THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in **China All Access (Holdings) Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, stockbroker or licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

中國全通
ALL ACCESS

中國全通(控股)有限公司
China All Access (Holdings) Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 633)

VERY SUBSTANTIAL DISPOSAL
DISPOSAL OF HEBEI NOTER AND HEBEI HAOGUANG
AND
NOTICE OF EGM

A notice convening the EGM to be held on Monday, 3 December 2018 at 3:00 p.m. at 24/F, Admiralty Centre I, 18 Harcourt Road, Hong Kong is set out on pages 75 to 76 of this circular. A form of proxy for use at the EGM is also enclosed with this circular.

Whether or not you intend to attend the EGM, you are advised to read the notice of EGM and complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the EGM (i.e. 3:00 p.m. on Saturday, 1 December 2018 (Hong Kong time)) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

15 November 2018

CONTENTS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Announcement Date"	8 June 2018
"Board"	the board of Directors
"Business Day"	a day on which banks are generally open for business in Hong Kong and the PRC (other than a Saturday, Sunday or a public holiday or a day on which a tropical cyclone warning No. 8 or above or a "black" rainstorm warning signal is or remains hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.)
"Company"	China All Access (Holdings) Limited, an exempted company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
"Completion"	completion of the Disposal Agreement
"Completion Date"	the date on which Completion takes place
"Consideration"	RMB1,750,000,000, being the consideration for the Disposal
"Director(s)"	director(s) of the Company
"Disposal"	the disposal by the Vendor of the Sale Interest pursuant to the Disposal Agreement
"Disposal Agreement"	the sale and purchase agreement dated 3 June 2018 entered into between the Vendor and the Purchaser in relation to the Disposal as supplemented by the Disposal Supplemental Agreement
"Disposal Supplemental Agreement"	the supplemental sale and purchase agreement dated 8 June 2018 entered into between the Vendor and the Purchaser in relation to the Disposal
"EGM"	the extraordinary general meeting of the Company to be convened and held at 3:00 p.m. on Monday, 3 December 2018 at 24/F, Admiralty Centre I, 18 Harcourt Road, Hong Kong, the notice of which is set out on pages 75 to 76 of this circular, and any adjournment thereof for the purpose of considering, and if thought fit, approve (among other matters) the Disposal
"Group"	the Company and its subsidiaries

"Hebei Haoguang"	Hebei Haoguang Communication Technology Limited* (河北浩廣通信科技有限公司), a company established in the PRC with limited liability
"Hebei Noter"	Hebei Noter Communication Technology Co., Limited* (河北諾特通信技術有限公司), a wholly foreign owned enterprise established under the laws of the PRC
"Hong Kong"	The Hong Kong Special Administrative Region of the PRC
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"ICT"	Information and communication technology
"Latest Practicable Date"	12 November 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	the date falling nine calendar months after the date of the Disposal Agreement
"NAV"	net asset value
"PRC"	the People's Republic of China
"Purchaser"	China RS Group Limited (中國榮勝集團有限公司), a company established under the laws of Hong Kong with limited liability
"Remaining Group"	the Group other than the Target Group as contemplated under the Disposal Agreement
"RMB"	Renminbi, the lawful currency of the PRC
"Sale Interest"	100% of the entire equity interest in Hebei Noter
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holders of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Group"	Hebei Noter and Hebei Haoguang

"Vendor"	China All Access Group Limited (中國全通集團有限公司), a company established under the laws of Hong Kong with limited liability which is a wholly owned subsidiary of the Company
"%"	per cent.

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

In this circular, for illustration purpose only, amounts quoted in RMB has been converted into HK$ at the rate of HK$1.00 to RMB0.86. Such exchange rate has been used, where applicable, for illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

This circular has been printed in English and Chinese. In the event of any inconsistency, the English text of this circular shall prevail over its Chinese text.

中國全通(控股)有限公司

China All Access (Holdings) Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 633)

Executive Directors:
Mr. Chan Yuen Ming
Mr. Shao Kwok Keung

Independent non-executive Directors:
Mr. Wong Che Man Eddy
Mr. Lam Kin Hung Patrick
Mr. Fung Ka Kin

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

Head office and principal place of business in Hong Kong:
Room 1506-08, 15/F
Greenfield Tower
Concordia Plaza
1 Science Museum Road
Tsim Sha Tsui
Kowloon
Hong Kong

15 November 2018

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL DISPOSAL
DISPOSAL OF HEBEI NOTER AND HEBEI HAOGUANG

1. INTRODUCTION

Reference is made to the announcement of the Company dated 8 June 2018 in relation to, among others, the Disposal.

The purpose of this circular is to provide you with information regarding the resolutions to be proposed at the EGM to approve the Disposal Agreement and the Disposal.

2. THE DISPOSAL AGREEMENT

Date

3 June 2018

Parties

(1) China All Access Group Limited (中國全通集團有限公司), a wholly-owned subsidiary of the Company, being the Vendor

(2) China RS Group Limited (中國榮勝集團有限公司), being the Purchaser

The Purchaser is principally engaged in investment holdings with a focus on investment in equity, securities and private equity funds in the Hong Kong and the PRC markets. Our executive Director and chairman of the Board, Mr. Chan Yuen Ming, met the Purchaser on the market few years ago, and introduced the Purchaser to the Group. The Company does not have any prior business or other relationship with the Purchaser.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Subject matter

Pursuant to the Disposal Agreement, the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the Sale Interest.

Consideration

The Consideration for the Sale Interest is RMB1,750,000,000 which shall be payable in the following manner:

(1) RMB175,000,000, being 10% of the Consideration, shall be payable within 60 business days after date of the Disposal Agreement;

(2) RMB350,000,000, being 20% of the Consideration, shall be payable within six months after date of the Disposal Agreement;

(3) RMB350,000,000, being 20% of the Consideration, shall be payable within 12 months after date of the Disposal Agreement;

(4) RMB350,000,000, being 20% of the Consideration, shall be payable within 18 months after date of the Disposal Agreement;

(5) RMB350,000,000, being 20% of the Consideration, shall be payable within 24 months after date of the Disposal Agreement; and

(6) RMB175,000,000, being 10% of the Consideration, shall be payable within 30 months after date of the Disposal Agreement.

The Consideration was determined after arm's length negotiations among the parties to the Disposal Agreement and mainly with reference to NAV of the Target Group as of 31 December 2017, which was approximately RMB1,747,573,000. Given that the NAV of the Target Group was being used as the main reference for determination of the Consideration and that taking into account the high NAV to net profit ratio, the Board considers it fair and reasonable by using the NAV of the Target Group as main reference to the determination for the Consideration and as such, no valuation report has been or will be prepared in this connection for the time being.

As disclosed in the paragraph headed "Information of the Target Group" in this circular, the profit after tax of the Target Group for the year ended 31 December 2017 was approximately RMB140,427,000. While the NAV of the Target Group was approximately RMB1,747,573,000 as of 31 December 2017, the NAV of the Target Group was approximately 16.73 times of the net profit. As the Target Group is a mature business of the Group, the Company compared the ratio of NAV to net profit of the Target Group of 16.73 with the ratios of (i) NAV per Share as of 31 December 2017 to the earning per Share for the year ended 31 December 2017; (ii) NAV per Share to historical highest Share price during the one year immediately before the Announcement Date; (iii) NAV per Share to historical lowest Share price during the one year immediately before the Announcement Date; (iv) historical highest Share price during the one year immediately before the Announcement Date to the earning per Share for the year ended 31 December 2017; and (v) historical lowest Share price during the one year immediately before the Announcement Date to the earning per Share for the year ended 31 December 2017, which all fall into the range of approximately 5.98 to 22.22. Considering that the Target Group is unlisted and the ratio of 16.73 is near to the high end, the Board considers that using the NAV as main reference for determination of the Consideration is fair and reasonable.

Peak Vision Appraisals Limited, an independent qualified professional valuer, has appraised the fair value of the Consideration to be approximately RMB1,493,350,000 assuming the Completion would have taken place on 30 June 2018.

The NAV of the Target Group was used as a reference to the multiples of the net profit of the Target Group for the year ended 31 December 2017, and based on this, the parties have agreed on a price earning ratio. Therefore, there will not be any adjustment of Consideration even if there is any change of NAV of the Target Group.

Given that Completion shall take place after the Vendor having received the payment of the first 10% of the Consideration, in order to better protect the interest of the Vendor, pursuant to the Disposal Supplemental Agreement, the Purchaser shall create a share charge on the Sale Interest in favor of the Vendor, and if, among others, the Purchaser defaults its payment of the Consideration pursuant to the Disposal Agreement, (i) the Vendor shall be entitled to enforce the charge on the Sale Interest and take possession of the Target Group; (ii) 10% of the Consideration then paid by the Purchaser to the Vendor shall be forfeited, or (if not paid by the Purchaser) payable by the Purchaser to the Vendor as penalty payment; and (iii) all remaining payments of the Consideration then received by the Vendor from the Purchaser shall be returned to the Purchaser. The share charge shall be executed at the Completion when the Purchaser has become the shareholder of Hebei Noter.

While the first instalment of the Consideration should be payable within 60 business days after the date of the Disposal Agreement and the Completion should take place after such payment has been made, as the Shareholders are yet to approve the Disposal Agreement at the EGM, the first instalment will be made after the approval of the Shareholders being obtained. The following instalments shall be made according to the terms of the Disposal Agreement.

Conditions precedents

Completion is conditional upon fulfillment of the following conditions:

(1) all authorization, approvals, consents necessary for the purpose of completing the transaction contemplated under the Disposal Agreement being obtained, including those required by the respective board of directors of the Vendor and the Purchaser and the shareholders of the Vendor, and any approval of filing required by any governmental and administrative bureau;

(2) the Disposal Agreement and the transaction contemplated thereunder being approved by the Shareholders at the EGM;

(3) the legal and financial due diligence review having been completed within 60 business days after the date of the Disposal Agreement; and

(4) the representations and warranties made by the Vendor under the Disposal Agreement being true and correct from the time they were made until the Completion Date.

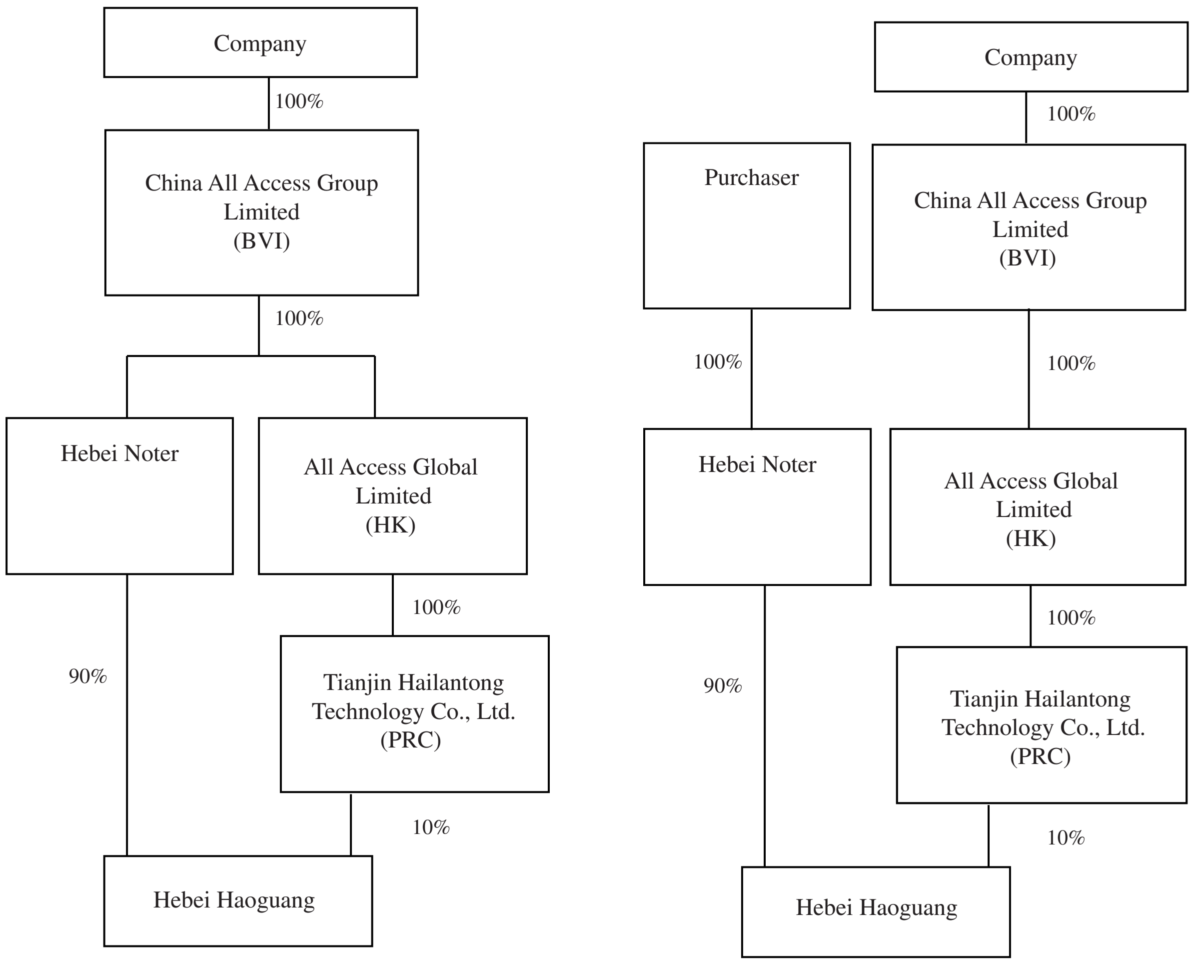
The Purchaser may (but not obliged to) waive any of the above conditions (save for item (2) above). If any of the conditions set out above is not fulfilled or, as the case may be, waived by the Purchaser in writing on or before the Long Stop Date, the Disposal Agreement shall be terminated in accordance with the terms stipulated therein.

Other than condition (3) of the above, none of the conditions precedent has been fulfilled as at the Latest Practicable Date.

Completion

Subject to the fulfillment or waiver (as the case may be) of the conditions referred to in the paragraph headed “Conditions” above, Completion shall take place after the Vendor having received the payment of the first 10% of the Consideration and shall complete before 30 December 2018.

Set out below are the shareholding charts of the Target Group immediately before and after the Completion:



INFORMATION OF THE TARGET GROUP

Hebei Noter is a wholly foreign owned enterprise established in the PRC on 21 August 2006 with limited liability having a paid up capital of USD22,500,000 which is indirectly wholly owned by the Company as at the date of the Disposal Agreement. Hebei Noter is principally engaged in the development and provision of communication equipment, application services system operating management, application upgrade and system maintenance.

Hebei Haoguang is a limited liability company established under the laws of the PRC on 2 April 2013 and its principal business is the development and provision of communication equipment, application services system operating management, application upgrade and system maintenance. Hebei Noter held 90% equity interest in Hebei Haoguang.

Set out below is the audited financial information of the Target Group for the two years ended 31 December 2017:

	For the year ended	
	31 December 2016	**31 December 2017**
	RMB'000 *(approximately)*	*RMB'000* *(approximately)*
Profit before tax	107,827	116,595
Profit after tax	99,727	104,427

Based on the consolidated audited account of the Target Group for the year ended 31 December 2017, the net asset value of the Target Group was approximately RMB1,747,573,000 as of 31 December 2017.

Based on the consolidated unaudited account of the Target Group for the six months ended 30 June 2018, the net asset value of the Target Group was approximately RMB1,746,363,000 as at 30 June 2018.

FINANCIAL EFFECT OF THE DISPOSAL

The aggregate book value of the Target Group amounted to about RMB1,748 million as at 31 December 2017.

