中國全通
ALL ACCESS

中國全通（控股）有限公司
CHINA ALL ACCESS (HOLDINGS) LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock Code : 633

ANNUAL REPORT 2012

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Chan Yuen Ming
Mr. Shao Kwok Keung
Mr. Zhao Qing An
Mr. Xiu Zhi Bao

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

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1 Science Museum Road
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Kowloon
Hong Kong

REGISTERED OFFICE

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Grand Cayman KY1-1111
Cayman Islands

AUDITORS

KPMG
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

HONG KONG LEGAL ADVISERS

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

PRINCIPAL BANKERS

Bank of Communications Co Ltd., Hong Kong Branch
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Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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18th Floor
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Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

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COMPANY WEBSITE

www.chinaallaccess.com

FINANCIAL SUMMARY

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

	Years ended 31 December				
	2012	2011	2010	2009	2008
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Results					
Revenue	**606,926**	624,073	500,935	324,314	187,074
Cost of sales	**(370,701)**	(368,663)	(290,036)	(180,381)	(104,085)
Gross profit	**236,225**	255,410	210,899	143,933	82,989
Other revenue	**25,015**	24,086	3,629	2,035	278
Other net (loss)/income	**(1,203)**	7,312	2,665	154	527
Distribution costs	**(8,444)**	(7,990)	(6,321)	(1,729)	—
Administrative expenses	**(45,052)**	(42,954)	(34,393)	(29,016)	(7,144)
Profit from operations	**206,541**	235,864	176,479	115,377	76,650
Finance costs	**(766)**	(608)	(390)	(4,674)	(7,116)
Share of losses of an associate	**(1,484)**	(1,929)	(467)	—	—
Profit before taxation	**204,291**	233,327	175,622	110,703	69,534
Income tax	**(34,164)**	(28,306)	(22,646)	(12,779)	(1,738)
Profit for the year	**170,127**	205,021	152,976	97,924	67,796
Earnings per share					
Basic (RMB)	**0.140**	0.171	0.148	0.117	0.090
Diluted (RMB)	**0.140**	0.170	0.147	0.116	0.079
Assets and liabilities					
Total assets	**6,001,049**	1,598,317	1,043,634	774,701	353,894
Total liabilities	**(3,794,496)**	(230,951)	(187,247)	(56,234)	(212,215)
Total equity	**2,206,553**	1,367,366	856,387	718,467	141,679

THE STORY OF CHINA ALL ACCESS

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

The city, the largest city in China, which is known as a first-tier city internationally, is like a high-speed operating huge machine which would not stop running for a second.

Functional authorities such as the government, public security, traffic police and fire services are the heart of this machine. Public utilities such as water, electricity, heating and gas as well as the network systems are the blood vessels of this machine that reach every corner of the city and penetrate into every detail of people's life. To ensure the seamless, safe and smooth operation of this machine, apart from being guarded by tens of thousands of workers, it also requires technological solutions which are more advanced than our brain and terminal facilities which are more intelligent than our eyes to offer support at the frontline.

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

China All Access – a leading manufacturer and provider of integrated information communication system solution and innovative 4G terminal devices using new generation information communication technology.

CHAIRMAN'S STATEMENT

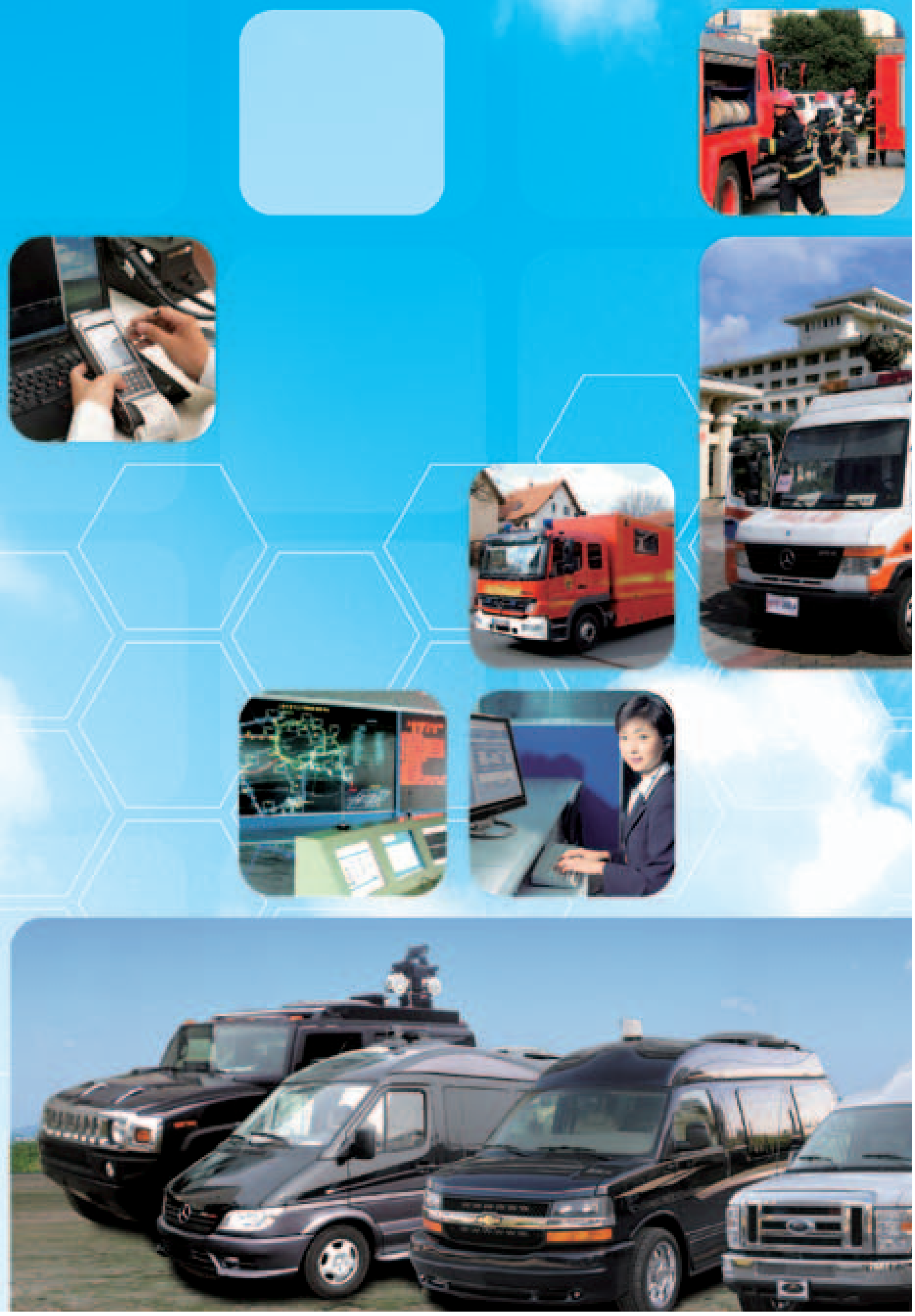
In 2012, the Company achieved a major milestone of its business development strategy. Through acquisition of 51% equity interest in 深圳市長飛投資有限公司 (Shenzhen City Changfei Investment Company Limited) ("Changfei Investment" and together with its subsidiaries, the "Changfei Group"), the Company became the controlling shareholder of a domestic first-tier mobile terminal products and parts designer and manufacturer, representing the Company's success in implementing the strategy of expanding to the upstream communication industry supply chain. Since the completion of this acquisition, the Company has expanded its business from provision of application solutions and services including solutions design, development, and application services on wireless data communication application solutions and satellite communication application solutions, to designing and manufacturing mobile phones, LED display panels, batteries, chargers, power adapters, casings, keyboards, and other types of new generation mobile terminal products and parts. In other words, the Company evolved from a comprehensive communication solutions and application services provider to a large-scale integrated information and communications technology enterprise group by integrating "application communication solutions service provider" and "mobile terminal designer and manufacturer". Through this acquisition, the Company also achieved a number of initiatives including enlargement of asset size, increase in research and development and production capacity, diversification of income source, and extension from the industry and enterprise markets to the consumer market.

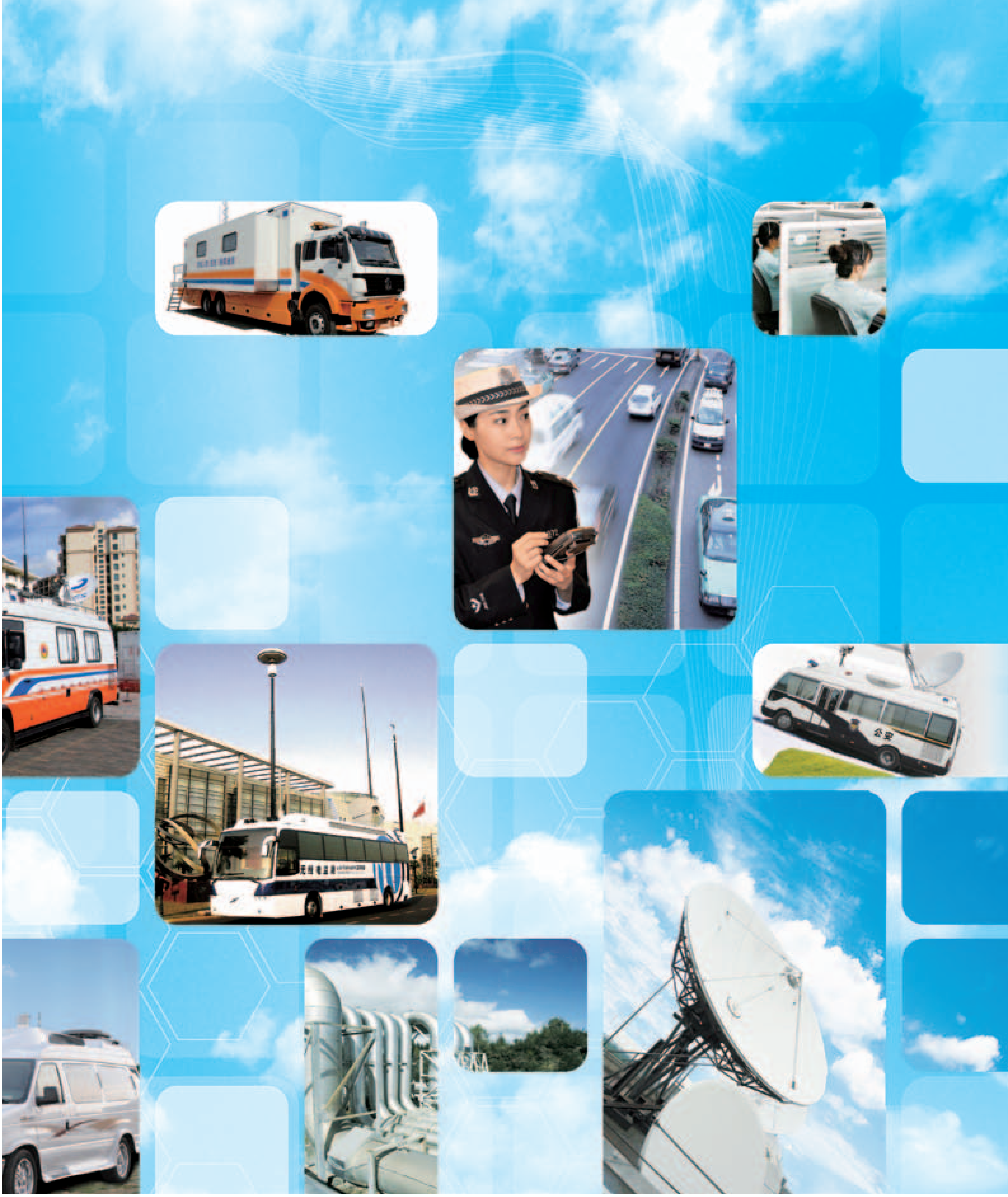
Changfei Group, as a domestic first-tier manufacturer of next-generation mobile terminals and parts, not only has a strong production capacity, but also has outstanding research and development capabilities as demonstrated by the registration of a number of patents on products and production processes. Over the past three years, the financial performance of Changfei Group illustrated strong growth trends. The Company expects that the synergies from the acquisition can further promote the diversification and soundness of the Company's high growth developments to further strengthen the Company's capacity for long term sustainable growth.

In 2012, under relatively depressed global economic environment, the Group still achieved stable operating results with operating income of approximately RMB607 million and net profit of approximately RMB170 million. In view of the orders on hand, the information and communication solutions business is expected to have higher growth in 2013. In 2013, in respect of its satellite communication application solutions and other services segment, the Group will focus on some key projects including the Hebei multimedia digital household project, provincial projects of the National Radio Committee, civil defense mobile command system projects, public security and traffic police mobilization enforcement projects (Jingwutong), and fire emergency command system projects. The Group will continue to promote the application of innovative technology as its core competence to enhance the competitiveness of the Group's products, together with active involvement in developing TD-LTE solutions and integration of core resources to enhance the competitiveness of the Group. In respect of its wireless data communication application solutions and services segment, the Group will continue to develop new customer base and to carry out research and development of new higher-margin smartphones and 4G mobile terminals. Meanwhile, the Group will take advantage of Changfei Group's outstanding research and development capabilities to develop new generation mobile terminals for integrated information and communication solutions.

