



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



2011  
Interim Report

## CHINA ALL ACCESS (HOLDINGS) LIMITED

### CONTENTS

Corporate Information	2
Management Discussion and Analysis	4
Consolidated Income Statement	20
Consolidated Statement of Comprehensive Income	22
Consolidated Balance Sheet	23
Consolidated Statement of Changes in Equity	25
Condensed Consolidated Statement of Cash Flows	27
Notes to the Unaudited Interim Financial Report	28
Review Report	53

## CORPORATE INFORMATION

### DIRECTORS

#### Executive Directors

Mr. Chan Yuen Ming

Mr. Shao Kwok Keung

Mr. Zhao Qing An

*(appointed on 24 August 2011)*

Mr. Xiu Zhi Bao

*(appointed on 24 August 2011)*

#### Independent Non-Executive Directors

Mr. Pun Yan Chak

Mr. Wong Che Man Eddy *(FCPA)*

Mr. Lam Kin Hung Patrick

### AUTHORISED REPRESENTATIVES

Mr. Chan Yuen Ming

Mr. Shao Kwok Keung

### AUDIT COMMITTEE

Mr. Wong Che Man Eddy *(Chairman) (FCPA)*

Mr. Pun Yan Chak

Mr. Lam Kin Hung Patrick

### REMUNERATION COMMITTEE

Mr. Pun Yan Chak *(Chairman)*

Mr. Wong Che Man Eddy *(FCPA)*

Mr. Shao Kwok Keung

### NOMINATION COMMITTEE

Mr. Lam Kin Hung Patrick *(Chairman)*

Mr. Wong Che Man Eddy *(FCPA)*

Mr. Shao Kwok Keung

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 805, Greenfield Tower,

Concordia Plaza,

1 Science Museum Road,

Kowloon

Hong Kong

### REGISTERED OFFICE

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

### AUDITORS

KPMG

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

### LEGAL ADVISERS

Chiu & Partners

40th Floor, Jardine House

1 Connaught Place

Central

Hong Kong

### PRINCIPAL BANKER

Bank of Communications Co Ltd., Hong Kong

Branch

2/F, 563 Nathan Road

Kowloon

Hong Kong

**CHINA ALL ACCESS (HOLDINGS) LIMITED**

**SHARE REGISTRAR AND TRANSFER  
OFFICE IN HONG KONG**

Union Registrars Limited  
18th Floor  
Fook Lee Commercial Centre  
Town Place, 33 Lockhart Road  
Wanchai  
Hong Kong

**COMPANY WEBSITE**

[www.chinaallaccess.com](http://www.chinaallaccess.com)

**SHARE REGISTRAR AND TRANSFER  
OFFICE IN CAYMAN ISLANDS**

Butterfield Fulcrum Group (Cayman) Limited  
Butterfield House  
68 Fort Street  
P.O. Box 609  
Grand Cayman KY1-1107  
Cayman Islands

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

Year 2011 is the beginning year of the Chinese government's Twelfth Five-year Plan. We expect that a favorable economic environment will continue to support our business growth. The new generation information technology industry has been positioned as one of the key industries in the Twelfth Five-year Plan. We believe that the applications of satellite communication solutions and wireless data communication solutions will be raised up to a new level, in view that both digitization and informationization will be rolled out horizontally to cover more industries as well as vertically to penetrate into different parts of the entire nation.

In the first half of 2011, a number of important events and emergency incidents happened in China. By providing communication solutions for emergency, disaster recovery and public security, we believe that the Company made a great contribution to the harmony and stability in many aspects. Whilst the new idea of "Innovative Social Management" has been advocated by the Chinese government to strengthen its capability in maintaining a stable society, our one-stop solution of customized system by applying advanced technology and on going technical support has become very powerful means for our customers to carry out their critical missions in the aspects of public security, traffic management, fire service, radio control, civil defense and all other kinds of civil services.

This year, we introduced some new applications and solutions to our customers. In addition to the personal data assistant type of traffic offence electronic ticketing and payment solution "Jing Wu Tong", we also introduced our applications to a new platform, i.e. tablet personal computer, for this solution. We also embarked on a new project of developing a stabilized camera gimbals applicable to safety and surveillance applications.

Overall, the Company is enjoying a favorable state policy market environment and is benefiting from application of new technologies to more and more industries. Customer satisfaction is our ultimate goal and we will devote ourselves to fulfill it.

### **Application of IPO proceeds**

The net proceeds from the Company's initial public offering in September 2009 was approximately HK\$403.47 million, after deduction of related expenses. Up to 30 June 2011, the Company has already applied approximately HK\$195.54 million in accordance with the description of the use of proceeds in the prospectus of the Company dated 4 September 2009 (the "Prospectus"). Specifically, the proceeds applied in the first half of 2011 was mainly used to finance the R&D activities for a new wireless data communication technology. The balance of approximately HK\$207.93 million of the net proceeds will be also applied in line with the description in the Prospectus.

### **FINANCIAL REVIEW**

This year, in order to grasp growth opportunities in the fast evolving communication solution market and to deal with the challenges brought by fast advancing technological development, the Group persisted on providing the most advanced communication technology, most reliable products and most professional services to our customers. We achieved satisfactory growth in both revenue and profit, and succeeded in meeting major operating targets set by the management for the first half of 2011.

#### **Revenue**

The Group recorded revenue of approximately RMB186.44 million for the six months ended 30 June 2011, which represented a growth of approximately 44% compared to RMB129.09 million for the corresponding period of last year.

The increase in revenue was mainly due to the following factors:

Provision of satellite communication application solutions and services exhibited an increase in revenue from approximately RMB59.30 million for the six months ended 30 June 2010 to approximately RMB99.98 million for the six months ended 30 June 2011, representing a growth of approximately 69%. The high double digit increase in revenue was mainly attributable to the increasing orders from existing customers, the strong demand from new industries and provinces, and the sales driven by new technology and enhanced systems. Since the entry into the satellite communication market a few years ago, the Group has already built a strong sales network and solid customer base. In the first half of 2011, a big proportion of sales was attributable to the existing customers, mainly including those in the industry of civil defense, fire service, radio control and other customers in a number of provinces in China. In the aspects of business development, the Group actively expanded its business and its sales penetrated into several new industries and new regions. For example, in the first half of this year, the Group signed contracts with customers in the industries of prison administration and marine supervision. Also, geographically, the Group made further penetration into Fujian, Shaanxi, Heilongjiang and Shenzhen during this period. In the aspect of product development, we enhanced our dynamic satellite communication system by integrating it with portable system. This enhanced new solution provided greater mobility and flexibility for our customers to handle different emergency situations.

Provision of wireless data communication application solutions and services exhibited an increase in revenue from approximately RMB67.56 million for the six months ended 30 June 2010 to approximately RMB83.88 million for the six months ended 30 June 2011, representing a growth of approximately 24%. In the first half of the year, the revenue of this segment was mainly attributable to the sales of more intelligent monitoring systems and more intelligent terminals in different industries. Meanwhile, we also generated higher level of service income as compared with the same period last year.

### **Gross Profit**

The Group recorded gross profit of approximately RMB76.26 million for the six months ended 30 June 2011, which represented a growth of approximately 45% compared to RMB52.63 million for the corresponding period of last year. Meanwhile, the gross profit margin maintained at about 41%, the same level compared with the corresponding period last year.

Provision of satellite communication application solutions and services exhibited an increase in gross profit from approximately RMB24.89 million for the six months ended 30 June 2010 to approximately RMB36.50 million for the six months ended 30 June 2011, representing a growth of approximately 47%.