Upon Completion, the Company will retain 10% interest in Hebei Haoguang of approximately RMB2 million and recognised as "Financial asset at fair value through profit or loss". the Target Group will cease to be subsidiaries of the Company and the results of the Target Group will no longer be consolidated into the consolidated financial statements of the Group. It is estimated that total assets of the Group will be decreased by about RMB357 million. For illustrative purpose, upon Completion, it is estimated that the unaudited loss (before tax) from the Disposal will be approximately RMB268 million, being the difference between the discounted consideration of RMB1,478 million and the audited net asset value of the Target Group of approximately RMB1,748 million as at 31 December 2017 and adding the retained interest in Hebei Haoguang of approximately RMB2 million. The estimated loss to be derived from the Disposal has not taken into account the potential tax impact upon Completion of the Disposal.

It is estimated that the tax payable in relation to the Disposal would be approximately RMB158.7 million, which is calculated by 10% of the Consideration less the investment cost of the Target Group by the Group.

USE OF PROCEEDS FROM THE DISPOSAL

The net proceeds from the Disposal (after deducting the expenses directly related to the Disposal) are estimated to be approximately RMB1,748 million. The Group intends to apply the net proceeds from the Disposal as general working capital for, among others, development in businesses of new energy segment, new information and communication technology (ICT) research and development and high-end manufacturing. Nevertheless, in light of the 30-months period of settlement of Consideration by the Purchaser, it is difficult for the Group to forecast future events that may affect the usage of proceeds of the Group, and there is no further specific breakdown of use of proceeds or the percentage allocation as at the Latest Practicable Date. The Group also intends to apply the net proceeds from the Disposal as reserve for potential acquisition by the Group in the future. The Company will select target(s) which shall be in line with the strategy of developing the business of new energy segment, information and communication technology and high end manufacturing. The Company does not have any target or timetable for potential acquisitions as at the Latest Practicable Date. Before any potential target(s) has been identified, the Group will apply the proceeds based on the cashflow situation of the Group and the business development status of the new energy segment, new information and communication technology research and development and high end manufacturing. Since any potential acquisition will depend upon the development of above business of the Group, no fixed amount has been reserved for such potential acquisitions at this moment.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Since the end of last year, the Group has decided to set up its PRC headquarters in Shenzhen to tap on the robust innovation and technology development of this city and to build up stronger ties with the operations of the Company in Hong Kong. Moreover, as both cities are located in the Guangdong-Hong Kong-Macau Bay Area, the Group will benefit from the economic development of this area. Hence, the Group has embarked on the project of streamlining its group structure and downsizing its operations outside the Shenzhen area. In terms of GDP, Guangdong Province, especially Shenzhen and Guangdong-Hong Kong-Macau Greater Bay Area, is definitely much bigger than Hebei Province. The mobile phone subscriber number of Guangdong ranks number one in China. Out of the three top tier technology companies in the market, two of them have headquarters in Shenzhen and Hong Kong and Shenzhen have recently entered into agreement to develop the Shenzhen river bed as the science park for innovative technologies. Hence, no doubt Hebei is a relatively mature market as compared to Shenzhen in terms of technology, in particular, telecommunications technology is one of the fast developing new technologies. Since the outbreak of the US-Sino trade war, it is foreseen that the market would undergo a period of instability. The economic situation in China may be very turmoil. The Board believes that milking the mature business in other parts of the PRC which is far away from the Group's focused market is the best option for the Group to generating sizable cash to cherry pick high potential targets as well as funding the development needs of the Group. As such, disposing the members of the Group in Hebei Province is a major step taken by the Group to channel its resources in the aspects of engineering and sales and marketing from other parts of the PRC to Shenzhen in a substantial way.

Despite the Target Group has been profit making in the past two years and generated approximately 45% profit of the Group in the year ended 31 December 2017, the Board is of the view that the Disposal is in the interest of the Company and the Shareholders as a whole, given the reasons below:

- to allow the Group to channel its resources within the Guangdong-Hong Kong-Macau Bay Area and allows the Group to build up its Shenzhen centric operations in a much faster way as the Group will no longer need to maintain sales and marketing and engineering teams in Hebei. The management can then focus on growing the human resources of the Group in Shenzhen, a city which can provide a wide array of manpower in the fields needed by the Group. Moreover, the proximity between Hong Kong and Shenzhen shortens the commuting time that the senior management of the Group in Hong Kong has to spend in running our PRC operations. As at the Latest Practicable Date, the Group had set up its headquarters in Shenzhen. The Group will strengthen its sales and marketing and research and development teams in its Shenzhen centric operations. Moreover, the Group also has a team of business development people responsible for identifying new projects and building up business network to broaden market and currently the Group has started several new projects in the segment of new energy;

- enables the Group to top up its cash reserve to prepare for any merger and acquisition opportunities by the Group in the future;

- the Target Group is mainly engaged in providing information communication solutions based on the technologies of 2G and 3G, and its business have come to a mature status with limited room for anticipated growth. As driven by the fast development of telecommunications technology, 4G is the mainstream technology in the market and 5G has already started to emerge as the next generation of technology. In view of this, 2G and 3G are generally regarded as legacy technology in the industry. In view of the niche market and the growing competition in recent years, despite the unaudited loss from the Disposal is expected to be approximately RMB268 million, the management is of the view that the Disposal poses a favorable opportunity at the suitable time for the Group to realize the value of the Target Group by disposing the same to an interested buyer.

The Group's business based on 2G and 3G technologies was and will remain as a stable part of the Group's business portfolio. Subsequent to the Completion, the Group will still have sales representation office with a small team of sales and engineering in each office in Beijing, Shanghai and Guangzhou while the Group will focus on the markets of Shenzhen and the Guangdong-Hong Kong-Macau Greater Bay Area, and the remaining business of the Group will be substantively unchanged, as the Group will continue to be engaged in the businesses of information communication technology (ICT) solution provision which mainly based on the technologies of 2G, 3G, 4G and all future advanced telecommunications technologies available in the market, new energy and investment activities. To further streamline the business and operations of the Group, the Company may also further dispose of its businesses that rely on matured and phased out technologies by considering whether the business is in line with the strategy of the Group and whether such disposal will strengthen the core competence of the Group, and focus on development of advancement of telecommunications technologies, should the need arise. The development of advancement of telecommunications technologies is a strategy but not a new business of the Group to remain its competitiveness. The Group is strived to maintain its core competence and differentiate itself from other market players by continuous development of new technologies. To this end, the Group has been incurring research and development expenses on display technologies in the telecommunications industry. The Group has also partnered with other companies in the development of new antennas. Moreover, the projects about Li-Fi and long distance optical transmission are undergoing.

As at the Latest Practicable Date, the Company had not started or acquired any new business, there had not been any negotiation or plan in relation to starting new business and there had not been any negotiation or plan in relation to cessation or disposal of any existing business.

Since 10% of the equity interest of Hebei Haoguang was not held by Hebei Noter but by another member of the Group, namely, Tianjin Hailantong Technology Co., Ltd., the Group will retain 10% interest in Hebei Haoguang after the Completion. The Group has no plan to dispose of such 10% equity interest in Hebei Haoguang as at the Latest Practicable Date.

As announced by the Company on 26 October 2018, taking into consideration the recent volatility of the market and in order to preserve the cash level of the Group for the time being, the payment of the final dividend for the year ended 31 December 2017 will be postponed to 28 February 2019. Such payment will not be affected or further postponed whether or not the Disposal is approved at the EGM and/or if the Purchaser fails to pay the Consideration. During the period between the Latest Practicable Date to the date of payment of the final dividend as postponed, the major cashflow requirement is for daily business operation of the Group, including payment for accounts payables and salaries, etc. The Company has sufficient funds to pay the final dividend and its working capital requirement if the Disposal is not approved at the EGM. Given that the Disposal is yet to be approved by the Shareholders, as a prudent approach, the Board when making its working capital planning, has not taken into account such part of proceeds from the Disposal which will not be received if the Disposal is voted down.

Taking into account, among others, the respective basis for determining the Consideration and the reasons for entering into the Disposal Agreement as detailed in the paragraph headed "Reasons for and Benefits of the Disposal" in this circular, the Directors (including the independent non-executive directors of the Company) believe that the terms of the Disposal Agreement have been negotiated on an arm's length basis and on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION OF THE GROUP

The Group is a leading ICT solution provider, which focuses on the new ICT research and development and high-end manufacturing. Whilst spearheading into three different business segments, namely ICT, new energy and investment activities, the Group is transforming from a communications application solution provider to an advanced technological and industrial integrated group.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios in respect of the Disposal exceed 75%, the Disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules.

3. EGM

The Company will convene the EGM at 24/F, Admiralty Centre I, 18 Harcourt Road, Hong Kong at 3:00 p.m. on Monday, 3 December 2018 to consider and, if thought fit, approve the Disposal Agreement (as supplemented by the Disposal Supplemental Agreement) and the transactions contemplated thereunder. A notice of the EGM is set out on pages 75 to 76 of this circular.

To the best knowledge of the Directors after making all reasonable enquiries, as at the Latest Practicable Date, no Shareholder is required to abstain from voting on the resolution approving the Disposal Agreement (as supplemented by the Disposal Supplemental Agreement) and the transactions contemplated thereunder. Pursuant to Rule 13.39(4) of the Listing Rules, all resolutions to be proposed at the EGM will be taken by poll, the results of which will be announced after the EGM.

A form of proxy for use at the EGM is also enclosed. Whether or not you are able to attend the EGM in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible and, in any event not later than 48 hours before the time appointed for the holding of the EGM (i.e. at or before 3:00 p.m. on Saturday, 1 December 2018 (Hong Kong time)) or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment meeting thereof.

4. RECOMMENDATION

The Directors consider that the terms of the Disposal Agreement (as supplemented by the Disposal Supplemental Agreement) and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend you to vote in favour of the resolution in the terms as set out in the notice of the EGM.

5. ADDITIONAL INFORMATION

Your attention is also drawn to the information contained in the appendices to this circular.

Yours faithfully
By order of the Board
China All Access (Holdings) Limited
Chan Yuen Ming
Chairman

1. FINANCIAL INFORMATION

Financial information of the Group for each of the three years ended 31 December 2017 and the six months ended 30 June 2018 are disclosed in the annual reports of the Company for the three years ended 31 December 2017 and the six months ended 30 June 2018, which are published on both the websites of HKExnews (www.hkexnews.hk) and the Company (www.chinaallaccess.com). The auditors of the Company have not issued any qualified opinion on the Group's financial statements for the financial years ended 31 December 2015, 2016 and 2017.

Quick links to the said annual reports and interim reports of the Company are available at the following internet links:

Interim report for the six months ended 30 June 2018:
http://www.hkexnews.hk/listedco/listconews/SEHK/2018/0426/LTN201804261793.pdf
(pages 22-48)

Annual report for the year ended 31 December 2017:
http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0427/LTN201704271522.pdf
(pages 74-186)

Annual report for the year ended 31 December 2016:
http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0427/LTN201604271059.pdf
(pages 76-192)

Annual report for the year ended 31 December 2015:
http://www.hkexnews.hk/listedco/listconews/SEHK/2018/0927/LTN20180927806.pdf
(pages 71-180)

2. INDEBTEDNESS STATEMENT

As at the close of business on 30 September 2018, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this circular, the indebtedness of the Group was as follows:

(i) Bank borrowings

Bank borrowings of approximately RMB7.9 million were secured by motor vehicles, buildings and land held by the Group and approximately RMB150.0 million were unsecured.

(ii) Promissory notes

Promissory note with principal amount of approximately RMB385.2 million was guaranteed by a Director. The promissory note was matured on 26 August 2018 and the Company and the lender have verbally agreed to extend the maturity date of the note to 26 August 2019.

Convertible bond with principal amount of approximately RMB745.4 million was expired on 9 August 2018. The Company and the bondholder have verbally agreed to redeem the convertible bond by way of issue of a promissory note payable in December 2018. The promissory note would be guaranteed by a Director.

(iii) Other borrowings

Other borrowings of approximately RMB62.0 million were secured by motor vehicles, buildings and land held by the Group, and RMB26.4 million were unsecured.

Other borrowings of approximately RMB50.0 million were guaranteed by a Director.

(iv) Capital commitments

As at 30 September 2018, the Group had capital commitment for the acquisition of subsidiary and procurement of additional plant and equipment of approximately RMB852 million (equivalent to approximately HK$991 million).

(v) Contingent liabilities

As at 30 September 2018, the Group had no material contingent liabilities.

Apart from intra-Group liabilities and save as aforesaid, and apart from intra-group liabilities and normal trade payables, the Group did not have any outstanding bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, finance lease, hire purchases commitments, which were either guaranteed, unguaranteed, secured or unsecured, guarantees or other material contingent liabilities at the close of business on 30 September 2018.

To the best knowledge of the Directors, having made all reasonable enquiries, there has been no material change in indebtedness or contingent liabilities of the Group since 30 September 2018 and up to the Latest Practicable Date.

3. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that, in the absence of unforeseeable circumstances and after taking into account of financial resources available to the Group, the Group has sufficient working capital for its present requirements, that is for at least 12 months from the date of this circular.

4. FUTURE PLANS AND PROSPECTS

The wave of innovation and technology has swept around the world, changing the global economy rapidly. To ensure a smooth transformation and development of new business segment of the Group, the management will strive to make further advancement with innovation in the production technology and product development. Although the global economic growth remains uncertain, the Group is optimistic about its future operations in its three business segments, i.e. ICT, investment activities and new energy.

There was an explosive growth in China's photovoltaic industry in 2017. The National Energy Administration announced that the additionally installed photovoltaic capacity of China in 2017 exceeded 53 Gigawatt ("**GW**"), representing an increase of 53.4% year-on-year, with a cumulative installed capacity of more than 130 GW; of which distributed additionally installed capacity exceeded 19 GW, representing an increase of 3.7 times year-on-year. The global market will continue to maintain its growth momentum. The Chinese market will continue to maintain a certain market volume in 2018, and the heat will not diminish. The China Photovoltaic Industry Association stated that the demand for the photovoltaic industry in 2018 would range between 30 to 45 GW, and the distributed power stations would be unprecedentedly popular, and the market for household user and poverty alleviation power stations would be worth looking forward to. The Group will adhere to energy development path with Chinese characteristics, promote the revolution in energy production and consumption, and accelerate the establishment of a clean, low-carbon, safe and efficient energy system. We will continue to strengthen the focus of the centralized photovoltaic business and accelerate the research and development of distributed photovoltaic products.

Further to 'Made in China 2025', the strategy adopted by the Group in 2016, China's Ministry of Industry and Information Technology published the blueprint for intelligent manufacturing according to the National 13th Five-Year Plan of China in 2016. The plan is a long-term strategic task to develop intelligent manufacturing to generate new growth to improve the country's manufacturing sector. The blueprint calls for speeding up of development in intelligent equipment and key common technologies, setting up of intelligent manufacturing standards, expanding intelligent manufacturing trials, and promoting intelligent transformation in key sectors and small and medium-sized companies.

In addition to 'Made in China 2025', the Group will also comply with the mentioned blueprint. The Group expects its production capacity together with the modern production technology will be improved. The Group will continue to allocate sufficient resources to effectively enhance its capability of integrating software and hardware and product innovation, in order to seek the breakthroughs in LCD Display Module, especially for the use of emerging application fields such as augmented reality (AR), virtual reality (VR), artificial intelligence (AI) and internet of things (IoT). For example, IoT devices could be enhanced by adding LCD Display Module. Since all such devices are about data capture and sharing, they could be implemented and rely entirely on a Bluetooth-linked mobile phone, or internet connected laptop, to display the resultant data. If there is an LCD display to give their users feedback, the devices would be a lot more convenient to work with as the results can be displayed at the IoT devices directly. Similar situations could also be applied to AR, VR and AI, where LCD Display Module could be added to enhance the devices.

5. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial position or trading position of the Group since 31 December 2017, being the date to which the latest published audited financial statements of the Group was made up.