Looking to the future, the ecological environment of the information and communications industry is expected to undergo rapid change. Mobilization of information and communication technologies, higher bandwidth requirement, convergence of voice and data application, growing popularity of intelligent terminals, rapid growth in the information application services market and blurred boundaries of various means of communication indicate the Company is facing new opportunities and challenges. With advantages in brand value, operational capability, management experience, industry expertise, efficient coordination of internal resources, competitiveness of the two business segments, internal and process optimization and inherent vitality, the Company strives to achieve robust growth and create value for shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS





MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Wireless data communication application solutions and services

In 2012, the provision of wireless data communication application solutions and services accounted for approximately 41% (2011: approximately 48%) of the Group's total revenue. It mainly included revenue from the provision of intelligent information terminals (i.e. "Jingwutong") and intelligent surveillance systems. In 2012, the revenue generated from provision of "Jingwutong" was mainly derived from Sichuan, Beijing, Hebei and Zhejiang. In addition to "Jingwutong" for use by traffic police, the Group successfully developed the "Public Security Police Mobile System", which was an integrated mobile information system designed for general use by police, and was able to recognize some sales for this new system in 2012, thereby expanded the potential market reach of the Group's mobile terminal business from traffic police to other types of police, including public security police, anti-narcotics police, patrol police and eventually all types of police. Intelligent surveillance system solution revenue mainly came from sales of the Group's metropolitan broadband wireless mobile data communication systems and traffic monitoring systems. The revenue from metropolitan broadband wireless mobile data communication systems amounted to approximately RMB160,754,000 for the year. The metropolitan broadband wireless mobile data communication system mainly provides a wireless mobile data communications platform, new generation of broadband communications base stations, a network management support platform and related applications and security software to achieve real-time intelligent multi-industry monitoring and metropolitan intelligent management.

During the year, the Company achieved a major milestone of its business development strategy. Through acquisition of 51% equity interest in 深圳市長飛投資有限公司 (Shenzhen City Changfei Investment Company Limited) ("Changfei Investment"), the Company became the controlling shareholder of a domestic first-tier mobile terminal products and parts designer and manufacturer. The principal business of the Changfei Investment and its subsidiaries (collectively the "Changfei Group") includes the research and development, manufacturing and sales of mobile phones, LED displays, batteries, chargers, power adapters, casings, keyboards and other types of new generation of mobile terminal products and parts. Please refer to the circular of the Company dated 5 December 2012 for further information on the acquisition and the business of the Changfei Group. With this acquisition, the Company achieved a rapid growth in asset size, diversification of revenue sources and substantial expansion of the Group's research and development and production capacity.

In addition, in 2012, the Group had long negotiations and discussion with 河北廣電網絡投資有限公司 (Hebei Guangdian Network Investment Company Limited) ("Hebei Guangdian") on the project of "Multimedia digital household network in Hebei Province", and on 16 January 2013, the Group entered into a cooperation framework agreement with Hebei Guangdian for the project. The project provided an opportunity for the Group to expand its wireless data communications business from the existing industry and enterprise markets to the household market. Please refer to the Company's announcement dated 16 January 2013 for further information on this project.

Satellite communication application solutions and other services

In 2012, the Group's satellite communication application solutions and services segment recorded a steady growth, accounting for approximately 59% (2011: approximately 52%) of the Group's total revenue. The revenue generated from this segment was mainly derived from the distribution of dynamic satellite communication equipment and its solutions and services. In terms of industry sectors, this segment's sales were still concentrated in civil defense, police, fire, traffic police, emergency office radio management, reservists and other industries. In terms of sales by geographical distribution, this business segment further extended to the western provinces of Ningxia and Guizhou. During the year, the "Full Access" systems developed by the Group successfully achieved sales in Zhejiang, Shenzhen and other regions, and have laid a solid foundation for national large-scale promotion and sales.

Application of initial public offering proceeds

The net proceeds from the Company's initial public offering in 2009 were approximately HK$403,470,000, after deduction of related expenses. As at 31 December 2012, the Company has already applied approximately HK$240,188,000 in accordance with the description of the intended use of proceeds in the prospectus of the Company dated 4 September 2009 (the "Prospectus"). The balance of approximately HK$163,282,000 of the net proceeds will be also applied in line with the intended use as set out in the Prospectus, and may, where appropriate and subject to compliance with the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), be applied for such other purposes as the Board considers appropriate in the interests of the Company and its shareholders as a whole.

FINANCIAL REVIEW

Acquisition of Changfei Investment

On 26 December 2012, Guangdong All Access Noter Communication Technology Company Limited, a company established in the PRC and a wholly-owned subsidiary of the Company, completed the acquisition of 51% equity interests in Changfei Investment. The operating results of the Changfei Group for the year ended 31 December 2012 had not been consolidated in the Group's consolidated income statement for the year ended 31 December 2012 as the income, expenses and profit that Changfei Group contributed to the Group since the date of acquisition up to 31 December 2012 were considered immaterial. Nonetheless, the assets and liabilities of the Changfei Group have been consolidated to the Group's consolidated statement of financial position as at 31 December 2012.

Revenue

Revenue decreased slightly from approximately RMB624,073,000 for the year ended 31 December 2011 to approximately RMB606,926,000 for the year ended 31 December 2012 which represented a decline of approximately 3%.

The decrease in revenue during the period under review as compared with the corresponding period last year was mainly attributable to the following factors:

- Provision of satellite communication application solutions and other services exhibited an increase in revenue from approximately RMB326,850,000 for the year ended 31 December 2011 to approximately RMB356,956,000 for the year ended 31 December 2012 which represented an increase of approximately 9%. The increase was mainly due to the continued development of different applications solutions and services, which expanded the Group's business to more industry sectors and fields.

- Provision of wireless data communication application solutions and services exhibited a decrease in revenue from approximately RMB297,223,000 for the year ended 31 December 2011 to approximately RMB249,970,000 for the year ended 31 December 2012 which represented a decline of approximately 16%. The decrease was mainly due to discontinuation of some projects which carried lower profit margins. The revenue of this segment was mainly attributable to the provision of the Group's intelligent terminals solutions and intelligent monitoring system solutions to clients in the traffic police industry, gas industry and power supply industry, mainly in Sichuan, Beijing, Hebei and Zhejiang. Besides, the Group recorded sales of its intelligent monitoring system solution to clients in the traffic surveillance industry and in the industry and enterprise network sector.

Gross profit

Gross profit decreased from approximately RMB255,410,000 for the year ended 31 December 2011 to approximately RMB236,225,000 for the year ended 31 December 2012 which represented a decrease of approximately 8%. Meanwhile, the gross profit margin decreased from approximately 41% for the year ended 31 December 2011 to approximately 39% for the year ended 31 December 2012. The changes were mainly due to the following factors:

- Revenue from provision of satellite communication application solutions and other services generated gross profit of approximately RMB131,300,000 and RMB148,042,000 for the years ended 31 December 2011 and 31 December 2012 respectively, representing an increase of approximately 12.8%. Meanwhile, the gross profit margins for the years ended 31 December 2011 and 31 December 2012 were approximately 40% and 41% respectively.

- Revenue from provision of wireless data communication application solutions and services generated gross profit of approximately RMB128,031,000 and RMB91,754,000 for the years ended 31 December 2011 and 31 December 2012 respectively, representing a decrease of approximately 28.3%. Meanwhile, the gross profit margins for the years ended 31 December 2011 and 31 December 2012 were approximately 43% and 37% respectively. The decrease in the gross profit margin was mainly resulted from the higher costs incurred in upgrading the specification of the Group's intelligent terminal solution and providing more technically advanced intelligent surveillance system solution which will be evolved into broadband mobile industry and enterprise network solution.

Other revenue

Other revenue increased from approximately RMB24,086,000 for the year ended 31 December 2011 to approximately RMB25,015,000 for the year ended 31 December 2012, which represented a growth of approximately 4%. The increase was mainly driven by the increase in interest income.

Other net loss/income

The Group recorded other net loss of approximately RMB1,203,000 for the year ended 31 December 2012 as compared with other net income of approximately RMB7,312,000 for the year ended 31 December 2011. It was mainly due to the fluctuation in exchange rates between RMB to HK$ and US$ during 2011 and 2012.

Distribution costs and administrative expenses

Distribution costs and administrative expenses increased from approximately RMB50,944,000 for the year ended 31 December 2011 to approximately RMB53,496,000 for the year ended 31 December 2012 which represented a growth of approximately 5%. The increase was mainly due to the Group's expansion in human resources to enlarge its sales and technical support network.

Finance costs

Finance costs increased from approximately RMB608,000 for the year ended 31 December 2011 to approximately RMB766,000 for the year ended 31 December 2012 which represented a growth of approximately 26%. The growth was mainly driven by increase in interest on borrowings as a result of the increase in interest rate.

Income tax

Income tax increased from approximately RMB28,306,000 for the year ended 31 December 2011 to approximately RMB34,164,000 for the year ended 31 December 2012 which represented an increase of approximately 21%. The effective tax rate in 2012 was approximately 17%, as compared with approximately 12% in 2011. The financial year ended 31 December 2011 was the last year that certain entity within the Group could enjoy the tax holiday benefit of "Two years 100% Tax Exemption and Three years 50% Tax Exemption" in the PRC. Nevertheless, certain entities within the Group started to enjoy "High and New Technology Enterprise" tax preference policy in the PRC from the financial year ended 31 December 2012 onwards, thus the nominal corporate income tax rate applicable to such entities was 15% for the year ended 31 December 2012.

Profit for the year

Profit for the year decreased from approximately RMB205,021,000 for the year ended 31 December 2011 to approximately RMB170,127,000 for the year ended 31 December 2012 which represented a decline of approximately 17%. It was mainly attributable to: (i) decrease in revenue and gross profit margins from provision of wireless data communication application solutions and services of approximately 16% and 6% respectively, mainly due to increase in cost for completing system configuration of some projects; (ii) foreign exchange loss of approximately RMB955,000 (for the year ended 31 December 2011: foreign exchange gain of approximately RMB7,463,000) due to the fluctuation in the exchange rates between RMB to HK$ and US$; and (iii) the 21% increase in the income tax expenses which was mainly due to the expiry of tax holiday benefit.

CHANGES TO KEY ITEMS IN CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Property, plant and equipment and intangible assets

The total net book value of the Group's property, plant and equipment and intangible assets increased by approximately RMB623,098,000 to approximately RMB696,290,000 as at 31 December 2012 (as at 31 December 2011: approximately RMB73,192,000). The increase was primarily due to the addition of approximately RMB269,310,000 of property, plant and equipment and approximately RMB341,261,000 of intangible assets attributable to the acquisition of Changfei Investment.

Intangible assets

As at 31 December 2012, the Group had intangible assets of approximately RMB367,590,000, including approximately RMB24,259,000 of technical know-how which was transferred from pre-payment for technology development upon the completion of development during the period and the remaining balance mainly came from the acquisition of Changfei Investment.

Significant investment held, material acquisitions and disposals of subsidiaries

Acquisition of Changfei Investment

On 26 December 2012, the Group completed the acquisition of 51% equity interest in Changfei Investment at a total cash consideration of RMB816,000,000. Changfei Investment is an investment holding company having five principal operating subsidiaries which are principally engaged in research and development and production of a wide spectrum of products and parts in the supply chain of various types of mobile terminals. Major products of Changfei Group are mobile terminals and display panels. Changfei Group also manufactures and sells various parts (such as chargers, keypads, casings, batteries and power adaptors) which are widely applicable in mobile phones and other types of mobile terminals.

Investment in Shenzhen Jufei Optoelectronics Co., Ltd ("Shenzhen Jufei") and other associates

As at 31 December 2012, the Group had investment in associates of approximately RMB366,022,000 (before minority interests). It mainly comprised of Changfei Investment's about 16.09% equity interest in Shenzhen Jufei. Shenzhen Jufei is listed on the ChiNext of the Shenzhen Stock Exchange (stock code: 300303). Shenzhen Jufei is principally engaged in research and development and production of backlight LED components and LED lighting devices. The fair value of the Group's interest in Shenzhen Jufei as at 31 December 2012 was approximately RMB300,399,000. The remaining balance of the Group's investments in associates represented interests in other associated companies principally engaged in businesses including handset inspection, manufacturing of various products and parts such as speaker, microphone and camera which are widely applicable in electronic consumer products and mobile terminals, printer circuit board and surface-mount technology processing.

Save as disclosed in this annual report, there were no other significant investment held, nor were there any material acquisition or disposals of subsidiaries during the year.

Receivables and payables

	As at 31 December 2012 *RMB'000*	As at 31 December 2011 *RMB'000*	Increase/ (Decrease) *RMB'000*	*%*
Non-current				
Trade and other receivables	**33,169**	15,334	17,835	>100%
Current				
Trade and other receivables	**1,796,865**	482,228	1,314,637	>100%
Factored trade receivables	**151,210**	—	151,210	N/A
Discounted bills receivable	**284,657**	—	284,657	N/A
Bills receivable	**803,911**	—	803,911	N/A
Total trade receivable, bills receivable, and other receivables	**3,069,812**	497,562	2,572,250	>100%
Non-current				
Deferred consideration payable	**188,451**	—	188,451	N/A
Current				
Trade and other payables	**2,224,541**	172,607	2,051,934	>100%
Deferred consideration payable	**204,000**	—	204,000	N/A
Bank advances on factored trade receivables	**151,210**	—	151,210	N/A
Bank advances on discounted bills receivable	**284,657**	—	284,657	N/A
Total trade payables, bank advances, and other payables	**3,052,859**	172,607	2,880,252	>100%

The increase in receivables and payables as at 31 December 2012 compared to the position as at 31 December 2011 was primarily due to the increase of RMB1,194,862,000 of trade and other receivables, RMB151,210,000 of factored trade receivables, RMB284,657,000 of discounted bills receivable, RMB803,911,000 of bills receivable, RMB1,986,783,000 of trade and other payables, RMB392,451,000 of deferred consideration payable, RMB151,210,000 of bank advances on factored trade receivables, RMB284,657,000 of bank advances on discounted bills receivable attributable to the acquisition of Changfei Investment.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity, financial resources and capital structure

As at 31 December 2012, the Group had unrestricted cash and cash equivalents of approximately RMB333,415,000 (as at 31 December 2011: approximately RMB241,383,000), restricted cash of approximately RMB99,240,000 (as at 31 December 2011: nil) and interest-bearing borrowings of approximately RMB472,037,000 (as at 31 December 2011: approximately RMB14,689,000). These changes mainly arose from the acquisition of Changfei Investment.