Provision of wireless data communication application solutions and services exhibited an increase in gross profit from approximately RMB31.65 million for the six months ended 30 June 2010 to approximately RMB39.50 million for the six months ended 30 June 2011, representing a growth of approximately 25%.

#### **Other Revenue and Other Net Income**

Other revenue and other net income surged from approximately RMB1.16 million for the six months ended 30 June 2010 to approximately RMB13.11 million for the six months ended 30 June 2011, which represented eleven times of growth. It was driven by an increase in the bank interest income of approximately RMB8.00 million and an increase in the net exchange gain of approximately RMB4.39 million.

#### **Distribution Costs and Administrative Expenses**

Distribution costs and administrative expenses increased from approximately RMB13.24 million for the six months ended 30 June 2010 to approximately RMB25.82 million for the six months ended 30 June 2011, representing a growth of approximately 95%. The growth was mainly due to two factors. One is that the staff cost increased by approximately 168% compared with the corresponding period last year, owing to the expansion of our network coverage in China. Besides staff cost, other expenses increased by approximately 49% compared with the corresponding period last year mainly due to the increase in business activities resulted from our growth in business volume.

#### **Finance Costs**

Finance costs increased from approximately RMB0.15 million for the six months ended 30 June 2010 to approximately RMB0.25 million for the six months ended 30 June 2011, representing a growth of approximately 67%. The financial costs were generated from mortgage loans raised to finance the purchase of office buildings and motor vehicle.



### **Income Tax**

Income tax increased from approximately RMB5.75 million for the six months ended 30 June 2010 to approximately RMB9.18 million for the six months ended 30 June 2011, representing a growth of approximately 60%. The effective tax rate was approximately 15% in the first half of 2011 and approximately 14% in the corresponding period last year.

### **Profit for the Period**

Profit for the period increased from approximately RMB34.65 million for the six months ended 30 June 2010 to approximately RMB52.71 million for the six months ended 30 June 2011, representing a growth of approximately 52%. It was mainly driven by the high digit growth of operating revenue together with the growth of other revenue and other net income.

## **LIQUIDITY AND CAPITAL RESOURCES**

### **Liquidity, Financial Resources and Capital Structure**

As at 30 June 2011, the Group had cash and cash equivalents and banks deposits with original maturities over three months of approximately RMB852.34 million (as at 31 December 2010: approximately RMB557.29 million). As at 30 June 2011, the Group had bank loans of approximately RMB15.46 million (as at 31 December 2010: RMB14.71 million). The bank loans as at 30 June 2011 were mainly resulted from mortgage loans raised for financing the purchase of motor vehicle and office premises in Hong Kong and Guangzhou.

As at 30 June 2011, the gearing ratio (calculated by dividing total bank loans by total assets) of the Group was approximately 1% (as at 31 December 2010: approximately 1%). The gearing ratio maintained at a low level. As at 30 June 2011, the Group had current assets of approximately RMB1,180.49 million (as at 31 December 2010: approximately RMB893.32 million). The current ratio (which is calculated by dividing current assets by current liabilities) was approximately 8.97 as at 30 June 2011 whilst the current ratio as at 31 December 2010 was approximately 5.41. The increase of current ratio was mainly due to the increase of cash and cash equivalents and banks deposits with original maturities over three months.

## CHINA ALL ACCESS (HOLDINGS) LIMITED

The Board's approach to managing liquidity is to ensure, as far as possible, that it 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 purchase were dominated in RMB. Therefore the Group is not exposed to significant foreign currency exchange risks and the Board does not expect future currency fluctuations to materially impact the Group's operations. The Group does not employ any financial instruments for hedging purposes.

### **Capital Expenditure**

During the period under review, the Group's total capital expenditure amounted to approximately RMB37.85 million, which was mainly used in the acquisition of communication equipment, motor vehicles and office equipment and used in prepayments for a new wireless data communication technology development.

### **Charge on Assets**

As at 30 June 2011, the Group's Hong Kong office premises with book value of approximately RMB15.33 million was pledged to secure bank facility of approximately RMB10.11 million, while its Guangzhou office premises with book value of approximately RMB8.95 million was pledged to secure bank facility of approximately RMB4.02 million.

### **Contingent Liabilities**

As at 30 June 2011, the Group had no material contingent liabilities.

## **HUMAN RESOURCES**

As at 30 June 2011, the Group employed 218 employees (as at 30 June 2010: 190 employees). The Group offered to its employees competitive salary package, as well as contribution to defined contribution retirement plan. A share option scheme has also been adopted for employees of the Group and other eligible participants, the details of which are set out in the paragraph headed "Share Option Scheme" below.

## PROSPECTS

Our business experienced a significant growth in the first half of 2011. We believe the upward trend will continue owing to some favorable factors.

The public security industry, as an emerging industry, is expected to maintain sustainable high growth in the coming years with expanding market capacity. According to the China Public Security Industry's Twelfth Five-year Plan, it is currently expected the public security market will have a significant growth in the period. According to market analyses, the annual growth rate of the market will be approximately 20% and the market capacity will reach approximately RMB500 billion in 2015. Being a player in the market, we see enormous business opportunities as the market booms. Moreover, the public sector's expenditure will likely continue to increase to gear up the public security infrastructure in the PRC regardless of changes in the Chinese economy. Consequently, there is a favorable environment for our development and business expansion.

In the aspect of product innovation, we will continue to enhance and upgrade our systems and products so as to strengthen our core competence. Meanwhile, we will customize existing products and systems to cater for requirements of different industries. By doing so, we can penetrate into new industries and exploit potential markets. We will keep on introducing the most advanced technology available to us to our customers while enhancing our own R&D activities, so that we can provide more advanced products and solutions to help our customers and strengthen their mission execution capability.

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

As at 30 June 2011, the interests and short positions of the Directors and chief executive of the Company in any of the Company's shares (the "Shares"), underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register kept by the Company, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

<b>Name of Director</b>	<b>Entity in which interests are held</b>	<b>Capacity/ Nature of interest</b>	<b>Number and class of securities held</b> <i>(Note 1)</i>	<b>Approximate percentage of shareholding</b>
Mr. Chan Yuen Ming ("Mr. Chan")	The Company	Interest of a controlled corporation <i>(Note 2)</i>	402,408,000 ordinary Shares (L)	33.60%
		Beneficial owner <i>(Note 3)</i>	1,900,000 ordinary Shares (L)	0.16%
Mr. Shao Kwok Keung	The Company	Beneficial owner <i>(Note 4)</i>	19,480,000 ordinary Shares (L)	1.63%

