The management considered the recoverability of these prepayments is based on the aging of relevant prepayment.

19. TRANSFERS OF FINANCIAL ASSETS

The following were the Group's financial assets at 31 December 2021 and 2020 that were transferred to banks by discounting these receivables on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these receivables, it has continued to recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as a collateralised borrowing. These financial assets are carried at amortised cost, net of allowance for credit losses, in the Group's consolidated statement of financial position.

Bills receivables discounted to banks with full recourse:

	2021 RMB'000	2020 RMB'000
Carrying amount of transferred assets	**—**	240,637
Carrying amount of associated liabilities	**—**	(245,526)
	—	(4,889)

During the year ended 31 December 2021, an reversal of allowance for credit losses of approximately RMB2,062,000 (2020: impairment of RMB1,234,000) was recognised in respect of discounted bills receivables.

20. BILLS RECEIVABLES

At 31 December 2021, bills receivables amounted to approximately RMB43,956,000 (net of allowance for credit losses) (2020: RMB66,230,000) and comprised bank acceptance bills. No bills receivables had been pledged and none of the bills receivables had been endorsed to other parties but not yet due.

At the end of the reporting period, the aging analysis of bills receivables based on the bills received date is as follows:

	2021 RMB'000	2020 RMB'000
Within 1 month	**—**	—
1 to 3 months	**43,956**	—
4 to 6 months	**—**	66,230
	43,956	66,230

At 31 December 2021 and 2020, none of the Group's bills receivables were past due.

During the year ended 31 December 2021, an reversal of allowance for credit losses of approximately RMB240,000 (2020: impairment of RMB567,000) was recognised in respect of bills receivables.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 RMB'000	2020 RMB'000
Listed securities classified as held for trading investment:		
Listed equity securities in Hong Kong	21	49
Unlisted debt security:		
Non-quoted investments in wealth management products *(Note)*	400	—
Unlisted equity security:		
Unlisted equity security outside Hong Kong	—	—
	421	49

Note: Investments in wealth management products are investments in wealth management plans provided by financial institutions in the PRC, which are open-ended products.

At the end of the reporting period, all financial assets at FVTPL are stated at fair value. Fair values of listed securities classified as held for trading investments are determined with reference to quoted market closing price.

As at 31 December 2021 and 2020, the unlisted equity security represented the remaining 10% equity interest in Hebei Haoguang which was as a result of the Disposal and the directors of the Company determined its fair value at 31 December 2021 and 2020 was zero based on the fact that Hebei Haoguang has been dissolved subsequent to the end of the reporting period.

22. RESTRICTED CASH

	2021 RMB'000	2020 RMB'000
Guarantee deposits for bills payables	200,545	132,215

Notes:

The amount represents cash deposits in certain banks as guarantee deposits and frozen for the issuance of bills payables of equivalent amounts, as requested by the banks.

23. CASH AND CASH EQUIVALENTS

Bank balances carry interest at floating rates and placed with creditworthy banks and financial institution with no recent history of default.

23. CASH AND CASH EQUIVALENTS *(Continued)*

RMB is not a freely convertible currency in the PRC and the remittance of funds out of the PRC is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. The Group's cash and cash equivalents denominated in RMB of approximately RMB1,000 (2020: RMB21,000) located in Hong Kong are not subject to the foreign exchange control. The remaining cash and cash equivalent denominated in RMB of approximately RMB19,752,000 (2020: RMB33,647,000) located in PRC are subject to the foreign exchange control.

The Group's cash and cash equivalents denominated in HK$ and United States dollar ("**US$**") amounted to approximately RMB10,192,000 and RMB nil (2020: RMB68,000 and RMB5,000) respectively.

Reconciliation of cash generated from operations:

	2021 RMB'000	2020 RMB'000
Loss before taxation	(209,927)	(854,727)
Adjustments for:		
Exchange (gain)/loss, net	(55)	1,152
Depreciation of property, plant and equipment	22,761	42,181
Amortisation of intangible assets	995	7,447
Impairment loss recognised in respect of property, plant and equipment	—	5,560
Impairment loss recognised in respect of intangible assets	6,966	43,598
Impairment loss recognised in respect of prepayments	3,311	—
Allowance for credit loss recognised in respect of trade and other receivables, net	124,141	607,506
(Reversal of)/allowance for credit loss recognised in respect of bills receivables, net	(109)	567
(Reversal of)/allowance for credit loss recognised in respect of discounted bills receivable, net	(2,062)	1,234
Write-down of obsolete inventories	113,420	8,931
Interest income from bank deposits	(5,120)	(1,768)
Finance costs	308,092	249,818
Loss on disposal and written-off of property, plant and equipment	3,255	1,031
Loss/(gain) on fair value change of financial assets at fair value through profit or loss	28	(16)
Government subsidy	(80,612)	(26,189)
Share-based payment expenses	1,399	2,746
Operating cash flows before movements in working capital	286,483	89,071

23. CASH AND CASH EQUIVALENTS *(Continued)*

Reconciliation of cash generated from operations:

	2021 RMB'000	2020 RMB'000
Operating cash flows before movements in working capital	**286,483**	89,071
Decrease in inventories	**108,980**	17,512
Increase in trade and other receivables	**(1,395,800)**	(636,229)
Decrease/(increase) in prepayments	**98,638**	(59,596)
Increase in financial assets at fair value through profit or loss	**(400)**	—
Decrease/(increase) in bills receivables	**22,513**	(66,537)
(Increase)/decrease in restricted cash	**(68,330)**	33,789
Increase in trade and other payables	**1,376,591**	700,537
Decrease in contract liabilities	**(80,115)**	(44,802)
Cash generated from operations	**348,560**	33,745

24. TRADE AND OTHER PAYABLES

	Note	2021 RMB'000	2020 RMB'000
Trade and bills payables		**3,112,080**	1,358,826
Interest payables	(i)	**635,214**	854,714
Dividend payable	(ii)	**81,749**	84,148
Corporate bonds	(iii)	**13,824**	19,151
Other payables and accruals	(iv)	**199,788**	96,294
		4,042,655	2,413,133

24. TRADE AND OTHER PAYABLES *(Continued)*

Note:

i. Interest payables included interest payable to Prosper Talent and Dundee of approximately RMB245,361,000 and RMB377,850,000 (2020: RMB370,010,000 and RMB477,295,000) respectively as at 31 December 2021.