The gearing ratio (calculated by dividing total interest-bearing borrowings by total assets) as at 31 December 2012 was approximately 8% (as at 31 December 2011: approximately 1%). As at 31 December 2012, the Group had current assets of approximately RMB4,428,185,000 (as at 31 December 2011: approximately RMB1,462,420,000) and current liabilities of approximately RMB3,351,368,000 (as at 31 December 2011: approximately RMB210,655,000). The current ratio (which is calculated by dividing current assets by current liabilities) was approximately 1.32 as at 31 December 2012, which was a decrease as compared with the current ratio of approximately 6.94 as at 31 December 2011. Such decrease was mainly due to deferred consideration payable of RMB392,451,000 attributable to the acquisition of Changfei Investment.

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 mainly denominated 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, excluding that of Changfei Group, amounted to approximately RMB2,713,000 (2011: approximately RMB42,224,000), which was mainly used in the acquisition of office equipment. The decrease was due to some one-off purchases in 2011 including technology know-how, office space and vehicles.

Capital commitment

As at 31 December 2012, the Group had capital commitment amounted to approximately RMB125,005,000 (as at 31 December 2011: approximately RMB443,000). The increase was attributable to the acquisition of the Changfei Group, which mainly represented the amounts contracted but not provided for in the financial statements in respect of construction-in-progress related to the construction of the industrial park in Huizhou, the PRC for Changfei Group's own use.

Charge on assets

As at 31 December 2012, the assets of the Group with the following carrying amounts were pledged, which included: (1) Hong Kong office property of approximately HK$17,716,000 as security for the outstanding balance of a mortgage loan of approximately HK$11,486,000; (2) Guangzhou office property of approximately RMB9,274,000 for the outstanding balance of a mortgage loan of approximately RMB3,496,000; (3) a piece of land in Huizhou, the PRC of approximately RMB70,166,000, as security for the outstanding balance of a mortgage loan of approximately RMB66,557,000; and (4) the Group's 51% equity interest in Changfei Investment as security for the trust loan amounting to RMB200,000,000, which was also secured by the corporate guarantee provided by two wholly-owned subsidiaries of the Company, namely Hebei Noter Communication Technology Co., Ltd and Beijing All Access Noter Communication Technology Co., Ltd.

Contingent liabilities

As at 31 December 2012, the Company had provided a corporate guarantee to a bank in respect of a mortgage loan for the Group's Hong Kong office property granted to All Access Global Limited, a wholly-owned subsidiary of the Company, which will expire upon full repayment of the mortgage on 25 February 2035.

As at 31 December 2012, the Directors do not consider it probable that a claim will be made against the Company under the guarantee. The total outstanding amount of the mortgage loan as at 31 December 2012 was approximately HK$11,486,000 (equivalent to approximately RMB9,313,000) (2011: approximately HK$13,371,000, equivalent to approximately RMB10,840,000).

HUMAN RESOURCES

As at 31 December 2012, the Group employed approximately 5,010 employees, among whom 4,764 employees were employees of the Changfei Group (as at 31 December 2011: approximately 230 employees). The increase in the number of employees was mainly attributable to the acquisition of the Changfei Group. The Group offered to its employees competitive salary package, as well as contribution to defined contribution retirement plan.

PROSPECTS

In view of the PRC government's policy of promoting information technology industry and the fast growing market demand, the Group's product development strategy will be geared towards broadband wireless data product, integrated hardware and software and service orientation as the one-stop integrated business structure. The Group will continue to expand its existing business by further penetrating into existing provincial markets in the PRC and expanding to other new provinces. The Group is committed to building "All Access" as its well received brand in the market and will develop more new applications to increase the market capacity.

With the fast growing demands on smartphones and mobile terminals in the PRC and the completion of acquisition of 51% equity interest in Changfei Investment and control over Changfei Group, the Group is well positioned to capture market opportunities and will continue to grow its business by diversifying its wireless data products into the consumer sector. The Group believes the acquisition will enhance the Group's core competence in technology development for the new area and open up more business opportunities for the consumer and enterprise sectors in the future.

With reference to the consolidated statement of financial position at 31 December 2012, major items of non-current assets, current assets, current liabilities and non-current liabilities increased substantially as compared with the position as at 31 December 2011. The Group's net assets value per share as at 31 December 2012(Note) reached approximately RMB1.81 (equivalent to approximately HK$2.24). They represented a leapfrog growth of the Group's business scale arising from the consolidation of the Changfei Group with the Group. It is expected that the integration with the Changfei Group will bring along very positive contribution to the Group's future business growth.

Besides, the Group has entered into a cooperation framework agreement with Hebei Guangdian in January 2013 pursuant to which the Group has agreed to cooperate with Hebei Guangdian for the joint development of a digital multimedia network covering the households in Hebei Province, the PRC. The Group believes the cooperation with Hebei Guangdian will enhance the Group's strategic position in the household market and open up more business opportunities for the household sector in the future.

Based on the current business development plan of the Company, the wireless data communication application solutions and services segment is expected to provide the following key growth drivers for the Group's future earnings: (1) the Group will consolidate the existing "Jingwutong" business and the communications terminal business of the Changfei Group, and develop the new generation of "Jingwutong" terminals and 4G terminals for personal consumer market in order to adapt to the market for the government sector, corporations and the personal market in the 4G era; (2) while the "Multimedia digital household network in Hebei Province" project is expected to provide the Group with a stable income source and cash flow, the Group will actively research and develop the new generation of broadcast and television network equipment products based on the "Multimedia digital household network in Hebei Province" project in order to replace the current old generation of broadcast and television network equipment products.

To implement the business development plan above, the Group's capital expenditure for the next three years is currently anticipated to be approximately RMB500,000,000 to RMB600,000,000, which will mainly be applied to the research and development of new communication terminals, manufacturing equipments and market investments in order to enhance the competitive advantages of the Group. Based on the Group's current liquidity position and anticipated cash flow generated from operations, the Group is confident that it will be able to finance its capital expenditure plans above. Meanwhile, the Group will also keenly consider its options for raising capital on favourable terms through the capital market or other suitable financing means in order to enhance the competitiveness and the development progress of the Group.

By maintaining the Group's core competence in its existing businesses and pursuing new business opportunities in the consumer and household sectors, the management is very confident that the Group has a positive future outlook and will continue to deliver encouraging operating results to the shareholders. As a further initiative to strengthen the Group's marketing position, the Group has launched a new corporate image which includes new logo, website and other printed materials to enhance branding strategy and corporate image.

Note: calculated based on the net assets before non-controlling interests of the Group of RMB2,206,553,000 and the number of ordinary shares as at 31 December 2012 of 1,216,824,000 shares.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

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

EXECUTIVE DIRECTORS

- CHAN Yuen Ming, Chairman
- SHAO Kwok Keung, Chief Executive Officer and Company Secretary *(Note 1)*
- ZHAO Qing An, Chief Technology Officer *(Note 2)*
- XIU Zhi Bao, Head of Planning and Finance Department

INDEPENDENT NON-EXECUTIVE DIRECTORS

- PUN Yan Chak
- WONG Che Man Eddy
- LAM Kin Hung Patrick

SENIOR MANAGEMENT

- ZHU Wei Min, Assistant to Chairman
- CHEN Chu Shan, Vice-President
- FENG Rui Ju, Vice-President
- WANG Jian Hua, Vice-President
- CHEN Feng, Product and Operations Director
- LI Ying Wu, Product and Operations Director
- WANG Yong Zhong, Product and Operations Director
- XIONG Jing Quan, Product and Operations Director
- AU Ki Lun, Company Secretary and Head of Risk Control Department *(Note 1)*

Notes:

1. Mr. Shao Kwok Keung resigned as Company Secretary with effect from 18 February 2013 and Mr. Au Ki Lun was appointed as Company Secretary with effect from 18 February 2013. Please refer to the announcement of the Company dated 18 February 2013 for further information.
2. Mr. Zhao Qing An will retire as Director at the forthcoming annual general meeting of the Company and will not stand for re-election, but will remain as Chief Technology Officer subsequent to his retirement as Director. Please refer to the announcement of the Company dated 28 March 2013 for further information.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

CHAN Yuen Ming, aged 57, is the Chairman and an executive Director of the Company. Mr. Chan has been with the Group since its establishment in 2006 and is the founder of the Group. Mr. Chan was appointed as an executive Director on 4 December 2007. He is responsible for the Group's overall business development and strategic planning. Since 1990s, he was a key member of the management teams of several communication corporations in the PRC, including Sky Communication Group Co., Ltd ("SkyComm") and its subsidiaries (collectively "SkyComm Group"). These corporations are principally engaged in mobile communication, satellite communication, internet, wireless data and call center businesses. Mr. Chan was the founder of SkyComm Group responsible for establishing the business of SkyComm Group in December 2000. During his time in SkyComm Group up to his resignation from all his positions in the SkyComm Group in December 2008, Mr. Chan was responsible for the overall business development, strategic planning and corporate management and supervision of daily operation of the SkyComm Group. Mr. Chan is currently a director of China All Access Group Limited ("CAA BVI"), All Access Global Limited ("CAA HK"), Hebei Noter Communication Technology Co. Ltd., Beijing All Access Noter Communication Technology Co., Ltd and Shanghai All Access Noter Communication Technology Co., Ltd., all being wholly-owned subsidiaries of the Company and a director of Changfei Investment and several members of Changfei Group. He is also the director and the shareholder of Creative Sector Limited, the controlling shareholder (as defined in the Rules ("Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange")) of the Company.

SHAO Kwok Keung, aged 51, is the Chief Executive Officer and an executive Director of the Company since December 2007. Mr. Shao was appointed as an executive Director on 4 December 2007. Mr. Shao is a member of the Remuneration Committee and Nomination Committee of the Board. He is responsible for the corporate management of the Company. Mr. Shao graduated with an honours diploma from Hong Kong Baptist College in 1984 and a master degree in business administration from Warwick University, U.K., in 1994. He is a fellow of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. Possessing more than 20 years of working experience in organizations across different industries, he has taken up finance and management positions in a CPA firm, a financial institution, a television station, satellite communication, telecommunications and consumer electronics product distribution and manufacturing companies. Prior to joining the Group, Mr. Shao was the group financial controller of IDT International Limited (Stock code: 00167), a company listed on the Main Board of the Stock Exchange. Mr. Shao is currently a director of CAA BVI and CAA HK, both being wholly-owned subsidiaries of the Company, and Changfei Investment.

ZHAO Qing An, aged 41, is the Chief Technology Officer and an executive Director of the Company. Mr. Zhao has been with the Company since 2010 and was appointed as an executive Director on 24 August 2011. Mr. Zhao has been in charge of the Group's technical research and development functions, including leading the discussion with key suppliers of the Group in relation to the development plans for new products targeting the Chinese market and the development of new application solutions. He has over 12 years of experience in the field of research and development. Prior to joining the Group, Mr. Zhao had worked for the 中國鐵道科學研究院 (China Academy of Railway Sciences) in 1997 as a technical researcher and was subsequently promoted as assistant researcher in 1999. From March 2001 to March 2010, Mr. Zhao had been appointed as senior research and development manager in three multinational electronics corporations. He graduated in 1994 from the 西北工業大學 (Northwestern Polytechnical University) with a bachelor's degree in electromagnetic field and microwave technologies, and in 1997 and 2000 from the 西安電子科技大學 (Xidian University) with a master degree in electromagnetic field and microwave technologies and doctoral degree in traffic data engineering and manipulation respectively.

XIU Zhi Bao, aged 43, is the Head of the Planning and Finance Department and an executive Director of the Company. Mr. Xiu has been with the Company since 30 August 2006 and was appointed as an executive Director on 24 August 2011. He is responsible for corporate planning and finance aspects of the Group. Mr. Xiu graduated from 杭州電子工業學院 (Hangzhou Electronics Industrial College) in 1992 with the bachelor's degree in economics. He has more than 10 years of experience relating to finance and planning management in the manufacturing and communication industries. Mr. Xiu joined the Skycomm Group in July 1996 and was appointed as the General Manager of the Planning and Finance Department of SkyComm in January 2006. Before joining the Group, Mr. Xiu was responsible for devising financial plan and annual budget of SkyComm and supervising the finance management of SkyComm. He is also a director of Changfei Investment and several members of Changfei Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

PUN Yan Chak, aged 55, is an independent non-executive Director of the Company. He joined the Group on 19 August 2009 when he was appointed as an independent non-executive Director. Mr. Pun is the chairman of the Remuneration Committee and a member of the Audit Committee of the Board. Mr. Pun graduated from the Chinese University of Hong Kong with a bachelor's degree in Science (major in electronics, minor in general business management) in 1981. Upon graduation, he joined Hong Kong Telephone Company Limited (currently known as PCCW) as a Trainee Engineer and was promoted to Project Engineer and Engineer in September 1983 and September 1984 respectively. As an Engineer in the Datacom Engineering, Network Development Department of Hong Kong Telephone Company Limited, Mr. Pun was responsible for packet network capacity planning and development. Mr. Pun became a Chartered Engineer in October 1986. In 1989, Mr. Pun joined the Hong Kong Post Office as a Telecommunications Engineer. In1993, Mr. Pun joined the Office of the Telecommunications Authority (currently known as the Office of Communications Authority) ("OFCA") as a Telecommunications Engineer. In 2004, Mr. Pun left OFCA and started his consulting career.

