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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017

The board (the "**Board**") of directors (the "**Directors**") of China All Access (Holdings) Limited (the "**Company**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2017, which have been reviewed by the audit committee of the Board, together with the comparative figures for the corresponding period in 2016. The unaudited interim financial statements for the six months ended 30 June 2017 have been reviewed by the Company's external auditors, HLB Hodgson Impey Cheng Limited.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2017

(Expressed in RMB)

		Six months ended 30 June	
		2017	2016
		(Unaudited)	(Unaudited)
	Notes	***RMB'000***	*RMB'000*
CONTINUING OPERATIONS			
Revenue	3	**1,191,091**	540,056
Cost of sales		**(1,029,738)**	(427,023)
Gross profit		**161,353**	113,033
Other revenue	4	**61,972**	12,940
Other net loss		**(14,831)**	(718)
Distribution costs		**(5,582)**	(8,057)
Administrative expenses		**(76,671)**	(105,717)
Research and development expenses		**(6,244)**	(5,595)
Profit from operations		**119,997**	5,886
Finance income	5(a)	**33,334**	20,836
Finance costs	5(b)	**(110,054)**	(127,928)
Share of profits less losses of associates		**—**	(11)
Profit/(loss) before taxation	5	**43,277**	(101,217)
Income tax	6	**(11,765)**	(13,295)
Profit/(loss) for the period from continuing operations		**31,512**	(114,512)
DISCONTINUED OPERATIONS			
Profit for the period from discontinued operations		**—**	153,484
Profit for the period from continuing and discontinued operations		**31,512**	38,972

	Notes	Six months ended 30 June **2017** **(Unaudited)** ***RMB'000***	 2016 (Unaudited) *RMB'000*
Profit for the period from continuing and discontinued operations attributable to:			
Owners of the Company		**27,676**	27,816
Non-controlling interests		**3,836**	11,156
		31,512	38,972
Attributable to owners of the Company arises from:			
Continuing operations		**27,676**	(114,127)
Discontinued operations		**—**	141,943
Profit for the period		**27,676**	27,816
Earnings per share	7		
From continuing and discontinued operations			
Basic (RMB)		**0.014**	0.015
Diluted (RMB)		**0.014**	0.015
From discontinued operations			
Basic (RMB)		**—**	0.078
Diluted (RMB)		**—**	0.078

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017

(Expressed in RMB)

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Profit for the period	**31,512**	38,972
Other comprehensive income for the period (after tax and reclassification adjustments):		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	**(20,807)**	(664)
Total comprehensive income for the period	**10,705**	38,308
Total comprehensive income for the period attributable to:		
Owners of the Company	**6,993**	27,152
Non-controlling interests	**3,712**	11,156
	10,705	38,308

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

(Expressed in RMB)

	Notes	**30 June 2017 (Unaudited) *RMB'000***	31 December 2016 (Audited) *RMB'000*
Non-current assets			
Property, plant and equipment		**71,785**	77,614
Intangible assets		**421,741**	458,125
Goodwill		**92,735**	92,735
Interests in associates		**—**	—
Prepayment for land leases		**69,704**	70,236
Investment property		**26,195**	24,867
Other receivables	8	**—**	10,000
Prepayments		**196,013**	196,013
		878,173	929,590
Current assets			
Inventories		**369,304**	512,882
Trade and other receivables	8	**3,301,679**	3,182,490
Prepayments		**784,621**	350,881
Loans receivable		**86,790**	1,087,281
Discounted bills receivable		**39,978**	11,832
Bills receivable		**87,602**	47,989
Factored trade receivables		**177,307**	549,755
Restricted cash		**446,486**	497,551
Bank deposits with original maturities over three months		**984,050**	1,065,441
Cash and cash equivalents		**105,595**	48,573
		6,383,412	7,354,675