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

iii. As at 31 December 2021 and 2020, the Corporate Bonds were overdue and two of the Subscribers have filed winding-up petition against the Company, of which details are set out in note 3(b).

iv. As at 31 December 2021, the balance mainly represented consultancy services fee due to Hongda Capital Limited of approximately HK$71,699,000 (equivalent to RMB58,621,000) (2020: HK$71,699,000 (equivalent to RMB60,342,000)), accrued salaries of approximately RMB58,250,000 (2020: RMB19,546,000) and value-added tax payable of approximately RMB21,232,000 (2020: RMB3,202,000), and also included compensation payable in respect of 13 litigation claims against Beijing All Access, Guangdong All Access Noter Communication Technology Co., Limited, Shenzhen Kangquan and Shenzhen Lead with aggregate amount of approximately RMB606,000 (2020: RMB431,000).

All of the trade payables, bills payables and other payables and accruals are expected to be settled within one year. Bills payables of approximately RMB200,545,000 (2020: RMB132,215,000) were supported by guarantee deposits of equivalent amount as requested by banks and presented as restricted cash (Note 22).

The credit periods granted by suppliers ranged from 30 to 180 days.

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

	2021 **RMB'000**	2020 RMB'000
Within 1 month	**2,418,172**	764,326
1 to 3 months	**302,873**	158,942
3 to 6 months	**95,744**	231,772
Over 6 months but within 1 year	**40,579**	20,555
Over 1 year	**254,712**	183,231
	3,112,080	1,358,826

25. CONTRACT LIABILITIES

	2021 RMB'000	2020 RMB'000
Tailor-made electronic components	**61,771**	141,886

As at 1 January 2020, the Group had contract liabilities of approximately RMB186,688,000. All of the carried-forward contract liabilities as at 31 December 2020 were recognised as revenue in the current year.

When the Group receives a deposit before the production activity commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposit.

26. BORROWINGS

	Notes	2021 RMB'000	2020 RMB'000
Guaranteed loans	(i)	**85,000**	178,800
Promissory notes	(ii)	**1,048,502**	1,078,732
Pledged loans	(iii)	**2,459**	4,056
Unsecured loan	(iv)	**50,000**	50,000
Others	(v)	**56,104**	—
		1,242,065	1,311,588

The analysis of the carrying amounts of borrowings are as follows:

Notes:

(i) At 31 December 2021, guaranteed loans comprised of comprised of 3 borrowings of appropriately RMB15,000,000 ("**Loan A**"), RMB60,000,000 ("**Loan B**")and RMB10,000,000 ("**Loan C**") (31 December 2020: RMB18,800,000, RMB150,000,000 and RMB10,000,000) which were guaranteed respectively by the Company, subsidiaries of the Company and Mr. Chan. The annualised interest rate of the above loans ranged from 0% to 8.4% (2019: 0% to 8.4%). Up to the date of the approval and authorisation of the consolidated financial statements for issue, the Guaranteed Loans has been settled, except for Loan B with remaining amount of RMB20,000,000 that has been overdue and not yet been settled.

Pursuant to Loan B's agreements, 贛州立德电子有限公司 (Ganzhou Lead Electronics Co., Ltd.*) ("**Ganzhou Lead**") was required to fulfill certain conditions including, but not limited to, recording revenue of RMB4,000,000,000 and RMB5,000,000,000 respectively for the years ended 31 December 2020 and 2021 and recording corporate income tax of RMB15,000,000 and RMB25,000,000 respectively for the years ended 31 December 2020 and 2021. The lender could request for immediate repayment if these conditions are not met and increase the interest rate to 9% retrospectively from the date of draw down of the Loan B.

26. BORROWINGS *(Continued)*

The analysis of the carrying amounts of borrowings are as follows: *(Continued)*

Notes: (continued)

(ii) Promissory notes

(a) On 23 August 2016, the Company and Mr. Chan entered into a note purchase agreement (the "**Note Purchase Agreement**") with Prosper Talent, pursuant to which the Company has agreed to issue, and Prosper Talent has agreed to purchase from the Company, US$70,000,000 guaranteed notes (the "**Notes**") due in August 2018. Pursuant to the Note Purchase Agreement, Mr. Chan shall also provide a personal guarantee in favour of Prosper Talent to secure, among others, the due and punctual observance and performance by the Company under the Note Purchase Agreement and other documents in connection with the transaction contemplated under the Note Purchase Agreement and security assignment entered into by SETD in favour of the Prosper Talent.

The interest rate will be charged at 13% per annum.

Details of the Note Purchase Agreement and the Notes were set out in the Company's announcement date 23 August 2016.

At 31 December 2021, the Notes remained unsettled and the outstanding principal amount of the Notes was US$56,000,000 (equivalent to approximately RMB355,930,000 (2020: US$56,000,000 (equivalent to approximately RMB365,831,000).

(b) On 19 November 2018, the Company entered into agreements with Dundee to redeem the outstanding convertible bonds of HK$847,080,000 and issued a promissory note (the "**Dundee Note**") of the same outstanding principal amount. The Dundee Note was matured on 10 December 2018 and Mr. Chan also provided a personal guarantee in favour of Dundee to secure, among others, the due and punctual observance and performance by the Company under the agreement in connection with the transaction contemplated under the Dundee Note agreement.

The interest rate is charged at 12% per annum.

At 31 December 2021, the Dundee Note remained unsettled and the outstanding principal amount of the Dundee Note was HK$847,080,000 (equivalent to approximately RMB692,572,000) (2020: HK$847,080,000 (equivalent to approximately RMB712,901,000)).

(iii) As at 31 December 2021 and 2020, the pledged loan represented obligation arising from a sale-and-leaseback arrangement entered into between Shenzhen Kangquan and an entity incorporated in the PRC (the "**PRC Entity**"), pursuant to which Shenzhen Kangquan disposed of its computer software and equipment with gross carrying value of approximately RMB4,500,000 during the year ended 31 December 2020 and leased back (Note 12) (the "**Arrangement**"). The directors of the Company have assessed that the transfer of the relevant assets did not meet the requirements to be accounted for as a sale of the assets and hence the relevant assets continue to be recognised by the Group. The pledged loan bears interest at 15% per annum and is repayable in 3 years. Subsequent to the end of the reporting period, the PRC Entity has filed a claim against Shenzhen Kangquan, Shenzhen City Changfei Investment Co., Ltd., Mr. Chan and Mr. Shao for repayment of the borrowings under the Arrangement to 廣東省深圳前海合作區人民法院 and up to the date of the approval and authorisation of the consolidated financial statements for issue the proceeding of the relevant claim is still in progress.