WONG Che Man Eddy, aged 53, is an independent non-executive Director of the Company. He joined the Group on 19 August 2009 when he was appointed as an independent non-executive Director. Mr. Wong is the Chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee of the Board. Mr. Wong graduated with an honours diploma in accounting from Hong Kong Baptist College in 1984. Mr. Wong has over 20 years of experience in the auditing and accounting profession. He is the sole proprietor of Eddy Wong & Co., Certified Public Accountants, and is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He is also an independent non-executive director of Sun Hing Vision Group Holdings Limited (Stock code: 00125), which is listed on the Main Board of the Stock Exchange.

LAM Kin Hung Patrick, aged 55, is an independent non-executive Director. He joined the Group on 19 August 2009 when he was appointed as an independent non-executive Director. Mr. Lam is the Chairman of the Nomination Committee and a member of the Audit Committee of the Board. Mr. Lam graduated from the University of London with an honoured Bachelor of Laws degree in 1988, from the University of Hong Kong with the postgraduate certificate in Laws in 1989, from the University of London with a Master of Laws degree in 1991 and from the City Polytechnic of Hong Kong (now known as the City University of Hong Kong) with a Postgraduate Diploma in Language and Law in 1991. He was admitted as a solicitor of the Supreme Court of Hong Kong and the Supreme Court of England and Wales in 1991, and was subsequently admitted as an Associate of the Chartered Institute of Arbitrators in 1993, and as a practitioner of the Supreme Court of Tasmania, Australia in 1994. He has been appointed as a China Appointed Attesting Officer since 2003. From 1996 to 2000, Mr. Lam had taken up part-time teaching positions in various tertiary institutions in China and Hong Kong, including the 西江大學 (University of Xijiang), the Open University of Hong Kong, Vocational Training Council and Sun Life of Canada (International) Limited, on subjects of law and building management. Mr. Lam is a practising solicitor and is currently the principal of Patrick K.H. Lam & Co. and a partner of Yap & Lam, both being solicitor's firms in Hong Kong.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

ZHU Wei Min, aged 46, is the Assistant to Chairman. He joined the Group upon the Group's acquisition of Changfei Group in December 2012. Mr. Zhu graduated from Shanghai Jiaotong University with a degree in electrical engineering in 1988. After graduation he worked in Suzhou's Dongfeng Telecommunications Equipment factory as the deputy director of its Development Division. In 1993 Mr. Zhu joined ZTE Corporation (a company dually listed on the Main Board of the Hong Kong Stock Exchange (Stock code: 763) and the Shenzhen Stock Exchange (Stock code: 000063)) and held key management positions in its semiconductor, communications equipment and research departments. In 2001 he was promoted to the position of Corporate Director and Senior Vice-President of ZTE while he obtained an MBA degree from the China-Europe International Business School (CEIBS) in the same year. In 2002 Mr. Zhu was transferred to ZTE Corporation's parent company, Shenzhen Zhongxing Xin Telecommunication Equipment Company Limited, in Shenzhen and was promoted to the position of deputy general manager. Since 2004 he has been serving as the chairman and general manager of Changfei Group, chairman of Ruide Electronical Industrial Co., Ltd., one of the principal operating subsidiaries of Changfei Investment. He is also a director of Changfei Investment and several members of Changfei Group.

CHEN Chu Shan, aged 31, is the Vice President and the Head of the Investment Development Department of the Group since February 2013. He is responsible for investment and finance of the Group. Mr. Chen graduated from the Thunderbird School of Global Management with an MBA degree in 2007, and in the same year he received his Certificate of Financial Engineering from the University of California, Berkeley. Mr. Chen has over six years of investment experience prior to joining the Group. Before joining the Group, he was the Investment Director in ZTE Corporation.

FENG Rui Ju, aged 52, in the Vice President of the Group. Ms. Feng joined the Group since 1 October 2008. She is responsible for the daily operations of satellite communication business, wireless data communication business and call centre business and is a supervisor of several members of Changfei Group established in the PRC. Ms. Feng graduated from 河北廣播電視大學 (Hebei Broadcasting Television University) in July 1982 majoring in electronics technology. She has more than 15 years of experience relating to marketing, business development and administration in the communications industry. Ms. Feng joined the SkyComm Group in January 1998 and was appointed as General Manager of the Satellite Communication Business Department of Hebei SkyComm in July 2006. Before joining the Group, Ms. Feng was responsible for supervising and coordinating the operation of Hebei SkyComm.

WANG Jian Hua, aged 52, is the Vice President of the Group. Ms. Wang holds a university degree and her career began in the armed forces, followed by the Shijiazhuang Watch Factory, and positions within the Hebei Province Provincial Party Bureau. In 1998 Ms. Wang established the Hebei Province Hongda Communications Company, and then gradually expanded to establish Hebei SkyCommunication Company Limited and then the Skycomm Group. Since 2010, Ms. Wang has been responsible for sales and marketing of the Group.

CHEN Feng, aged 38, is the Product and Operations Director of the Group. Mr. Chen joined the Group upon the Group's acquisition of Changfei Group in December 2012. Mr. Chen graduated from Zhejiang University in 1994, that same year he entered ZTE Group's sales division, holding managements positions of Northeast China Region and East China Region as assistant to general manager, and manager of the Anhui and Jiangxi province sales departments. In 2002, he was transferred to ZTE Corporation's mobile phone division to be its head of customer services, overseeing the management of ZTE Corporation's mobile phone after-sales customer services. Since 2005 he has held the position of general manager of Shenzhen Xing Fei Technology Co., Ltd., one of the principal operating subsidiaries of Changfei Investment. He is also a director of several members of Changfei Group.

SENIOR MANAGEMENT *(Continued)*

LI Ying Wu, aged 55, is the Product and Operations Director of the Group. Mr. Li joined the Group upon the Group's acquisition of Changfei Group in December 2012. Mr. Li graduated from Taiyuan Machinery Institute (currently known as North China University) and entered Xi'an Kunlun machinery factory, holding the management positions of plant manager, and general manager positions in the development and operations divisions. From 1997, Mr. Li joined the ZTE Corporation's machinery development division. In 1998, he became the general manager of ZTE Corporation's machinery division. Since October 2010, Mr. Li has held the positions of assistant to general manager of Changfei Group, chairman of Lead Communications Co., Ltd. ("Lead"), and general manager and chairman of Shenzhen Control Electromechanical Co., Ltd.. He is also a director of several members of Changfei Group.

WANG Yong Zhong, aged 44, is the Product and Operations Director of the Group. Mr. Wang joined the Group upon the Group's acquisition of Changfei Group in December 2012. Mr. Wang graduated from Xi'an Jiaotong University with a Masters degree in engineering in 1994, and that same year entered the ZTE Group. Over the following 20 years he held various technical management positions in ZTE Corporation in the areas of development and testing, including as director of communications engineering division, vice general manager of the No. 2 sales division, vice general manager of the mobile phone divisions and general manager of the GSM & UMTS products division. Since 2011 he has been the general manager of Lead. He is also a director of several members of Changfei Group.

XIONG Jing Quan, aged 41, is the Product and Operations Director of the Group. Mr. Xiong joined the Group upon the Group's acquisition of Changfei Group in December 2012. Mr. Xiong graduated from Nanchang University with a degree in computer applications in 1994. In the same year he joined the Shenzhen University Communication Technology Institute as a professor. In 1998, he joined ZTE Group holding positions of technical manager and business section director. In 2002, he began a progression of managerial positions in its Nanning, Chongqing and Guangzhou offices. Mr. Xiong was promoted to the position of executive vice-president and Director of ZTE (Shanghai) Co., Ltd.. Currently, he is the general manager of Ruide Electronical Industrial Co., Ltd.. He is also a director of several members of Changfei Group.

AU Ki Lun, aged 31, is the Company Secretary and the Head of the Risk Control Department. Mr. Au joined the Group in February 2013. He is responsible for internal audit and risk control of the Group. Mr. Au graduated from the Florida International University in April 2005 with a bachelor's degree of arts in economics, in December 2006 with a bachelor's degree in accounting, and in December 2007 with a master degree in accounting. He is a member of the American Institute of Certified Public Accountants and is a certified public accountant in the State of Florida, the United States of America. He has over five years of working experience in accounting and investment related positions, including as account manager in a principal operating subsidiary of First China Financial Network Holdings Limited, a company listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8123), from December 2009 to December 2011 and as senior investment manager in ZTE Corporation from December 2011 to January 2013.

REPORT OF THE DIRECTORS

The board (the "Board") of directors (the "Directors") of China All Access (Holdings) Limited (the "Company") is pleased to present the annual report together with the audited financial statements of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2012.

PRINCIPAL PLACE OF BUSINESS

The Company was incorporated in the Cayman Islands on 4 December 2007 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 33 of 1961, as consolidated and revised) of the Cayman Islands. It has its registered office at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and principal place of business at Room 805, 8/F, Greenfield Tower, Concordia Plaza, 1 Science Museum Road, Tsimshatsui, Kowloon, Hong Kong.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the principal activities of the Group are the provision of satellite communication application solutions and other services, and wireless data communication application solutions and services. On 26 December 2012, the Group completed the acquisition of 51% equity interest in Changfei Investment which is principally engaged in investment holding and is the holding company of a group of companies which is principally engaged in research and development and production of a wide spectrum of products and parts in the supply chain of various types of mobile terminals. Other particulars of the subsidiaries of the Company are set out in note 16 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

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

	Percentage of the Group's total	
	Sales	Purchases
The largest customer	26%	
Five largest customers in aggregate	46%	
The largest supplier		9%
Five largest suppliers in aggregate		40%

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

FINANCIAL STATEMENTS

The profit of the Group for the year ended 31 December 2012 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 48 to 122.

TRANSFER TO RESERVES

Profits attributable to shareholders of the Company (the "Shareholders") before dividend of RMB170,288,000 (2011: RMB205,212,000) have been transferred to reserves. Details of movements in reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity and note 30(a) to the financial statements respectively.

The Company's reserves available for distribution to Shareholders as at 31 December 2012 were RMB665,359,000 (2011: RMB740,063,000).

Interim dividend of HK2.0 cents was paid during the year ended 31 December 2012 (2011: HK2.0 cents). The Directors recommend the payment of a final dividend of HK5.2 cents per share (2011: HK5.0 cents) in respect of the year ended 31 December 2012, subject to the approval by Shareholders at the forthcoming annual general meeting of the Company.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group's total capital expenditures on property, plant and equipment amounted to approximately RMB2,107,000 (2011: RMB15,170,000), which was used for the acquisition of property, plant and equipment. Details of these acquisitions and other movements in property, plant and equipment are set out in note 13 to the financial statements.

INTEREST-BEARING BORROWINGS

Particulars of interest-bearing borrowings of the Group during the year are set out in note 27 to the financial statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 30(c) to the financial statements.

DIRECTORS

The Directors of the Company during the year under review and up to the date of this report were:

Executive Directors

Mr. Chan Yuen Ming, Chairman
Mr. Shao Kwok Keung, Chief Executive Officer
Mr. Zhao Qing An, Chief Technology Officer
Mr. Xiu Zhi Bao, Head of Planning and Finance Department

Independent non-executive Directors

Mr. Pun Yan Chak
Mr. Wong Che Man Eddy
Mr. Lam Kin Hung Patrick

REPORT OF THE DIRECTORS

In accordance with article 105(A) of the Company's articles of association, Mr. Wong Che Man Eddy, Mr. Lam Kin Hung Patrick and Mr. Zhao Qing An will retire by rotation at the forthcoming annual general meeting of the Company. Mr. Wong Che Man Eddy and Mr. Lam Kin Hung Patrick, being eligible, will offer themselves for re-election. Mr. Zhao Qing An will not offer himself for re-election and will retire as executive Director with effect from the conclusion of the forthcoming annual general meeting of the Company. Please refer to the announcement of the Company dated 28 March 2013 for further details.

DIRECTORS' SERVICE CONTRACTS

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

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The remuneration of the senior management of the Group by band for the year ended 31 December 2012 is set out below:

Remuneration bands	Number of senior management *(Note)*
HK$1 to HK$1,000,000	2

Note: Mr. ZHU Wei Min, Mr. CHEN Chu Shan, Mr. CHEN Feng, Mr. LI Ying Wu, Mr. WANG Yong Zhong, Mr. XIONG Jing Quan and Mr. AU Ki Lun, who became senior management of the Group upon or after the Group's acquisition of Changfei Investment on 26 December 2012, are excluded for the purpose of illustration here.

Further details of the Directors' remuneration and the five highest paid employees for the year are set out in notes 9 and 10 to the financial statements respectively.