	Notes	30 June 2017 (Unaudited) *RMB'000*	31 December 2016 (Audited) *RMB'000*
Current liabilities			
Trade and other payables	9	**871,413**	1,342,068
Deferred income		**16,058**	12,192
Borrowings		**1,140,721**	1,248,739
Convertible bonds		**283,046**	—
Bank advances on discounted bills receivables		**39,978**	11,832
Bank advances on factored trade receivables		**177,307**	549,755
Income tax payable		**100,447**	228,456
		2,628,970	3,393,042
Net current assets		**3,754,442**	3,961,633
Total assets less current liabilities		**4,632,615**	4,891,223
Non-current liabilities			
Borrowings		**48,770**	50,992
Convertible bonds		**676,402**	948,356
Deferred income		**5,929**	7,184
Deferred tax liabilities		**7,944**	9,252
		739,045	1,015,784
NET ASSETS		**3,893,570**	3,875,439
CAPITAL AND RESERVES			
Share capital		**16,267**	16,267
Reserves		**3,883,478**	3,869,059
Total equity attributable to owners of the Company		**3,899,745**	3,885,326
Non-controlling interests		**(6,175)**	(9,887)
TOTAL EQUITY		**3,893,570**	3,875,439

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2017

(Expressed in RMB unless otherwise indicated)

1. BASIS OF PREPARATION

This interim financial information of China All Access (Holdings) Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). It was approved and authorised for issue by the Board on 31 August 2017.

The interim financial information has been prepared in accordance with the same accounting policies adopted in the 2016 annual financial statements of the Group, except for the accounting policy changes that are expected to be reflected in the 2017 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

The preparation of an interim financial information in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2016 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

The financial information relating to the financial year ended 31 December 2016 that is included in the interim financial information as comparative information does not constitute the Group's statutory annual consolidated financial statements for that financial year but is derived from those financial statements.

2. CHANGES IN ACCOUNTING POLICIES

HKICPA has issued a number of new and revised HKFRSs which are effective for accounting periods commencing on or after 1 January 2017. The adoption has no significant impact on the Group's accounting policies, presentation, reported results and the financial position of the Group for the current period and prior accounting periods.

The Group has not applied the new and amendments to HKFRSs, which have been issued but are not yet effective. The Group is in the process of making an assessment of the impact of these new and amendments to HKFRSs but is not yet in a position to state whether these new and amendments to HKFRSs would have a material impact on its financial performances and financial position.

3. SEGMENT REPORTING

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

– Provision of communication application solutions and services: including system design, installation, testing, software development, provision of application services for satellite and wireless communication, distribution of satellite receivers and equipment, as well as research and development, manufacture and distribution of wireless terminals and equipment, including display modules, casings and keyboards.

– Investment activities: including revenue generated from interest earned from provision of facilitating capital to supply stream in Hong Kong.

(a) **Information about profit or loss, assets and liabilities**

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below:

	Provision of communication application solutions and services		**Investment activities**		**Total**	
For six months ended 30 June	**2017**	2016	**2017**	2016	**2017**	2016
	(**Unaudited**)	(Unaudited)	(**Unaudited**)	(Unaudited)	(**Unaudited**)	(Unaudited)
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue from customers (note)	**1,141,589**	460,986	**49,502**	79,070	**1,191,091**	540,056
Reportable segment profit	**111,851**	33,963	**49,502**	79,070	**161,353**	113,033

	At 30 June 2017	At 31 December 2016	**At 30 June 2017**	At 31 December 2016	**At 30 June 2017**	At 31 December 2016
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Reportable segment assets	**7,166,139**	6,169,794	**88,634**	1,183,251	**7,254,773**	7,353,045
Reportable segment liabilities	**3,021,801**	3,002,775	**—**	—	**3,021,801**	3,002,775

Note: Revenue from customers amounting to 10 percent or more of the revenue is set out below:

For six months ended 30 June	**Provision of communication application solutions and services** **2017** (**Unaudited**) ***RMB'000***	2016 (Unaudited) *RMB'000*
Customer A	**308,312**	150,265
Customer B	**N/A[1]**	87,827
Customer C	**238,321**	N/A[1]
Customer D	**253,600**	—

[1] The corresponding revenue contributed to less than 10 percent of the total revenue of the Group.