6. MANAGEMENT DISCUSSION AND ANALYSIS

Set out below is the management discussion and analysis of the Group for each of the year ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018. Capitalised terms used in this section shall have the same meanings as defined in the annual reports and interim report of the Company of the respective years or periods.

A. Management discussion and analysis for the six months ended 30 June 2018

BUSINESS REVIEW

Following the completion of the business transforming of the Group in 2017, during the first half of 2018, the Group focuses on developing its businesses in the ICT, New Energy and Investment activities segments. During the six months ended 30 June 2018, the major business highlights for the period are as follows:

1. Revenue for the period under review decreased by approximately 38.67% to approximately RMB730,486,000 as compared to the corresponding period in 2017;

2. Gross profit for the period under review decreased by approximately 24.47% to approximately RMB121,865,000 as compared to the corresponding period in 2017; and

3. Profit attributable to owners of the Company for the six months ended 30 June 2018 remained stable, which has slightly decreased by approximately 9.19% to approximately RMB25,132,000 as compared to the corresponding period in 2017.

ICT

Revenue generated from ICT during the six months ended 30 June 2018 decreased by approximately 36.15% to approximately RMB728,958,000 as compared to the corresponding period last year, which accounted for approximately 99.79% of the Group's total revenue for the six months ended 30 June 2018. The decrease was mainly due to the decreased revenue from display modules businesses.

New Energy

During the second half of the year ended 31 December 2017, the Group has commenced the business in new energy segment. The Group has completed the sampling, trial and assembly of device for increasing the luminous flux per unit area for photovoltaic plants.

Investment Activities

The Group continued to generate cash return using the investment market as platform. It invested in fixed income investments to earn reasonable returns under a risk-controlled approach. Revenue generated from investment activities decreased from approximately RMB49,502,000 for the six months ended 30 June 2017 to approximately RMB1,528,000 for the six months ended 30 June 2018.

FINANCIAL REVIEW

Revenue

Revenue decreased from approximately RMB1,191,091,000 for the six months ended 30 June 2017 to approximately RMB730,486,000 for the six months ended 30 June 2018, representing a decrease of approximately 38.67%. The decrease in revenue in the period under review was mainly attributable to the factors below:

- ICT recorded a decrease in revenue from approximately RMB1,141,589,000 for the six months ended 30 June 2017 to approximately RMB728,958,000 for the six months ended 30 June 2018, representing a decrease of approximately 36.15%. The decrease was mainly due to shipment orders delay from one of the major customers.

- New Energy did not record any revenue for the six months ended 30 June 2018. It was mainly due to the delay of order for the first generation products for increasing the luminous flux per unit area for photovoltaic plants in the first half of 2018.

- Investment exhibited a decrease in revenue from approximately RMB49,502,000 for the six months ended 30 June 2017 to approximately RMB1,528,000 for the six months ended 30 June 2018, representing a decrease of approximately 96.91%. The decrease was mainly due to a significant decrease in the loan receivables invested by the Group due to the conservative credit policy adopted for the six months ended 30 June 2018.

Gross profit

Gross profit decreased from approximately RMB161,353,000 for the six months ended 30 June 2017 to approximately RMB121,865,000 for the six months ended 30 June 2018, representing a decrease of approximately 24.47%. Meanwhile, gross profit margin increased from approximately 13.55% for the six months ended 30 June 2017 to approximately 16.68% for the six months ended 30 June 2018. The increase was mainly attributable to the increase of income from customers which carried relatively higher gross profit margin.

Other revenue

Other revenue decreased from approximately RMB61,972,000 for the six months ended 30 June 2017 to approximately RMB59,550,000 for the six months ended 30 June 2018, representing a decrease of approximately 3.91%. It was mainly attributable to the compensation earned from customer.

Other net gain/(loss)

The Group recorded other net gain of approximately RMB3,665,000 for the six months ended 30 June 2018 as compared to approximately RMB14,831,000 other net loss recorded for the six months ended 30 June 2017. The increase in other net gain/(loss) was mainly due to the compensation paid to a customer during the corresponding six months ended 30 June 2017 in relation to the Group's products.

Distribution costs, administrative expenses and research and development expenses

Distribution costs, administrative expenses and research and development expenses increased from approximately RMB88,497,000 for the six months ended 30 June 2017 to approximately RMB111,677,000 for the six months ended 30 June 2018, representing an increase of approximately 26.19%. The increase was mainly attributed to the increase in administrative expenses incurred during the review period. The Group has applied for approximately RMB19,306,000 expected credit loss to trade and other receivables. The Group will continue to take all necessary measures to control the costs to improve profitability of the Group in the future.

The percentage of distribution costs, administrative expenses and research and development expenses as a percentage of the Group's total revenue increased from approximately 7.43% for the six months ended 30 June 2017 to approximately 15.29% for the six months ended 30 June 2018, representing an increase of approximately 7.86 percentage points. The increase was mainly due to the increased administrative expenses in the six months ended 30 June 2018.

Finance income and finance costs

Finance income increased from approximately RMB33,334,000 for the six months ended 30 June 2017 to approximately RMB34,863,000 for the six months ended 30 June 2018, representing an increase of approximately 4.59%. The increase was mainly attributable to the increase of interest income from bank deposits and structured deposits during the six months period ended 30 June 2018 as compared with that of 2017.

Finance costs decreased from approximately RMB110,054,000 for the six months ended 30 June 2017 to approximately RMB63,239,000 for the six months ended 30 June 2018, representing a decrease of approximately 42.54%. The reduction was mainly the result from the decrease in finance costs associated with borrowings and convertible bonds during the six months period ended 30 June 2018.

Income tax

Income tax increased from approximately RMB11,765,000 for the six months ended 30 June 2017 to approximately RMB19,895,000 for the six months ended 30 June2018, representing an increase of approximately 69.10%. The increase in income tax was mainly due to the profit from China which carried higher profit tax rate.

Profit for the period attributable to owners of the Company

Profit for the period attributable to owners of the Company slightly decreased from approximately RMB27,676,000 for the six months ended 30 June 2017 to approximately RMB25,132,000 for the six months ended 30 June 2018, representing a decrease of approximately 9.19%. The decrease was mainly due to shipment orders delay from one of the major customers.

Liquidity and Capital Resources

Liquidity, financial resources and capital structure

As at 30 June 2018, the Group had cash and cash equivalents of approximately RMB58,893,000 (as at 31 December 2017: RMB204,420,000), restricted cash of approximately RMB120,079,000 (as at 31 December 2017: RMB325,765,000), bank deposits with original maturities over three months of approximately RMB1,370,000,000 (as at 31 December 2017: RMB1,040,985,000) and borrowings of approximately RMB707,440,000 (as at 31 December 2017: RMB1,018,492,000). The gearing ratio (calculated by dividing borrowings by total assets) as at 30 June 2018 was approximately 11.12% (as at 31 December 2017: 14.56%). As at 30 June 2018, the Group had current assets of approximately RMB5,521,111,000 (as at 31 December 2017: RMB6,401,106,000) and current liabilities of approximately RMB2,242,358,000 (as at 31 December 2017: RMB2,833,299,000). The current ratio (which is calculated by dividing current assets by current liabilities) was approximately 2.46 as at 30 June 2018, as compared with the current ratio of approximately 2.26 as at 31 December 2017. The increase of the current ratio was mainly attributable to the decrease in borrowings.

The approach of the board of directors of the Company 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 six months period under review, the Group's total capital expenditure amounted to approximately RMB128,086,000 (31 December 2017: RMB34,065,000), which was mainly used for procurement for upgrading plant, machinery and equipment.

Capital commitment

As at 30 June 2018, the Group had capital commitment amounting to approximately RMB852,420,000 (31 December 2017: nil). The increase were mainly attributable to the acquisition of subsidiary and procurement of additional plant and equipment.

Charge on material assets

As at 30 June 2018, assets of the Group amounting to approximately RMB252,605,000 (31 December 2017: RMB386,685,000) were pledged for the Group's borrowings and bills payables.

Contingent liabilities

As at 30 June 2018, the Group had no material contingent liabilities.

Human Resources

The total remuneration (including directors' remuneration) incurred by the Group for each of the year ended 31 December 2015, 2016 and 2017 amounted to approximately RMB206,904,000, RMB169,827,000 and RMB147,812,000, respectively.

As at 30 June 2018, the Group had 1,119 employees (31 December 2017: 1,664 employees). The decrease in the number of employees was mainly due to semiautomation of production line. 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

Looking ahead, the Group will direct all resources to further develop its two major business areas, i.e. ICT and New Energy segment. The Company expects these two business areas to provide very strong impetus for its growth in the future.

Opportunity arose by 5G development

With the arrival of the fifth generation ("**5G**") era in the near future, there will be rapid increase in wireless connections between the Internet of Things (IoT). It is expected that the IoT market will exceed US$1.7 trillion by 2020, and global IoT devices will approach 70 billion units by 2025. We will proactively seize the opportunities by devoting more resources into our ICT segment. Following the establishment of the factory in Ganzhou of Jiangxi Province, China in 2017, profitability can be improved by the increase in the manufacturing capacity, cost control and developing and integration of ICT products.

During the relevant period, the Group also planned to dispose Hebei Noter and Hebei Haoguang.

Latest development in the New Energy segment

In addition to the business engaged by the Group after the commencement of the New Energy segment in the year ended 2017, the Group has identified a suitable investment opportunity to acquire new energy projects with good prospects and potential for stable returns. The acquisition will supplement the Group's existing new energy portfolio and further expand its scale of business in the new energy sector to enhance return to the shareholders of the Company. For details, please refer to the Company's announcement dated 24 May 2018.

B. Management discussion and analysis for the year ended 31 December 2017

BUSINESS REVIEW

In relation to the year ended 31 December 2017, it has proven to be a transforming year for the Group, from a communications application solution provider to an advanced technological and industrial integrated group. Major business highlights for the year are as follows:

1. Revenue for the year ended 31 December 2017 decreased by approximately 12.48% to approximately RMB2,688,395,000 as compared with 2016 from continuing operations;

2. Gross profit for the year ended 31 December 2017 decreased by approximately 20.92% to approximately RMB464,203,000 as compared with 2016 gross profit from continuing operations; and

3. Profit attributable to owners of the Company arises from continuing operations for the year ended 31 December 2017 increased by approximately 163.12% to approximately RMB228,781,000 as compared with 2016.

ICT

Revenue generated from ICT during the year ended 31 December 2017 decreased by approximately 19.13% to approximately RMB2,375,904,000 as compared with that of last year, accounting for approximately 88.38% of the Group's total revenue for the year. As the Group followed the intelligent manufacturing strategy, the Group has restructured the existing businesses for new growth. Furthermore, the Group has also established a new factory in Ganzhou of Jiangxi Province, China to further increase the manufacturing capacity. Thus, the sales in the second half of 2017 was affected. After the completion of the above restructuring, the level of sales and shipments returned to normal level. Moreover, the Group has continuously speeded up its business development in different areas in display modules. Due to the strategy for integration of upper supply chains, customers of the Group are expected to place more orders which will also increase the sales volume and shipments. In the future, the Group will explore new opportunities in the vertical markets and address the growing demand for smart city applications.

New Energy

During the year ended 31 December 2017, the Group has commenced the business in new energy segment. The Group has completed the sampling, trial and assembly of device for increasing the luminous flux per unit area for photovoltaic plants. The Group has also commenced the mass production of the first generation products. The first shipment of our products was made to the market in the north-west of China. Revenue generated from New Energy segment during the year ended 31 December 2017 was approximately RMB177,346,000, accounting for approximately 6.60% of the Group's total revenue for the year.

Investment

In 2017, the Group continued to manage cash using the investment market as platform. It subscribed some highyield treasury products and provided facilitating capital to its supply stream to earn reasonable returns under a risk-secured approach. Revenue generated from investment increased from approximately RMB133,957,000 for the year ended 31 December 2016 to approximately RMB135,145,000 for the year ended 31 December 2017. The Group adopted same policy in investment and will continue to seek for investment projects with long term stable return rate.

FINANCIAL REVIEW

Revenue

Revenue decreased from approximately RMB3,071,866,000 for the year ended 31 December 2016 to approximately RMB2,688,395,000 for the year ended 31 December 2017, representing a decrease of approximately 12.48%. The decrease in revenue during the year as compared with that of last year was mainly attributable to the factors below:

- ICT recorded a decrease in revenue from approximately RMB2,937,909,000 for the year ended 31 December 2016 to approximately RMB2,375,904,000 for the year ended 31 December 2017, representing a decrease of approximately 19.13%. The decrease was mainly due to the restructuring of existing business by the Group for new growth in light of the intelligent manufacturing strategy adopted by the Group. As a result, the revenue in the second half of 2017 was affected by this restructuring.

- For the first time, New Energy recorded a revenue of approximately RMB177,346,000 for the year ended 31 December 2017. It was mainly due to the commencement of the first generation products for increasing the luminous flux per unit area for photovoltaic plants.

- Investment exhibited an increase in revenue from approximately RMB133,957,000 for the year ended 31 December 2016 to approximately RMB135,145,000 for the year ended 31 December 2017, representing an increase of approximately 0.89%. The revenue was mainly attributed from interest earned from provision of facilitating capital to supply stream and customers.

Gross profit

Gross profit decreased from approximately RMB587,027,000 for the year ended 31 December 2016 to approximately RMB464,203,000 for the year ended 31 December 2017, representing a decrease of approximately 20.92% from the corresponding period in 2016. The decrease was mainly attributable to the decrease in revenue due to restructure existing businesses for new growth. Meanwhile, gross profit margin decreased from approximately 19.11% for the year ended 31 December 2016 to approximately 17.27% for the year ended 31 December 2017. The decrease was mainly attributable to the increase in revenue contribution by display modules which carried relatively lower gross profit margin.

Other revenue

Other revenue climbed from approximately RMB14,499,000 for the year ended 31 December 2016 to approximately RMB118,180,000 for the year ended 31 December 2017, representing an increase of approximately 715.09% from the corresponding period in 2016. It was mainly attributable to the recovered impairment loss on trade receivables made in the previous period.

Other net gain/loss

The Group recorded other net gain of approximately RMB12,675,000 for the year ended 31 December 2017 as compared to an other net loss of approximately RMB5,160,000 for the year ended 31 December 2016. The gain was mainly due to a gain on remeasurement of pre-existing interest in an associate to acquisition date fair value of RMB8,391,000 for the year ended 31 December 2017.

Distribution costs, administrative expenses and research and development expenses

Distribution costs, administrative expenses and research and development expenses decreased from approximately RMB339,656,000 for the year ended 31 December 2016 to approximately RMB234,728,000 for the year ended 31 December 2017, representing a decrease of approximately 30.89% from the corresponding period in 2016. The decrease was mainly due to the decrease in administrative expenses. As the Group's restructuring was completed in 2016, the one-off administrative expenses incurred for the disposal of discontinued operation were not sustained in the year 2017. Moreover, cost saving was successfully achieved through the implementation of effective cost control measures. The Group will continue to take all necessary measures to control the cost to improve profitability in the future.

The percentage of distribution costs, administrative expenses and research and development expenses as a percentage of the Group's total revenue decreased from approximately 11.06% for the year ended 31 December 2016 to approximately 8.73% for the year ended 31 December 2017, representing a decrease of approximately 2.33 percentage points from the corresponding period in 2016. The decrease was mainly due to cost control as mentioned above.

Finance income and finance costs

Finance income increased from approximately RMB66,257,000 for the year ended 31 December 2016 to approximately RMB82,098,000 for the year ended 31 December 2017, representing an increase of approximately 23.91% from the corresponding period in 2016. The increase was mainly attributable to the increase of interest income from bank deposits and structured deposits during the year as compared with that of last year.

Finance costs decreased from approximately RMB207,613,000 for the year ended 31 December 2016 to approximately RMB194,511,000 for the year ended 31 December 2017, representing a decrease of approximately 6.31% from the corresponding period in 2016. The reduction was mainly the result of the decrease in finance costs associated with borrowings and convertible bonds during the year.