26. BORROWINGS *(Continued)*

The analysis of the carrying amounts of borrowings are as follows: (Continued)

Notes: (continued)

(iv) As disclosed in the Company's announcement dated 10 August 2018, a loan agreement was entered into between the Company as borrower and 河北境外上市股權投資基金有限公司 (Hebei Offshore Listed Shares Investments Fund Limited*) (the "**Lender**") as lender, pursuant to which the Lender has agreed to make available to the Company a loan of RMB50,000,000 (the "**Unsecured Loan**") at an interest rate of 8% per annum for a term of two years commencing from the date of drawdown (the "**Unsecured Loan Terms**"). The Company shall pay the interest on a quarterly basis and shall repay the Loan upon the expiry of the Unsecured Loan Term. Up to the date of the approval and authorisation of the consolidation financial statements for issue, the Unsecured Loan has been overdue and not yet been settled.

(v) As at 31 December 2021, the carrying amount represented (1) approximately of RMB27,480,000 which was a loan from an individual with principal amount of US$4,500,000 for a period of 3 months of maturity date on 25 February 2022, carried interest at 10% per annum and was guaranteed by Mr. Chen, Mr. Shao, Shenzhen Lead and GZ Lead; and (2) approximately of RMB28,624,000 (equivalent to HK$35,010,000) advance from Glorious Star Limited which was interest free and repayable on demand. Up to the date of the approval and authorisation of the consolidation financial statements for issue, both amounts were overdue and not yet been settled.

Carrying amounts repayable:

	2021 RMB'000	2020 RMB'000
Current portion		
Within 1 year	**1,242,065**	1,290,965
Non-current portion		
More than 1 year but not exceeding 2 years	**—**	19,869
More than 2 years but not exceeding 5 years	**—**	754
	—	20,623
Total borrowings	**1,242,065**	1,311,588

27. LEASE LIABILITIES

	Minimum lease payments At 31 December		Present value of Minimum lease payments At 31 December	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Lease liabilities payable:				
Within one year	**1,058**	1,641	**1,027**	1,601
In the second to fifth year, inclusive	**—**	—	**—**	—
	1,058	1,641	**1,027**	1,601
Less: future finance costs	**(31)**	(40)		
Present value of lease liabilities	**1,027**	1,601		
Less: amount due for settlement within one year			**(1,027)**	(1,601)
Amount due for settlement after one year			**—**	—

28. DEFERRED TAXATION

(a) Deferred tax assets and liabilities in the consolidated statement of financial position represent:

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Intangible assets RMB'000	Allowance for credit losses RMB'000	Total RMB'000
At 1 January 2020	**545**	**—**	**545**
Credit to profit or loss *(note 9)*	**(545)**	**—**	**(545)**
At 31 December 2020, at 1 January 2021 and at 31 December 2021	**—**	**—**	**—**

(b) Unrecognised deductible temporary differences

At 31 December 2021, the Group had deductible temporary differences in respect of allowances for credit losses on financial assets of approximately RMB921,714,000 (2020: RMB801,636,000). No deferred tax asset had been recognised in relation to such deductible temporary difference as it was not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

28. DEFERRED TAXATION *(Continued)*

(c) Unrecognised tax losses

The Group determined that it was not probable that these tax losses could be utilised in foreseeable future. At 31 December 2021, unused estimated tax losses not recognised of approximately RMB398,781,000 (2020: RMB390,117,000) will expire within five to ten years.

(d) Deferred tax liabilities not recognised

The PRC Enterprise Income Tax law also imposes a withholding tax rate of 10% or 5%, unless reduced by a tax treaty or agreement, on dividends distributed by a PRC-resident enterprise to its immediate holding company outside the PRC for earnings accumulated beginning on 1 January 2008. Undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax.

29. SHARE OPTION SCHEMES

Pursuant to a resolution passed at annual general meeting of the Company held on 12 June 2019, a new share option scheme (the "**New Share Option Scheme**") was adopted by the Company.

The previous share option scheme of the Company (the "**Old Share Option Scheme**") was expired on 27 August 2019, no further options can be granted under the Old Share Option Scheme thereafter. However, all outstanding share options granted under the Old Share Option Scheme shall continue to be valid and exercisable during the prescribed exercisable period in accordance with the Old Share Option Scheme.

The purpose of the New Share Option Scheme is to enable the Group to grant share options to eligible participants as incentives or rewards for their contribution to the Group.

Under the New Share Option Scheme, the directors of the Company may, at their sole discretion, grant to any eligible participants options to subscribe for ordinary shares of the Company at the highest of (i) the closing price of shares of the Company on Exchange as stated in the Exchange's daily quotation sheet on the date of the offer of grant; (ii) the average closing price of the shares of the Company on Exchange as stated in the Exchange's daily quotation sheets for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Company's share. The offer of a grant of options may be accepted within 21 days from the date of the offer. A nominal consideration of HK$1 is payable on acceptance of the grant of an option. The exercise period of the options granted is determinable by the directors of the Company, which commences after the date of offer with a certain vesting period and ends in any event not later than 4 years from the respective date when the share options are granted, subject to the provisions for early termination thereof.

29. SHARE OPTION SCHEMES *(Continued)*

The maximum number of shares which may be allotted and issued upon exercise of all outstanding shares options and get to be exercised granted under the New Share Option Scheme and any other share option schemes of the Group must not (i) in aggregate exceed 10% of the shares of the Company in issue at the date of the Company's latest annual general meeting (the "**AGM**") held; and (ii) in aggregate exceed 30% of the issued share capital of the Company from time to time.

The number of shares in respect of which options may be granted to any individual in any 12-month period is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital and with an aggregate value in excess of HK$5 million must be approved in advance by the Company's shareholders. The New Share Option Scheme does not provide for any minimum period for holding of options or any performance targets before exercise of options.

Particulars of the Company's share option scheme are set out in paragraphs headed "Share Option Scheme" in the section headed "Report of the Directors".