(b) Reconciliations of reportable segment profit or loss

	Six months ended 30 June **2017** (**Unaudited**) ***RMB'000***	2016 (Unaudited) *RMB'000*
Reportable segment profit	**161,353**	113,033
Other revenue	**61,972**	12,940
Other net loss	**(14,831)**	(718)
Finance income	**33,334**	20,836
Finance costs	**(110,054)**	(127,928)
Share of profits less losses of associates	**—**	(11)
Unallocated head office and corporate expenses	**(88,497)**	(119,369)
Profit/(loss) before taxation and discontinued operations	**43,277**	(101,217)

4. OTHER REVENUE

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Subsidy income	**5,060**	12,520
Reversal of impairment loss in respect of trade receivables	**43,940**	—
Sundry income (note (i))	**5,858**	—
Cash discount (note (ii))	**6,965**	—
Rental income	**149**	40
Others	**—**	380
	61,972	12,940

Notes:

(i) Sundry income represented interests on the settlement payment in relation to a termination agreement for the purchase of a building.

(ii) Cash discount was given and related to agreed settlement to creditors.

5. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after:

(a) Finance income

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Interest income from bank deposits	**14,158**	13,085
Interest income from structured deposits and other loans receivable	**19,176**	7,751
	33,334	20,836

(b) **Finance costs**

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Interest expenses:		
- Borrowings	**55,447**	64,588
- Convertible bonds	**39,936**	55,502
- Factored trade receivables and discounted bills receivable	**12,922**	3,479
Change in fair value of derivative component of convertible bonds	**—**	285
Net loss on early redemption of convertible bonds	**—**	2,704
Bank charges	**1,749**	1,370
	110,054	127,928

(c) **Other items**

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Cost of inventories sold	**930,915**	417,929
Depreciation of property, plant and equipment	**7,900**	8,318
Amortisation of intangible assets	**29,213**	8,323
Amortisation of land lease prepayment	**532**	713
Write-down of inventories	**4,883**	726
Impairment loss recognised in respect of trade receivables	**690**	48,923
Fair value change of investment property	**(2,029)**	—
Operating lease charge	**8,729**	8,506

6. INCOME TAX

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current tax — Hong Kong Profits Tax	**5,299**	9,057
Current tax — PRC Corporate Income Tax ("CIT")	**7,774**	4,562
Deferred taxation	**(1,308)**	(324)
	11,765	13,295

(a) The Company and China All Access Group Limited ("**CAA BVI**") are incorporated in the Cayman Islands and the British Virgin Islands ("**BVI**"), respectively. They are not subject to tax on income or capital gains under the current laws of the respective jurisdictions in the Cayman Islands and the BVI. In addition, upon any payment of dividend by the Company or CAA BVI, no Cayman Islands and BVI withholding tax is imposed.

(b) The Company, All Access Global Limited ("**CAA HK**") and CAA BVI are recognised as Hong Kong tax resident enterprises, hence they are subject to Hong Kong Profits Tax with the standard Hong Kong Profits Tax rate of 16.5% (six months ended 30 June 2016: 16.5%).

(c) Certain PRC subsidiaries of the Group in the People's Republic of China (the "**PRC**") are qualified High and New Technology Enterprises ("**HNTEs**") and entitled to the preferential tax rate of 15%. Management is of the view that the above qualified HNTEs will continue their status upon renewal for 3 years from their respective years of approval.

(d) Other PRC subsidiaries of the Group are subject to standard PRC CIT rate of 25% (six months ended 30 June 2016: 25%).

7. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2017 is based on the earnings attributable to owners of the Company of approximately RMB27,676,000 (six months ended 30 June 2016: RMB27,816,000) for continuing and discontinued operations and nil (six months ended 30 June 2016: RMB141,943,000) for discontinued operations, and the weighted average of 1,915,723,000 ordinary shares (six months ended 30 June 2016: 1,829,681,000 ordinary shares) in issue during the interim period.