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

As at 31 December 2012, the interests and short positions of the Directors and chief executives of the Company in any of the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register maintained by the Company under section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules, were as follows:

Name of Director	Entity in which interests are held	Capacity/ Nature of interest	Number and class of securities held *(Note 1)*	Approximate percentage of shareholding
Mr. Chan Yuen Ming ("Mr. Chan")	The Company	Interest of a controlled corporation *(Note 2)*	431,906,000 ordinary shares (L)	35.49%
		Beneficial owner	1,000,000 ordinary shares (L)	0.08%

Notes:

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

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

Save as disclosed above, as at 31 December 2012, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register maintained by the Company pursuant to section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 31 December 2012, the interests and short positions of each person other than a Director or chief executive of the Company, in the Shares or underlying Shares of the Company as recorded in the register kept by the Company under Section 336 of the SFO were as follows:

Name of Shareholder	Capacity/ Nature of interest	Number and class of securities held *(Note 1)*	Approximate percentage of shareholding
Creative Sector Limited	Beneficial owner	431,906,000 ordinary Shares (L)	35.49%
ZTE (H.K.) Limited ("ZTE HK")	Beneficial owner *(Note 2)*	203,590,909 ordinary Shares (L)	16.73%
ZTE Corporation	Interest of a controlled corporation *(Note 2)*	203,590,909 ordinary Shares (L)	16.73%
Chengwei CAA Holdings Limited ("Chengwei")	Beneficial owner	104,742,000 ordinary Shares (L)	8.61%
Chengwei Ventures Evergreen Fund, L.P.	Interest of a controlled corporation *(Note 3)*	104,742,000 ordinary Shares (L)	8.61%
Chengwei Ventures Evergreen Management, LLC	Investment manager *(Note 4)*	104,742,000 ordinary Shares (L)	8.61%
EXL Holdings, LLC	Interest of a controlled corporation *(Note 5)*	104,742,000 ordinary Shares (L)	8.61%
Mr. Li Eric Xun	Interest of a controlled corporation *(Note 5)*	104,742,000 ordinary Shares (L)	8.61%
Ms. Li Yijing Zhu	Interest of spouse *(Note 6)*	104,742,000 ordinary Shares (L)	8.61%

Notes:

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

(2) These Shares represented ZTE HK's interests in (i) 112,000,000 Shares to be allotted and issued by the Company to ZTE HK pursuant to the subscription agreement (the "Subscription Agreement") dated 16 November 2012 entered into between the Company and ZTE HK; and (ii) 91,590,909 Shares to be issued by the Company upon the exercise in full of the conversion rights attaching to the convertible bonds to be issued by the Company for subscription by ZTE HK pursuant to the Subscription Agreement. Details of the Subscription Agreement and the transactions contemplated thereunder are contained in the announcement of the Company dated 16 November 2012. ZTE HK was a wholly-owned subsidiary of ZTE, and therefore, ZTE was deemed to be interested in all the Shares in which ZTE HK 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.

(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 above, as at 31 December 2012, no person (other than a Director or chief executive of the Company) had an interest or short position in the Shares or the underlying Shares of the Company that were recorded in the register kept by the Company under Section 336 of the SFO.

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

During the year ended 31 December 2012, the Company had repurchased a total of 904,000 Shares on the Stock Exchange. All of the repurchased Shares were subsequently cancelled. Details of the repurchases are set out below:

Month of repurchase	Number of Shares repurchased	Price paid per Share	
		Highest *(HK$)*	Lowest *(HK$)*
April 2012	904,000	1.59	1.53

Save as disclosed in above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2012.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

On 26 December 2012, the Group completed an acquisition of 51% equity interests in Changfei Investment. Please refer to the announcements of the Company dated 16 November 2012 and 3 January 2013 and the circular of the Company dated 5 December 2012 and note 29 to the financial statements for details.

During the year ended 31 December 2012, save as disclosed above, there was no material 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.

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

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

In addition, any share options granted to a substantial Shareholder or an independent non-executive Director of the Company, or to any of their associates (as defined under the Listing Rules), in excess of 0.1% of the Shares in issue at any time and with an aggregate value (based on the closing price of the Shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to Shareholders' approval in advance in a general meeting.

The total number of Shares which may be issued upon the exercise of all options (excluding for this purpose options which have lapsed) which may be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 121,682,400 Shares, representing 10% and approximately 9.16% of the Shares in issue as at 28 June 2012 (i.e. the date that the 10% general scheme limit of the Share Option Scheme was refreshed by an ordinary resolution passed by the Shareholders at an extraordinary general meeting of the Company) and as at the date of this report respectively.

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

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

During the year ended 31 December 2012, there was no outstanding share option under the Share Option Scheme and no share option was granted, exercised, cancelled or lapsed under the Share Option Scheme.

CONTRACTS OF SIGNIFICANCE

No Director had a material interest, whether directly or indirectly, in any contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party, subsisted at the end of the year or at any time during the year.

Except as disclosed in note 33(a) to the financial statements, no contract of significance had been entered into between the Company or any of its subsidiaries and the controlling shareholders (as defined in the Listing Rules) of the Company or any of its subsidiaries.

REVIEW BY THE AUDIT COMMITTEE

The audit committee of the Board has reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed the auditing, internal control and financial reporting matters in relation to the annual report of the Group for the year ended 31 December 2012.

The audit committee of the Board has reviewed the annual report of the Group for the year ended 31 December 2012.

TAX RELIEF AND EXEMPTION

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

PRE-EMPTIVE RIGHTS

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

FIVE YEAR SUMMARY

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

SUFFICIENCY OF PUBLIC FLOAT

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

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK5.2 cents per Share for the year ended 31 December 2012. The proposed final dividend will be paid to Shareholders whose names appear on the register of members of the Company on 20 June 2013, subject to approval by the Shareholders at the forthcoming annual general meeting of the Company to be held on 11 June 2013. It is expected that the final dividend, if approved, will be paid on or about 26 June 2013.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining members who are qualified for attending the forthcoming annual general meeting of the Company, the register of members of the Company will be closed from 7 June 2013 to 11 June 2013 (both days inclusive), during which period no transfer of Shares will be effected. In order to qualify for attending the above meeting or any adjournment thereof, all share transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office in Hong Kong (the "Hong Kong Share Registrar"), 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 6 June 2013.

For the purpose of determining members who are qualified for the proposed final dividend for the year ended 31 December 2012 which is subject to approval by the Shareholders at the forthcoming annual general meeting of the Company, the register of members of the Company will be closed from 18 June 2013 to 20 June 2013 (both days inclusive), during which period no transfer of the Shares will be effected. In order to qualify for the proposed final dividend, all share transfers accompanied by the relevant share certificates must be lodged with the Hong Kong Share Registrar at the above address by no later than 4:00 p.m. on 17 June 2013.

DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES

As disclosed in the announcement of the Company on 7 February 2013, the Company and Mr. Chan Yuen Ming ("Mr. Chan") (a controlling shareholder of the Company by virtue of his indirect controlling interests in the Shares through Creative Sector Limited ("Creative Sector"), a company wholly owned by Mr. Chan) entered into a note purchase agreement (the "Note Purchase Agreement") with Chance Talent Management Limited (the "Investor"), pursuant to which the Company has agreed to issue, and the Investor has agreed to purchase from the Company, HK$100,000,000 guaranteed notes (the "Notes") due 2015.

Pursuant to the Note Purchase Agreement, the following specific performance obligations (the "Specific Performance Obligations") are imposed on Mr. Chan:

1. Mr. Chan undertakes that during the term of the Note Purchase Agreement and the Notes:

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

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

(c) he shall procure that Creative Sector shall not, without the prior written consent of the Investor, transfer or agree to transfer any Shares held by Creative Sector; and

(d) he shall procure that the Company shall perform its obligations under, among others, the Note Purchase Agreement and the Notes in accordance with the terms therein; and

2. Mr. Chan shall provide a personal guarantee in favour of the Investor to secure, among others, the due and punctual observance and performance by each of the Company and Mr. Chan under the Note Purchase Agreement, the Notes and/or the personal guarantee.

Any breach of the Specific Performance Obligations may constitute a breach under the Note Purchase Agreement and also an event of default under the Notes, pursuant to which the Investor may require the Notes to be repaid immediately pursuant to the terms and conditions of the Notes.

As at the date of this annual report, the Specific Performance Obligations continue to subsist.

AUDITORS

The Company has appointed KPMG as auditors of the Company for the year ended 31 December 2012. KPMG will retire as the Company's auditors at the end of the forthcoming annual general meeting of the Company and, being eligible, will offer themselves for re-appointment. A resolution will be proposed for approval by Shareholders at the forthcoming annual general meeting of the Company to re-appoint KPMG as the Company's auditors for the year ending 31 December 2013.

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

Hong Kong
28 March 2013

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company is committed to enhancing corporate governance and transparency of the Group by applying the principles and complying with the code provisions of the Corporate Governance Code (the "CG Code") set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The audit committee of the Board is delegated by the Board with the corporate governance functions set out in paragraph D.3 of the CG Code and is responsible for reviewing the Company's compliance with the CG Code and making recommendations to the Board.

Save for the deviation from code provisions A.1.8 and A.6.7 (which came into effect on 1 April 2012) of the CG Code set out below, none of the Directors is aware of any information that would reasonably indicate that the Company is not or was not, at any time during the year ended 31 December 2012, in due compliance with the code provisions of the CG Code.

Pursuant to code provision A.1.8 of the CG Code, the Company should arrange appropriate insurance cover in respect of legal action against its Directors. As set out in the 2012 interim report of the Company, the Company had deviated from code provision A.1.8 for the six months ended 30 June 2012 with considered reasons. Subsequently, the management considered that compliance with code provision A.1.8 would be conducive to the good corporate governance of the Company and had arranged for appropriate liability insurance for the Directors and officers of the Company for legal liability which may arise in the course of performing their duties.

Pursuant to code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should also attend general meetings. Due to other business engagements, Mr. Lam Kin Hung Patrick, an Independent Non-executive Director, could not attend the extraordinary general meetings of the Company held on 28 June 2012 and 21 December 2012 and Mr. Pun Yan Chak and Mr. Wong Che Man Eddy, both being Independent Non-executive Directors, could not attend the extraordinary general meeting of the Company held on 21 December 2012. Please refer to the paragraph headed "(C) Directors' attendance at board and general meetings" for the attendance of Directors at board meetings and general meetings of the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code"). The Company has made specific enquiry with all the Directors and all of them confirmed that they had fully complied with the required standards set out in the Model Code and the Company's code of conduct regarding directors' securities transactions during the year ended 31 December 2012.

BOARD OF DIRECTORS

During the year ended 31 December 2012, the Board comprised seven Directors, four of whom are Executive Directors and three of whom are Independent Non-executive Directors.

(A) Composition of the Board

Name of Directors	Other positions in the Company
Executive Directors:	
Mr. Chan Yuen Ming	Chairman of the Board ("Chairman")
Mr. Shao Kwok Keung	Chief Executive Officer ("CEO"), Company Secretary *(Note a)*, Member of the Remuneration Committee, Member of the Nomination Committee
Mr. Zhao Qing An *(Note b)*	Chief Technology Officer
Mr. Xiu Zhi Bao	Head of Planning and Finance Department
Independent Non-executive Directors:	
Mr. Pun Yan Chak	Chairman of the Remuneration Committee Member of the Audit Committee
Mr. Wong Che Man Eddy	Chairman of the Audit Committee Member of the Remuneration Committee Member of the Nomination Committee
Mr. Lam Kin Hung Patrick	Chairman of the Nomination Committee Member of the Audit Committee

Notes:

a. Mr. Shao Kwok Keung has resigned as Company Secretary with effect from 18 February 2013. Please refer to the announcement of the Company dated 18 February 2013 for details.

b. Mr. Zhao Qing An will retire as Director at the forthcoming annual general meeting of the Company to be held on 11 June 2013 and will not offer himself for re-election, but will remain as Chief Technology Officer subsequent to his retirement as Director. Please refer to the announcement of the Company dated 28 March 2013 for details.

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

(B) Responsibility of the Board

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

(C) Directors' attendance at board and general meetings

During the year ended 31 December 2012, the Company had held nine Board meetings and three general meetings. The attendance of each Director at these meetings, by name, is set out below:

Name of Directors	Attendance/ Number of board meetings held	Attendance/ Number of general meetings held
Executive Directors		
Mr. Chan Yuen Ming	9/9	3/3
Mr. Shao Kwok Keung	9/9	3/3
Mr. Zhao Qing An	4/9	0/3
Mr. Xiu Zhi Bao	5/9	0/3
Independent Non-executive Directors		
Mr. Pun Yan Chak	5/9	2/3
Mr. Wong Che Man Eddy	5/9	2/3
Mr. Lam Kin Hung Patrick	5/9	1/3

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

(D) Independence of the Independent Non-executive Directors

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

(E) Terms of appointment of the Independent Non-executive Directors

Each of the Independent Non-executive Directors is appointed for an initial term of two years renewable automatically for successive term of one year each commencing from the next day after the expiry of the then current term of his appointment, unless terminated by not less than three months' notice in writing served by either the Company or the relevant Independent Non-executive Director expiring at the end of the initial term or at any time thereafter.

In accordance with the articles of association of the Company (the "Articles of Association"), at each annual general meeting of the Company, at least one third of all the Directors (including the Independent Non-executive Directors) shall retire from office by rotation at least once every three years and each of the retiring Director shall be eligible for re-election at the annual general meeting of the Company at which he retires.