Income tax

Income tax decreased from approximately RMB37,591,000 for the year ended 31 December 2016 to approximately RMB24,490,000 for the year ended 31 December 2017, representing a decrease of approximately 34.85% from the corresponding period in 2016. The decrease in income tax was mainly due to the decrease in revenue.

Profit for the year attributable to owners of the Company

Profit for the year attributable to owners of the Company decreased slightly from approximately RMB228,894,000 for the year ended 31 December 2016 to approximately RMB228,781,000 for the year ended 31 December 2017, representing a decrease of approximately 0.05% from the corresponding period in 2016. Profit for the year from continuing operations attributable to owners of the Company increased from approximately RMB86,950,000 for the year ended 31 December 2016 to approximately RMB228,781,000 for the year ended 2017 representing an increase of approximately 163.12% from the corresponding period in 2016.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity, financial resources and capital structure

As at 31 December 2017, the Group had unrestricted cash and cash equivalents of approximately RMB204,420,000 (2016: RMB48,573,000), restricted cash of approximately RMB325,765,000 (2016: RMB497,551,000), bank deposits with original maturities over three months of approximately RMB1,040,985,000 (2016: RMB1,065,441,000) and borrowings of approximately RMB1,018,492,000 (2016: RMB1,299,731,000). The gearing ratio (calculated by dividing borrowings by total assets) as at 31 December 2017 was approximately 14.56% (2016: 15.69%). As at 31 December 2017, the Group had current assets of approximately RMB6,401,106,000 (2016: RMB7,354,675,000) and current liabilities of approximately RMB2,833,299,000 (2016: RMB3,393,042,000). The current ratio was approximately 2.26 as at 31 December 2017, as compared with the current ratio of approximately 2.17 as at 31 December 2016. The increase of the current ratio was mainly attributable to the increase in trade and other receivables in addition to the decrease in trade and other payables.

The approach of the board of directors of the Group 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 RMB34,065,000 (2016: RMB23,101,000), which was mainly used for procurement for upgrading plant, machinery and equipment.

Capital commitment

As at 31 December 2017, the Group had capital commitment amounting to approximately RMB nil (2016: RMB75,197,000).

Charge on material assets

As at 31 December 2017, assets of the Group amounting to approximately RMB386,685,000 (2016: RMB493,148,000) were pledged for the Group's borrowings and bills payable.

Contingent liabilities

As at 31 December 2017, the Group had no material contingent liabilities.

HUMAN RESOURCES

As at 31 December 2017, the Group had 1,664 employees (2016: 1,175 employees). The total remuneration (including directors' remuneration) incurred by the Group for the year ended 31 December 2017 amounted to approximately RMB147,812,000. The increase in the number of employees was mainly due to expansion and acquisition of production facilities for display module businesses. 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 wave of innovation and technology has swept around the world, changing the global economy rapidly. To ensure a smooth transformation and development of new business segment of the Group, the management will strive to make further advancement with our innovation in the production technology and product development. Although the global economic growth remains uncertain, the Group is optimistic about its future operations in its three business segments, i.e. ICT, Investment activities and New Energy.

The Photovoltaic Market in China is still popular in 2018

There was an explosive growth in China's photovoltaic industry in 2017. The National Energy Administration announced that the additionally installed photovoltaic capacity of China in 2017 exceeded 53 Gigawatt ("**GW**"), representing an increase of 53.4% year-on-year, with a cumulative installed capacity of more than 130 GW; of which distributed additionally installed capacity exceeded 19 GW, representing an increase of 3.7 times year on-year. The global market will continue to maintain its growth momentum. The Chinese market will continue to maintain a certain market volume in 2018, and the heat will not diminish. The China Photovoltaic Industry Association stated that the demand for the photovoltaic industry in 2018 would range between 30 to 45 GW, and the distributed power stations would be unprecedentedly popular, and the market for household user and poverty alleviation power stations would be worth looking forward to. The Group will adhere to energy development path with Chinese characteristics, promote the revolution in energy production and consumption, and accelerate the establishment of a clean, low-carbon, safe and efficient energy system. We will continue to strengthen the focus of the centralized photovoltaic business and accelerate the research and development of distributed photovoltaic products.

China's 13th Five-Year Plan for intelligent manufacturing

Further to 'Made in China 2025', the strategy adopted by the Group in 2016, China's Ministry of Industry and Information Technology published the blueprint for intelligent manufacturing according to the National 13th Five-Year Plan of China in 2016. The plan is a long-term strategic task to develop intelligent manufacturing to generate new growth to improve the country's manufacturing sector. The blueprint calls for speeding up of development in intelligent equipment and key common technologies, setting up of intelligent manufacturing standards, expanding intelligent manufacturing trials, and promoting intelligent transformation in key sectors and small and medium-sized companies.

In addition to 'Made in China 2025', the Group will also comply with the mentioned blueprint. The Group expects its production capacity together with the modern production technology will be improved. The Group will continue to allocate sufficient resources to effectively enhance its capability of integrating software and hardware and product innovation, in order to seek the breakthroughs in LCD Display Module, especially for the use of emerging application fields such as augmented reality (AR), virtual reality (VR), artificial intelligence (AI) and internet of things (IoT).

C. Management discussion and analysis for the year ended 31 December 2016

BUSINESS REVIEW

Business reorganisation of the Group was completed in 2016. The Group completed the disposal of all equity interest in Shenzhen Xing Fei Technology Co., Ltd. ("**Shenzhen Xingfei**") and the entering into of the patent licence agreement (the "Patent Licence Agreement") with New Concept Aircraft (Zhuhai) Co., Ltd. ("**Zhuhai NCA**") and Dr. Li Hiu Yeung ("**Dr. Li**") in 2016 in relation to the sub-license of the patents (the "**Patents**") to the Group. Major business highlights for the year are as follows:

1. Revenue from continuing operations for the year ended 31 December 2016 increased by approximately 8.07% to approximately RMB3,071,866,000 as compared with 2015;

2. Gross profit from continuing operations for the year ended 31 December 2016 decreased by approximately 1.92 % to approximately RMB587,027,000 as compared with 2015; and

3. Profit attributable to owners of the Company for the year ended 31 December 2016 decreased by approximately 17.80% to approximately RMB228,894,000 as compared with 2015.

Disposal of Shenzhen Xingfei

During the year ended 31 December 2016, the Group completed disposal of 54% equity interest in Shenzhen Xingfei (which together with its operating subsidiaries were principally engaged in the research and development, manufacturing and sales of mobile phones and mobile power source products) for the cash consideration of RMB702,000,000. With the disposal completed, Shenzhen Xingfei and its subsidiaries are no longer subsidiaries of the Group. The Group considers that such disposal brought an attractive return on its investment in the mobile terminals business and it will enable the Group to focus its resources for pursuing future development opportunities that may generate higher return in the future.

Communication Application Solutions and Services

Revenue generated from communication application solutions and services during the year ended 31 December 2016 increased by approximately 6.13% to approximately RMB2,937,909,000 as compared with that of last year, accounting for approximately 95.64% of the Group's total revenue for the year. The increase was mainly due to the increased revenue from display modules businesses.

The Group has continuously speeded up its business development in different areas including emergency communication, public safety and integrated city administration to increase its market share in such areas which underpinned the Group's revenue growth. Moreover, due to the growing demand of smart terminals, customers of the Group have placed more orders which in turn increased the sales volume and shipments. In the future, the Group will explore new opportunities in the vertical markets and address the growing demand for smart city applications.

Investment

In 2016, the Group continued to manage cash using the investment market as platform. It subscribed some high-yield treasury products and provided facilitating capital to its supply stream to earn reasonable returns under risk-secured approach. Revenue generated from investment increased from approximately RMB74,175,000 for the year ended 31 December 2015 to approximately RMB133,957,000 for the year ended 31 December 2016. Moreover, on 8 June 2016, The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") granted the Group approval on the Practice Note 15 Proposal regarding the potential spin-off and separate listing of the Group's interest in China Lide Holdings Limited (the display module business of the Group) on the Growth Enterprise Market of the Stock Exchange. Please refer to the announcement of the Company dated 16 June 2016 for further details. The Company will make further announcement(s) in connection with the proposed spin-off as and where appropriate or if required under the Listing Rules.

FINANCIAL REVIEW

Revenue

Revenue increased from approximately RMB2,842,386,000 for the year ended 31 December 2015 to approximately RMB3,071,866,000 for the year ended 31 December 2016, representing an increase of approximately 8.07%. The increase in revenue during the year as compared with that of last year was mainly attributable to the factors below:

- Communication application solutions and services recorded an increase in revenue from approximately RMB2,768,211,000 for the year ended 31 December 2015 to approximately RMB2,937,909,000 for the year ended 31 December 2016, representing an increase of approximately 6.13%. The increase was mainly due to the increase in revenue from manufacturing and distribution of display modules businesses.

- Investment exhibited an increase in revenue from approximately RMB74,175,000 for the year ended 31 December 2015 to approximately RMB133,957,000 for the year ended 31 December 2016, representing an increase of approximately 80.60%. The increase was mainly due to increase in revenue generated from interest earned from provision of facilitating capital to supply stream in Hong Kong and investment returns from direct investment and high yield treasury products.

Gross profit

Gross profit reduced from approximately RMB598,518,000 for the year ended 31 December 2015 to approximately RMB587,027,000 for the year ended 31 December 2016, representing a decrease of approximately 1.92%. Meanwhile, gross profit margin decreased from approximately 21.06% for the year ended 31 December 2015 to approximately 19.11% for the year ended 31 December 2016. The decrease was mainly attributable to the increase in revenue contribution by display modules which carrying relatively lower gross profit margin.

Other revenue

Other revenue climbed from approximately RMB12,547,000 for the year ended 31 December 2015 to approximately RMB14,499,000 for the year ended 31 December 2016, representing an increase of approximately 15.56%. It was mainly attributable to government grants in relation to research and development projects of the display modules business.

Other net loss

The Group recorded other net loss of approximately RMB5,160,000 for the year ended 31 December 2016 as compared to approximately RMB7,525,000 for the year ended 31 December 2015. The decrease was mainly due to a loss incurred on disposal of property, plant and equipment of the Group in the last corresponding year.

Distribution costs, administrative expenses and research and development expenses

Distribution costs, administrative expenses and research and development expenses increased from approximately RMB239,544,000 for the year ended 31 December 2015 to approximately RMB339,656,000 for the year ended 31 December 2016, representing an increase of approximately 41.79%. The increase was mainly due to the increase in administrative expenses and research and development expenses due for new solar products. The percentage of distribution costs, administrative expenses and research and development expenses as a percentage of the Group's total revenue increased from approximately 8.43% for the year ended 31 December 2015 to approximately 11.06% for the year ended 31 December 2016, representing an increase of approximately 2.63 percentage points.

Finance income and finance costs

Finance income decreased from approximately RMB116,750,000 for the year ended 31 December 2015 to approximately RMB66,257,000 for the year ended 31 December 2016, representing a decline of approximately 43.25%. The decrease was mainly attributable to the reduction of interest income from bank deposits during the year as compared with that of last year.

Finance costs increased from approximately RMB156,551,000 for the year ended 31 December 2015 to approximately RMB207,613,000 for the year ended 31 December 2016, representing a rise of approximately 32.62%. The rise was mainly the result of increase in finance costs associated with borrowings during the year.

Income tax

Income tax decreased from approximately RMB92,023,000 for the year ended 31 December 2015 to approximately RMB37,591,000 for the year ended 31 December 2016, representing a decrease of approximately 59.15%. The decrease in income tax was mainly due to the reduction in profit from continuing operations.

Profit for the year from continuing and discontinued operations attributable to equity shareholders of the Company

Profit for the year from continuing and discontinued operations attributable to equity shareholders of the Company decreased from approximately RMB278,460,000 for the year ended 31 December 2015 to approximately RMB228,894,000 for the year ended 31 December 2016, representing the Group's decrease of approximately 17.80%. The decrease was mainly due to the increase in finance costs and administrative expenses.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity, financial resources and capital structure

As at 31 December 2016, the Group had unrestricted cash and cash equivalents (excluded assets of disposal group classified as held for sale) of approximately RMB48,573,000 (2015: RMB275,065,000), restricted cash (excluded assets of disposal group classified as held for sale) of approximately RMB497,551,000 (2015: RMB419,915,000), bank deposits with original maturities over three months (excluded assets of disposal group classified as held for sale) of approximately RMB1,065,441,000 (2015: RMB1,093,000,000) and borrowings of approximately RMB1,299,731,000 (2015: RMB1,772,121,000). The gearing ratio (calculated by dividing borrowings by total assets) as at 31 December 2016 was approximately 15.69% (2015: 24.22%). As at 31 December 2016, the Group had current assets (excluded assets of disposal group classified as hold for sale) of approximately RMB7,354,675,000 (2015: RMB6,572,479,000) and current liabilities (excluded liabilities of disposal group classified as held for sale) of approximately RMB3,393,042,000 (2015: RMB3,434,453,000). The current ratio (which is calculated by dividing current assets (excluded assets of disposal group classified as held for sale) by current liabilities (excluded liabilities of disposal group classified as held for sale)) was approximately 2.17 as at 31 December 2016, as compared with the current ratio of approximately 1.91 as at 31 December 2015. The increase of the current ratio was mainly attributable to the increase in inventories.

The approach of the board of directors of the Group 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 RMB23,101,000 (2015: RMB73,763,000), which was mainly used for procurement for upgrading plant, machinery and equipment.

Capital commitment

As at 31 December 2016, the Group had capital commitment amounting to approximately RMB75,197,000 (2015: RMB75,253,000). The increase was mainly attributable to the procurement of additional machinery and equipment.

Charge on material assets

As at 31 December 2016, assets at the Group amounting to approximately RMB493,148,000 (2015: RMB577,926,000) were pledged for the Group's borrowings and bills payable.

Contingent liabilities

As at 31 December 2016, the Group had no material contingent liabilities.

HUMAN RESOURCES

As at 31 December 2016, the Group had 1,175 employees (2015: 3,787 employees). The total remuneration (including directors' remuneration) incurred by the Group for the year ended 31 December 2016 amounted to approximately RMB169,827,000. The decrease in the number of employees was mainly due to (i) centralisation of production facilities, (ii) semi-automation of production lines, and (iii) exit from non-core businesses. 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

Looking ahead, the Group will direct all resources to further develop its two major business areas, i.e. communication applications solutions and services and super lens electrical system. The Company expects these two business areas to provide very strong impetus for its growth in the future.

China solar energy market: Huge growth potential increased

According to "The Development Roadmap of China Photovoltaic Industry (2016)" published by the China Photovoltaic Industry Association, the installed photovoltaic ("**PV**") capacity of China increased to 77.42GW in 2016 with an addition of 34.24GW, and the country remained the world largest solar capacity producer. Globally, the newly installed PV capacity in 2016 was estimated at more than 70GW and, between 2016 and 2020, the worldwide PV market is expected to grow at a compound annual growth rate of 9%.

By offering revolutionary new products to the solar energy sector at a substantially lower cost and operating in a more efficient and environmentally-friendly way, the Group expects the new products using the Patents will be well recognised by the market and potential customers and in turn assume a good share in the existing and newly installed capacity market in China and the global market. As such, the new products will become a substantial revenue growth driver of the Group in the future.

Super Lens Electrical System can improve the situation faced by solar industry

According to "The Development Roadmap of China Photovoltaic Industry (2016)" published by the China Photovoltaic Industry Association, monocrystalline and polycrystalline solar batteries mass produced in 2016 has average power transforming capability of 19.8% and 18.5% respectively. Also, the average cost of investment in photovoltaic power generation system is around RMB7.3/watt, with the industry continuing to rely heavily on subsidies. The Group has developed a system called "超級鏡陣高效光能電力系統" (Super Lens High Efficiency Solar Electrical System) which was developed based on the Patents (the "**Super Lens Electrical System**") and is capable of increasing the power transforming capability of solar panels numerous times.