(b) Diluted earnings per share

The calculation of diluted earnings per share for the six months ended 30 June 2017 is based on the earnings attributable to owners of the Company of approximately RMB27,676,000 (six months ended 30 June 2016: RMB27,816,000) for continuing and discontinued operations and nil (six months ended 30 June 2016: RMB141,943,000) for discontinued operations, and the diluted weighted average of 1,999,723,000 ordinary shares (six months ended 30 June 2016: 1,829,681,000 ordinary shares). No adjustment has been made to the basic earnings per share amount presented for the six months ended 30 June 2017 and 2016 in respect of a dilution as the impact of the conversion of the convertible bonds and exercise of share options would have had an anti-dilutive effect on the basic earnings per share.

Weighted average number of ordinary shares (diluted)

	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
For continuing and discontinued operations:		
Weighted average number of ordinary shares	**1,915,723**	1,829,681
Effect of dilutive potential ordinary shares:		
Consideration shares issued under a patent licence agreement	**84,000**	—
Weighted average number of ordinary shares (diluted)	**1,999,723**	1,829,681
For discontinued operations:		
Weighted average number of ordinary shares (diluted)	**—**	1,829,681

8. TRADE AND OTHER RECEIVABLES

	At 30 June 2017 (Unaudited) *RMB'000*	At 31 December 2016 (Audited) *RMB'000*
Non-current		
Other receivables from disposal of associates	**—**	10,000
Current		
Trade receivables	**2,021,749**	2,211,029
Less: Allowance for doubtful debts	**(110,027)**	(153,277)
	1,911,722	2,057,752
Other receivables and deposits (note (i))	**1,079,957**	884,738
Other receivables from disposal of associates	**—**	10,000
Performance guarantee deposit	**30,000**	30,000
Entrusted loans (note (ii))	**280,000**	200,000
	3,301,679	3,182,490

Notes:

(i) At 30 June 2017, RMB900,000,000 (31 December 2016: RMB670,000,000) of other receivables and deposits were structured deposits in a commercial bank, with maturity periods of 12 months. The deposits could be withdrawn prior to maturity.

(ii) At 30 June 2017, RMB280,000,000 of entrusted loans were provided by a subsidiary of the Company to third party through a financial institution. RMB230,000,000 will be due on 28 March 2018 and RMB50,000,000 will be due on 16 June 2018 respectively. The Group does not hold any collateral over this balance from the third party.

At 31 December 2016, RMB200,000,000 of entrusted loans were provided by a subsidiary of the Company to third party through a financial institution. RMB100,000,000 each was due on 23 January 2017 and 23 March 2017 respectively. The Group did not hold any collateral over this balance from the third party.

Ageing analysis

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

	At 30 June 2017 (Unaudited)	At 31 December 2016 (Audited)
	RMB'000	*RMB'000*
Within 1 month	**277,688**	860,377
1 to 2 months	**206,876**	131,953
2 to 3 months	**38,168**	359,410
3 to 6 months	**900,955**	38,307
Over 6 months	**488,035**	667,705
Trade receivables, net of allowance for doubtful debts	**1,911,722**	2,057,752

9. TRADE AND OTHER PAYABLES

	At 30 June 2017 (Unaudited)	At 31 December 2016 (Audited)
	RMB'000	*RMB'000*
Trade and bills payable (note (i))	**468,733**	969,922
Other payables and accruals	**268,029**	306,195
Financial liabilities measured at amortised cost	**736,762**	1,276,117
Receipts in advance	**134,651**	65,951
	871,413	1,342,068

As of the end of the reporting period, the ageing analysis of trade and bills payable (which are included in trade and other payables), based on the invoice date, is as follows:

	At 30 June 2017 (Unaudited) *RMB'000*	At 31 December 2016 (Audited) *RMB'000*
Within 1 month	**308,572**	452,972
1 to 3 months	**136,292**	311,221
3 to 6 months	**10,366**	149,297
Over 6 months but within 1 year	**3,303**	12,840
Over 1 year	**10,200**	43,592
	468,733	969,922

Note:

(i) At 30 June 2017, approximately RMB84,894,000 of the bills payable was pledged by bank deposits with carrying value of approximately RMB25,573,000 and letter of credit with carrying value of approximately RMB60,000,000.