(F) Continuous professional development of Directors

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

Name of Directors	Kind of Training
Executive Directors	
Mr. Chan Yuen Ming	A
Mr. Shao Kwok Keung	A, B
Mr. Zhao Qing An	A
Mr. Xiu Zhi Bao	A, B
Independent Non-Executive Directors	
Mr. Pun Yan Chak	A, B
Mr. Wong Che Man Eddy	A, B
Mr. Lam Kin Hun Patrick	A, B

A: Reading materials on legal and regulatory updates

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles and duties of the Chairman and CEO of the Company are separate and exercised by different individuals.

The Chairman of the Board, Mr. Chan Yuen Ming, is responsible for the Group's overall business development and strategic planning. Mr. Shao Kwok Keung, the CEO, is responsible for the corporate management of the Company.

BOARD COMMITTEES

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

(A) Remuneration Committee

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

The Remuneration Committee currently comprises three members, namely, Mr. Pun Yan Chak (chairman of the Remuneration Committee and an Independent Non-executive Director), Mr. Wong Che Man Eddy (Independent Non-executive Director) and Mr. Shao Kwok Keung (Executive Director).

The role and function of the Remuneration Committee are set out in its written terms of reference. The written terms of reference were revised with effect from 1 April 2012 in light of changes to the Listing Rules and are published on the websites of the Stock Exchange and the Company. The principal duties of the Remuneration Committee include (1) making recommendations to the Board on the Company's policy and structure for the remuneration of the Directors and the senior management, (2) making recommendations to the Board on the remuneration packages of each Executive Director and member of the senior management, (3) making recommendations to the Board on the remuneration packages of non-executive Directors, (4) ensuring that no Director or any of his associate is involved in deciding his own remuneration and (5) reviewing and approving compensation arrangements relating to dismissal or removal of Directors.

During the year ended 31 December 2012, the Remuneration Committee had held two meetings to review and make recommendations to the Board regarding the remuneration of the Directors and the senior management. The attendance record of each member of the Remuneration Committee at its meeting is set out below:

Name of Directors	Attendance/ Number of meetings held
Executive Director :	
Mr. Shao Kwok Keung	2/2
Independent Non-executive Directors :	
Mr. Pun Yan Chak (Chairman of the Remuneration Committee)	2/2
Mr. Wong Che Man Eddy	2/2

(B) Nomination Committee

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

The Nomination Committee currently comprises three members, namely, Mr. Lam Kin Hung Patrick (chairman of the Nomination Committee and an Independent Non-executive Director), Mr Wong Che Man Eddy (Independent Non-executive Director) and Mr Shao Kwok Keung (Executive Director).

The role and function of the Nomination Committee are set out in its written terms of reference. The written terms of reference were revised with effect from 1 April 2012 in light of changes to the Listing Rules and are published on the websites of the Stock Exchange and the Company. The principal duties of the Nomination Committee include (1) reviewing the structure, size and composition of the Board on a regular basis, (2) identifying suitably qualified candidates for directorship, (3) making recommendations to the Board on the selection of nominated individuals for directorship and matters related to appointment or re-appointment of Directors, (4) assessing the independence of the Independent Non-executive Directors and (5) succession planning for Directors.

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

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

- Qualification and career experience; and
- Understanding of the Company and its corporate mission.

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

During the year ended 31 December 2012, the Nomination Committee had held two meetings to review the structure, size and composition of the Board and the board committees. The attendance record of each member of the Nomination Committee at its meeting is set out below:

Name of Directors	Attendance/ Number of meetings held
Executive Director:	
Mr. Shao Kwok Keung	2/2
Independent Non-executive Directors:	
Mr. Lam Kin Hung Patrick (Chairman of the Nomination Committee)	2/2
Mr. Wong Che Man Eddy	2/2

(C) Audit Committee

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

The Audit Committee currently comprises three members, all being independent non-executive Directors, namely, Mr. Wong Che Man Eddy (chairman of the Audit Committee), Mr. Pun Yan Chak and Mr. Lam Kin Hung Patrick.

The role and function of the Audit Committee are set out in its written terms of reference. The written terms of reference were revised with effect from 1 April 2012 in light of changes to the Listing Rules, with the corporate governance functions under code provision D.3.1 of the CG Code delegated to the Audit Committee. Please refer to the written terms of reference of the Audit Committee published on the websites of the Company and the Stock Exchange for further details.

The principal duties of the Audit Committee include:

On external audit:

- Making recommendations to the Board on appointment, reappointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor;
- Reviewing and monitoring the external auditor's independence as well as the objectives and effectiveness of the audit process in accordance with applicable standards;
- Discussing with the external auditor before the audit commences the nature and scope of the audit and reporting obligations and ensuring co-ordination where more than one audit firm is involved; and

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

On financial information of the Company:

- Monitoring integrity of the interim and annual financial statements and interim and annual reports and accounts, and reviewing significant financial reporting judgments contained therein before submission to the Board, with a focus on the fairness and reasonableness of any connected transaction;
- Reviewing the Group's financial and accounting policies and practices;
- Reviewing the external auditor's management letter, any material queries raised by the auditor to the management in respect of accounting records, financial accounts or system of control and management response;
- Considering any significant or unusual items that are, or may need to be, reflected in the interim and annual reports and accounts and giving due consideration to any matters that have been raised by the Board; and
- Meeting with the external auditor of the Company at least once a year, and to discuss any problems or reservations arising from the interim and final audits, and any matters the auditors my wish to discuss (in the absence of the management where necessary).

On internal control and risk management:

- Reviewing the Group's financial controls and its internal control and risk management system;
- Discussing with the Group's management the system of internal control and ensuring that the management has discharged its duty to have an effective internal control system, including the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and its training programmes and budget;
- Considering any findings of major investigation of internal control matters as delegated by the Board or on its own initiative and management's responses thereto;
- Ensuring co-ordination between the internal and external auditors and that the internal audit function is adequately resourced and has appropriate standing within the Group; and
- Reporting to the Board on the matters raised in the CG Code.

On corporate governance functions:

- reviewing the effectiveness of the Group's corporate governance policies and practices and to make recommendations to the Board;
- ensuring that appropriate monitoring systems are in place to ensure compliance against the relevant internal controls systems, processes and policies;
- reviewing and monitoring the Group's communication policy with its shareholders;
- reviewing and monitoring the training and continuous professional development of directors and senior management of the Group;

- reviewing and monitoring the Group's policies and practices on compliance with legal and regulatory requirements; and
- reviewing the Company's compliance with the CG Code and disclosure in the corporate governance report.

During the year ended 31 December 2012, the Audit Committee held three meetings to review the annual and interim results of the Company, the internal control and risk management of the Company and the corporate governance of the Company. The attendance record of each member of the Audit Committee at its meeting is set out below :

Name of Directors	Attendance/ Number of meetings held
Independent Non-executive Directors :	
Mr. Wong Che Man Eddy (Chairman of the Audit Committee)	3/3
Mr. Pun Yan Chak	3/3
Mr. Lam Kin Hung Patrick	3/3

AUDITORS' REMUNERATION

For the year ended 31 December 2012, the fees for audit services rendered by KPMG is set out below:

	Fees (HK$'000)
Audit services	3,476

Auditors' remuneration charged to the consolidated income statement of the Company for the year under review was approximately RMB3,358,000 (equivalent to approximately HK$4,130,340), which represented the fees charged by KPMG and other auditors engaged by the Group. No non-audit services were provided by KPMG during the year under review.

INTERNAL CONTROL

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

The Board has conducted a review on the internal control system of the Group for the financial year ended 31 December 2012, details of which are set forth below :

(A) Internal Control System

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

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

(1) Monitoring mechanisms and corporate culture

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

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

(2) Enterprise risk management framework

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

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

(B) Internal audit

The Group has established a Risk Control Department which is responsible for, among others, conducting independent reviews of the adequacy and effectiveness of the Group's internal audit. The Risk Control Department regularly reports its review results to the Board through the Audit Committee.

(C) Weaknesses in the internal control system that result in material losses

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

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

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Each of the Directors understands and acknowledges his responsibility for the preparation of the consolidated financial statements of the Company which give a true and fair view of the state of affairs of the Company and the Group in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements pursuant to the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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

The statement of auditors about their reporting responsibilities on the financial statements is set out in the Report of the Independent Auditors set out in pages 46 to 47 of this annual report.

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

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

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

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

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

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

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

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

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

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

SHAREHOLDERS' RIGHTS

1. Procedures for shareholders to convene an extraordinary general meeting

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

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

(2) Such requisition shall be made in writing to the Board or the company secretary of the Company and deposited at the Company's head office and principal place of business in Hong Kong at Room 805, Greenfield Tower, Concordia Plaza, 1 Science Museum Road, Kowloon, Hong Kong.

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

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

2. Procedures for raising enquiries

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

Address:	8th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong
Email:	enquiry@unionregistrars.com
Tel:	(852) 2849 3399
Fax:	(852) 2849 3319

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

Attention:	Mr. Au Ki Lun (Company Secretary)
Address:	Room 805, Greenfield Tower, Concordia Plaza, 1 Science Museum Road, Tsimshatsui, Kowloon, Hong Kong
Email:	oujilun@chinaallaccess.com
Tel:	(852) 3579 2368
Fax:	(852) 3579 2328

3. Procedures for putting forward proposals at Shareholders' meetings

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

Pursuant to Article 110 of the Articles of Association, a Shareholder wishes to propose a person other than a Director for election as a Director at a general meeting (the "Election Proposal") should lodge, at least seven clear days before the date of the general meeting, (i) a written notice setting out the Election Proposal; and (ii) a written notice signed by the person to be proposed of his willingness to be elected, at either (a) the head office and principal place of business of the Company in Hong Kong at Room 805, Greenfield Tower, Concordia Plaza, 1 Science Museum Road, Tsimshatsui, Kowloon, Hong Kong, or (b) the branch share registrar and transfer office of the Company in Hong Kong, i.e. Union Registrars Limited, at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong.

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

(ii) Other Proposals:

If a Shareholder wishes to make other proposals (the "Proposals") at a general meeting, he may lodge a written request, duly signed, at the Company's the head office and principal place of business in Hong Kong at Room 805, Greenfield Tower, Concordia Plaza, 1 Science Museum Road, Tsimshatsui, Kowloon, Hong Kong marked for the attention of the Company Secretary.

The identity of the Shareholder and his request will be verified with the Company's branch share registrar in Hong Kong and upon confirmation by the branch share registrar that the request is proper and in order and made by a Shareholder, the Board will in its sole discretion decide whether the Proposal may be included in the agenda for the general meeting to be set out in the notice of meeting.

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

KPMG

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CHINA ALL ACCESS (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of China All Access (Holdings) Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 48 to 122, which comprise the consolidated and company statements of financial position as at 31 December 2012, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2012 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
28 March 2013

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2012

(Expressed in Renminbi)

	Note	2012	2011
		RMB'000	*RMB'000*
Revenue	4	**606,926**	624,073
Cost of sales		**(370,701)**	(368,663)
Gross profit		**236,225**	255,410
Other revenue	6	**25,015**	24,086
Other net (loss)/income	6	**(1,203)**	7,312
Distribution costs		**(8,444)**	(7,990)
Administrative expenses		**(45,052)**	(42,954)
Profit from operations		**206,541**	235,864
Finance costs	7(a)	**(766)**	(608)
Share of losses of an associate		**(1,484)**	(1,929)
Profit before taxation	7	**204,291**	233,327
Income tax	8(a)	**(34,164)**	(28,306)
Profit for the year		**170,127**	205,021
Attributable to:			
Equity shareholders of the Company	11	**170,288**	205,212
Non-controlling interests		**(161)**	(191)
Profit for the year		**170,127**	205,021
Earnings per share	12		
Basic (RMB)		**0.140**	0.171
Diluted (RMB)		**0.140**	0.170

The notes on pages 57 to 122 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2012
(Expressed in Renminbi)

	2012 *RMB'000*	2011 *RMB'000*
Profit for the year	**170,127**	205,021
Other comprehensive income/(loss) for the year:		
Exchange differences on translation of financial statements of subsidiaries outside The People's Republic of China (the "PRC"), net of nil tax	**697**	(12,365)
Total comprehensive income for the year	**170,824**	192,656
Attributable to:		
Equity shareholders of the Company	**170,985**	192,847
Non-controlling interests	**(161)**	(191)
Total comprehensive income for the year	**170,824**	192,656

The notes on pages 57 to 122 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2012

(Expressed in Renminbi)

	Note	2012	2011
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment	13	**328,700**	71,122
Intangible assets	14	**367,590**	2,070
Goodwill	15	**332,449**	367
Interest in associates	17	**366,022**	18,703
Prepayment for technology development		**—**	27,021
Prepayment for land leases	18	**136,000**	—
Trade and other receivables	21	**33,169**	15,334
Other financial assets	19	**6,214**	—
Deferred tax assets	28(b)	**2,720**	1,280
		1,572,864	135,897
Current assets			
Inventories	20	**316,887**	13,309
Trade and other receivables	21	**1,796,865**	482,228
Factored trade receivables	22	**151,210**	—
Discounted bills receivable	23	**284,657**	—
Bills receivable	24	**803,911**	—
Banks deposits with original maturities over three months		**642,000**	725,500
Cash and cash equivalents	25	**333,415**	241,383
Restricted cash	26	**99,240**	—
		4,428,185	1,462,420

The notes on pages 57 to 122 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2012

(Expressed in Renminbi)

	Note	2012 RMB'000	2011 RMB'000
Current liabilities			
Trade and other payables	26	2,224,541	172,607
Deferred consideration payable	29	204,000	—
Deferred income		40,000	—
Interest-bearing borrowings	27	393,422	970
Bank advances on factored trade receivables	22	151,210	—
Bank advances on discounted bills receivable	23	284,657	—
Income tax payable	28(a)	53,538	37,078
		3,351,368	210,655
Net current assets		1,076,817	1,251,765
Total assets less current liabilities		2,649,681	1,387,662
Non-current liabilities			
Interest-bearing borrowings	27	78,615	13,719
Deferred consideration payable	29	188,451	—
Deferred income		48,105	—
Deferred tax liabilities	28(b)	127,957	6,577
		443,128	20,296
NET ASSETS		2,206,553	1,367,366

The notes on pages 57 to 122 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2012

(Expressed in Renminbi)

	Note	2012	2011
		RMB'000	*RMB'000*
CAPITAL AND RESERVES	30		
Share capital		10,657	10,664
Reserves		1,455,488	1,355,044
Total equity attributable to equity shareholders of the Company		1,466,145	1,365,708
Non-controlling interests		740,408	1,658
TOTAL EQUITY		2,206,553	1,367,366

Approved and authorised for issue by the board of directors on 28 March 2013.