## CHINA ALL ACCESS (HOLDINGS) LIMITED

### Notes:

1. The letter "L" denotes a long position in the Shares or shares of the relevant Group member.
2. These Shares were held by Creative Sector Limited, the entire issued share capital of which was owned by Mr. Chan. Mr. Chan was deemed to be interested in all the Shares in which Creative Sector Limited was interested by virtue of the SFO.
3. The long position of Mr. Chan in these 1,900,000 Shares comprised (a) the 1,000,000 options granted to him by the Company under the Share Option Scheme (as defined below) on 20 September 2010, pursuant to which he is entitled to subscribe for 1,000,000 Shares during the period commencing from 20 June 2011 to 19 September 2011 (both days inclusive); and (b) the 900,000 options granted to him by the Company under the Share Option Scheme on 27 June 2011, pursuant to which he is entitled to subscribe for 900,000 Shares during the period commencing from 27 June 2012 to 26 June 2015 (both days inclusive), of which (i) one-third (or 300,000 share options) shall be exercisable from 27 June 2012 to 26 June 2015; (ii) one-third (or 300,000 share options) shall be exercisable from 27 June 2013 to 26 June 2015; and (iii) one-third (or 300,000 share options) shall be exercisable from 27 June 2014 to 26 June 2015. These share options remained outstanding as at 30 June 2011.
4. The long position of Mr. Shao Kwok Keung in these 19,480,000 Shares comprised (a) the 9,700,000 options granted to him by the Company under the Share Option Scheme on 20 September 2010, pursuant to which he is entitled to subscribe for 9,700,000 Shares during the period commencing from 20 June 2011 to 19 September 2011 (both days inclusive); and (b) the 9,780,000 options granted to him by the Company under the Share Option Scheme on 27 June 2011, pursuant to which he is entitled to subscribe for 9,780,000 Shares during the period commencing from 27 June 2012 to 26 June 2015 (both days inclusive), of which (i) one-third (or 3,260,000 share options) shall be exercisable from 27 June 2012 to 26 June 2015; (ii) one-third (or 3,260,000 share options) shall be exercisable from 27 June 2013 to 26 June 2015; and (iii) one-third (or 3,260,000 share options) shall be exercisable from 27 June 2014 to 26 June 2015. These share options remained outstanding as at 30 June 2011.

Save as disclosed above, as at 30 June 2011, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which would be required, pursuant to Section 352 of the SFO, to be entered in the register kept by the Company, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 30 June 2011, so far as is known to the Directors, the following persons (other than the Directors or chief executive of the Company), who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange in accordance with the provision of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register kept by the Company, were as follows:

Name of Shareholder	Entity in which interests are held	Capacity/ Nature of interest	Number and class of securities held <i>(Note 1)</i>	Approximate percentage of shareholding
Creative Sector Limited	The Company	Beneficial owner	402,408,000 ordinary Shares (L)	33.60%
Atlantis Investment Management (Hong Kong) Limited	The Company	Investment manager	144,001,000 ordinary Shares (L)	12.03%
Ms. Liu Yang	The Company	Interest of a controlled corporation <i>(Note 2)</i>	144,001,000 ordinary Shares (L)	12.03%
Chengwei CAA Holdings Limited ("Chengwei")	The Company	Beneficial owner	104,742,000 ordinary Shares (L)	8.75%
Chengwei Ventures Evergreen Fund, L.P.	The Company	Interest of a controlled corporation <i>(Note 3)</i>	104,742,000 ordinary Shares (L)	8.75%

CHINA ALL ACCESS (HOLDINGS) LIMITED

Name of Shareholder	Entity in which interests are held	Capacity/ Nature of interest	Number and class of securities held <i>(Note 1)</i>	Approximate percentage of shareholding
Chengwei Ventures Evergreen Management, LLC	The Company	Investment manager <i>(Note 4)</i>	104,742,000 ordinary Shares (L)	8.75%
EXL Holdings, LLC	The Company	Interest of a controlled corporation <i>(Note 5)</i>	104,742,000 ordinary Shares (L)	8.75%
Mr. Li Eric Xun	The Company	Interest of a controlled corporation <i>(Note 5)</i>	104,742,000 ordinary Shares (L)	8.75%
Ms. Li Yijing Zhu	The Company	Interest of spouse <i>(Note 6)</i>	104,742,000 ordinary Shares (L)	8.75%
Atlantis Fund Management (Guernsey) Limited	The Company	Investment manager	85,000,000 ordinary Shares (L)	7.10%

*Notes:*

- (1) The letter "L" denotes a person's long position in our Shares or shares of the relevant Group member.
- (2) These Shares were held by Atlantis Investment Management (Hong Kong) Limited, the entire issued share capital of which was owned by Ms. Liu Yang. Ms. Liu Yang was deemed to be interested in all the Shares in which Atlantis Investment Management (Hong Kong) Limited was interested by virtue of the SFO.
- (3) Chengwei Ventures Evergreen Fund, L.P. held approximately 89.28% of the issued share capital in Chengwei and therefore Chengwei Ventures Evergreen Fund, L.P. was deemed to be interested in all the Shares in which Chengwei was interested by virtue of the SFO.

## CHINA ALL ACCESS (HOLDINGS) LIMITED

- (4) Chengwei Ventures Evergreen Fund, L.P. was an investment fund managed by Chengwei Ventures Evergreen Management, LLC and therefore Chengwei Ventures Evergreen Management, LLC was deemed to be interested in all the Shares in which Chengwei Ventures Evergreen Fund, L.P. was interested by virtue of the SFO.
- (5) EXL Holdings, LLC, which was owned as to 50% by Mr. Li Eric Xun, held approximately 37% of the issued share capital in Chengwei Ventures Evergreen Management, LLC. Therefore, EXL Holdings, LLC was deemed to be interested in all the Shares in which Chengwei Ventures Evergreen Management, LLC was interested by virtue of the SFO, and Mr. Li Eric Xun was deemed to be interested in all the Shares in which EXL Holdings, LLC was interested by virtue of the SFO.
- (6) Ms. Li Yijing Zhu was the wife of Mr. Li Eric Xun, and therefore Ms. Li Yijing Zhu was deemed to be interested in all the Shares in which Mr. Li Eric Xun was interested by virtue of the SFO.

Save as disclosed herein, as at 30 June 2011, our Directors were not aware of any person (who is not a Director or chief executive of the Company) who had an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register kept by the Company.

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the period under review, save for the placing and subscription of the Company's shares as set out in note 13(b) to the financial statements and set out in the Company's announcements dated 19 January 2011 and 20 January 2011, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

### **MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES**

During the period under review, there was no acquisition or disposal of subsidiaries or associated companies by the Company.



**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 20 September 2010, a total of 50,150,000 share options (each share option entitling the holder to subscribe for one Share) were granted to eligible participants of whom, at the relevant time, two were Directors and the remaining were employees. On 27 June 2011, a total of 49,800,000 share options were granted to eligible participants of whom, at the relevant time, two were Directors and the remaining were employees.

Details are set out as below:

**(A) Directors (Note)**

Name of Director	Number of Shares in respect of share options					Exercise period	Exercise price per Share (HK\$)	Closing price of the Shares on the trading day immediately before the date of grant (HK\$)
	Outstanding as at 1 January 2011	Granted during the six months ended 30 June 2011	Exercised during the six months ended 30 June 2011	Lapsed or cancelled during the six months ended 30 June 2011	Outstanding as at 30 June 2011			
Chan Yuen Ming	1,000,000	—	—	—	1,000,000	20/06/2011 to 19/09/2011	1.70	1.70
	—	300,000	—	—	300,000	27/06/2012 to 26/06/2015	2.09	2.09
	—	300,000	—	—	300,000	27/06/2013 to 26/06/2015	2.09	2.09
	—	300,000	—	—	300,000	27/06/2014 to 26/06/2015	2.09	2.09
Shao Kwok Keung	9,700,000	—	—	—	9,700,000	20/06/2011 to 19/09/2011	1.70	1.70
	—	3,260,000	—	—	3,260,000	27/06/2012 to 26/06/2015	2.09	2.09
	—	3,260,000	—	—	3,260,000	27/06/2013 to 26/06/2015	2.09	2.09
	—	3,260,000	—	—	3,260,000	27/06/2014 to 26/06/2015	2.09	2.09

CHINA ALL ACCESS (HOLDINGS) LIMITED

(B) Employees (Note)