On 18 January 2017, the Company has entered into a framework agreement (the "**Framework Agreement**") with CECEP Solar Energy Technology Co., Ltd, an A-shares listed company on the Shenzhen Stock Exchange (stock code: 000591) engaging in solar power business ("**CECEP**"). Pursuant to the Framework Agreement, subject to the obtaining of all necessary consents and approvals by the parties for the proposed cooperation and the certification of the Super Lens Electrical System by an independent third party:

(1) The Group and CECEP shall complete the sampling, trial and assembly of the Super Lens Electrical System by the second quarter of 2017; and

(2) CECEP shall procure the production and sale of the Super Lens Electrical System whose target to sale shall be not less than an aggregate of 1.5 gigawatt for the coming three years.

Also, CECEP and the Group shall jointly establish an industry fund to be used for (i) the upgrade of the existing solar energy electricity plants of CECEP using the Super Lens Electrical System; and (ii) the marketing activities of the newly built solar energy electricity plants.

The management considers that the Super Lens Electrical System represents an important breakthrough in the key technology of new energy which can drive down the price of solar energy significantly.

5G progress gives opportunity to LIFI development

The Ministry of Industry and Information Technology ("**MIIT**") proposed in the 13th Five-Year Plan that China would start to promote development of and launch the 5G mobile communication technology by 2020. The technology will greatly enhance connectivity coupled with an enormous increase in number of Internet of things ("**IoT**") and machine to machine ("**M2M**") terminals.

The Group believes bandwidth will be in short supply by then and optical communication technology, whose spectrum bandwidth has multiple times more than that of radio, will be the only solution. Cost advantage is another major merit of optical communication technology in helping adoption of IoT and M2M applications. With the Patents, the Company is of the view that the Group is well-positioned to tap the huge potential in the telecommunications industry. As a result of the entering into of the Patent Licence Agreement, the Group can make use of the Patents to develop new products and new applications such as visible light communications, light remote transmission and recycling of various light, which can enhance its core competencies.

'Made in China 2025': Promote advanced automation in manufacturing industry

In 2015, China's State Council announced 'Made in China 2025' as a national initiative to improve the country's manufacturing industry. The aim is to transform China into a global leading and high-tech manufacturing power and the process has already begun. In her plan, the country aims for advanced automation, digitalisation of factory management, large-scale deployment of robots, as well as development of manufacturing industry for advanced manufacturing equipment. In support of the Chinese government's effort, Lead Communications Co., Ltd. has started automation of the production procedures of display modules business. The Group expects its production capacity and product quality to be improved with less manpower required as it continues to take automation forward.

D. Management discussion and analysis for the year ended 31 December 2015

BUSINESS REVIEW

Formulation and execution of the strategies and action plans ahead have led to restructuring of both shareholder portfolio and business segments of the Group in 2015. As a result, The Group has broadened its shareholder base and enhanced the value of its business segments significantly. Some major highlights as follows:

1. Number of issued shares increased from approximately 1,582,156,000 as at 31 December 2014 to approximately 1,822,474,000 as at 31 December 2015, representing an increase of approximately 15.19%;

2. Revenue from continuing operations increased by approximately 14.19% to approximately RMB2,842,386,000 as compared to revenue in 2014;

3. Gross profit from continuing operations increased by approximately 24.79% to approximately RMB598,518,000 as compared to the gross profit in 2014;

4. Profit for the year of 2015 increased by approximately 34.06% to approximately RMB278,460,000 as compared to profit for the year of 2014.

Discontinued Operation

During the year ended 31 December 2015, the Group entered into a transaction agreement for disposal of 54% equity interest in Shenzhen Xingfei (which together with its operating subsidiaries were principally engaged in the research and development, manufacturing and sales of mobile phones and mobile power source products). Following the completion of such disposal in January 2016, Shenzhen Xingfei and its subsidiaries had ceased to be subsidiaries of the Company. The Company considers that such disposal represents an attractive return on its investment in the mobile terminals business and will enable the Group to focus its resources in pursuing development opportunities that may generate higher return in the future. Accordingly, the operations of Shenzhen Xingfei and its subsidiaries were treated as discontinued operation in the financial statements of the Group for the year ended 31 December 2015.

Communication Application Solutions and Services

The Group has been taking advantage on the convergence of satellite communication application solutions and wireless data communication application solutions to address the requirements of end-to-end total communication solutions of its customers. The growing demand for a wider range of communication application solutions for emergency communication, public safety and integrated city administration has underpinned the Group's revenue growth. At the same time, the increasing scope of broadband applications continued to drive the market demand for smart terminals. Moreover, new technology in the display, aesthetic casing designs and onboard solution stimulated more shipments of smart terminals to the market.

Investment

In the course of rolling out investment, the Group aimed at increasing the return on assets at risk adverse approach. The Group's total assets have grown from approximately RMB9,788,787,000 as at 31 December 2014 to approximately RMB10,635,510,000 as at 31 December 2015. During the year, the Group took positions in high yield treasury products and provided facilitating capital to supply stream leading to a solid contribution in finance income. As a result, the revenue generated from investment increased from approximately RMB54,670,000 for the year ended 31 December 2014 to approximately RMB74,175,000 for the year ended 31 December 2015.

FINANCIAL REVIEW

From Continuing Operations

Revenue

Revenue increased from approximately RMB2,489,152,000 for the year ended 31 December 2014 to approximately RMB2,842,386,000 for the year ended 31 December 2015, representing an increase of approximately 14.19%. The increase in revenue during the year as compared with that of last year was mainly attributable to the factors described below:

- Communication application solutions and services exhibited an increase in revenue from approximately RMB2,434,482,000 for the year ended 31 December 2014 to approximately RMB2,768,211,000 for the year ended 31 December 2015, representing an increase of approximately 13.71%. The increase was mainly due to the increase in revenue generated from satellite, wireless products and from the display modules business.

- Investment exhibited an increase in revenue from approximately RMB54,670,000 for the year ended 31 December 2014 to approximately RMB74,175,000 for the year ended 31 December 2015, representing an increase of approximately 35.68%. The increase was mainly due to increase in revenue generated from interest earned from provision of facilitating capital to supply stream in Hong Kong.

Gross profit

Gross profit rose from approximately RMB479,622,000 for the year ended 31 December 2014 to approximately RMB598,518,000 for the year ended 31 December 2015, representing an increase of approximately 24.79%. Meanwhile, gross profit margin increased from approximately 19.27% for the year ended 31 December 2014 to approximately 21.06% for the year ended 31 December 2015. The increase was mainly attributable to the increase in revenue and gross profit margin from the provision of communication application solutions and services and increase in revenue from investment which generally carry higher gross profit margin.

Other revenue

Other revenue climbed from approximately RMB4,676,000 for the year ended 31 December 2014 to approximately RMB12,547,000 for the year ended 31 December 2015, representing an increase of approximately 1.68 times. It was mainly attributable to government grants attributed to research and development projects for the businesses of display modules.

Other net loss

The Group recorded other net loss of approximately RMB7,525,000 for the year ended 31 December 2015 as compared with other net loss of approximately RMB252,000 for the year ended 31 December 2014. It was mainly due to a loss on disposal of the Group's property, plant and equipment.

Distribution costs, administrative expenses and R&D expenses

Distribution costs, administrative expenses and R&D expenses decreased from approximately RMB320,617,000 for the year ended 31 December 2014 to approximately RMB239,544,000 for the year ended 31 December 2015, representing a decline of approximately 25.29%. The decrease was mainly due to decrease in administrative expenses. The percentage of distribution costs, administrative expenses and R&D expenses of the revenue decreased from approximately 12.88% for the year ended 31 December 2014 to 8.43% for the year ended 31 December 2015, representing a decline of approximately 4.45 percentage points. The decline of the percentage of distribution costs, administrative expenses and R&D expenses to the revenue reflects the Group's success in its continuous efforts to maintain cost efficiency.

Profit from continuing operations

Profit from continuing operations climbed from approximately RMB163,429,000 for the year ended 31 December 2014 to approximately RMB363,996,000 for the year ended 31 December 2015, representing an increase of approximately 122.72%. The increase was mainly attributable to strong performance generated from the provision of communication application solutions and service.

Finance income and finance costs

Finance income rose from approximately RMB81,487,000 for the year ended 31 December 2014 to approximately RMB116,750,000 for the year ended 31 December 2015, representing a growth of approximately 43.27%. The increase was mainly attributable to the interest income from bank deposits.

Finance costs increased from approximately RMB110,093,000 for the year ended 31 December 2014 to approximately RMB156,551,000 for the year ended 31 December 2015, representing a rise of approximately 42.2%. The rise was mainly attributable to interest associated with increase in interest-bearing borrowings and new convertible bonds issued during the year.

Income tax

Income tax increased from approximately RMB52,937,000 for the year ended 31 December 2014 to approximately RMB92,023,000 for the year ended 31 December 2015, representing an increase of approximately 73.83%. The increase in income tax was mainly due to tax expenses incurred for group reorganization purposes in relation to disposal of Shenzhen Xingfei.

Profit for the year

Profit for the year from continuing and discontinued operation attributable to equity shareholders of the Company increased from approximately RMB207,716,000 for the year ended 31 December 2014 to approximately RMB278,460,000 for the year ended 31 December 2015, representing an increase of approximately 34.06%. Profit for the year from continuing operations of the Company increased from approximately RMB80,002,000 for the year ended 31 December 2014 to approximately RMB228,387,000 for the year ended 31 December 2015, representing an increase of approximately 185.48%. The increase was mainly attributable to strong performance generated from the continuing operation of the Group.

From Discontinued Operation

Profit for the year

Profit for the year from discontinued operation decreased from approximately RMB113,973,000 for the year ended 31 December 2014 to approximately RMB83,837,000 for the year ended 31 December 2015, representing a decrease of approximately 26.44%. The decrease was mainly attributable to the decline in business of mobile terminals.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity, financial resources and capital structure

As at 31 December 2015, the Group had unrestricted cash and cash equivalents (excluded assets of disposal group classified as held for sale) of approximately RMB275,065,000 (as at 31 December 2014: approximately RMB461,783,000), restricted cash (excluded assets of disposal group classified as held for sale) of approximately RMB419,915,000 (as at 31 December 2014: approximately RMB675,692,000), bank deposits with original maturities over three months (excluded assets of disposal group classified as held for sale) of approximately RMB1,093,000,000 (as at 31 December 2014: approximately RMB303,000,000) and borrowings of approximately RMB3,694,522,000 (as at 31 December 2014: approximately RMB2,739,220,000). The gearing ratio (calculated by dividing borrowings by total assets) as at 31 December 2015 was approximately 34.74% (as at 31 December 2014: approximately 27.98%). As at 31 December 2015, the Group had current assets (excluded assets of disposal group classified as hold for sale) of approximately RMB6,572,479,000 (as at 31 December 2014: approximately RMB7,209,073,000) and current liabilities (excluded liabilities of disposal group classified as held for sale) of approximately RMB3,434,453,000 (as at 31 December 2014: approximately RMB6,028,176,000). The current ratio (which is calculated by dividing current assets (excluded assets of disposal group classified as held for sale) by current liabilities (excluded liabilities of disposal group classified as held for sale)) was approximately 1.91 as at 31 December 2015, as compared with the current ratio of approximately 1.20 as at 31 December 2014. The significant increase of the current ratio was mainly attributable to the decrease in current liabilities of disposal group due to the reclassification as held for sale.

The approach of the Board to manage liquidity was 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 RMB. 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 RMB73,763,000 (2014: approximately RMB179,149,000), which was mainly used for the procurement for upgrading plant, machinery and equipment.

Capital commitment

As at 31 December 2015, the Group had a capital commitment amounting to approximately RMB75,253,000 (as at 31 December 2014: approximately RMB43,978,000). The increase was mainly attributable to the procurement for additional machinery and equipment.

Charge on assets

As at 31 December 2015, the assets of the Group with the following carrying amounts were pledged, which included the following:

(i) At 31 December 2015, RMB220,710,000 (at 31 December 2014: RMB250,000,000) of the loans were secured by two pieces of land of the Group with carrying value of approximately RMB136,554,000 (at 31 December 2014: approximately RMB139,781,000);

(ii) At 31 December 2015, approximately RMB10,711,000 (at 31 December 2014: RMB11,036,000) of the loans were secured by the Group's buildings with carrying value of approximately RMB21,457,000 (at 31 December 2014: approximately RMB22,055,000), of which HK$10,108,000 (approximately RMB8,468,000) (at 31 December 2014: HK$10,572,000, approximately RMB8,340,000) of the loans were guaranteed by the Company;

(iii) (1) At 31 December 2015, RMB190,800,000 (at 31 December 2014: nil) of the loans were pledged by bank deposits of the Group with carrying value of approximately RMB194,915,000. The principal is due in 2016 with the interest rate charged at 5.39%; (2) RMB100,000,000 (at 31 December 2014: nil) of the loans were pledged by bank deposits of the Group with carrying value of RMB105,000,000. The principal is due in 2016 with the interest rate charged at 5.00%; and (3) RMB116,000,000 (at 31 December 2014: RMB116,000,000) of the loan were pledged by bank deposits of the Group with carrying amount to RMB120,000,000 (2014: Carrying value of HK$150,000,000 (equivalent to approximately RMB118,906,000)). The principal is due in 2016 with the interest rate charged at 1.62%. (2014: The principal is due in 2015 with the interest rate charged at 5.43%);

(iv) At 31 December 2015, RMB40,000,000 (at 31 December 2014: RMB:4,300,000) of the loans were pledged by bills receivable of the Group.

Contingent liabilities

As at 31 December 2015, the Group had no material contingent liabilities.

HUMAN RESOURCES

As at 31 December 2015, the Group had approximately 3,787 employees (as at 31 December 2014: approximately 4,896 employees). The decrease in the number of employees was mainly due to (i) centralization of the production facilities, (ii) the semi-automation of production lines and (iii) exit from non-core businesses. The Group offers its employees competitive salary package, as well as contribution to defined retirement plan.

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 execution of restructuring and reorganization activities has laid a very solid foundation for the Group to build up its business to the next level. Whilst focusing the Group's business on the areas of telecommunications and technology, the Group anticipates that the following key factors will be the major growth drivers of its future development.

China's economic transformation driving the pursuit of high-end technology-driven products

China's economic development has begun the shift from heavily relying on conventional manufacturing to an emphasis on high-end technology-driven supply side economic reform. The Group has been proactively searching for self-innovating scientific research which can be commercialized as its core competence in its business development. In the core area of telecommunications technology, the Group is targeting optical communications technology which is expected to be the next generation of telecommunications technology beyond radio frequency technology. Towards this direction, the Group has recently identified an opportunity to secure the rights of licensing and development of applications from a patent holder. This potential transaction would open up a golden window of opportunity for the Group to enter the new energy market by offering revolutionary new products for the solar energy industry at a substantially lower price and operating in a more environmentally-friendly way. Should this new business opportunity materialize, based on that patent, the Group can also develop several new products and new applications for its communications solution application business and thereby create a highly robust product roadmap which will increase its competitive advantage in the market.

Popularity of mobile broadband applications in the emergency communications, public safety and urban integrated administration market segments

The Group is riding on the popular trend of mobile broadband applications in the consumer market to promote its solutions in the emergency communications, public safety and urban integrated administration. Introducing customized mobile terminals for its customers to access real-time online operating data or video signal from their internal systems via the convergence of terrestrial broadband network and satellite network substantially enhances the operating efficiency of the Group's customers and would bring about saving of costs, faster response to emergencies, higher data accuracy and enhanced ability to collect more information simultaneously. The Group foresees huge market potential in the provision of end-to-end communications solutions which will increase its market share and generate a stronger revenue stream.