(Expressed in Renminbi unless otherwise indicated)

29. SHARE OPTION SCHEMES *(Continued)*

The following table discloses movements in the Company's share options during the year:

	Outstanding at 1 January 2020	Lapsed or cancelled during the year	Outstanding at 31 December 2020 and at 1 January 2021	Lapsed or cancelled during the year	Outstanding at 31 December 2021	Exercise price HK$	Date of grant	Vesting period	Exercisable period
Executive Directors									
Shao Kwok Keung	5,266,666	–	5,266,666	–	5,266,666	0.69	26 September 2018	26 September 2018 to 25 September 2019	26 September 2019 to 25 September 2022
	5,266,667	–	5,266,667	–	5,266,667	0.69	26 September 2018	26 September 2018 to 25 September 2020	26 September 2020 to 25 September 2022
	5,266,667	–	5,266,667	–	5,266,667	0.69	26 September 2018	26 September 2018 to 25 September 2021	26 September 2021 to 25 September 2022
Employees	13,400,000	–	13,400,000	–	13,400,000	0.69	26 September 2018	26 September 2018 to 25 September 2019	26 September 2019 to 25 September 2022
	13,400,000	–	13,400,000	–	13,400,000	0.69	26 September 2018	26 September 2018 to 25 September 2020	26 September 2020 to 25 September 2022
	13,400,000	–	13,400,000	–	13,400,000	0.69	26 September 2018	26 September 2018 to 25 September 2021	26 September 2021 to 25 September 2022
	56,000,000	–	56,000,000	–	56,000,000				
Weighted average exercise price	HK$0.69		HK$0.69		HK$0.69				

The fair value of share options granted were calculated using binomial model. The inputs in the model were as follows:

	2018
Fair value per share option at measurement date	HK$0.239
Share price	HK$0.690
Exercise price	HK$0.690
Expected volatility (expressed as weighted average volatility used in modelling)	64.317%
Option life (expressed as weighted average life used in the modelling under binomial lattice model)	4 years
Risk-free interest rate (based on Exchange Fund Notes)	2.348%

30. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2021 RMB'000	2020 RMB'000
Non-current assets		
Interests in subsidiaries	—	—
Amounts due from subsidiaries	—	—
	—	—
Current assets		
Financial assets at fair value through profit or loss	21	49
Amounts due from subsidiaries	—	—
Prepayment and other receivables	37	592
Cash and cash equivalents	25	25
	83	666
Current liabilities		
Amounts due to subsidiaries	676,926	758,113
Other payables and accruals	723,212	1,083,765
Income tax payable	—	9,760
Borrowings	1,125,982	1,128,732
	2,526,120	2,980,370
Net current liabilities	(2,526,037)	(2,979,704)
Total assets less current liabilities	(2,526,037)	(2,979,704)
Net liabilities	(2,526,037)	(2,979,704)
Capital and reserves		
Share capital	19,788	19,788
Reserves	(2,545,825)	(2,999,492)
Total capital deficiency	(2,526,037)	(2,979,704)

The financial statements were approved and authorised for issue by the board of directors on 30 Septermber 2022 and signed on behalf by:

Mr. Chan Yuen Ming
Chairman and Executive Director

Mr. Shao Kwok Keung
Chief Executive Officer and Executive Director

31. CAPITAL, RESERVES AND DIVIDENDS

(a) Movement in components of equity of the Company

	Share capital RMB'000 Note 35(c)	Share premium RMB'000 Note 35 (d)(i)	Capital redemption reserve RMB'000 Note 35(d)(ii)	Contributed surplus RMB'000 Note 35(d)(iii)	Capital reserve RMB'000 Note 35(d)(iv)	Share-based compensation reserve RMB'000 Note 35(d)(v)	Translation reserve RMB'000 Note 35(d)(vii)	Accumulated losses RMB'000	Total RMB'000
Balance at 1 January 2020	19,788	1,798,899	104	90,303	–	8,081	2,657	(3,745,127)	(1,834,295)
Loss for the year	–	–	–	–	–	–	–	(1,335,857)	(1,335,857)
Other comprehensive loss	–	–	–	–	–	–	178,702	–	178,702
Total comprehensive loss	–	–	–	–	–	–	178,702	(1,335,857)	(1,157,155)
Share-based payment expenses	–	–	–	–	–	2,746	–	–	2,746
Balance at 31 December 2020 and at 1 January 2021	**19,788**	**1,798,899**	**104**	**90,303**	**–**	**10,827**	**181,359**	**(5,080,984)**	**(2,800,290)**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**193,454**	**193,454**
Other comprehensive loss	**–**	**–**	**–**	**–**	**–**	**–**	**79,400**	**–**	**79,400**
Total comprehensive loss	**–**	**–**	**–**	**–**	**–**	**–**	**79,400**	**193,454**	**272,854**
Share-based payment expenses	**–**	**–**	**–**	**–**	**–**	**1,399**	**–**	**–**	**1,399**
Balance at 31 December 2021	**19,788**	**1,798,899**	**104**	**90,303**	**–**	**12,226**	**260,759**	**(4,887,530)**	**(2,526,037)**

(b) Dividends

(i) Proposed final dividends:

The directors do not recommend the payment of a final dividend for the years ended 31 December 2021 and 2020.

(ii) Dividends payable to owners of the Company are as follows:

	2021 HK$'000	2021 Equivalent to RMB'000	2020 HK$'000	2020 Equivalent to RMB'000
Final dividend in respect of the year ended 31 December 2017 of HK5.0 cents per ordinary share	**99,986**	**81,749**	99,986	84,148

31. CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(c) Share capital

	2021 No. of shares '000	2021 Amount HK$'000	2020 No. of shares '000	2020 Amount HK$'000
Ordinary shares of HK$0.01 each				
Authorised:				
At the beginning and the end of the reporting period	**100,000,000**	**1,000,000**	100,000,000	1,000,000
Issued and fully paid:				
At the beginning of the reporting period and at the end of the reporting period	**2,311,890**	**23,118**	2,311,890	23,118
		RMB'000		RMB'000
Equivalent to		**19,788**		19,788

(d) Nature and purpose of reserve

(i) Share premium

The share premium represents the difference between the par value of the shares of the Company and proceeds received from the issuance of the shares of the Company which is governed by the Cayman Companies Law.

(ii) Capital redemption reserve

Pursuant to the provision of Cayman Companies Law, shares of a company are repurchased wholly out of the Company's profits, the amount by which the Company's issued share capital is diminished on cancellation of the shares repurchased shall be transferred to the capital redemption reserve.