Mr. Chan Yuen Ming
Chairman

Mr. Shao Kwok Keung
Chief Executive Officer

The notes on pages 57 to 122 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

at 31 December 2012

(Expressed in Renminbi)

	Note	2012	2011
		RMB'000	*RMB'000*
Non-current assets			
Interests in subsidiaries	16	625,477	696,919
Current assets			
Amount due from subsidiaries	16	7,142	7,142
Prepayments		983	10
Other receivables		1,228	—
Cash and cash equivalents	25	190	5,729
		9,543	12,881
Current liabilities			
Other payables and accruals	26	—	480
Income tax payable	28(a)	52	60
		52	540
Net current assets		9,491	12,341
NET ASSETS		634,968	709,260
CAPITAL AND RESERVES	30		
Share capital		10,657	10,664
Reserves		624,311	698,596
TOTAL EQUITY		634,968	709,260

Approved and authorised for issue by the board of directors on 28 March 2013.

Mr. Chan Yuen Ming
Chairman

Mr. Shao Kwok Keung
Chief Executive Officer

The notes on pages 57 to 122 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2012

(Expressed in Renminbi)

	Note	Share capital	Share premium	Capital redemption reserve	Contributed surplus	Capital reserve	Statutory general reserve	Translation reserve	Share-based compensation reserve	Retained profits	Total	Non-controlling interests	Total equity
		Attributable to equity shareholders of the Company											
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		30(c)	30(d)(i)	30(d)(ii)	30(d)(iii)	30(d)(iv)	30(d)(v)	30(d)(vi)	30(d)(vii)				
Balance at 1 January 2011		9,141	339,177	—	164,155	115,585	26,662	(4,438)	4,273	199,983	854,538	1,849	856,387
Changes in equity for 2011:													
Profit for the year		—	—	—	—	—	—	—	—	205,212	205,212	(191)	205,021
Other comprehensive loss		—	—	—	—	—	—	(12,365)	—	—	(12,365)	—	(12,365)
Total comprehensive income		—	—	—	—	—	—	(12,365)	—	205,212	192,847	(191)	192,656
Issuance of new shares	30(c)	1,353	361,283	—	—	—	—	—	—	—	362,636	—	362,636
Share issue costs		—	(11,275)	—	—	—	—	—	—	—	(11,275)	—	(11,275)
Repurchase of own shares	30(c)												
– par value paid		(88)	—	—	—	—	—	—	—	—	(88)	—	(88)
– premium paid		—	(13,434)	—	—	—	—	—	—	—	(13,434)	—	(13,434)
– transfer between reserves		—	—	88	—	—	—	—	—	(88)	—	—	—
Appropriation of reserve		—	—	—	—	—	20,944	—	—	(20,944)	—	—	—
Shares issued under Share Option Scheme	30(c)	258	50,358	—	—	—	—	—	(10,978)	4,192	43,830	—	43,830
Equity-settled share-based transactions		—	—	—	—	—	—	—	6,705	—	6,705	—	6,705
Dividends approved and paid in respect of the previous year	30(b)	—	(50,097)	—	—	—	—	—	—	—	(50,097)	—	(50,097)
Dividend declared and paid in respect of the current year	30(b)	—	(19,954)	—	—	—	—	—	—	—	(19,954)	—	(19,954)
Balance at 31 December 2011		10,664	656,058	88	164,155	115,585	47,606	(16,803)	—	388,355	1,365,708	1,658	1,367,366

The notes on pages 57 to 122 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2012

(Expressed in Renminbi)

	Note	Attributable to equity shareholders of the Company											
		Share capital	Share premium	Capital redemption reserve	Contributed surplus	Capital reserve	Statutory general reserve	Translation reserve	Share-based compensation reserve	Retained profits	Total	Non-controlling interests	Total equity
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		30(c)	30(d)(i)	30(d)(ii)	30(d)(iii)	30(d)(iv)	30(d)(v)	30(d)(vi)	30(d)(vii)				
Balance at 1 January 2012		10,664	656,058	88	164,155	115,585	47,606	(16,803)	—	388,355	1,365,708	1,658	1,367,366
Changes in equity for 2012:													
Profit for the year		—	—	—	—	—	—	—	—	170,288	170,288	(161)	170,127
Other comprehensive income		—	—	—	—	—	—	697	—	—	697	—	697
Total comprehensive income		—	—	—	—	—	—	697	—	170,288	170,985	(161)	170,824
Non-controlling interests arising from business combination	29	—	—	—	—	—	—	—	—	—	—	738,911	738,911
Repurchase of own shares	30(c)												
– par value paid		(7)	—	—	—	—	—	—	—	—	(7)	—	(7)
– premium paid		—	(1,153)	—	—	—	—	—	—	—	(1,153)	—	(1,153)
– transfer between reserves		—	—	7	—	—	—	—	—	(7)	—	—	—
Appropriation of reserve		—	—	—	—	—	18,757	—	—	(18,757)	—	—	—
Dividends approved and paid in respect of the previous year	30(b)	—	(49,598)	—	—	—	—	—	—	—	(49,598)	—	(49,598)
Dividend declared and paid in respect of the current year	30(b)	—	(19,790)	—	—	—	—	—	—	—	(19,790)	—	(19,790)
Balance at 31 December 2012		10,657	585,517	95	164,155	115,585	66,363	(16,106)	—	539,879	1,466,145	740,408	2,206,553

The notes on pages 57 to 122 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2012

(Expressed in Renminbi)

	Note	2012	2011
		RMB'000	*RMB'000*
Operating activities			
Cash generated from operations	25(b)	**116,954**	159,743
Tax paid:			
– Hong Kong profits tax paid		**(958)**	—
– PRC income tax paid		**(36,121)**	(16,932)
Net cash generated from operating activities		**79,875**	142,811
Investing activities			
Decrease/(Increase) in deposits with banks with original maturities over three months		**83,500**	(725,500)
Payment for technology development		**(606)**	(27,021)
Payment for the purchase of property, plant and equipment		**(2,107)**	(15,170)
Net cash outflow in respect of the acquisition of subsidiaries	29	**(221,174)**	—
Interest received from bank deposits with original maturities over three months		**24,130**	8,988
Net cash used in investing activities		**(116,257)**	(758,703)
Financing activities			
Net proceeds from issuance of new shares		**—**	351,361
Proceeds from shares issued under share option scheme		**—**	43,830
Dividends paid to equity shareholders of the Company	30(b)	**(69,388)**	(70,051)
Payment for repurchase of ordinary shares	30(c)	**(1,160)**	(13,522)
Proceeds from interest bearing borrowings		**200,000**	1,538
Repayment of bank loans		**(1,864)**	(1,037)
Interest paid		**(516)**	(447)
Net cash generated from financing activities		**127,072**	311,672
Net increase/(decrease) in cash and cash equivalents		**90,690**	(304,220)
Cash and cash equivalents at 1 January	25(a)	**241,383**	557,294
Effect of foreign exchange rate changes		**1,342**	(11,691)
Cash and cash equivalents at 31 December	25(a)	**333,415**	241,383

The notes on pages 57 to 122 form part of these financial statements.

1 GENERAL INFORMATION

China All Access (Holdings) Limited (the "Company") was incorporated in the Cayman Islands on 4 December 2007 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands ("Cayman Companies Law"). The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 16 September 2009. On 26 December 2012, the Company completed an acquisition of 51% interest in 深圳市長飛投資有限公司 (Shenzhen City Changfei Investment Company Limited) ("Changfei Investment"), a limited liability company established in the PRC.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The consolidated financial statements for the year ended 31 December 2012 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates. As the acquisition of Changfei Investment occurred on 26 December 2012 which was very close to 31 December 2012, income, expenses and profit that Changfei Investment contributed to the Group during the relevant period were immaterial. As such, operating results of Changfei Investment since the date of acquisition has not been included in the consolidated financial statements.

The consolidated financial statements are presented in Renminbi ("RMB"), which is the functional currency of the Group's major subsidiaries. The financial statements presented in RMB have been rounded to the nearest thousand except for per share data. The measurement basis used in the preparation of the financial statements is the historical cost basis, except for otherwise stated.

The preparation of financial statements in conformity with Hong Kong Financial Reporting Standards (collectively as "HKFRSs" and each as "HKFRS") requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by the management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are disclosed in note 3.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Statement of compliance

These financial statements have been prepared in accordance with all applicable HKFRSs, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (collectively as "HKASs" and each as "HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(c) Changes in accounting policies

The HKICPA has issued several amendments to HKFRSs 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:

– Amendments to HKFRS 7, Financial instruments: Disclosures – Transfers of financial assets

– Amendments to HKAS 12, Income taxes – Deferred tax: Recovery of underlying assets

These amendments do not have any material impact on the financial statements in the current and previous periods.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Subsidiaries and non-controlling interests *(Continued)*

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(m)).

(e) Associates

An associate is an entity in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post-acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see notes 2(f) and 2(m)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the associates, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associates.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Associates *(Continued)*

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

(f) Goodwill

Goodwill represents the excess of:

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(m)).

(g) Business combinations

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, together with the fair value of any contingent consideration payable.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets and contingent liabilities acquired is recorded as goodwill. Where the fair values of the identifiable net assets and contingent liabilities acquired have been determined provisionally, or where contingent or deferred consideration is payable, adjustments arising from their subsequent finalisation are not reflected in the income statement if (i) they arise within 12 months of the acquisition date and (ii) the adjustments arise from better information about conditions existing at the acquisition date (measurement period adjustments). Such adjustments are applied as at the date of acquisition and if applicable, prior period amounts are restated.

All changes that are not measurement period adjustments are reported in income other than changes in contingent consideration not classified as financial instruments, which are accounted for in accordance with the appropriate accounting policy, and changes in contingent consideration classified as equity, which is not remeasured.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Investments in equity securities

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 2(m)).

(i) Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses (see note 2(m)).

Cost includes expenditures that are directly attributable to the acquisition of an asset. The cost of self constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when all of the activities necessary to prepare the assets for their intended use are substantially complete. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Gains and losses on disposals of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of disposal.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation is recognised in profit or loss on a straight-line basis after taking into account their estimated residual values over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives of property, plant and equipment are as follows:

– Buildings held for own use carried at cost situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 50 years after the date of completion

– Leasehold improvement is depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 10 years

– Electronic equipment	3-5 years
– Office equipment	5 years
– Computer software	5 years
– Motor vehicles	5-10 years
– Machinery equipment	5-10 years

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Property, plant and equipment *(Continued)*

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major component) of property, plant and equipment.

No depreciation is provided in respect of construction in progress until it is substantially completed and ready for its intended use. Upon completion and commissioning for operation, depreciation will be provided at the appropriate rates specified above.

Depreciation methods, useful lives of assets and residual values, if any, are reviewed annually.

(j) Intangible assets (other than goodwill)

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour, and an appropriate proportion of overheads and borrowing costs, where applicable. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see note 2(m)). Other development expenditure is recognised as an expense in the period in which it is incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 2(m)(ii)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

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

–	Multimedia satellite transmission network technology	5 years
–	Technology know-how	5 years
–	Customer relationship	9 years
–	Backlog	1-2 years
–	License agreement	3 years

Both the period and method of amortisation are reviewed annually.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(l) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

– the rights to receive cash flows from the asset have expired; or

– the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(m) Impairment of assets

(i) Impairment of investment in subsidiaries, associate and trade and other receivables

Investment in subsidiaries, associate and trade and other receivables and other financial assets are stated at cost or amortised cost are reviewed at the end of each statement of financial position date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Impairment of assets *(Continued)*

(i) Impairment of investment in subsidiaries, associate and trade and other receivables *(Continued)*

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

– For investment in subsidiaries and associate recognised using the equity method (see note 2(e)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 2(m)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(m)(ii).

– For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.

– For trade and other receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of the assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Impairment of assets *(Continued)*

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each statement of financial position date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– Property, plant and equipment;

– Intangible assets;

– Goodwill; and

– Prepayment.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill and intangible assets that are not yet available for use, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculations of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash flows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the period in which the reversals are recognised.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Impairment of assets *(Continued)*

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see note 2(m)(i) and 2(m)(ii)).