Consolidation of the telecommunications and technology industries gives rise to tremendous investment opportunities

Both the telecommunications and technology industries are fast changing and very dynamic fields. New ideas, new products and new applications are emerging at rapid pace. Since the Group's engagement in these industries, the Group has been encountering opportunities to extend its value chain both upstream and downstream. Throughout the years, the Group has developed a set of guidelines in identifying new opportunities and in structuring an appropriate investment model to manage its risk and generate optimal returns to supplement its organic growth. Whilst the Chinese government is advocating the idea of "new ventures by everybody and new invention by all people", the Group believes there will be tremendous new opportunities arising from the field, especially in the aspect of telecommunications and technology. Armed with the advantage of a listed company's capital capability, the Group can select the best targets which fit its investment strategy to strengthen its entire business portfolio. In view of the favorable factors supporting the Group's future growth, the Group is confident that its talented team will continue to deliver satisfactory results enabling it to develop and become a stronger enterprise in the telecommunications and technology industries.

Share Option Scheme

A share option scheme (the "**Share Option Scheme**") was conditionally approved by resolutions of the shareholders of the Company on 28 August 2009. Eligible participants of the Share Option Scheme include: (i) any employee (whether full time or part time, including any executive director) of the Company, its subsidiaries or invested entity; (ii) any non-executive directors (including independent non-executive directors) of the Company, its subsidiaries or invested entity; (iii) any supplier or customer of the Group or any invested entity; (iv) any person or entity that provides research, development or other technological support to the Group or any invested entity; (v) any shareholder of any member of the Group or any invested entity or any holder of any securities issued by any member of the Group or any invested entity; (vi) any advisor (professional or otherwise) or consultant to any area of business or business development of the Group or any invested entity; (vii) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group; and (viii) any company wholly owned by one or more eligible participants as referred to in (i) to (vii) above. Subject to the earlier termination of the Share Option Scheme in accordance with its rules, the Share Option Scheme shall remain in force for a period of ten years commencing on 28 August 2009.

The maximum number of Shares to be issued upon the exercise of all outstanding options granted and yet to be exercised under the 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 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 Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 121,682,400 Shares, representing 10% of the Shares in issue as at 28 June 2012 (i.e. the date that the 10% general scheme limit of the Share Option Scheme was refreshed by an ordinary resolution passed by the Shareholders at an extraordinary general meeting of the Company) and approximately 6.63% 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.

As at the Latest Practicable Date, 121,450,000 Share options are outstanding.

UNAUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE TARGET GROUP

Set out below are the unaudited consolidated statements of financial position of Hebei Noter Communication Technology Co. Limited (the "**Target Company**") and its subsidiary (the "**Target Group**") as at 31 December 2015, 2016 and 2017 and 30 June 2018 and the unaudited consolidated statements of profit or loss and other comprehensive income and unaudited consolidated statements of changes in equity and unaudited consolidated statements of cash flows of the Target Group for each of the years ended 31 December 2015, 2016 and 2017 and six months ended 30 June 2017 and 2018 and explanatory notes of the Target Group (collectively the "**Unaudited Consolidated Financial Information**"), which have been prepared by the directors of the Company.

The Financial Information has been presented on the basis set out in note 2 of the notes to the Unaudited Consolidated Financial Information and are prepared in accordance with the significant accounting policies adopted by the Company as shown in its annual report for the year ended 31 December 2017, and paragraph 14.68(2)(a)(i) of the Listing Rules. The Unaudited Consolidated Financial Information is prepared by the directors of the Company solely for the purpose of inclusion in this circular in connection with the possible disposal of the entire interests in the Target Company. The reporting accountants of the Company, HLB Hodgson Impey Cheng Limited, were engaged to review the Unaudited Consolidated Financial Information of the Target Group in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* and with reference to Practice Note 750 *Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal* issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the reporting accountants to obtain assurance that the reporting accountants would become aware of all significant matters that might be identified in an audit. Accordingly, the reporting accountants do not express an audit opinion.

Based on the review, nothing has come to the reporting accountants' attention that causes them to believe that the Unaudited Consolidated Financial Information is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Unaudited Consolidated Financial Information.

UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the year ended 31 December			For the six months ended 30 June	
	2015	**2016**	**2017**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	500,194	294,419	171,897	36,205	7,482
Cost of sales	(251,961)	(171,863)	(127,590)	(23,899)	(8,023)
Gross profit/(loss)	248,233	122,556	44,307	12,306	(541)
Other revenue	193	19,536	35,474	—	2,944
Other net gain/(loss)	13,990	(4,593)	3,237	1,555	(38)
Distribution expenses	(4,985)	(4,608)	(3,871)	(1,794)	(1,401)
Administrative expenses	(15,792)	(60,131)	(11,737)	(5,602)	(20,259)
Research and development expenses	(3,675)	(4,073)	(3,849)	(1,883)	(3,671)
Profit/(loss) from operations	237,964	68,687	63,561	4,582	(22,966)
Finance income	42,711	39,140	53,034	25,334	24,108
Finance costs	(34)	—	—	—	—
Profit before taxation	280,641	107,827	116,595	29,916	1,142
Income tax expense	(36,527)	(8,100)	(12,168)	(4,488)	(2,352)
Profit/(loss) and total comprehensive income/(loss) for the year/period	244,114	99,727	104,427	25,428	(1,210)
Profit/(loss) and total comprehensive income/(loss) for the year/period attributable to:					
Owners of the Company	244,114	99,728	104,427	25,428	(1,210)
Non-controlling interests	—	(1)	—	—	—
	244,114	99,727	104,427	25,428	(1,210)

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	31 December			30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	8,885	8,141	23,761	22,067
Deferred tax assets	4,849	—	—	—
	13,734	8,141	23,761	22,067
Current assets				
Inventories	24,273	24,467	12,495	66,599
Trade and other receivables	1,187,165	1,508,934	1,590,746	1,473,430
Prepayments	201,472	81,566	29,500	15,235
Amounts due from fellow subsidiaries	29,052	30,702	28,920	29,281
Bank deposits with original maturities over three months	1,093,000	1,063,000	1,040,000	1,370,000
Cash and cash equivalents	11,718	17,046	65,881	1,144
	2,546,680	2,725,715	2,767,542	2,955,689
Current liabilities				
Trade and other payables	170,162	115,332	62,478	20,841
Amounts due to fellow subsidiaries	760,304	910,688	939,833	1,182,297
Income tax payable	86,529	64,690	41,419	28,255
	1,016,995	1,090,710	1,043,730	1,231,393
Net current assets	1,529,685	1,635,005	1,723,812	1,724,296
Total assets less current liabilities	1,543,419	1,643,146	1,747,573	1,746,363
NET ASSETS	1,543,419	1,643,146	1,747,573	1,746,363

	31 December			30 June
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
CAPITAL AND RESERVES				
Share capital	162,658	162,658	162,658	162,658
Reserves	1,378,764	1,478,492	1,582,919	1,581,709
Equity attributable to owners of the Company	1,541,422	1,641,150	1,745,577	1,744,367
Non-controlling interests	1,997	1,996	1,996	1,996
TOTAL EQUITY	1,543,419	1,643,146	1,747,573	1,746,363

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Statutory reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2015	162,658	81,329	1,053,321	1,297,308	1,997	1,299,305
Profit and total comprehensive income for the year	—	—	244,114	244,114	—	244,114
Balance at 31 December 2015 and 1 January 2016	162,658	81,329	1,297,435	1,541,422	1,997	1,543,419
Profit/(loss) and total comprehensive income/(loss) for the year	—	—	99,728	99,728	(1)	99,727
Balance at 31 December 2016 and 1 January 2017	162,658	81,329	1,397,163	1,641,150	1,996	1,643,146
Profit and total comprehensive income for the year	—	—	104,427	104,427	—	104,427
Balance at 31 December 2017 and 1 January 2018	162,658	81,329	1,501,590	1,745,577	1,996	1,747,573
Loss and total comprehensive loss for the period	—	—	(1,210)	(1,210)	—	(1,210)
Balance at 30 June 2018	162,658	81,329	1,500,380	1,744,367	1,996	1,746,363
Balance at 1 January 2017	162,658	81,329	1,397,163	1,641,150	1,996	1,643,146
Profit and total comprehensive income for the period	—	—	25,428	25,428	—	25,428
Balance at 30 June 2017	162,658	81,329	1,422,591	1,666,578	1,996	1,668,574

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the year ended 31 December			For the six months ended 30 June	
	2015	**2016**	**2017**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cash flows from operating activities					
Profit before taxation	280,641	107,827	116,595	29,916	1,142
Adjustments for:					
Depreciation of property, plant and equipment	939	820	560	297	1,700
Impairment loss recognised in respect of trade receivables	425	41,479	—	—	14,540
Reversal of impairment loss recognised in respect of trade receivables	(32,269)	—	(47,600)	—	—
Interest income from bank deposits	(25,553)	(24,102)	(20,009)	(11,578)	(11,633)
Interest income from structured deposits and other receivables	(17,158)	(15,038)	(33,025)	(13,755)	(12,474)
Loss on disposal of property, plant and equipment	—	11	3	—	—
Operating cash flows before movements in working capital	207,025	110,997	16,524	4,880	(6,725)
(Increase)/decrease in inventories	(7,508)	(194)	11,972	(86,215)	(54,104)
Decrease/(increase) in trade and other receivables	73,350	(200,988)	201,798	164,105	102,680
(Increase)/decrease in prepayments	(201,302)	119,906	52,066	67,263	14,265
Decrease/(increase) in amounts due from fellow subsidiaries	226,073	(1,650)	1,782	(9,732)	(361)
Increase/(decrease) in trade and other payables	5,496	(54,830)	(52,854)	(11,021)	(41,637)
Increase in amounts due to fellow subsidiaries	309,613	150,384	29,145	34,048	242,464
Cash generated from operations	612,747	123,625	260,433	163,328	256,582
Tax paid:					
– PRC Enterprise Income Tax paid	(23,904)	(25,090)	(35,439)	(22,622)	(15,516)
Net cash generated from operating activities	588,843	98,535	224,994	140,706	241,066

	For the year ended 31 December			For the six months ended 30 June	
	2015	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cash flows from investing activities					
Purchase of property, plant and equipment	(843)	(87)	(16,183)	(8)	(6)
Withdrawl/(addition) of structured deposits, net	60,000	(170,000)	(230,000)	(230,000)	(3,000)
(Addition)/withdrawal of bank deposits with original maturities over three months, net	(790,000)	30,000	23,000	80,000	(330,000)
Interest received from structured deposits and other receivables	16,997	18,413	26,151	9,265	17,210
Interest received from bank deposits	14,841	28,467	20,873	15,197	9,993
Net cash used in investing activities	(699,005)	(93,207)	(176,159)	(125,546)	(305,803)
Net (decrease)/increase in cash and cash equivalents	(110,162)	5,328	48,835	15,160	(64,737)
Cash and cash equivalents at the beginning of the reporting period	121,880	11,718	17,046	17,046	65,881
Cash and cash equivalents at the end of the reporting period	11,718	17,046	65,881	32,206	1,144

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE TARGET GROUP

1. GENERAL INFORMATION

The Target Company is a limited liability company incorporated in the People's Republic of China (the "**PRC**"). The Target Group principally engaged in development and provision of communication equipment, application services system operating management, application upgrade and system maintenance.

On 3 June 2018 and 8 June 2018, China All Access Group Limited, a wholly-owned subsidiary of the Company, and China RS Group Limited, an independent third party, entered into the Disposal Agreement and Disposal Supplemental Agreement, respectively, for the disposal of the entire equity interest in the Target Company at the consideration of RMB1,750,000,000 (the "**Disposal**"). Upon completion of the Disposal, the Target Group will cease to be subsidiaries of the Company.

2. BASIS OF PREPARATION

The Unaudited Consolidated Financial Information of the Target Group has been prepared solely for the purpose of inclusion in the circular to be issued by the Company in connection with the Disposal in accordance with Rule 14.68(2)(a)(i) of the Listing Rules and in accordance with the significant accounting policies adopted by the Company as set out in its annual report for the year ended 31 December 2017, which conform with Hong Kong Financial Reporting Standards issued by the HKICPA.

The Unaudited Consolidated Financial Information of the Target Group has been prepared under the historical cost convention. The Unaudited Consolidated Financial Information of the Target Group is presented in Renminbi (RMB) and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

The Unaudited Consolidated Financial Information of the Target Group does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 (Revised) *Presentation of Financial Statements* issued by the HKICPA nor an interim financial report as defined in Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the HKICPA, and that it should be read in connection with the relevant published annual financial statements of the Company.

Introduction

The following is a summary of an illustrative and unaudited pro forma consolidated statement of financial position, the unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of China All Access (Holdings) Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") (the "**Unaudited Pro Forma Financial Information**"), which have been prepared on the basis of the notes set out below for the purpose of illustrating the effects of the possible disposal of the entire equity interests in Hebei Noter Communication Technology Co., Limited (the "**Target Company**") and its subsidiary (collectively referred to as the "**Target Group**") (the "**Disposal**") on the financial position of the Group as if the Disposal had been completed on 30 June 2018, and the effects of the Disposal on the financial performance and cash flows of the Group as if the Disposal had taken place on 1 January 2017. The Group immediately after the completion of the Disposal is referred to as the "**Remaining Group**".

The Unaudited Pro Forma Financial Information of the Remaining Group has been prepared by the directors of the Company in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") for illustrative purposes only, based on their judgments, estimations and assumptions, and because of its hypothetical nature, it may not give a true picture of the financial position, the financial performance and cash flows of the Remaining Group had the Disposal had been completed as at 30 June 2018 or taken place on 1 January 2017, where applicable, or any future dates.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2018 which extracted from the published interim report for the six months ended 30 June 2018, the audited consolidated statement of profit or loss, the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2017 which extracted from the published annual report for the year ended 31 December 2017, after giving effect to the pro forma adjustments relating to the Disposal as described in the accompanying notes. Narrative description of the pro forma adjustments that are (i) directly attributable to the transactions and not relating to future events or decisions; and (ii) factually supported, is summarised in the accompanying notes.