At 30 June 2017, approximately RMB5,765,000 of the bills payable was pledged by bank acceptance bills with carrying value of approximately RMB5,765,000.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Following the completion of the business restructuring of the Group in 2016, during the first half of 2017, the Group has been putting its focus back to its ordinary course of business, including the provision of communication application solutions and services and investment activities. The Group has further utilized its capacity in the provision of communication application solutions and services segment, and increased the gross profit of each sales at the same time. The finance costs for the six months ended 30 June 2017 were decreased by approximately 13.97% to approximately RMB110,054,000 as compared to the corresponding period in 2016. It was mainly due to the improvement of cash flow control employed by the Group, including (1) reduction of the trade and other receivable period, thus has successfully recovered more cash in operating activities, and (2) partial repayment of the promissory notes in order to improve the overall profitability of the Group. As a result, the Group recorded a turnaround result for the period from continuing operations. During the six months ended 30 June 2017, the major business highlights for the period are as follows:

1. Revenue from continuing operations increased by approximately 120.55% to approximately RMB1,191,091,000 as compared to the corresponding period in 2016;

2. Gross profit from continuing operations increased by approximately 42.75% to approximately RMB161,353,000 as compared to the corresponding period in 2016;

3. Profit from continuing operations was approximately RMB31,512,000 in the six months ended 30 June 2017 while the loss from continuing operations was approximately RMB114,512,000 in the six months ended 30 June 2016; and

4. Profit attributable to owners of the Company for the six months ended 30 June 2017 remained stable, which has slightly decreased by approximately 0.50% to approximately RMB27,676,000 as compared to the corresponding period in 2016.

Communication Application Solutions and Services

Revenue generated from communication application solutions and services during the six months ended 30 June 2017 increased by approximately 147.64% to approximately RMB1,141,589,000 as compared to the corresponding period last year, which accounted for approximately 95.84% of the Group's total revenue for the six months ended 30 June 2017. The increase was mainly due to the increased revenue from display modules businesses.

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 RMB79,070,000 for the six months ended 30 June 2016 to approximately RMB49,502,000 for the six months ended 30 June 2017.

FINANCIAL REVIEW

Revenue

Revenue increased from approximately RMB540,056,000 for the six months ended 30 June 2016 to approximately RMB1,191,091,000 for the six months ended 30 June 2017, representing a remarkable increase of approximately 120.55%. The increase in revenue in the period under review was mainly attributable to the factors below:

- Communication application solutions and services recorded an increase in revenue from approximately RMB460,986,000 for the six months ended 30 June 2016 to approximately RMB1,141,589,000 for the six months ended 30 June 2017, representing an increase of approximately 147.64%. The increase was mainly due to the Group's increased effort in promoting this business to more customers. The Group has contributed more resources in this segment and resulted in a significant increase in turnover of this business.

- Investment exhibited a decrease in revenue from approximately RMB79,070,000 for the six months ended 30 June 2016 to approximately RMB49,502,000 for the six months ended 30 June 2017, representing a decrease of approximately 37.39%. The decrease was mainly due to decrease in the loan receivables invested by the Group for the six months ended 30 June 2017.

Gross profit

Gross profit increased from approximately RMB113,033,000 for the six months ended 30 June 2016 to approximately RMB161,353,000 for the six months ended 30 June 2017, representing an increase of approximately 42.75%. Meanwhile, gross profit margin decreased from approximately 20.93% for the six months ended 30 June 2016 to approximately 13.55% for the six months ended 30 June 2017. The decrease was mainly attributable to the decrease of income from investment activities which carry relatively higher gross profit margin.

Other revenue

Other revenue increased from approximately RMB12,940,000 for the six months ended 30 June 2016 to approximately RMB61,972,000 for the six months ended 30 June2017, representing an increase of approximately 378.92%. It was mainly attributable to the recovered impairment loss on trade receivables made in the previous period.

Other net loss

The Group recorded other net loss of approximately RMB14,831,000 for the six months ended 30 June 2017 as compared to approximately RMB718,000 for the six months ended 30 June 2016. The increase was mainly due to the compensation paid to a customer during the 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 decreased from approximately RMB119,369,000 for the six months ended 30 June 2016 to approximately RMB88,497,000 for the six months ended 30 June 2017, representing a decrease of approximately 25.86%. 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 22.10% for the six months ended 30 June 2016 to approximately 7.43% for the six months ended 30 June 2017, representing a decrease of approximately 14.67 percentage points. The decrease was mainly due to the utilization of production capacity in the six months ended 30 June 2017.