Name of grantee	Number of Shares in respect of share options					Exercise period	Exercise price per Share (HK\$)	Closing price of the Shares on the trading day immediately before the date of grant (HK\$)
	Outstanding as at 1 January 2011	Granted during the six months ended 30 June 2011	Exercised during the six months ended 30 June 2011	Lapsed or cancelled during the six months ended 30 June 2011	Outstanding as at 30 June 2011			
<i>(I) Employees granted with share options for over 1% of the issued Shares</i>								
Xiu Zhi Bao	10,200,000	—	—	—	10,200,000	20/06/2011 to 19/09/2011	1.70	1.70
	—	3,260,000	—	—	3,260,000	27/06/2012 to 26/06/2015	2.09	2.09
	—	3,260,000	—	—	3,260,000	27/06/2013 to 26/06/2015	2.09	2.09
	—	3,260,000	—	—	3,260,000	27/06/2014 to 26/06/2015	2.09	2.09
Wong Yuk Lan	9,700,000	—	—	—	9,700,000	20/06/2011 to 19/09/2011	1.70	1.70
	—	3,260,000	—	—	3,260,000	27/06/2012 to 26/06/2015	2.09	2.09
	—	3,260,000	—	—	3,260,000	27/06/2013 to 26/06/2015	2.09	2.09
	—	3,260,000	—	—	3,260,000	27/06/2014 to 26/06/2015	2.09	2.09
Feng Rui Ju	9,700,000	—	—	—	9,700,000	20/06/2011 to 19/09/2011	1.70	1.70
	—	3,260,000	—	—	3,260,000	27/06/2012 to 26/06/2015	2.09	2.09
	—	3,260,000	—	—	3,260,000	27/06/2013 to 26/06/2015	2.09	2.09
	—	3,260,000	—	—	3,260,000	27/06/2014 to 26/06/2015	2.09	2.09
Tong Jing	6,350,000	—	—	—	6,350,000	20/06/2011 to 19/09/2011	1.70	1.70
	—	3,260,000	—	—	3,260,000	27/06/2012 to 26/06/2015	2.09	2.09
	—	3,260,000	—	—	3,260,000	27/06/2013 to 26/06/2015	2.09	2.09
	—	3,260,000	—	—	3,260,000	27/06/2014 to 26/06/2015	2.09	2.09
<i>(II) Other employees</i>								
In aggregate	3,500,000	—	—	—	3,500,000	20/06/2011 to 19/09/2011	1.70	1.70

## CHINA ALL ACCESS (HOLDINGS) LIMITED

*Note:* Mr. Zhao Qing An and Mr. Xiu Zhi Bao were appointed as executive Directors on 24 August 2011. Share options granted to them were categorized under the heading of “Employees” for the period ended 30 June 2011.

### **COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES**

None of the Directors is aware of any information that would reasonably indicate that the Company or any of its Directors is not or was not, during the six months ended 30 June 2011, in due compliance with the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules.

### **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 Appendix 10 to the Listing Rules. Having made specific enquiry on all Directors, all Directors have confirmed that they have complied with the required standard set out in Appendix 10 to the Listing Rules and the code of conduct regarding securities transactions by the Directors adopted by the Company during the six months ended 30 June 2011.

### **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 2011.

### **INTERIM DIVIDEND**

The Board recommends the payment of an interim dividend for the six months ended 30 June 2011 of HK2.0 cents per share (for the six months ended 30 June 2010: HK1.0 cent). The interim dividend will be paid to shareholders of the Company listed on the register of members of the Company on 7 October 2011. It is currently expected that the interim dividend will be paid on or about 14 October 2011.

**CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 4 October 2011 to 7 October 2011, both days inclusive, during which no transfer of shares of the Company will be effected. In order to qualify for the interim dividend, all transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office in Hong Kong, Union Registrars Limited at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, for registration not later than 4:00 p.m. on 3 October 2011.

By order of the Board  
**China All Access (Holdings) Limited**  
**Shao Kwok Keung**  
*Chief Executive Officer*

Hong Kong  
24 August 2011

CHINA ALL ACCESS (HOLDINGS) LIMITED

**Consolidated income statement**

for the six months ended 30 June 2011 - Unaudited

(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2011 RMB'000	2010 RMB'000
<b>Revenue</b>	3	<b>186,442</b>	129,094
Cost of sales		<u>(110,178)</u>	<u>(76,461)</u>
<b>Gross profit</b>		<b>76,264</b>	52,633
Other revenue		<b>8,500</b>	947
Other net income		<b>4,609</b>	214
Distribution costs		<b>(3,261)</b>	(2,089)
Administrative expenses		<u><b>(22,560)</b></u>	<u>(11,155)</u>
<b>Profit from operations</b>		<b>63,552</b>	40,550
Finance costs	5(a)	<b>(246)</b>	(152)
Share of losses of an associate		<u><b>(1,409)</b></u>	<u>—</u>
<b>Profit before taxation</b>	5	<b>61,897</b>	40,398
Income tax	6	<u><b>(9,183)</b></u>	<u>(5,745)</u>
<b>Profit for the period</b>		<u><b>52,714</b></u>	<u><b>34,653</b></u>

CHINA ALL ACCESS (HOLDINGS) LIMITED

**Consolidated income statement (Continued)**

for the six months ended 30 June 2011 - Unaudited

(Expressed in Renminbi)

		<b>Six months ended 30 June</b>	
		<b>2011</b>	2010
	<i>Note</i>	<b>RMB'000</b>	<i>RMB'000</i>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>52,837</b>	34,679
Non-controlling interests		<b>(123)</b>	(26)
		<hr/>	<hr/>
<b>Profit for the period</b>		<b><u>52,714</u></b>	<b><u>34,653</u></b>
<b>Earnings per share</b>			
Basic (RMB)	7(a)	<b><u>0.045</u></b>	<u>0.033</u>
Diluted (RMB)	7(b)	<b><u>0.045</u></b>	<u>0.033</u>

The notes on pages 28 to 52 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 13(a).

CHINA ALL ACCESS (HOLDINGS) LIMITED

**Consolidated statement of comprehensive income**

for the six months ended 30 June 2011 - Unaudited

(Expressed in Renminbi)

	<b>Six months ended 30 June</b>	
	<b>2011</b>	2010
	<b>RMB'000</b>	RMB'000
<b>Profit for the period</b>	<b>52,714</b>	34,653
<b>Other comprehensive income for the period</b>		
Exchange differences on translation of financial statements of subsidiaries outside The People's Republic of China (the "PRC"), net of nil tax	<u>(6,516)</u>	<u>(653)</u>
<b>Total comprehensive income for the period</b>	<b><u>46,198</u></b>	<b><u>34,000</u></b>
<b>Attributable to:</b>		
Equity shareholders of the Company	46,321	34,026
Non-controlling interests	<u>(123)</u>	<u>(26)</u>
<b>Total comprehensive income for the period</b>	<b><u>46,198</u></b>	<b><u>34,000</u></b>

The notes on pages 28 to 52 form part of this interim financial report.