The Unaudited Pro Forma Financial Information should be read in conjunction with the financial information of the Group as set out in Appendix I to this circular, the published annual report of the Company for the year ended 31 December 2017, the published interim report of the Company for the six months ended 30 June 2018, the financial information of the Target Group as set out in Appendix II to this circular, the Company's announcement dated 8 June 2018 and other financial information included elsewhere in this circular. The Unaudited Pro Forma Financial Information does not take into account any trading or other transactions subsequent to the dates of the respective financial statements of the companies comprising the Remaining Group.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE REMAINING GROUP

	Unaudited condensed consolidated statement of financial position of the Group as at 30 June 2018	Unaudited pro forma adjustmsnts		Unaudited pro forma consolidated statement of financial position of the Remaining Group as at 30 June 2018
	RMB'000	*RMB'000*	*Notes*	*RMB'000*
	(Note 1)			
Non-current assets				
Property, plant and equipment	203,142	(22,067)	6	181,075
Intangible assets	363,654			363,654
Goodwill	93,892			93,892
Other receivables	—	683,020	7	683,020
Investment property	30,267			30,267
Prepayments	148,495			148,495
	839,450			1,500,403
Current assets				
Inventories	231,707	(66,599)	6	
		1,459	4	166,567
Trade and other receivables	2,511,062	(1,473,430)	6	
		1,153,016	5	
		810,330	7	3,000,978
Prepayments	1,067,076	(15,235)	6	
		13,333	4	1,065,174
Financial asset at fair value through profit or loss	—	1,789	7	1,789
Amounts due from fellow subsidiaries	—	(29,281)	6	
		29,281	5	—
Discounted bills receivable	115,657			115,657
Bills receivable	46,637			46,637
Restricted cash	120,079			120,079
Bank deposits with original maturities over three months	1,370,000	(1,370,000)	6	—
Cash and cash equivalents	58,893	(1,144)	6	57,749
	5,521,111			4,574,630

	Unaudited condensed consolidated statement of financial position of the Group as at 30 June 2018	Unaudited pro forma adjustmsnts		Unaudited pro forma consolidated statement of financial position of the Remaining Group as at 30 June 2018
	RMB'000	*RMB'000*	*Notes*	*RMB'000*
	(Note 1)			
Current liabilities				
Trade and other payables	799,790	(20,841)	6	
		4,215	3	783,164
Amounts due to fellow subsidiaries	—	(1,182,297)	6	
		1,182,297	5	—
Deferred income	6,836			6,836
Borrowings	549,890			549,890
Convertible bonds	708,189			708,189
Bank advances on discounted bill receivable	115,657			115,657
Income tax payable	61,996	158,734	3	
		(28,255)	6	192,475
	2,242,358			2,356,211
Net current assets	3,278,753			2,218,419
Total assets less current liabilities	4,118,203			3,718,822
Non-current liabilities				
Borrowings	157,550			157,550
Deferred income	5,597			5,597
Deferred tax liabilities	7,023			7,023
	170,170			170,170
NET ASSETS	3,948,033			3,548,652
CAPITAL AND RESERVES				
Share Capital	16,206			16,206
Reserves	3,931,827	(162,949)	3	
		14,792	4	
		(251,224)	7	3,532,446
Total equity attributable to owners of the Company	3,948,033			3,548,652

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS OF THE REMAINING GROUP

	Audited consolidated statement of profit or loss of the Group for the year ended 31 December 2017	Unaudited pro forma adjustmsnts		Unaudited pro forma consolidated statement of profit or loss of the Remaining Group for the year ended 31 December 2017
	RMB'000	*RMB'000*	*Notes*	*RMB'000*
	(Note 2)			
Continuing operations				
Revenue	2,688,395	(171,897)	8	2,516,498
Cost of sales	(2,224,192)	127,590	8	(2,096,602)
Gross profit	464,203			419,896
Other revenue	118,180	(35,474)	8	
		541	4	83,247
Other net gain/(loss)	12,675	(3,237)	8	
		(186)	11	9,252
Distribution costs	(12,775)	3,871	8	(8,904)
Administrative expenses	(208,848)	11,737	8	
		(4,215)	3	
		(541)	4	201,867)
Research and development expenses	(13,105)	3,849	8	(9,256)
Profit from continuing operations	360,330			292,368
Finance income	82,098	(53,034)	8	
		28,590	10	57,654
Finance costs	(194,511)			(194,511)
Gain/(loss) on disposal of subsidiaries	6,971	(268,239)	9	(261,268)
Share of results of associates	1,809			1,809
Profit/(loss) before taxation	256,697			(262,682)
Income tax expense	(24,490)	(158,734)	3	
		12,168	8	(171,056)
Profit/(loss) for the year	232,207			(275,004)
Profit/(loss) for the year attributable to:				
Owners of the Company	228,781			(278,430)
Non-controlling interests	3,426			3,426
	232,207			(275,004)

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE REMAINING GROUP

	Audited consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 December 2017	Unaudited pro forma adjustmsnts		Unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Remaining Group for the year ended 31 December 2017
	RMB'000	*RMB'000*	*Notes*	*RMB'000*
	(Note 2)			
Profit/(loss) for the year	232,207	(162,949)	3	
		(104,427)	8	
		(268,239)	9	
		28,590	10	
		(186)	11	(275,004)
Other comprehensive loss for the year (after tax and reclassification adjustments):				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of financial statements	(30,971)			(30,971)
Other comprehensive loss for the year	(30,971)			(30,971)
Total comprehensive income/(loss) for the year	201,236			(305,975)
Total comprehensive income/(loss) for the year attributable to:				
Owners of the Company	197,046			(310,165)
Non-controlling interests	4,190			4,190
	201,236			(305,975)

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE REMAINING GROUP

	Audited consolidated statement of cash flows of the Group for the year ended 31 December 2017	Unaudited pro forma adjustmsnts		Unaudited pro forma consolidated statement of cash flows of the Remaining Group for the year ended 31 December 2017
	RMB'000	*RMB'000*	*Notes*	*RMB'000*
	(Note 2)			
Cash flows from operating activities				
Profit/(loss) before taxation	256,697	(116,595)	8	
		(268,239)	9	
		(162,949)	3	
		(186)	11	
		28,590	10	(262,682)
Adjustments for:				
Exchange (gain)/loss, net	(2,031)			(2,031)
Depreciation of property, plant and equipment	16,326	(560)	8	15,766
Amortisation of intangible assets	50,254			50,254
Amortisation of prepaid land lease	957			957
Impairment loss recognised in respect of trade receivables	8,736			8,736
Reversal of impairment loss recognised in respect of trade receivables	(91,879)	47,600	8	(44,279)
Write-down of obsolete inventories	7,995			7,995
Interest income from entrusted loans	(25,835)			(25,835)
Interest income from bank deposits	(23,238)	20,009	8	(3,229)
Interest income from structured deposits and other receivables	(33,025)	33,025	8	
		(28,590)	10	(28,590)
Loss on disposal of property, plant and equipment	1,169	(3)	8	1,166
Finance costs	194,511			194,511
Waiver of loan interest payables	(3,911)			(3,911)
(Gain)/loss on disposal of subsidiaries	(6,971)	268,239	9	261,268
Gain on remeasurement of pre-existing interest in an associate to acquisition date fair value	(8,391)			(8,391)
Share of results of associates	(1,809)			(1,809)
Government subsidy	(17,802)			(17,802)
Gain on fair value change of investment property	(4,585)			(4,585)
Share-based payment expenses	11,540			11,540
Loss on fair value change in financial asset at fair value through profit or loss	—	186	11	186
Operating cash flows before movements in working capital	328,708			149,235

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE REMAINING GROUP

	Audited consolidated statement of cash flows of the Group for the year ended 31 December 2017	Unaudited pro forma adjustmsnts		Unaudited pro forma consolidated statement of cash flows of the Remaining Group for the year ended 31 December 2017
	RMB'000	*RMB'000*	*Notes*	*RMB'000*
	(Note 2)			
Decrease in inventories	348,652	(11,972)	8	336,680
Increase in trade and other receivables	(355,263)	(201,798)	8	
		(525,000)	12	
		(1,782)	5	(1,083,843)
Decrease in prepayments	110,264	(52,066)	8	58,198
Decrease in amounts due from fellow subsidiaries	—	(1,782)	8	
		1,782	5	—
Decrease in loans receivable	953,106			953,106
Decrease in bills receivable	58,216			58,216
Decrease in restricted cash	180,709			180,709
Decrease in trade and other payables	(512,811)	52,854	8	
		(29,145)	5	
		4,215	3	(484,887)
Decrease in amounts due to fellow subsidiaries	—	(29,145)	8	
		29,145	5	—
Cash generated from operations	1,111,581			484,882
Tax paid:				
- Hong Kong Profits Tax paid	(5,514)			(5,514)
- PRC Enterprise Income Tax (paid)/credit	(178,280)	158,734	3	
		35,439	8	(15,893)
Net cash generated from operating activities	927,787			177,793

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE REMAINING GROUP

	Audited consolidated statement of cash flows of the Group for the year ended 31 December 2017	Unaudited pro forma adjustmsnts		Unaudited pro forma consolidated statement of cash flows of the Remaining Group for the year ended 31 December 2017
	RMB'000	*RMB'000*	*Notes*	*RMB'000*
	(Note 2)			
Cash flows from investing activities				
Purchase of property, plant and equipment	(34,038)	16,183	8	(17,855)
Proceeds from disposal of property, plant and equipment	1,686			1,686
Net cash inflow/(outflow) from disposal of subsidiaries	10,998	(17,046)	9	(6,048)
Net cash inflow from acquisition of subsidiaries	55,216			55,216
Addition to structured deposits, net	(235,000)	230,000	8	(5,000)
Advance to entrusted loans	(280,000)			(280,000)
Repayment from entrusted loans	200,000			200,000
Withdrawal of bank deposits with original maturities over three months, net	24,387	(23,000)	8	1,387
Investment in available-for-sale financial assets	(10,000)			(10,000)
Interest received from bank deposits	32,715	(20,873)	8	11,842
Interest received from structured deposits	17,538	(17,538)	8	—
Interest received from entrusted loans and other receivables	25,987	(8,613)	8	17,374
Proceeds from other receivables in relation to the Disposal	—	525,000	12	525,000
Net cash (used in)/generated from investing activities	(190,511)			493,602

	Audited consolidated statement of cash flows of the Group for the year ended 31 December 2017	Unaudited pro forma adjustmsnts		Unaudited pro forma consolidated statement of cash flows of the Remaining Group for the year ended 31 December 2017
	RMB'000	*RMB'000*	*Notes*	*RMB'000*
	(Note 2)			
Cash flows from financing activities				
Proceeds from borrowings	280,178			280,178
Repayment of borrowings	(679,649)			(679,649)
Interest paid	(105,193)			(105,193)
Acquisition of additional interests in subsidiaries	(49,347)			(49,347)
Dividends paid to owners of the Company	(42,219)			(42,219)
Net cash used in financing activities	(596,230)			(596,230)
Net increase in cash and cash equivalents	141,046			75,165
Cash and cash equivalents at the beginning of the reporting period	48,573			48,573
Effect of foreign exchange rate changes	14,801			14,801
Cash and cash equivalents at the end of the reporting period	204,420			138,539

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

1. The amounts are extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2018 as set out in the Company's published interim report for the six months ended 30 June 2018.

2. The amounts are extracted from the audited consolidated statement of profit or loss, the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2017 as set out in the published annual report of the Company for the year ended 31 December 2017.

3. The adjustment represents the transaction cost for professional expenses for the Disposal of approximately RMB4,215,000 and relevant tax effect on the Disposal of approximately RMB158,734,000.

4. The adjustment represents the recognition of inter-company transaction entered into between the Remaining Group and the Target Group as if the Disposal had completed on 30 June 2018 or taken place on 1 January 2017. The adjustment is not expected to have a continuing effect on the Group.

5. The adjustment represent the reclassification of inter-company balances between the Remaining Group and the Disposal Group as at 30 June 2018 as if the Disposal had been completed on 30 June 2018.

6. The adjustment represents the exclusion of the assets and liabilities of the Disposal Group for the period ended 30 June 2018, as if the Disposal had been completed on 30 June 2018. The assets and liabilities of the Disposal Group as set out in Appendix II to this Circular.

7. On 3 June 2018, China All Access Group Limited (the "**Vendor**"), a wholly-owned subsidiary of the Company, and China RS Group Limited (the " **Purchaser**"), an independent third party, entered into a disposal agreement (the "**Disposal Agreement**") pursuant to which the Vendor has conditionally agreed to dispose and the Purchaser has conditionally agreed to acquire the entire issued share capital of the Target Company at total consideration of RMB1,750,000,000 (the "**Consideration**"). The Consideration shall be satisfied by six instalment as follow: (i) RMB175,000,000, being 10% of the Consideration, shall be payable within 60 business days after date of the Disposal Agreement; (ii) RMB350,000,000, being 20% of the Consideration, shall be payable within six months after date of the Disposal Agreement; (iii) RMB350,000,000, being 20% of the Consideration, shall be payable within 12 months after date of the Disposal Agreement; (iv) RMB350,000,000, being 20% of the Consideration, shall be payable within 18 months after date of the Disposal Agreement; (v) RMB350,000,000, being 20% of the Consideration, shall be payable within 24 months after date of the Disposal Agreement; and (vi) RMB175,000,000, being 10% of the Consideration, shall be payable within 30 months after date of the Disposal Agreement. The Consideration will be recognised as other receivables in the consolidated statement of financial position at the date of the completion of the Disposal.

Pursuant to the Disposal Agreement, the Purchaser will create a share charge on the entire equity of the Target Company (the “**Sale Interest**”) in favor of the Vendor, and should, among others, the Purchaser defaults its payment of the Consideration pursuant to the Disposal Agreement, (i) the Vendor shall be entitled to enforce the charge on the Sale Interest and take possession of the Target Company; (ii) 10% of the Consideration then paid by the Purchaser to the Vendor shall be forfeited, or (if not paid by the Purchaser) payable by the Purchaser to the Vendor as penalty payment; and (iii) all remaining payments of the Consideration then received by the Vendor from the Purchaser shall be returned to the Purchaser.

Upon completion of the Disposal, the Group will recognise the 10% remaining interest in Hebei Haoguang Communication Technology Limited (“**Hebei Haoguang**”), which was held by Tianjin Hailangtong Technology Co., Limited (“**Tianjin Hailangtong**”), a wholly-owned subsidiary of the Company, as financial asset at fair value through profit or loss.

An analysis of the Consideration is set out as below as if the Disposal had been completed on 30 June 2018:

	RMB’000
Other receivables repayable within 1 year	810,330
Other receivables repayable over 1 year	683,020
	1,493,350

The fair values of the Consideration have been arrived on the basis of valuation carried out by Peak Vision Appraisals Limited (“**Peak Vision**”), an independent qualified professional valuer who is led by Mr. Nick C. L. Kung as if the Disposal had been completed on 30 June 2018. Mr. Kung is an RICS Registered Valuer, a Member of the Royal Institution of Chartered Surveyors and a Member of the Hong Kong Institute of Surveyors. He has extensive experience in valuing tangible assets, including property, plant and machinery, and has over 20 years of experience in valuation in Hong Kong, Mainland China and Asia-Pacific countries and territories.

For the purpose of the Unaudited Pro Forma Financial Information, the assumed fair value of the Consideration is estimated to be approximately RMB1,493,350,000 which has been arrived by using the discounting the estimated contractual cash flows at effective interest rate of approximately 15% per annum. On the date of completion of the Disposal, the fair value of the Consideration will be reassessed and is therefore subject to change.

The fair value of 10% remaining interest in Hebei Haoguang have been arrived on the basis of valuation carried out by Peak Vision, an independent qualified professional valuer as if the Disposal had been completed on 30 June 2018.

For the purpose of the Unaudited Pro Forma Financial Information, the assumed fair value of 10% remaining interest in Hebei Haoguang is estimated to be approximately RMB1,789,000 which has been arrived by applying a discount for lack of marketability ("**DLOM**") of 10.4%. DLOM was estimated by applying an option pricing model, which is one of the most commonly adopted approaches in estimating DLOM whereby DLOM can be estimated by a put option since the holder can purchase an at-the-money put option of similar stock to hedge the current value of the underlying stock. On the date of completion of the Disposal, the fair value of Hebei Haoguang will be reassessed and is therefore subject to change.

	RMB'000
Fair value of the Consideration	1,493,350
Fair value of investment retained	1,789
Less: Net assets of the Disposal Group	(1,746,363)
Loss on the Disposal as at 30 June 2018	(251,224)

The actual amount of loss on the Disposal may be different from the amount described above and would be subject to the carrying amount of the net assets of the Target Group on the date of completion of the Disposal.

8. The adjustment represents the exclusion of the results and cash flows of the Disposal Group for the year ended 31 December 2017, assuming the Disposal had taken place on 1 January 2017 as set out in Appendix II to this Circular.

9. On 3 June 2018, the Vendor, a wholly-owned subsidiary of the Company, and the Purchaser, an independent third party, entered into a Disposal Agreement pursuant to which the Vendor has conditionally agreed to dispose and the Purchaser has conditionally agreed to acquire the entire issued share capital of the Target Company at total consideration of RMB1,750,000,000. The Consideration shall be satisfied by six instalment as follow: (i) RMB175,000,000, being 10% of the Consideration, shall be payable within 60 business days after date of the Disposal Agreement; (ii) RMB350,000,000, being 20% of the Consideration, shall be payable within six months after date of the Disposal Agreement; (iii) RMB350,000,000, being 20% of the Consideration, shall be payable within 12 months after date of the Disposal Agreement; (iv) RMB350,000,000, being 20% of the Consideration, shall be payable within 18 months after date of the Disposal Agreement; (v) RMB350,000,000, being 20% of the Consideration, shall be payable within 24 months after date of the Disposal Agreement; and (vi) RMB175,000,000, being 10% of the Consideration, shall be payable within 30 months after date of the Disposal Agreement. The Consideration will be recognised as other receivables in the statement of financial position at the date of the completion of the Disposal.