Finance income and finance costs

Finance income increased from approximately RMB20,836,000 for the six months ended 30 June 2016 to approximately RMB33,334,000 for the six months ended 30 June 2017, representing an increase of approximately 59.98%. 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 2017 as compared with that of 2016.

Finance costs decreased from approximately RMB127,928,000 for the six months ended 30 June2016 to approximately RMB110,054,000 for the six months ended 30 June 2017, representing a decrease of approximately 13.97%. 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 2017.

Income tax

Income tax decreased from approximately RMB13,295,000 for the six months ended 30 June 2016 to approximately RMB11,765,000 for the six months ended 30 June2017, representing a decrease of approximately 11.51%. The decrease in income tax was mainly due to the reduction in Hong Kong profit tax liabilities from continuing operations.

Profit for the period attributable to equity shareholders of the Company

Profit for the period attributable to equity shareholders of the Company slightly decreased from approximately RMB27,816,000 for the six months ended 30 June 2016 to approximately RMB27,676,000 for the six months ended 30 June 2017, representing a decrease of approximately 0.50%. The Group maintained its profitability even not including any profit contribution form discountinued business.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity, financial resources and capital structure

As at 30 June 2017, the Group had unrestricted cash and cash equivalents of approximately RMB105,595,000 (as at 31 December 2016: RMB48,573,000), restricted cash of approximately RMB446,486,000 (as at 31 December 2016: RMB497,551,000), bank deposits with original maturities over three months of approximately RMB984,050,000 (as at 31 December 2016: RMB1,065,441,000) and borrowings of approximately RMB1,189,491,000 (as at 31 December 2016: RMB1,299,731,000). The gearing ratio (calculated by dividing borrowings by total assets) as at 30 June 2017 was approximately 16.38% (as at 31 December 2016: 15.69%). As at 30 June 2017, the Group had current assets of approximately RMB6,383,412,000 (as at 31 December 2016: RMB7,354,675,000) and current liabilities of approximately RMB2,628,970,000 (as at 31 December 2016: RMB3,393,042,000). The current ratio (which is calculated by dividing current assets by current liabilities was approximately 2.43 as at 30 June 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 of the 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 six months period under review, the Group's total capital expenditure amounted to approximately RMB4,300,000 (31 December 2016: RMB23,101,000), which was mainly used for procurement for upgrading plant, machinery and equipment.

Capital commitment

As at 30 June 2017, the Group had capital commitment amounting to approximately RMB149,106,000 (31 December 2016: RMB75,197,000). The increase was mainly attributable to the procurement of additional machinery and equipment.

Charge on material assets

As at 30 June 2017, assets of the Group amounting to approximately RMB267,923,000 (31 December 2016: RMB493,148,000) were pledged for the Group's borrowings and bills payable.

Contingent liabilities

As at 30 June 2017, the Group had no material contingent liabilities.

HUMAN RESOURCES

As at 30 June 2017, the Group had 1,241 employees (31 December 2016: 1,175 employees). The increase in the number of employees was mainly due to the need for more manpower for its continuing operations. 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 "**Profile of Construction and Operation of Photovoltaic Industry for 2017 First Quarter (2017年第一季度光伏發電建設和運行資訊簡況)**" published by the National Energy Administration, the installed photovoltaic capacity of China increased by 7.21 MKW to 84.63 MKW in the first quarter of 2017, and the country remained the world largest solar capacity producer. During the first quarter of 2017, the photovoltaic industry maintained its relatively fast growth pace, with an additional installed photovoltaic capacity of 7.21 MKW, which is basically on the same level as the corresponding period in 2016. During the first quarter, photovoltaic power generated reached 21.4 BKW, representing a year-on-year increase of 80%, and the photovoltaic power capacity in 2017 up to present is over 100 MKW.