CHINA ALL ACCESS (HOLDINGS) LIMITED

**Consolidated balance sheet**

at 30 June 2011 - Unaudited

(Expressed in Renminbi)

		At 30 June 2011	At 31 December 2010 (Audited)
	Note	RMB'000	RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	8	74,091	69,879
Intangible assets		2,070	2,070
Goodwill		367	367
Interest in an associate		19,223	20,632
Trade and other receivables	9	86,922	57,052
Deferred tax assets		734	310
		<u>183,407</u>	<u>150,310</u>
<b>Current assets</b>			
Inventories		20,637	26,337
Trade and other receivables	9	307,507	309,693
Banks deposits with original maturities over three months		110,000	—
Cash and cash equivalents	10	742,343	557,294
		<u>1,180,487</u>	<u>893,324</u>
<b>Current liabilities</b>			
Trade and other payables	11	109,501	141,201
Bank loans	12	986	724
Income tax payable		21,092	23,088
		<u>131,579</u>	<u>165,013</u>



CHINA ALL ACCESS (HOLDINGS) LIMITED

**Consolidated balance sheet (Continued)**

at 30 June 2011 - Unaudited

(Expressed in Renminbi)

		At 30 June 2011	At 31 December 2010 (Audited)
	Note	RMB'000	RMB'000
<b>Net current assets</b>		<b>1,048,908</b>	728,311
<b>Total assets less current liabilities</b>		<b>1,232,315</b>	878,621
<b>Non-current liabilities</b>			
Bank loans	12	14,474	13,989
Deferred tax liabilities		7,198	8,245
		<b>21,672</b>	22,234
<b>NET ASSETS</b>		<b>1,210,643</b>	856,387
<b>CAPITAL AND RESERVES</b>	13		
Share capital		10,494	9,141
Reserves		1,198,423	845,397
<b>Total equity attributable to equity shareholders of the Company</b>		<b>1,208,917</b>	854,538
Non-controlling interests		1,726	1,849
<b>TOTAL EQUITY</b>		<b>1,210,643</b>	856,387

The notes on pages 28 to 52 form part of this interim financial report.

CHINA ALL ACCESS (HOLDINGS) LIMITED

**Consolidated statement of changes in equity**

for the six months ended 30 June 2011 - Unaudited

(Expressed in Renminbi)

		Attributable to equity shareholders of the Company										
		Share capital	Share premium	Contributed surplus	Capital reserve	Statutory general reserve	Translation reserve	Share-based		Non-controlling interests	Total equity	
								compen-	Retained			Total
Note		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at</b>												
	<b>1 January 2010</b>	9,141	357,192	164,155	115,585	10,690	(1,369)	—	63,073	718,467	—	718,467
<b>Changes in equity for the six months ended 30 June 2010:</b>												
Dividends to equity shareholders												
13(a)		—	(9,094)	—	—	—	—	—	—	(9,094)	—	(9,094)
Non-controlling interests arising from business combination												
		—	—	—	—	—	—	—	—	—	1,756	1,756
Total comprehensive income for the period												
		—	—	—	—	—	(653)	—	34,679	34,026	(26)	34,000
<b>Balance at 30 June 2010 and 1 July 2010</b>												
		9,141	348,098	164,155	115,585	10,690	(2,022)	—	97,752	743,399	1,730	745,129
<b>Changes in equity for the six months ended 31 December 2010:</b>												
Dividends to equity shareholders												
		—	(8,921)	—	—	—	—	—	—	(8,921)	—	(8,921)
Loss on acquisition of non-controlling interests												
		—	—	—	—	—	—	—	(329)	(329)	329	—

CHINA ALL ACCESS (HOLDINGS) LIMITED

**Consolidated statement of changes in equity (Continued)**

for the six months ended 30 June 2011 - Unaudited

(Expressed in Renminbi)

		Attributable to equity shareholders of the Company										
		Share capital	Share premium	Contributed surplus	Capital reserve	Statutory general reserve	Translation reserve	Share-based compensation reserve	Retained profits	Total	Non-controlling interests	Total equity
Note		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Appropriation of reserve	—	—	—	—	15,972	—	—	(15,972)	—	—	—
	Equity-settled share-based transactions	—	—	—	—	—	—	4,273	—	4,273	—	4,273
	Total comprehensive income for the period	—	—	—	—	—	(2,416)	—	118,532	116,116	(210)	115,906
	<b>Balance at 31 December 2010 and 1 January 2011</b>	<b>9,141</b>	<b>339,177</b>	<b>164,155</b>	<b>115,585</b>	<b>26,662</b>	<b>(4,438)</b>	<b>4,273</b>	<b>199,983</b>	<b>854,538</b>	<b>1,849</b>	<b>856,387</b>
	<b>Changes in equity for the six months ended 30 June 2011:</b>											
	Issuance of shares	13(b)	1,353	361,283	—	—	—	—	—	362,636	—	362,636
	Share issue costs		—	(11,275)	—	—	—	—	—	(11,275)	—	(11,275)
	Dividends to equity shareholders	13(a)	—	(50,097)	—	—	—	—	—	(50,097)	—	(50,097)
	Equity-settled share-based transactions	13(c)	—	—	—	—	—	6,794	—	6,794	—	6,794
	Total comprehensive income for the period		—	—	—	—	(6,516)	—	52,837	46,321	(123)	46,198
	<b>Balance at 30 June 2011</b>	<b>10,494</b>	<b>639,088</b>	<b>164,155</b>	<b>115,585</b>	<b>26,662</b>	<b>(10,954)</b>	<b>11,067</b>	<b>252,820</b>	<b>1,208,917</b>	<b>1,726</b>	<b>1,210,643</b>

The notes on pages 28 to 52 form part of this interim financial report.

CHINA ALL ACCESS (HOLDINGS) LIMITED

**Condensed consolidated statement of cash flows**

for the six months ended 30 June 2011 - Unaudited

(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2011 RMB'000	2010 RMB'000
Cash generated from operations		49,666	45,540
Tax paid		<u>(12,639)</u>	<u>(7,063)</u>
Net cash generated from operating activities		37,027	38,477
Net cash used in investing activities		(147,840)	(30,497)
Net cash generated from financing activities		<u>302,042</u>	<u>6,089</u>
Net increase in cash and cash equivalents		191,229	14,069
Cash and cash equivalents at 1 January	10	557,294	465,200
Effect of foreign exchange rates changes		<u>(6,180)</u>	<u>(560)</u>
Cash and cash equivalents at 30 June	10	<u><u>742,343</u></u>	<u><u>478,709</u></u>

The notes on pages 28 to 52 form part of this interim financial report.

**Notes to the unaudited interim financial report**

*(Expressed in Renminbi unless otherwise indicated)*

**1 Basis of preparation**

This interim financial report 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 (“HKICPA”). It was authorised for issue on 24 August 2011.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2010 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2011 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial report 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 report 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 2010 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 interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG’s independent review report to the board of directors is included on pages 53 to 54.

**Notes to the unaudited interim financial report (Continued)**

**1 Basis of preparation (Continued)**

The financial information relating to the financial year ended 31 December 2010 that is included in the interim financial report as being previously reported information does not constitute the Company's financial statements for that financial year but is derived from those financial statements. The statutory financial statements for the year ended 31 December 2010 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 31 March 2011.

**2 Changes in accounting policies**

The HKICPA has issued a number of amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- HKAS 24 (revised 2009), *Related party disclosures*
- Improvements to HKFRSs (2010)

These developments have had no material impact on the contents of the Group's financial statements.

The HKFRSs that will be effective or are available for voluntary early adoption in the annual financial statements for the year ending 31 December 2011 may be affected by the issuance of additional interpretations or other changes announced by the HKICPA subsequent to the date of issuance of the interim financial report. Therefore the policies that will be applied in the Group's financial statements for the year ending 31 December 2011 cannot be determined with certainty at the date of issuance of the interim financial report.

**Notes to the unaudited interim financial report (Continued)**

**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 three reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Provision of satellite communication application solutions and services: including system design, installation, testing, software development, provision of application services for satellite communication, as well as distribution of satellite receivers and equipment.
- Provision of wireless data communication application solutions and services: including system design, installation, testing, software development, provision of application services for wireless data communication, as well as distribution of wireless terminals and equipment.
- Provision of call centre application solutions and services: including software development, technical support, and quality control for call centres.