(iii) Contributed surplus

The contribution surplus comprises the difference between the consolidated net assets of China All Access Group Limited over the nominal value of the shares issued by the Company in exchange as at the date of reorganisation on 28 August 2009. The contributed surplus is distributable to the shareholders of the Company.

31. CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(d) Nature and purpose of reserve *(Continued)*

(iv) Capital reserve

Capital reserve comprises the following:

- the liabilities waived by the controlling shareholders
- the amount allocated to the unexercised equity component of convertible bonds issued by the Company recognised in accordance with the accounting policy adopted for convertible bonds.
- the difference between the considerations of acquisition or disposal of equity interest from/to non-controlling interests and the carrying amount of the proportionate net assets.

(v) Share-based compensation reserve

Share-based compensation reserve comprises the fair value of share options granted which are yet to be exercised. The amount will be transferred to retained earnings when the related options are exercised, expired or forfeited.

(vi) Statutory general reserve

The subsidiaries in the PRC are required to appropriate 10% of its after-tax profit, as determined in accordance with the PRC accounting rules and regulations, to the general reserve fund until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

The statutory general reserve can be used to cover previous years' losses, if any, and may be converted into paid-up capital to shareholders in proportion to their existing shareholdings, provided that the balance after such conversion is not less than 25% of the registered capital of the PRC subsidiaries.

(vii) Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of entities outside the PRC.

31. CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(e) Distributability of reserves

At 31 December 2021, the aggregate amount of reserves available for distribution to owners of the Company was Nil (2020: Nil).

(f) Capital management

The Group's objectives in the aspect of managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group are not subjected to externally imposed capital requirements.

The gearing ratio (calculated by dividing borrowings by total assets) as at 31 December 2021 was approximately 24.24% (2020: 31.48%).

32. RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees.

The Group contributes 5% of relevant payroll costs to the Scheme, which contribution is matched by employees.

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC. The subsidiaries are required to contribute certain percentage of their payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contribution.

(Expressed in Renminbi unless otherwise indicated)

33. PARTICULARS OF SUBSIDIARIES

Details of the Company's subsidiaries at 31 December 2020 are as follows:

Name of company	Place and date of incorporation/ business	Issued and fully paid up/ registered capital	Proportion of ownership interest and voting power held by the Company 2021	2020	Principal activity
All Access Communication Technology (Shenzhen) Limited*	The PRC/ 28 June 2013 *(Note (ii))*	RMB60,000,000	**100%**	100%	Development and provision of communication equipment, application services system operating management, application upgrade and system maintenance
All Access Zhisheng (Shenzhen) Investment Consultancy Co., Limited*	The PRC/ 21 October 2013	RMB100,000	**100%**	100%	Investment holding
Beijing All Access	The PRC/ 21 October 2009	US$30,000,000	**100%**	100%	Development and provision of communication equipment, application services system operating management, application upgrade and system maintenance
CAA Group	BVI/12 May 2006 *(Note (i))*	US$10,000	**100%**	100%	Investment holding

(Expressed in Renminbi unless otherwise indicated)

33. PARTICULARS OF SUBSIDIARIES *(Continued)*

Name of company	Place and date of incorporation/ business	Issued and fully paid up/ registered capital	Proportion of ownership interest and voting power held by the Company 2021	2020	Principal activity
All Access Global Limited	Hong Kong/ 18 June 2008	HK$10,000	100%	100%	Investment holding
China All Access Capital Limited	BVI/ 4 November 2015 *(Note (i))*	US$1	100%	100%	Investment holding
China All Access International Limited	BVI/ 29 June 2016 *(Note (i))*	US$10,000	100%	100%	Investment holding
China All Access Investment Limited	BVI/ 28 August 2014 *(Note (i))*	US$1	100%	100%	Investment holding
China All Access Ruichang Supply Chain Management (Shenzhen) Co., Limited*	The PRC/ 11 February 2014 *(Note (iii))*	RMB5,000,000	100%	100%	Supply chain management and cargo agency
China All Access Stockholding Limited	BVI/ 28 October 2015 *(Note (i))*	US$1	100%	100%	Investment holding
China Lide Holdings Limited	Cayman Islands/ 11 November 2015	HK$1,333	100%	100%	Investment holding
China Lide Group Limited	BVI/ 17 November 2015	US$1	100%	100%	Investment holding
Ganzhou Lead	The PRC/ 9 December 2016	RMB80,000,000	100%	100%	Manufacturing of handset screen

(Expressed in Renminbi unless otherwise indicated)

33. PARTICULARS OF SUBSIDIARIES *(Continued)*

Name of company	Place and date of incorporation/ business	Issued and fully paid up/ registered capital	Proportion of ownership interest and voting power held by the Company 2021	2020	Principal activity
Guangdong All Access Noter Communication Technology Co., Limited*	The PRC/ 20 April 2010 *(Note (ii))*	US$70,000,000	**100%**	100%	Development and provision of communication equipment, application services system operating management, application upgrade and system maintenance
Lide Global Limited	Hong Kong/ 14 December 2015	HK$1	**100%**	100%	Investment holding
Shenzhen Lead	The PRC/ 17 June 2003 *(Note (ii))*	RMB262,137,000	**100%**	100%	Manufacturing of handset screen
Shenzhen Lide Vision Electronics Co., Ltd* (formerly known as Shenzhen Lead Innovative Energy Co., Limited*)	The PRC/ 27 September 2017	RMB5,000,000	**100%**	100%	Research and development, installation and application of device for photovoltaic plants
Shanghai All Access Notor Communication Technology Co., Limited*	The PRC/ 23 December 2009 *(Note (ii))*	US$15,000,000	**100%**	100%	Development and provision of communication equipment, application services system operating management, application upgrade and system maintenance
Shenzhen City Changfei Investment Co., Limited*	The PRC/ 6 February 2004	RMB27,750,000	**100%**	100%	Investment holding

(Expressed in Renminbi unless otherwise indicated)