   Pursuant to the Disposal Agreement, the Purchaser will create the Sale Interest in favor of the Vendor, and should, among others, the Purchaser defaults its payment of the Consideration pursuant to the Disposal Agreement, (i) the Vendor shall be entitled to enforce the charge on the Sale Interest and take possession of the Target Company; (ii) 10% of the Consideration then paid by the Purchaser to the Vendor shall be forfeited, or (if not paid by the Purchaser) payable by the Purchaser to the Vendor as penalty payment; and (iii) all remaining payments of the Consideration then received by the Vendor from the Purchaser shall be returned to the Purchaser.

Upon completion of the Disposal, the Group will recognise the 10% remaining interest in Hebei Haoguang, which was held by Tianjin Hailangtong, a wholly-owned subsidiary of the Company, as financial asset at fair value through profit or loss.

An analysis of the Consideration is set out as below as if the Disposal had been taken place on 1 January 2017:

	RMB'000
Other receivables repayable within 1 year	1,087,050
Other receivables repayable over 1 year	390,580
	1,477,630

The fair values of the Consideration have been arrived on the basis of valuation carried out by Peak Vision, an independent qualified professional valuer as if the Disposal had been taken place on 1 January 2017.

For the purpose of the Unaudited Pro Forma Financial Information, the assumed fair value of the Consideration is estimated to be approximately RMB1,477,630,000 which has been arrived by using the discounting the estimated contractual cash flows at effective interest rate of approximately 15% per annum. On the date of completion of the Disposal, the fair value of the Consideration will be reassessed and is therefore subject to change.

The fair value of 10% remaining interest in Hebei Haoguang have been arrived on the basis of valuation carried out by Peak Vision, an independent qualified professional valuer as if the Disposal had been taken place on 1 January 2017.

For the purpose of the Unaudited Pro Forma Financial Information, the assumed fair value of 10% remaining interest in Hebei Haoguang is estimated to be approximately RMB1,704,000 which has been arrived by applying DLOM of 14.7%. On the date of completion of the Disposal, the fair value of Hebei Haoguang will be reassessed and is therefore subject to change.

	RMB'000
Fair value of the Consideration	1,477,630
Fair value of investment retained	1,704
Less: Net assets of the Disposal Group	(1,747,573)
Loss on the Disposal on 1 January 2017	(268,239)

The actual amount of loss on the Disposal may be different from the amount described above and would be subject to the carrying amount of the net assets of the Target Group on the date of completion of the Disposal.

10. The adjustment represents the imputed interest income on the Consideration with the amount of approximately RMB28,590,000 will be recognised as finance income during the year ended 31 December 2017. This adjustment has a continuing effect on the Group.

11. The adjustment represents the fair value change of 10% remaining interest in Hebei Haoguang with the amount of approximately RMB106,000 during the year ended 31 December 2017. This adjustment has a continuing effect on the Group.

    The fair value of 10% remaining interest in Hebei Haoguang have been arrived on the basis of valuation carried out by Peak Vision, an independent qualified professional valuer on 31 December 2017.

    For the purpose of the Unaudited Pro Forma Financial Information, the assumed fair value of 10% remaining interest in Hebei Haoguang as at 31 December 2017 is estimated to be approximately RMB1,810,000 which has been arrived by applying DLOM of 9.3%. On the date of completion of the Disposal, the fair value of Hebei Haoguang will be reassessed and is therefore subject to change. The differences in DLOM for the remaining interest in Hebei Haoguang as at 1 January 2017, 31 December 2017 and 30 June 2018 were mainly due to the fluctuations of the volatilities of the same market comparables used on the three respective valuation dates.

    The effect on fluctuation in volatility is illustrated below:

	Date of valuation		
	1 January 2017	**31 December 2017**	**30 June 2018**
DLOMs			
Volatility +10%	17.02%	11.63%	12.70%
Volatility -10%	12.33%	7.07%	8.10%

    The volatility of DLOM is negatively correlated to the fair value of remaining interest of Hebei Haoguang and loss on the Disposal.

12. The adjustment represents the cash inflow of RMB525,000,000, being the 1st and 2nd instalment arising from the Disposal, assuming the Disposal had taken place on 1 January 2017.

13. On 22 May 2018, the Group had entered into an Acquisition Agreement for the acquisition of 83.33% of the entire interest of a new energy company. This subsequent event has not reflected in the Unaudited Pro Forma Financial Information of the Remaining Group.

14. On 9 August 2018, the Company and a holder of convertible bond had verbally agreed to redeem the convertible bond by way of issue of a promissory note payable in December 2018. This subsequent event has not reflected in the Unaudited Pro Forma Financial Information of the Remaining Group.

15. No adjustment has been made to reflect any trading results or other transaction of the Group entered into subsequent to 30 June 2018 or 31 December 2017.

The following is the text of a report received from the reporting accountants of the Company, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong, in respect of the Group's unaudited pro forma financial information for the purpose of incorporation in this Circular.

國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31st Floor
Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

15 November 2018

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

TO THE BOARD OF DIRECTORS OF CHINA ALL ACCESS (HOLDINGS) LIMITED

We have completed our assurance engagement to report on the compilation of pro forma financial information of China All Access (Holdings) Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") by the directors for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 June 2018, the unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flow for the year ended 31 December 2017, and related notes (the "**Unaudited Pro Forma Financial Information**") are set out in Appendix III of the circular issued by the Company (the "**Circular**") in connection with the possible disposal of the entire equity interest in Hebei Noter Communication Technology Co., Limited (the "**Target Company**") and its subsidiary (the "**Disposal**"). The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described in Appendix III of the Circular.

The Unaudited Pro Forma Financial Information has been complied by the directors to illustrate the impact of the Disposal on the Group's financial position as at 30 June 2018 and the Group's financial performance and cash flows for the year ended 31 December 2017 as if the Disposal had taken place as at 30 June 2018 and 1 January 2017 respectively. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the directors from the Group's financial positions as at 30 June 2018 and the Group's financial performance and cash flows for the year ended 31 December 2017, on which interim report and annual report have been published, respectively.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements,* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in this circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions as at 30 June 2018 or 1 January 2017 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
HLB Hodgson Impey Cheng Limited
Certified Public Accountants
Yu Chi Fat
Practising Certificate Number: P05467
Hong Kong
15 November 2018

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (a) which were required to be 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 which they were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") to be notified to the Company and the Stock Exchange, were as follows:

Name of Director	Company/ name of associated corporation	Nature of interest	Number of shares interested *(Note 1)*	Percentage of relevant class of issued share capital of the Company / associated corporation *(Note 2)*
Mr. Chan Yuen Ming	The Company	Interest of a controlled corporation *(Note 3)*	614,175,546 ordinary Shares (L)	32.62%
		Beneficial owner	1,000,000 ordinary Shares (L)	0.06%

Name of Director	Company/ name of associated corporation	Nature of interest	Number of shares interested *(Note 1)*	Percentage of relevant class of issued share capital of the Company / associated corporation *(Note 2)*
Mr. Shao Kwok Keung	The Company	Beneficial owner *(Note 4 and 5)*	24,800,000 ordinary Shares (L)	1.32%

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. On the basis of 1,882,669,216 Shares in issue as at the Latest Practicable Date.

3. 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.

4. On 10 June 2015, a total of 9,000,000 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 the Latest Practicable Date, all these share options remained outstanding.

5. 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 the Latest Practicable Date, all these share options remained outstanding.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Since 31 December 2017 (being the date to which the latest published audited consolidated financial statements of the Group are made up) and up to the Latest Practicable Date, none of the Directors or proposed directors of the Company (if any) had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

None of the Directors or proposed directors of the Company (if any) was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date and which is significant in relation to the business of the Group taken as a whole.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at the Latest Practicable Date, so far as is known to any Directors or chief executive of the Company, the persons (other than a Director or chief executive of the Company); (a) who had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or (b) who were, directly or indirectly, interested in 10% or more in the shares of the Company carrying rights to vote in all circumstances at the general meetings of the Company or any other members of the Group, were as follows:

Name of shareholder	**Capacity / Nature of interest**	**Capital / number of shares/ underlying shares held** *(Note 1)*	**Approximate percentage of shareholding** *(Note 2)*
Creative Sector Limited	Beneficial owner	614,175,546 ordinary Shares (L)	32.62%
Li Hiu Yeung	Beneficial owner *(Note 2)*	184,056,000 ordinary Shares (L)	9.78%
Light Group Field Sci-Tech Limited	Beneficial owner *(Note 2)*	148,000,000 ordinary Shares (L)	7.86%
Tianan Property Insurance Co., Ltd.	Beneficial owner *(Note 3)*	117,000,000 ordinary Shares (L)	6.21%

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 Latest Practicable Date, 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 2017, 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 1,882,669,216 Shares in issue as at the Latest Practicable Date.

Save as disclosed herein, so far as is known to any Director or chief executive of the Company, there was no other person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the shares of the Company carrying rights to vote in all circumstances at the general meetings of the Company or any other member of the Group.

4. SERVICE AGREEMENTS

As at the Latest Practicable Date, none of the Directors had a service contract with any member of the Group which was not determinable by the Company or the relevant member of the Group within one year without payment of compensation other than statutory compensation.

5. MATERIAL LITIGATIONS

As at the Latest Practicable Date, there was no litigation or claims of material importance pending or threatened against the Group as at the Latest Practicable Date

6. QUALIFICATION AND CONSENT OF EXPERT

The following are the qualifications of the experts who have given opinion or, advice contained in this circular:

Name	Qualification
HLB Hodgson Impey Cheng Limited ("HLB")	Reporting Accountant
Peak Vision Appraisal Limited ("Peak Vision")	Professional Valuer

Each of HLB and Peak Vision has given and has not withdrawn its written consent to the issue of this circular with the reference to its name and its letter in the form and context in which it appears.

As at the Latest Practicable Date, HLB and Peak Vision had no shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group.

Each of HLB and Peak Vision does not have any interest, direct or indirect, in any assets which since 31 December 2017, being the date to which the latest published audited financial statements of the Group were made up, have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

7. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by the members of the Group within two years immediately preceding the date of this circular, and are or may be material:

(a) the sale and purchase agreement dated 22 May 2018 entered into between Ganzhou Zhongyuan Huaxun Network Technology Co., Ltd.* (贛州中遠華訊網絡技術有限公司) as vendor and Shenzhen Lead Innovative Energy Co., Limited as purchaser in relation to the acquisition of 83.33% of the entire equity interest in Qinghai Juguang High New Technology Group Co., Ltd.* (青海聚光高新科技集團有限公司) at the consideration of up to RMB800,000,000 ("**Proposed Acquisition**"); and

(b) the note purchase agreement dated 30 December 2016 entered into among the Company as issuer, Mr. Chan Yuen Ming and Chance Talent Management Limited in relation to the subscription of HK$160,000,000 guaranteed notes due 2017 by Chance Talent Management Limited.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the head office and principal place of business of the Company in Hong Kong at Room 1506-08, 15/F, Greenfield Tower, Concordia Plaza, 1 Science Museum Road, Tsim Sha Tsui, Kowloon, Hong Kong during normal business hours from 9:30 a.m. to 5:00 p.m. on any Business Day from the date of this circular up to and including the date of the EGM:

(a) the memorandum and articles of association of the Company;

(b) the consolidated audited accounts of the Company for each of the two financial years ended 31 December 2017;

(c) the Disposal Agreement;

(d) the Disposal Supplemental Agreement;

(e) the letter from the Board, the text of which is set out on pages 4 to 13 to this circular;

(f) the material contracts referred to under the paragraph headed "7. Material Contracts" in this appendix; and

(g) the consent letters referred to in the paragraph headed "6. Qualification and Consent of Experts" in this appendix.

9. MISCELLANEOUS

(a) The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KYI-1111, Cayman Islands.

(b) The head office and principal place of business of the Company in Hong Kong is at Room 1506-08, 15/F, Greenfield Tower, Concordia Plaza, 1 Science Museum Road, Tsim Sha Tsui, Kowloon, Hong Kong.

(c) The Company's branch share registrar and transfer office in Hong Kong is Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.

(d) The company secretary is Mr. Au Ki Lun. Mr. Au is a member of the American Institute of Certified Public Accountants and is a certified public accountant in the State of Florida, the United States of America. He is also a member of the Hong Kong Institute of Certified Public Accountants.

(e) The English text of this circular shall prevail over its Chinese text.

中國全通
ALL ACCESS

中國全通(控股)有限公司
China All Access (Holdings) Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 633)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting of China All Access (Holdings) Limited ("**Company**") will be held at 24/F, Admiralty Centre I, 18 Harcourt Road, Hong Kong at 3:00 p.m. on Monday, 3 December 2018 for the purposes of considering and, if thought fit, approving the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

1. "**THAT** the sale and purchase agreement dated 3 June 2018 entered into between China All Access Group Limited (中國全通集團有限公司) (the "**Vendor**") and China RS Group Limited (中國榮勝集團有限公司) (the "**Purchaser**") in relation to the disposal by the Vendor of 100% of the entire equity interest in Hebei Noter Communication Technology Co., Limited* (河北諾特通信技術有限公司) (a copy of which has been produced to the meeting marked "**A**" and signed by the chairman of the meeting for the purpose of identification), and as supplemented by the supplemental sale and purchase agreement dated 8 June 2018 entered into between the Vendor and the Purchaser (a copy of which has been produced to the meeting marked "**B**" and signed by the chairman of the meeting for the purpose of identification), on and subject to the terms and conditions thereof, and the transactions contemplated thereby be and are hereby approved and that the directors of the Company be and are hereby authorised to take any action and sign any document (under seal, if necessary) and to agree to such variation, amendment and waiver as they consider necessary, desirable or expedient in connection therewith or the transactions contemplated thereby."

By order of the Board of
China All Access (Holdings) Limited
Chan Yuen Ming
Chairman

Hong Kong, 15 November 2018

Head office and principal place of business in Hong Kong:
Room 1506-08, 15/F
Greenfield Tower
Concordia Plaza
1 Science Museum Road
Tsim Sha Tsui
Kowloon
Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the meeting (the "**Meeting**") above is entitled to appoint one or, if he is the holder of two or more shares (the "**Shares**") of the Company, more proxies to attend and vote instead of him. A proxy need not be a member of the Company.

2. In the case of joint holders of Shares, any one of such joint holders may vote, either in person or by proxy, in respect of such Shares as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the Meeting, whether in person or by proxy, then one of the said persons so present whose name stands first on the register of members in respect of such Shares shall alone be entitled to vote in respect thereof.

3. In order to be valid, the form of proxy must be in writing under the hand of the appointor or of his/her attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal, or under the hand of an officer or attorney or other person duly authorised, and must be deposited with the Company's branch share registrar and transfer office in Hong Kong of the Company (the "**Hong Kong Branch Share Registrar**"), Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong (together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof) not less than 48 hours before the time fixed for holding of the Meeting (i.e. 3:00 p.m. on Saturday, 1 December 2018 (Hong Kong time)) or any adjournment thereof.

4. In order to qualify for attending and voting at the Meeting, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Hong Kong Branch Share Registrar at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Tuesday, 27 November 2018.

5. Delivery of an instrument appointing a proxy should not preclude a member from attending and voting in person at the Meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.

As at the date of this notice, the executive Directors are Mr. Chan Yuen Ming and Mr. Shao Kwok Keung; and the independent non-executive Directors are Mr. Wong Che Man Eddy, Mr. Lam Kin Hung Patrick and Mr. Fung Ka Kin.

* *for identification purposes only*