The Group provides revolutionary and innovative products for the PV industry at minimum costs, and runs our operation in an efficient and eco-friendly manner. Leveraging on our advantages, our new products equipped with "Super Lens High Efficiency Solar Electrical System (超級鏡陣高效光能電力系統)" patent shall be welcomed on the market by potential customers, thus allowing the Group to gain a larger share within the existing and additional installed capacity market within the nation. As a result, our new products shall become the main source of revenue growth for the Group.

Development of First Generation Products

Our innovation team, led by Dr. Li Hiu Yeung, has developed innovative photovoltaic utilization method, which deploys an optic lens system made with custom-made refractor installed on our existing photovoltaic generators, and combines with technologies such as "**remote light gathering energizing (遠程採光集能)**" and "**non-imaging optics (非成像光學)**" to achieve the physical effect of "**relative shortening of the light source distance (相對縮短對光源採光距離)**" and "**light gathering (彙集光能)**" through the "**multi-axis same direction active light-gathering (多軸同向主動取光)**". The system is able to actively gather and concentrate distant light source and enhance the photovoltaic output, which revolutionizes the passive light-receiving characteristic of existing photovoltaic power generation, and uses unique optic technologies to actively gather lights, thus achieving the industrial effect of increasing the density of photovoltaic energy without raising the temperature, solving various temperature problems brought about by high-power or low-power light-focusing photovoltaic techniques. Through actively obtaining light intensity to increase the energy generated by each battery unit area by low double digit percentage, the system is able to change the low generating capacity status of various photovoltaic batteries, which allows the use of existing photovoltaic generation facilities; with the low costs of the system, users are able to effectively generate photovoltaic power at a low cost, and enhance the power generation efficiency with the same light received and same area of photovoltaic batteries. Such technology will be able to solve the predicament faced by the current photovoltaic technologies.

The products will be divided into three parts, (1) metallic stand, (2) tracking system and (3) reflection lens. In respect of the equipment production, our management expects that the selection of a pilot site will be completed by the third quarter of 2017. Besides, it is preferred to select a location which can have the installed photovoltaic capacity of 2-3 MKW. After selecting the pilot site, the Group will commence on the production and sales of the modified equipment. It is expected that a large quantity of production and sales of modified equipment of the installed photovoltaic equipment, equivalent to photovoltaic power generation capacity of 1 MKW, shall be achieved in 2017. In respect of the system construction, it is expected that our management will seek for an independent third party investor with the local government of the selected pilot site in the third quarter of 2017 to develop an industry fund for the modification of the installed photovoltaic equipment in the pilot site and to achieve the target of conversion of photovoltaic power generation capacity of 1 MKW in 2017.

Future Products Development

The National Center of Supervision and Inspection on Solar Photovoltaic Product Quality (CPVT) confirms that our innovation team, led by Dr. Li Hiu Yeung, is the first to come up with the industrial product that utilizes the Super Lens High Efficiency Solar Electrical System (the "**Super Lens Electrical System**"), the technology is best applied to the new constructions of power generating facilities in the future, and has completed the laboratory and outdoor environment continuous application tests and certification processes. The technology can increase by multitudes the power generated by ordinary crystal silicon photovoltaic batteries, and enhance the optic-to-electrical transformation efficiency of batteries, which significantly decreases the use of photovoltaic batteries and the photovoltaic power generation costs, thus minimizes carbon output and enhances the overall environmental efficiency of the photovoltaic industry. The technology has registered patents in several countries and regions such as China and the United States.

According the Dr. Li, to receive light energy is the premise for any photovoltaic batteries to work properly; and to gain more light energy is the key technological requirement to lower the power generation costs and achieve breakthrough for the current bottleneck stage of photovoltaic industry. The promotion of Super Lens Electronic System shall allow the photovoltaic industry to become independent of subsidies to generation economic net profits, and to move forward towards sustainable development. The team led by Dr. Li Hiu Yeung was the pioneer of the new optic utilization technology which allows solar panels to use less silicon batteries that required by regular solar batteries, and at the same time generates more power.

Demo preparation shall be completed within the financial year, and the management expects that trial production shall commence before 31 December 2017.