33. PARTICULARS OF SUBSIDIARIES *(Continued)*

Name of company	Place and date of incorporation/ business	Issued and fully paid up/ registered capital	Proportion of ownership interest and voting power held by the Company 2021	2020	Principal activity
Shenzhen Kangquan	The PRC/ 2 June 2003 *(Note (iii))*	RMB16,000,000	**100%**	100%	Manufacturing of handset shell
Shenzhen Wanyu Technologies Co., Limited*	The PRC/ 30 April 2007	RMB8,000,000	**100%**	100%	Manufacturing of handset shell
Tianjin Hailangtong Technology Co., Limited*	The PRC/ 23 April 2011 *(Note (ii))*	US$10,000,000	**100%**	100%	Development and provision of communication equipment, application services system operating management, application upgrade and system maintenance
Quantong Zhihui Enterprise Management Consulting (Shenzhen) Co., Ltd.*	The PRC/ 2 April 2018	RMB10,000,000	**100%**	100%	Investment holding
Shenzhen Quantong Research Institute Co., Ltd.*	The PRC/ 10 January 2017	RMB200,000,000	**100%**	100%	Investment holding
China All Access New Energy Resources Limited	Hong Kong/ 26 July 2016	HK$10,000	**100%**	100%	Investment holding
SETD	Hong Kong/ 15 March 2016	HK$10,000	**100%**	100%	Investment holding
Shandong Lide Innovation Energy Technology Co., Ltd*	The PRC/ 20 February 2019	RMB50,000,000	**51%**	51%	Development and provision of new energy, new material technology, technology service and technology transfer

* for identification purposes only

33. PARTICULARS OF SUBSIDIARIES *(Continued)*

Notes:

(i) Directly held by the Company

(ii) Wholly foreign-owned enterprise

(iii) In the progress of dissolution subsequent to the end of the reporting period

Except for subsidiaries stated note (i) are directly held by the Company, all other subsidiaries are indirectly held by the Company.

None of the subsidiaries had debt securities outstanding at the end of the year or at any time during the year.

34. COMMITMENTS

Capital commitments

	2021 RMB'000	2020 RMB'000
Authorised and contracted, but not provided for:		
Acquisition of property, plant and equipment	**874**	1,642

35. MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid and payable to the Company's directors as disclosed in note 11 to the consolidated financial statements, is as follows:

	2021 RMB'000	2020 RMB'000
Salaries, wages and other benefits	**7,099**	10,023
Share-based payment expenses	**276**	776
Retirement benefit scheme contributions	**54**	90
	7,429	10,889

35. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(b) Guarantee by related party

At 31 December 2021, guaranteed loan of RMB70,000,000 (2020: RMB150,000,000, the Notes with principal amount of US$56,000,000 (equivalent to approximately RMB365,831,000) (2020: US$56,000,000 (equivalent to approximately RMB390,667,000)), the Dundee Note with the principal amount of HK$847,080,000 (equivalent to approximately RMB712,901,000) (2020: HK$847,080,000 (equivalent to approximately RMB758,814,000)) and a loan from an individual of US$4,500,000 (equivalent to approximately RMB28,624,000) (2020: RMB nil) were guaranteed by Mr. Chan and/or Mr. Shao without any charge to the Group.

36. MAJOR NON-CASH TRANSACTIONS

Saved as disclosed elsewhere in the notes to the consolidated financial statements, the Group had no other major non-cash investing and financing activities which were not reflected in the consolidated statement of cash flows.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

	2021 **RMB'000**	2020 RMB'000
Financial assets		
Financial assets at FVTPL	**421**	49
Financial assets at amortised costs	**4,838,824**	3,531,365
Financial liabilities		
Financial liabilities at amortised cost	**5,285,747**	3,971,848

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

The Group's major financial instruments include trade and other receivables, discounted bills receivables, bills receivables, financial assets at FVTPL, restricted cash, cash and cash equivalents, trade and other payables, borrowings, lease liabilities and bank advances on discounted bills receivables. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include credit risk, liquidity risk and market risks (interest rate risk, currency risk and other price risk). The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

The Group's credit risk is primarily attributable to trade and other receivables, discounted bills receivables, bills receivables, restricted cash and bank balances.

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge the obligation by counterparties is arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position at the end of each reporting period.

Deposit and other receivables

For the purpose of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

Discounted bills receivables and bills receivables

The Group performs impairment assessment under ECL model individually for discounted bills receivables and bills receivables based on the amounts expected to be recoverable.

Restricted cash and bank balances

The credit risks on restricted cash and bank balances are limited because the counterparties are banks/financial institutions with high credit ratings assigned by international credit-rating agencies.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

Credit risk (Continued)

Trade receivables

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on trade receivables individually or based on provision matrix. In this regard, the directors consider that the Group's credit risk is significantly reduced.

The table below details the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Notes	12m or lifetime ECL	Gross carrying amount 2021 RMB'000	Gross carrying amount 2020 RMB'000
Financial assets at amortised cost				
Trade receivables	18	Lifetime ECL (provision matrix)	**2,716,044**	852,146
		Lifetime ECL (credit-impaired)	**417,614**	332,274
Other receivables	18	12m ECL	**3,583**	10,471
		Lifetime ECL (credit-impaired)	**3,520,104**	3,514,705
Discounted bills receivables	20	12m ECL (assessed individually)	**—**	242,699
Bills receivables	21	12m ECL (assessed individually)	**44,285**	66,798
Restricted cash	23	12m ECL (assessed individually)	**200,545**	132,215
Cash and cash equivalents	24	12m ECL (assessed individually)	**29,945**	33,741

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

Credit risk (Continued)

Trade receivables *(Continued)*

Provision matrix — debtors' aging

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms.

Trade receivables that are credit-impaired or with significant outstanding balances with gross carrying amounts of RMB417,614,000 at 31 December 2021 (2020: RMB332,274,000) were assessed individually.

The following tables provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix at 31 December 2021 and 2020 within lifetime ECL (not credit impaired).