Notes to the unaudited interim financial report (*Continued*)

3 Segment reporting (*Continued*)

(a) *Segment results, assets and liabilities*

In accordance with HKFRS 8, *Operating segments*, segment information disclosed in the interim financial report has been prepared in a manner consistent with the information used by the Group's most senior executive management for the purposes of assessing segment performance and allocating resources between segments. In this regard, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of goodwill, interest in an associate, deferred tax assets, other corporate assets and certain communication equipment which is jointly used by all reportable segments. Segment liabilities include trade creditors and accruals attributable to the activities of the individual segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. However, assistance provided by one segment to another, including sharing of assets, is not measured.

The measure used for reporting segment profit is "segment operating profit". Segment operating profit includes the gross profit generated by the segment and certain distribution costs and administrative expenses directly attributable to the segment. Items that are not specifically attributable to individual segments, such as unallocated other revenue, other net income, finance costs, depreciation of certain communication equipment, other corporate administration costs and share of losses of an associate, are excluded from segment operating profits.



Notes to the unaudited interim financial report (Continued)

3 Segment reporting (Continued)

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

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:

For six months ended 30 June	Provision of satellite communication application solutions and services		Provision of wireless data communication application solutions and services		Provision of call centre application solutions and services		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers (note)	<u>99,980</u>	<u>59,300</u>	<u>83,876</u>	<u>67,561</u>	<u>2,586</u>	<u>2,233</u>	<u>186,442</u>	<u>129,094</u>
Reportable segment profit	36,201	24,568	37,819	31,430	1,679	1,379	75,699	57,377
Depreciation for the period	253	151	29	24	354	343	636	518
Additions to non-current segment assets during the period	<u>2,575</u>	<u>—</u>	<u>27,055</u>	<u>26</u>	<u>14</u>	<u>204</u>	<u>29,644</u>	<u>230</u>
	At 30 June 2011	At 31 December 2010	At 30 June 2011	At 31 December 2010	At 30 June 2011	At 31 December 2010	At 30 June 2011	At 31 December 2010
		(Audited)		(Audited)		(Audited)		(Audited)
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Reportable segment assets	<u>127,654</u>	<u>135,774</u>	<u>251,705</u>	<u>225,986</u>	<u>3,403</u>	<u>1,394</u>	<u>382,762</u>	<u>363,154</u>
Reportable segment liabilities	<u>48,335</u>	<u>90,240</u>	<u>18,212</u>	<u>9,210</u>	<u>—</u>	<u>—</u>	<u>66,547</u>	<u>99,450</u>

Notes to the unaudited interim financial report (Continued)

3 Segment reporting (Continued)

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

Note: Major customers

Revenue of customers amounting to 10 percent or more of the Group's revenue during the current and prior period are set out below:

For six months ended 30 June	Provision of satellite communication application solutions and services		Provision of wireless data communication application solutions and services		Total	
	2011	2010	2011	2010	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Customer A	18,723	6,701	8,682	21,619	27,405	28,320
Customer B	—	14,538	—	—	—	14,538
	<u>18,723</u>	<u>21,239</u>	<u>8,682</u>	<u>21,619</u>	<u>27,405</u>	<u>42,858</u>

(b) Reconciliation of reportable segment profit, assets and liabilities

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
<b>Profit</b>		
Reportable segment profit derived from		
the Group's external customers	75,699	57,377
Other revenue	8,500	947
Other net income	4,609	214
Depreciation and amortisation	(5,575)	(5,113)
Share of loss of an associate	(1,409)	—
Finance costs	(246)	(152)
Unallocated head office and corporate expenses	(19,681)	(12,875)
	<u>61,897</u>	<u>40,398</u>
Consolidated profit before taxation	<u>61,897</u>	<u>40,398</u>

## Notes to the unaudited interim financial report (Continued)

## 3 Segment reporting (Continued)

## (b) Reconciliation of reportable segment profit, assets and liabilities (Continued)

	At 30 June 2011 <i>RMB'000</i>	At 31 December 2010 <i>(Audited)</i> <i>RMB'000</i>
<b>Assets</b>		
Reportable segment assets	382,762	363,154
Unallocated head office and corporate assets	<u>981,132</u>	<u>680,480</u>
Consolidated total assets	<u><u>1,363,894</u></u>	<u><u>1,043,634</u></u>
<b>Liabilities</b>		
Reportable segment liabilities	66,547	99,450
Unallocated head office and corporate liabilities	<u>86,704</u>	<u>87,797</u>
Consolidated total liabilities	<u><u>153,251</u></u>	<u><u>187,247</u></u>

Unallocated head office and corporate expenses mainly include directors' and auditors' remuneration, consultancy fees and other corporate administration costs which are not specifically attributable to individual segments.

Unallocated head office and corporate assets mainly include cash and cash equivalents, banks deposits with original maturities over three months, goodwill, intangible assets, interest in an associate, prepayments and deposits, property, plant and equipment, and deferred tax assets which are not specifically attributable to individual segments.

Unallocated head office and corporate liabilities mainly include bank loans, value-added tax payable, and income tax payable which are not specifically attributable to individual segments.

## Notes to the unaudited interim financial report (Continued)

## 3 Segment reporting (Continued)

## (c) Geographic segments

Substantially all of the Group's activities are based in the PRC and all of the Group's turnover and assets are derived from and located in the PRC for both the current and prior periods.

## 4 Seasonality of operations

The Group's operations are subject to cyclical fluctuations during a year. Generally, higher sales are experienced during the second half of a year because most customers' annual budgets are prepared during the first quarter and normally carry out their procurement activities during the second half of the year after their budgets are finalised.

## 5 Profit before taxation

Profit before taxation is arrived at after charging:

	<b>Six months ended 30 June</b>	
	<b>2011</b>	2010
	<i>RMB'000</i>	<i>RMB'000</i>
<b>(a) Finance costs</b>		
Interest on borrowings	207	124
Other finance costs	39	28
	<u>246</u>	<u>152</u>
<b>(b) Other items</b>		
Cost of inventories	99,840	67,709
Depreciation of property, plant and equipment	6,211	5,631
Impairment loss on trade and other receivables	1,577	—
	<u>107,628</u>	<u>73,340</u>

## Notes to the unaudited interim financial report (Continued)

## 6 Income tax

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Current tax – PRC corporate income tax	10,654	5,745
Deferred taxation	(1,471)	—
	<u>9,183</u>	<u>5,745</u>

- (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.

The Company 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%.

- (b) No provision for Hong Kong Profits Tax has been made as the Group did not have assessable profits subject to Hong Kong Profits Tax for the six months ended 30 June 2011 and 2010.
- (c) Pursuant to the income tax rules and regulations of the PRC, the subsidiaries of the Group in the PRC are liable to PRC corporate income tax at a rate of 25% during the six months ended 30 June 2011 (six months ended 30 June 2010: 25%), except for Hebei Noter Communication Technology Company Limited (“Hebei Noter”) which is entitled to a tax concession period during which Hebei Noter is fully exempted from PRC corporate income tax for two years starting from its first profit making year, followed by a 50% reduction in the PRC corporate income tax for the following three years. The tax rate of Hebei Noter for the six months ended 30 June 2011 is 12.5% (six months ended 30 June 2010: 12.5%).

Notes to the unaudited interim financial report (*Continued*)

**7 Earnings per share**

*(a) Basic earnings per share*

The calculation of basic earnings per share for the six months ended 30 June 2011 is based on the profit attributable to ordinary equity shareholders of the Company of RMB52,837,000 (for the six months ended 30 June 2010: RMB34,679,000) and the weighted average of 1,173,633,000 ordinary shares (for the six months ended 30 June 2010: 1,037,500,000 ordinary shares) in issue during the six months ended 30 June 2011.