Corporate Social Responsibilities

The "**13th Five Year Plan for Energy Development (《能源發展"十三五"規劃》)**" highlighted the matter of eliminating poverty and develop the stronger state, and set out the clear five-year goal and mission for the energy industry on helping the poor, so as to assume its leading role in planning strategies and directing social resources towards the poor regions to achieve optimal effects. The Group is dedicated in supporting on the national plans. We shall leverage on the advantages brought by abundant solar resources in the poor regions, to develop solar energy resources and sustain long years of steady income for such areas, so as to help those in need to develop and utilize the new energy source, as well as to conserve energy and minimize emissions.

As solar power is a clean energy source free of pollution, with no emission of substance that might harm the environment, the Group is of the view that the application of solar energy generation can act as the starting point of sustainable and environmental friendly development.

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 Fifth generation ("**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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2017, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 June 2017.

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.

On 10 June 2015, a total of 50,000,000 share options (each share option entitling the holder to subscribe for one Share) were granted to eligible participants including two Directors and the rest were employees of the Group. Please refer to the Company's announcement dated 10 June 2015 for further information. As at 30 June 2017, 41,450,000 share options remained outstanding.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Save as disclosed below, during the six months ended 30 June 2017, the Company was in due compliance with the code provisions of the Corporate Governance Code (the "**CG code**") as set out in Appendix 14 to the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Pursuant to E.1.2 of the CG Code, the chairman of the board should attend the annual general meeting. Mr. Chan Yuen Ming, an executive Director and the chairman of the Board, did not attend the annual general meeting of the Company held on 15 June 2017 due to other business engagements and instead, Mr. Shao Kwok Keung, an executive Director and the chief executive officer of the Company, took the chair at the annual general meeting. The Board considers that the arrangement is appropriate as Mr. Chan, as chairman of the Board, is responsible for the Group's overall business development and strategy whereas Mr. Shao, as chief executive officer, is responsible for the corporate management of the Company. The Board will regularly review the effectiveness of the segregation of roles to ensure its appropriateness under the Group's prevailing circumstances.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix 10 to the Listing Rules. The Company has made specific enquiry with all the Directors, and all of them confirmed that they had fully complied with the required standards set out in the Model Code and the Company's code of conduct regarding securities transactions during the six months ended 30 June 2017.

REVIEW BY THE AUDIT COMMITTEE

The audit committee of the Board has reviewed the unaudited interim results of the Group for the six months ended 30 June 2017.

INTERIM DIVIDEND

The Board had not declared any payment of an interim dividend for the six months ended 30 June 2017 (for the six months ended 30 June 2016: Nil).

FINANCIAL INFORMATION

The financial information in this announcement does not constitute the Group's consolidated financial statements for the six months period ended 30 June 2017 but represents an extract from those consolidated financial statements. The final results of the Group for the six months period ended 30 June 2017 have been reviewed by the Audit Committee of the Company.

The Group's condensed consolidated interim financial statements for the six months ended 30 June 2017 have not been audited but have been reviewed by the Company's external auditors, HLB Hodgson Impey Cheng Limited, in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

EVENTS AFTER REPORTING PERIOD

1. As at 30 June 2017, the Group has prepayment of approximately RMB196,013,000 in accordance with the agreement for purchasing of machinery equipment. Subsequent to the report period, such agreement was terminated and accordingly such prepayment was fully refunded to the Group.

2. Subsequent to the reporting period, agreements of prepayment for purchasing trading stocks were terminated and accordingly such prepayment in aggregate of approximately RMB350,632,000 was fully refunded to the Group.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and on the Company's website at www.chinaallaccess.com. The interim report for the six months ended 30 June 2017 of the Group will also be published on the aforesaid websites and despatched to the shareholders of the Company in due course.

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

Hong Kong, 31 August 2017

As at the date of this announcement, the executive Directors are Mr. Chan Yuen Ming, Mr. Shao Kwok Keung, Mr. Xiu Zhi Bao, Mr. Yan Wei and Mr. Tian Zheng; and the independent non-executive Directors are Mr. Wong Che Man Eddy, Mr. Lam Kin Hung Patrick and Mr. Fung Ka Kin.