	Average expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
At 31 December 2021			
Not yet due	**1.02**	**2,292,451**	**23,381**
Less than 1 month past due	**1.42**	**328,160**	**4,646**
1 to 3 months past due	**2.50**	**720**	**18**
3 to 12 months past due	**19.47**	**77,129**	**15,015**
Over 12 months past due	**51.23**	**17,584**	**9,008**
		2,716,044	**52,068**

	Average expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
At 31 December 2020			
Not yet due	0.85	941,339	7,999
Less than 1 month past due	0.85	735	6
1 to 3 months past due	1.37	150,018	2,049
3 to 12 months past due	19.40	74,324	14,418
Over 12 months past due	48.74	18,003	8,774
		1,205,763	33,246

During the year ended 31 December 2021, impairment losses of approximately RMB25,187,000 was recognised based on the provision matrix (2020: RMB27,417,000). Impairment loss of approximately RMB78,974,000 (2020: RMB11,539,000) was made on balances that are credit-impaired.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

Credit risk (Continued)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach:

	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
At 1 January 2020	5,830	320,735	326,565
Allowance for credit losses recognised	27,417	11,539	38,956
At 31 December 2020 and at 1 January 2021	33,247	332,274	365,521
Transfer	(6,366)	6,366	—
Allowance for credit losses recognised	25,187	78,974	104,161
At 31 December 2021	**52,068**	**417,614**	**469,682**

The following table shows the movement in ECL that has been recognised for other receivables and deposits:

	12m ECL RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
At 1 January 2020	187,471	896,305	1,083,776
Transfer	(187,004)	187,004	—
Allowance for credit losses recognised	(378)	568,928	568,550
Exchange realignment	—	(34,519)	(34,519)
At 31 December 2020 and at 1 January 2021	89	1,617,718	1,617,807
Transfer	(55)	55	—
Allowance for credit losses recognised	4	19,976	19,980
Exchange realignment	—	(14,632)	(14,632)
At 31 December 2021	**38**	**1,623,117**	**1,623,155**

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

(Continued)

Credit risk *(Continued)*

The following table shows the movement in ECL that has been recognised for bills and discounted bills receivables:

	12m ECL RMB'000
At 1 January 2020	829
Allowance for credit losses recognised	1,801
At 31 December 2020 and at 1 January 2021	2,630
Reversal of allowance for credit losses recognised	(2,171)
At 31 December 2021	**459**

During the year ended 31 December 2021, allowances for credit losses of approximately RMB19,980,000 (2020: RMB568,550,000) was recognised in respect of deposit and other receivables. Reversal of allowance of credit losses of approximately RMB2,062,000 and RMB109,000 (2020: impairment of RMB1,234,000 and RMB567,000) respectively were recognised in respect of discounted bills receivables and bills receivables.

For the year ended 31 December 2021
(Expressed in Renminbi unless otherwise indicated)

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

(Continued)

Liquidity risk

The following table details the remaining contractual maturities at the end of each reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of each reporting period) and the earliest date the Group can be required to pay:

	At 31 December 2021 Contractual undiscounted cash outflow					
	Within 1 year or On demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Total carrying amount RMB'000
Trade and other payables	**4,042,655**	**—**	**—**	**—**	**4,042,655**	**4,042,655**
Lease liabilities	**1,058**	**—**	**—**	**—**	**1,058**	**1,027**
Borrowings	**1,242,065**	**—**	**—**	**—**	**1,242,065**	**1,242,065**
	5,285,778	**—**	**—**	**—**	**5,285,778**	**5,285,747**

	At 31 December 2020 Contractual undiscounted cash outflow					
	Within 1 year or On demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Total carrying amount RMB'000
Trade and other payables	2,413,133	–	–	–	2,413,133	2,413,133
Borrowings	1,291,344	20,060	775	–	1,312,179	1,311,588
Lease liabilities	1,641	–	–	–	1,641	1,601
Bank advances on discounted bills receivables	245,526	–	–	–	245,526	245,526
	3,951,644	20,060	775	–	3,972,479	3,971,848

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

(Continued)

Market risk

(a) Interest rate risk

The Group's interest rate risk arises primarily from interest-bearing cash and cash equivalents, restricted cash and borrowings at both variable rates and fixed rates that expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group constantly monitors its borrowing portfolio to minimise its interest rate risk.

(i) Interest rate profile

The following table details the interest rate profile of the Group's financial instruments at the end of the reporting period:

	2021 Interest rate %	2021 RMB'000	2020 Interest rate %	2020 RMB'000
Variable rate deposits				
Cash and cash equivalents	0.00-0.03	29,945	0.00-0.05	33,741
Restricted cash	0.00-0.42	200,545	0.00-0.35	132,215
Fixed rate borrowings				
Borrowings	0.00-15.00	1,242,065	0.00-15.00	1,311,588
Bank advances on discounted bills receivable	—	—	2.85-5.30	245,526
Total borrowings		1,242,065		1,557,114
Fixed rate borrowings as a percentage of total borrowings		100%		100%

The management is of the opinion that the Group has minimal exposure to the cash flow interest rate risk and therefore no sensitivity analysis is presented for the years ended 31 December 2021 and 2020.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

Market risk (Continued)

(b) Currency risk

Renminbi is not freely convertible into foreign currencies in the PRC. All foreign exchange transactions involving Renminbi must take place through the People's Bank of China ("**PBOC**") or other institutions authorised to conduct foreign exchange business. The exchange rates adopted for the foreign exchange transactions are the rates of exchange quoted by the PBOC that would be subject to a managed float against an unspecified basket of currencies.

During the year, sales and purchases made by the Group's PRC subsidiaries were mainly denominated in Renminbi, which is their functional currency. These PRC subsidiaries did not have any significant financial assets or liabilities that are denominated in a currency other than their functional currency at 31 December 2021 and 2020.

The functional currency of the Company and the Group's non-PRC subsidiaries is Hong Kong dollar. Management does not expect that there will be any significant currency risk associated with financial assets or liabilities denominated in currencies other than the functional currency of the Group entities to which they relate at 31 December 2021 (2020: nil).

(c) Other price risk

The Group is exposed to other price risk through its investments in equity securities measured at FVTPL. For equity securities measured at FVTPL quoted in the Stock Exchange, the directors manage this exposure by maintaining a portfolio of investments with different risks. The management has monitored the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to other price risk at the end of the reporting period.

The sensitivity analyses have been determined based on the exposure to other price risk at the end of the reporting period. For sensitivity analysis of listed securities with fair value measurement categorised within Level 1, 5% sensitivity rate is used as a result of the volatile financial market.

If the prices of the respective equity instruments had been 5% higher/lower, the loss for the year ended 31 December 2021 would decrease/increase by approximately RMB21,000 (2020: RMB3,000) as a result of the changes in fair value of listed equity securities classified as FVTPL.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

(Continued)

Fair value of financial instruments

In estimating the fair value, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the management of the Group establishes the appropriate valuation techniques and inputs to the model of assessment of fair value. The management of the Group reports the findings to the directors at the end of each reporting period to explain the cause of fluctuations in fair value of the asset.