*(b) Diluted earnings per share*

The calculation of diluted earnings per share for the six months ended 30 June 2011 is based on the profit attributable to ordinary equity shareholders of the Company of RMB52,837,000 and the weighted average of 1,187,194,000 ordinary shares, after adjusting for the effect of deemed issue of ordinary shares under the Company's share option scheme for nil consideration.

The diluted earnings per share for the six months ended 30 June 2010 is the same as the basic earnings per share as there was no dilutive instruments during the period.

**8 Property, plant and equipment**

*Acquisitions*

During the six months ended 30 June 2011, the Group acquired items of property, plant and equipment with a cost of RMB10,395,000 (six months ended 30 June 2010: RMB30,751,000).

CHINA ALL ACCESS (HOLDINGS) LIMITED

Notes to the unaudited interim financial report (Continued)

9 Trade and other receivables

	At 30 June 2011 <i>RMB'000</i>	At 31 December 2010 <i>(Audited)</i> <i>RMB'000</i>
<b>Non-current</b>		
Trade receivables	30,229	27,534
Performance guarantee deposit (note)	29,638	29,518
Prepayments for technology development	27,055	—
	<u>86,922</u>	<u>57,052</u>
<b>Current</b>		
Trade receivables	296,927	305,654
Less: Allowance for doubtful debts	(1,854)	(277)
	<u>295,073</u>	<u>305,377</u>
Other receivables, prepayments and deposits	12,434	4,316
	<u>307,507</u>	<u>309,693</u>

**Notes to the unaudited interim financial report (Continued)**

**9 Trade and other receivables (Continued)**

*Note:*

On 28 February 2008, Hebei Noter and Sky Communication Group Company Limited (“SkyComm”) entered into a long term co-operation agreement for a period of five years until December 2012. Pursuant to the long term co-operation agreement, Hebei Noter provided a lump sum up to RMB30,000,000 to SkyComm as a performance guarantee deposit which is subject to an annual adjustment in the manner as specified therein. The performance guarantee deposit is to secure SkyComm during the operations in case of the Group’s failure in performance to its customers. Such performance guarantee deposit will be refunded to Hebei Noter when the retention period of the projects for which SkyComm acts as the agent for the Group has expired. The amount expected to be refunded one year after the balance sheet date is classified as a non-current receivable and is discounted at a rate generally available for discounting similar instruments with commercial banks in the PRC based on the expected timing or refund.

The performance guarantee deposit was not changed during the six months ended 30 June 2011. As at 30 June 2011, the total performance guarantee deposit provided to SkyComm amounted to RMB30,000,000 (2010: RMB30,000,000), whose present value at that date was RMB29,638,000 (2010: RMB29,518,000), is expected to be recovered after one year from the balance sheet date, has been classified as non-current assets.



## Notes to the unaudited interim financial report (Continued)

## 9 Trade and other receivables (Continued)

*Ageing analysis*

Included in trade and other receivables are trade debtors (net of allowance for doubtful debts) with the following ageing analysis:

	At 30 June 2011 <i>RMB'000</i>	At 31 December 2010 <i>(Audited)</i> <i>RMB'000</i>
Current	<u>159,189</u>	<u>210,674</u>
Less than 1 month past due	25,234	88,410
1 to 3 months past due	6,818	9,673
More than 3 months but less than 12 months past due	131,276	21,357
More than 12 months past due	<u>2,785</u>	<u>2,797</u>
Amounts past due	<u>166,113</u>	<u>122,237</u>
Trade debtors, net of allowance for doubtful debts	<u><u>325,302</u></u>	<u><u>332,911</u></u>
Representing:		
Non-current trade receivables	30,229	27,534
Current trade receivables	<u>295,073</u>	<u>305,377</u>
	<u><u>325,302</u></u>	<u><u>332,911</u></u>

## Notes to the unaudited interim financial report (Continued)

**9 Trade and other receivables (Continued)***Ageing analysis (Continued)*

Contract sums for the provision of application solutions (other than for sales of terminal equipment) are generally due and payable by instalments at different stages which comprised (i) downpayment payable upon signing of contract; and (ii) remaining balance within three months after acceptance of project, subject to 5%-10% retention money, if any, to be withheld by customers in our projects until expiry of the warranty period. For sales of terminal equipment, contract sums are normally payable upon delivery of the relevant terminal equipment. The Group may grant credit up to 180 days to its customers according to the negotiation and relationship with these customers. The Group may also allow payments by instalments to certain customers with sound financial background and with no history of default. Credit terms could be extended for certain well-established customers on a case-by-case basis. Normally, the Group does not obtain collateral from customers.

**10 Cash and cash equivalents**

Cash and cash equivalents in the consolidated balance sheet and condensed consolidated cash flow statement comprise:

	At <b>30 June</b> <b>2011</b>  <i>RMB'000</i>	At 31 December 2010 <i>(Audited)</i> <i>RMB'000</i>
Cash at bank and in hand	<u><u>742,343</u></u>	<u><u>557,294</u></u>

## Notes to the unaudited interim financial report (Continued)

## 11 Trade and other payables

	At <b>30 June 2011</b> <i>RMB'000</i>	At 31 December 2010 <i>(Audited)</i> <i>RMB'000</i>
Trade creditors	36,834	67,596
Receipts in advance	21,352	29,453
Other payables and accruals	51,315	44,152
	<u>109,501</u>	<u>141,201</u>

Included in trade and other payables are trade creditors with the following ageing analysis:

	At <b>30 June 2011</b> <i>RMB'000</i>	At 31 December 2010 <i>(Audited)</i> <i>RMB'000</i>
Due within 1 month or on demand	31,165	8,106
Due after 1 month but within 3 months	1,872	43,078
Due after 3 months but within 6 months	3,432	15,314
Due after 6 months but within 12 months	365	1,098
	<u>36,834</u>	<u>67,596</u>

## Notes to the unaudited interim financial report (Continued)

## 12 Bank loans

At 30 June 2011, the bank loans comprise:

	At 30 June 2011 <i>RMB'000</i>	At 31 December 2010 <i>(Audited)</i> <i>RMB'000</i>
Mortgage loans (note 12(i))	14,125	14,713
Auto loan (note 12 (ii))	1,335	—
	<u>15,460</u>	<u>14,713</u>

## Notes:

- (i) At 30 June 2011, the mortgage loans are secured by the Group's buildings, with carrying value of approximately RMB24,284,000 (2010: buildings with carrying value of approximately RMB15,893,000 and construction in progress with carrying value of approximately RMB8,951,000, respectively).

At 30 June 2011, the mortgage loan amounting to HK\$12,152,000 (approximately RMB10,106,000) (2010: HK\$12,372,000, approximately RMB10,528,000) was guaranteed by the Company.

- (ii) At 30 June 2011, the auto loan amounting to HK\$1,606,000 (approximately RMB1,335,000) (2010: Nil) was unsecured but guaranteed by the Company.