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 Fair Value Measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: fair value measured using only level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2 valuations: fair value measured using level 2 inputs i.e. observable inputs which fail to meet level 1, and not using significant unobservable inputs. Unobservable inputs are input for which market data are not available; and
- Level 3 valuations: fair value measured using significant unobservable inputs.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 December 2021				
Fair value on a recurring basis				
Financial assets at FVTPL				
— Listed equity securities in Hong Kong	21	—	—	21
— Unlisted debt securities Non-quoted investments in wealth management products	—	—	400	400
	21	—	400	421

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS
(Continued)

Fair value of financial instruments *(Continued)*

- Level 3 valuations: fair value measured using significant unobservable inputs. (continued)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 December 2020 *Fair value on a recurring basis*				
Financial assets at FVTPL				
— Listed equity securities in Hong Kong	49	—	—	49

The Group's policy is to recognise transfers into and out of fair value hierarchy levels at the end of the date of the events or change in circumstances that caused the transfer.

During the years ended 31 December 2021 and 2020, there were no transfers between level 1 and level 2, or transfers into or out of level 3.

In estimating the fair value of an asset, the management of the Group establishes the appropriate valuation techniques and inputs to the model of assessment of the fair value. The management of the Group reports the findings to the directors at the end of each reporting period to explain the cause of fluctuations in fair value of the asset.

Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial assets and financial liabilities carried at cost or amortised cost were not materially different from their fair values at 31 December 2021 and 2020.

38. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Bank Advance on discounted bills receivable RMB'000	Dividend payable RMB'000	Interest payable RMB'000	Borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2020	207,984	89,567	706,875	1,378,181	4,136	2,386,743
Financing cash flows	29,869	–	(29,990)	3,947	(2,578)	1,248
Interest expenses	7,673	–	241,791	209	145	249,818
Foreign exchange translation	–	(5,419)	(63,962)	(70,749)	(102)	(140,130)
At 31 December 2020 and at 1 January 2021	245,526	84,148	854,714	1,311,588	1,601	2,497,577
Financing cash flows	(245,526)	–	(47,720)	(38,902)	(621)	(332,769)
Interest expenses	–	–	306,311	415	72	306,798
Interest reversed	–	–	(470,814)	–	–	(470,814)
Foreign exchange translation	–	(2,399)	(7,277)	(31,036)	(25)	(40,737)
At 31 December 2021	**–**	**81,749**	**635,214**	**1,242,065**	**1,027**	**1,960,055**

39. EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed elsewhere in the consolidated financial statements, the Group has the following significant events after the reporting period:

(i) As disclosed in the Company's announcement dated 12 January 2022, (a) the Company and the Second Subscriber have signed an agreement on 27 July 2021 pursuant to which both parties agreed to a repayment schedule and the Second Subscriber does not object the Company to apply for the withdrawal of the winding-up order in relation to the Second Petition; and (b) the Company and the Second Subscriber signed an agreement on 12 January 2022 pursuant to which both parties agreed to a new repayment schedule and the Second Subscriber does not object the Company to apply for the withdrawal of the winding-up order in relation to the Second Petition. The Third Subscriber also entered into a repayment schedule with the Company with the same terms as the repayment schedule dated 12 January 2022 signed by the Second Subscriber and pursuant to the Repayment Schedules the Company is required to settle the amounts of HK$7,474,917 due to each of the Second and the Third Subscriber (in aggregate HK$14,949,834) before 30 April 2022 as a condition for the Second Subscriber to withdraw the Second Petition and for the Third Subscriber not to object the Company to apply for the withdrawal of the winding-up order in relation to the Second Petition. Up to the date of the approval and authorization of the consolidated financial statements for issue, the Corporate Bonds Payables were not yet settled and the Second Petition was not yet withdrawn.

(ii) As stated in the Company's announcement dated 10 February 2022, (a) on 21 June 2021, the Company was ordered to be wound up by the High Court of Hong Kong and the Official Receiver was appointed as the provisional liquidator of the Company; and (b) on 5 January 2022, the High Court of Hong Kong ordered that Messrs. So Man Chun and Jong Yat Kit of PricewaterhouseCoopers Limited be appointed as the Liquidators. Since the appointment, the Liquidators have been investigating into the affairs of the Company and taking all necessary actions to preserve the assets. The Liquidators only managed to obtain limited books and records from the Official Receiver (i.e. the Provisional Liquidator) and are still in the process of taking control of the subsidiaries. Due to the limited financial information available to the Liquidators and the Liquidators were only appointed in the early 2022, the Liquidators have no information in relation to the Group prior to their appointments and the directors are working on the outstanding financial statements. Therefore, the Liquidators therefore are not in a position to confirm the completeness, existence and accuracy of the historical results of the Group. Furthermore, the Liquidators do not accept or assume responsibility for the consolidated financial statements for any purpose or to any person to whom the consolidated financial statements are shown or into whose hands they may come. The information contained in this report has been presented to the best knowledge of the Liquidators based on limited information made available to them up to the date of this report.

39. EVENTS AFTER THE REPORTING PERIOD *(Continued)*

(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) The trading of the shares of the Company was suspended on 1 April 2021 as the Company has failed to publish its annual results announcement for the year ended 31 December 2020 in accordance to the Listing Rules and the Stock Exchange provided a set of resumption guidance for the Company to: (a) publish all outstanding financial results required under the Listing Rules and address any audit modifications; (b) demonstrate the Company's compliance with Rule 13.24 of the Listing Rules; (c) inform the market of all material information for the Company's shareholders and investors to appraise the Company's position; and (d) have the winding-up order against the Company withdrawn or dismissed and the appointment of any liquidators (provisional or not) discharged.

(v) Subsequent to the end of the reporting period and up to the date of approval and authorisation of the consolidated financial statements for issue, Beijing All Access, Shandong Lide Innovation Energy Technology Co., Ltd, Shenzhen Quantong Research Institute Co., Ltd, Shenzhen Kangquan, Shenzhen Changfei Investment Co., Limited and Shenzhen Lead have reported a total of 55 litigations which are mainly attributable to Shenzhen Kangquan and Shenzhen Changfei Investment Co., Limited and related to (a) purchase agreements between relevant suppliers or service providers; and (b) disputes in respect of labour contracts and unpaid salaries (the "**Litigations**"). 53 cases of the Litigations have been concluded and pursuant to the relevant judgments, the aggregate amount of the compensation payable by the Group was approximately RMB8,697,000 and the proceedings of the remaining cases of the Litigations of aggregate amount of claims of approximately RMB18,000 are still in progress.

40. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 30 September 2022.