## Notes to the unaudited interim financial report (Continued)

## 12 Bank loans (Continued)

At 30 June 2011, the bank loans were repayable as follows:

	At 30 June 2011 <i>RMB'000</i>	At 31 December 2010 <i>(Audited)</i> <i>RMB'000</i>
<b>Current portion</b>		
Within 1 year	986	724
<b>Non-current portion</b>		
After 1 year but within 2 years	1,051	757
After 2 years but within 5 years	3,212	2,446
After 5 years	10,211	10,786
	<u>14,474</u>	<u>13,989</u>
Total bank loans	<u>15,460</u>	<u>14,713</u>

## Notes to the unaudited interim financial report (Continued)

## 13 Capital, reserves and dividends

## (a) Dividends

- (i) Dividends payable to equity shareholders of the Company attributable to the interim period:

	<b>Six months ended 30 June</b>	
	<b>2011</b>	2010
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Interim dividend declared after the interim period, of HK2.0 cents per ordinary share (six months ended 30 June 2010: HK1.0 cent per ordinary share)	<u><b>23,950</b></u>	<u>10,375</u>
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Equivalent to	<u><b>19,627</b></u>	<u>9,051</u>

The interim dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

## Notes to the unaudited interim financial report (Continued)

## 13 Capital, reserves and dividends (Continued)

## (a) Dividends (Continued)

- (ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the interim period:

	<b>Six months ended 30 June</b>	
	<b>2011</b>	2010
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Final dividend attributable to the financial year ended 31 December 2010, approved and paid during the following interim period, of HK5.0 cents per ordinary share (year ended 31 December 2009: HK1.0 cent per ordinary share)	<u><b>59,875</b></u>	<u>10,375</u>
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Equivalent to	<u><b>50,097</b></u>	<u>9,094</u>

## Notes to the unaudited interim financial report (Continued)

## 13 Capital, reserves and dividends (Continued)

## (b) Share capital

	At 30 June 2011		At 31 December 2010	
	Shares '000	Amount HK\$'000	Shares (Audited) '000	Amount (Audited) HK\$'000
<b>Authorised:</b>	<b>100,000,000</b>	<b>1,000,000</b>	100,000,000	1,000,000
<b>Ordinary shares, issued and fully paid:</b>				
At the beginning of the period/year	1,037,500	10,375	1,037,500	10,375
Issurance of shares (note)	160,000	1,600	—	—
At the end of the period/year	<b>1,197,500</b>	<b>11,975</b>	1,037,500	10,375
		<b>RMB'000</b>		<b>RMB'000</b>
Equivalent to		<b>10,494</b>		9,141

*Note:*

On 18 January 2011, the Company entered into a placing and subscription agreement with Creative Sector Limited, a company wholly-owned by Mr. Chan Yuen Ming, an executive Director and the Chairman of the Company, and a placing agent for the placing of up to 200,000,000 shares of HK\$0.01 each in the Company held by Creative Sector Limited at a price of HK\$2.68 per share, followed by the subscription by Creative Sector Limited of up to 160,000,000 subscription shares at a subscription price of HK\$2.68 per share. The agreement has been completed and 160,000,000 new shares of HK\$0.01 each in the Company were duly issued and allotted to Creative Sector Limited on 28 January 2011.



## Notes to the unaudited interim financial report (Continued)

## 13 Capital, reserves and dividends (Continued)

## (c) Equity settled share-based transactions

On 28 August 2009, the Company conditionally adopted a share option scheme (the "Share Option Scheme") which became effective upon the listing of the Company on 16 September 2009. Under the Share Option Scheme, the board of directors are authorised, at their discretion, to invite employees of the Group, including the directors of any company in the Group, or other eligible participants as stipulated by the Share Option Scheme, to take up share options at a consideration of HK\$1 for the whole grant per participant to subscribe for shares of the Company. The total maximum number of share options which may be granted under the Share Option Scheme must not in aggregate exceed 100 million share options. Each share option gives the holder the right to subscribe for one ordinary share of the Company and is settled in shares.

- (i) The number and weighted average exercise price of share options are as follows:

	Weighted average exercise price HK\$	Number of options
Outstanding as at 1 January 2011	1.70	50,150,000
Granted during the period	2.09	49,800,000
		<hr/>
Outstanding as at 30 June 2011	1.89	<u>99,950,000</u>
Exercisable as at 30 June 2011	1.70	<u>50,150,000</u>

On 27 June 2011, the Company granted 49,800,000 share options to the Group's directors and employees. No share options were exercised, forfeited nor expired during the six months ended 30 June 2011 (for the six months ended 30 June 2010: nil).

Notes to the unaudited interim financial report (*Continued*)13 Capital, reserves and dividends (*Continued*)(c) *Equity settled share-based transactions (Continued)*

(ii) At 30 June 2011, the outstanding share options were as follows:

	Number of share options	Vesting conditions	Contractual life of options
<i>Options granted to directors</i>			
– on 20 September 2010	10,700,000	Nine months from the grant date	1 year
– on 27 June 2011	10,680,000	One-third one year from the grant date, one-third two years from the grant date, one-third three years from the grant date	4 years
<i>Options granted to employees</i>			
– on 20 September 2010	39,450,000	Nine months from the grant date	1 year
– on 27 June 2011	39,120,000	One-third one year from the grant date, one-third two years from the grant date, one-third three years from the grant date	4 years

## Notes to the unaudited interim financial report (Continued)

## 13 Capital, reserves and dividends (Continued)

## (c) Equity settled share-based transactions (Continued)

## (iii) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted on 27 June 2011 is measured based on a Binomial Option Pricing model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the Binomial Option Pricing model.

27 June 2011

Fair value at measurement date	<b>HK\$0.6392 to HK\$0.7517</b>
Share price	<b>HK\$2.09</b>
Exercise price	<b>HK\$2.09</b>
Expected volatility (expressed as weighted average volatility used in the modelling under the Binomial Option Pricing model)	<b>54.09%</b>
Option life	<b>4 years</b>
Expected dividend yield	<b>2.87%</b>
Risk-free interest rate	<b>0.86%</b>
Forfeiture rate	<b>0.00%</b>
Suboptimal exercise factor	<b>1.5 to 2.8</b>

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Notes to the unaudited interim financial report *(Continued)***13 Capital, reserves and dividends** *(Continued)**(c) Equity settled share-based transactions (Continued)**(iii) Fair value of share options and assumptions (Continued)*

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the service received. There were no market conditions associated with the share option grants.

**14 Commitments***(a) Capital commitments outstanding not provided for in the interim financial report*

	At <b>30 June</b> <b>2011</b> <i>RMB'000</i>	At 31 December 2010 <i>(Audited)</i> <i>RMB'000</i>
Contracted for	<u><b>1,128</b></u>	<u>1,043</u>

## Notes to the unaudited interim financial report (Continued)

## 14 Commitments (Continued)

(b) At 30 June 2011, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	At 30 June 2011 <i>RMB'000</i>	At 31 December 2010 <i>(Audited)</i> <i>RMB'000</i>
Within 1 year	2,519	1,297
After 1 year but within 5 years	8,865	1,787
After 5 years	473	984
	<u>11,857</u>	<u>4,068</u>

The Group is the lessee in respect of a number of properties. The leases typically run for an initial period of one to eight years, with an option to renew the leases when all the terms are renegotiated. Leasing arrangements with related parties are set out in note 15. None of the leases include contingent rentals.

## 15 Material related party transactions

During the current period, the Group paid rental expense of RMB91,000 (six months ended 30 June 2010: RMB91,000) to the Company's controlling shareholder, Mr. Chan Yuen Ming, for office premises owned by him.

## 16 Non-adjusting post balance sheet event

After the balance sheet date, the directors proposed an interim dividend. Further details are disclosed in note 13(a).



**Review report to the board of directors of  
China All Access (Holdings) Limited**

*(Incorporated in the Cayman Islands with limited liability)*

**Introduction**

We have reviewed the interim financial report set out on pages 20 to 52 which comprises the consolidated balance sheet of China All Access (Holdings) Limited (the “Company”) as of 30 June 2011 and the related consolidated income statement, consolidated statement of comprehensive income and consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### **Scope of review**

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2011 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

### **KPMG**

Certified Public Accountants  
8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong  
24 August 2011