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

(n) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Deferred costs incurred on a project which has not been completed as completion or inspection certificates have not been issued are classified as inventories. The deferred costs are charged to cost of sales in the same period that the revenue of which the project is related to is recognised.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

(o) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 2(m)). In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(p) Cash and cash equivalents

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

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(r) Trade and other payables

Trade and other payables are initially recognised at fair value and are thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(s) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

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

(ii) Defined benefit retirement plan obligations

Pursuant to the relevant laws and regulations in the PRC, the Group has joined a defined contribution retirement plan for its employees administered by the local government authorities. The Group makes contributions to the retirement scheme at the applicable rate based on the employees' salaries. The contributions are charged to profit or loss on an accrual basis. After the payment of the contributions under the retirement plan, the Group does not have any other obligations in this respect.

(iii) Share-based compensation

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share-based compensation reserve within equity. The fair value is measured at grant date using the Binomial Option Pricing model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the share options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to profit or loss for the period of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share-based compensation reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the share-based compensation reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the share-based compensation reserve until either the share option is exercised (in which case it is transferred to the share premium) or the share option expires (in which case it is released directly to retained profits).

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(t) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to business combination, or items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each statement of financial position date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(t) Income tax *(Continued)*

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(u) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Company or the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

Where the guarantee is issued by the Company in respect of the bank facilities granted to its subsidiaries, the asset identified is a form of capital contribution, i.e. an addition to the cost of investment in the subsidiary.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2(u)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Company or the Group under the guarantee, and (ii) the amount of that claim on the Company or the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(u) Financial guarantees issued, provisions and contingent liabilities *(Continued)*

(ii) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligations and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(v) Revenue recognition

Revenue is measured at the fair value of the consideration received and receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sales of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of value added tax or other sales taxes, returns and allowances and trade discounts. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) Integrated system revenue

Integrated system revenue in respect of a turnkey project is recognised upon completion of each of the separately specified stages of the project provided that the customer has issued an inspection certificate to indicate its acceptance of the services and works provided.

(iii) Applications service income

Revenue from system operation management, application upgrade and system maintenance services is recognised once the relevant service has been rendered to customers.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(w) Government grants

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

(x) Translation of foreign currencies

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("functional currency").

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

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

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

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(y) Borrowing costs

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

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(z) Related parties

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

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

(ii) has significant influence over the Group; or

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

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

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

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

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

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

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

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

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

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

(aa) Segment reporting

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

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

3 ACCOUNTING ESTIMATES AND JUDGEMENTS

Key sources of estimation uncertainty

The methods, estimates and judgements the directors used in applying the Group's accounting policies have a significant impact on the Group's financial position and operating results. Some of the accounting policies require the Group to apply estimates and judgements, on matters that are inherently uncertain. Key sources of estimation uncertainty are as follows:

(a) Impairment of property, plant and equipment

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

(b) Impairment of trade receivables

Impairment losses for bad and doubtful debts are assessed and provided for based on the directors' regular review of ageing analysis and evaluation of collectibility. A considerable level of judgement is exercised by the directors when assessing the credit worthiness and past collection history of each individual customer. An increase or decrease in the impairment loss would affect the Group's results in future years.

(c) Impairment on inventories

The Group reviews the carrying amounts of the inventories at each balance sheet date to determine whether the inventories are carried at lower of cost and net realisable value as in accordance with accounting policy as set out in note 2(m). Management estimates the net realisable value based on current market situation and historical experience on similar inventories. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-down made in prior years and affect the Group's results in future years.

(d) Impairment of goodwill and intangible assets

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

3 ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(e) Depreciation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives. The Group reviews annually the useful life of an asset and its residual value, if any. The depreciation expense for future periods is adjusted if there are significant changes from previous estimation.

(f) Income tax

The Group is subject to Hong Kong Profits Tax and PRC CIT. Judgement is required in determining the provision for income tax. There are transactions during the ordinary course of business, for which calculation of the ultimate tax determination is uncertain. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Recognition of deferred tax depends on the management's expectation of future taxable profit that will be available. The outcome of their actual utilisation may be different.

(g) Business combination

The recognition of business combinations requires the excess of the purchase price of acquisitions over the net book value of assets acquired to be allocated to the assets and liabilities of the acquired entity. The Group makes judgements and estimates in relation to the fair value allocation of the purchase price. Any unallocated portion is recognised as goodwill.

The amount of goodwill initially recognised as a result of a business combination is dependent on the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management's judgement. The Group also makes use of various valuation methodologies in determining these fair values, including the use of reputable independent valuers. Valuations are inherently subjective, and require the use of judgement.

Allocation of the purchase price affects the results of the Group as finite lived intangible assets are amortised, whereas indefinite lived intangible assets, including goodwill, are not amortised and could result in differing amortisation charges based on the allocation to indefinite lived and finite lived intangible assets.

4 REVENUE

The principal activities of the Group are the provision of satellite communication application solutions and other services and wireless data communication application solutions and services. These solutions consist of project design, sourcing terminals from external suppliers, designing applications pursuant to customer specifications, installation and testing, and application service provision including system operations management, application upgrade and system maintenance. The businesses of satellite communication solutions and services and wireless data communication solutions and services also include distribution of terminals and equipment.

Revenue which represents the sales value of goods sold or services rendered to customers excludes value added tax or other sales taxes and surcharges and is after allowances for goods returned. The amount of each significant category of revenue recognised during the year is as follows:

	2012	2011
	RMB'000	*RMB'000*
Provision of satellite communication application solutions and other services	**356,956**	326,850
Provision of wireless data communication application solutions and services	**249,970**	297,223
	606,926	624,073

5 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 satellite communication application solutions and other services: including system design, installation, testing, software development, provision of application services for satellite communication, call centre application solutions and services, 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.

(a) Segment results, assets and liabilities

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

Segment assets include all tangible, intangible assets and current assets with the exception of goodwill, interest in associates, 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.

5 SEGMENT REPORTING *(Continued)*

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

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 administrative expenses and share of losses of an associate, are excluded from segment operating profits.

In addition to receiving segment information concerning profit before taxation, management is provided with segment information concerning revenue and additions to non-current segment assets used by the segments in their operations.

	Provision of satellite communication application solutions and other services		Provision of wireless data communication application solutions and services		Total	
	2012	2011	**2012**	2011	**2012**	2011
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue from external customers (Note)	**356,956**	326,850	**249,970**	297,223	**606,926**	624,073
Segment operating profit	**146,732**	130,773	**83,218**	124,180	**229,950**	254,953
Reportable segment assets	**324,224**	238,116	**4,459,126**	258,727	**4,783,350**	496,843
Additions to non-current segment assets during the year	**—**	3,317	**1,117,808**	27,021	**1,117,808**	30,338
Reportable segment liabilities	**90,938**	66,860	**2,963,844**	33,356	**3,054,782**	100,216

Note: Revenue from external customers, including individual customers whom are known to the Group subject to common control, amounting to 10 percent or more of the Group's revenue is set out below. Further details of concentration of credit risk arising from these customers are set out in note 34(a). Operating results of Changfei Investment since the date of acquisition has not been included as the income, expenses and profit that Changfei Investment and its subsidiaries contributed to the Group since the completion of the acquisition on 26 December 2012 was considered immaterial.

5 SEGMENT REPORTING *(Continued)*

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

Note: *(continued)*

	Provision of satellite communication application solutions and other services		Provision of wireless data communication application solutions and services		Total	
	2012	2011	**2012**	2011	**2012**	2011
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Customer A	**—**	—	**160,754**	—	**160,754**	—

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

	2012	2011
	RMB'000	*RMB'000*
Profit		
Reportable segment profit derived from the Group's external customers	**229,950**	254,953
Other revenue	**25,015**	24,086
Other net (loss)/income	**(1,203)**	7,312
Depreciation and amortisation	**(17,049)**	(13,153)
Share of losses of an associate	**(1,484)**	(1,929)
Finance costs	**(766)**	(608)
Unallocated head office and corporate expenses (Note (i))	**(30,172)**	(37,334)
Consolidated profit before taxation	**204,291**	233,327
Assets		
Reportable segment assets	**4,783,350**	496,843
Unallocated head office and corporate assets (Note (ii))	**1,217,699**	1,101,474
Consolidated total assets	**6,001,049**	1,598,317
Liabilities		
Reportable segment liabilities	**3,054,782**	100,216
Unallocated head office and corporate liabilities (Note (iii))	**739,714**	130,735
Consolidated total liabilities	**3,794,496**	230,951

5 SEGMENT REPORTING *(Continued)*

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

Notes:

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

(ii) 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.

(iii) Unallocated head office and corporate liabilities mainly include interest-bearing borrowings, deferred consideration payables, value-added tax payable and income tax payable which are not specifically attributable to individual segments.

(c) Geographical segments

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

6 OTHER REVENUE AND NET (LOSS)/INCOME

	2012 *RMB'000*	2011 *RMB'000*
Other revenue		
Bank interest income	**23,258**	23,153
Interest income from non-current trade and other receivables	**1,757**	933
	25,015	24,086
Other net (loss)/ income		
Net exchange (loss)/gain	**(955)**	7,463
Others	**(248)**	(151)
	(1,203)	7,312

7 PROFIT BEFORE TAXATION

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

	2012 *RMB'000*	2011 *RMB'000*
(a) Finance costs		
Interests on borrowings	**516**	447
Other finance costs	**250**	161
	766	608
(b) Staff costs		
Salaries, wages and other benefits	**20,910**	18,209
Contributions to defined contribution retirement plans	**2,340**	1,869
Equity-settled share-based compensation expenses	**—**	6,705
	23,250	26,783

As stipulated by the regulations in the PRC, the Group is required to participate in employee pension schemes organized by the PRC government whereby the Group is required to pay annual contributions at a rate of 10% to 22% (2011: 20% to 22%) of the standard wages determined by the relevant authorities in the PRC during the year. Contributions to these retirement schemes vest immediately.

The Group also operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$25,000. Contributions to the plan vest immediately.

Save for the above, the Group has no other obligation for payment of retirement benefits beyond the contributions.

7 PROFIT BEFORE TAXATION *(Continued)*

Profit before taxation is arrived at after charging/(crediting): *(Continued)*

	2012	2011
	RMB'000	*RMB'000*
(c) Other items		
Cost of inventories (note 20(b))	**347,385**	346,312
Depreciation of property, plant and equipment	**13,834**	13,153
Amortisation of intangible assets	**3,215**	—
Impairment loss on trade and other receivables	**4,462**	3,719
Reversal of impairment loss on trade receivables	**—**	(102)
Auditors' remuneration	**3,358**	2,624
Operating lease charges	**4,135**	2,702
Research and development costs	**105**	333

8 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Taxation in the consolidated income statement represents:

	2012	2011
	RMB'000	*RMB'000*
Current tax – Hong Kong Profits Tax		
Provision for the year	**—**	128
Under-provision in respect of prior year	**587**	—
Current tax – PRC Corporate Income Tax		
Provision for the year	**35,078**	30,816
Under-provision in respect of prior year	**1,074**	—
	36,739	30,944
Deferred tax		
Origination and reversal of temporary differences	**(2,575)**	(2,638)
	34,164	28,306

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.

8 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT *(Continued)*

(a) Taxation in the consolidated income statement represents: *(Continued)*

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%.

Hebei Noter Communication Technology Co., Ltd. ("Hebei Noter"), being a foreign invested production oriented enterprise established in Hebei Province on 21 August 2006, was granted a full exemption from income tax for two years followed by a 50% exemption from PRC Corporate Income Tax ("CIT") for three years starting from its first profit-making year (the "2+3 tax holiday"). The income tax rate was 12.5% from 2009 to 2011. Hebei Noter, being a qualified High and New Technology Enterprise ("HNTE") during 2012, was entitled to the preferential tax rate of 15% from 2012 to 2014.

Shenzhen Xing Fei Technology Co., Ltd. ("Shenzhen Xing Fei"), Ruide Electronical Industrial Co., Ltd. ("Ruide Electronic") and Lead Communications Co., Ltd. ("Lead Communications"), being subsidiaries of Changfei Investment, are qualified HNTEs and entitled to the preferential tax rate of 15% from 2011 to 2013, 2012 to 2014, and 2011 to 2013, respectively.

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.

Other PRC subsidiaries of the Group are subject to standard PRC CIT rate of 25% (2011: 25%).

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2012 *RMB'000*	2011 *RMB'000*
Profit before taxation	**204,291**	233,327
PRC statutory income tax rate	**25%**	25%
Computed "expected" income tax	**51,073**	58,332
Tax effect of tax concession	**(20,148)**	(29,232)
Tax effect of non-taxable income	**(1,814)**	(575)
Tax effect of non-deductible expenses	**2,071**	444
Tax effect of rate differential of entity operating in different jurisdiction	**984**	(472)
Under-provision in respect of prior years	**1,661**	—
Tax effect of unused tax losses not recognised	**337**	597
Utilisation of previously unrecognised tax losses	**—**	(788)
Actual tax expense	**34,164**	28,306

9 DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance is as follows:

	2012						
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based compensation	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors							
CHAN Yuen Ming	98	518	—	22	638	—	638
SHAO Kwok Keung	98	1,258	—	22	1,378	—	1,378
XIU Zhi Bao	98	308	—	20	426	—	426
ZHAO Qing An	98	423	—	32	553	—	553
Independent non-executive directors							
PUN Yan Chak	146	—	—	—	146	—	146
WONG Che Man, Eddy	146	—	—	—	146	—	146
LAM Kin Hung, Patrick	146	—	—	—	146	—	146
	830	2,507	—	96	3,433	—	3,433

9 DIRECTORS' REMUNERATION *(Continued)*

Directors' remuneration disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance is as follows: *(Continued)*

	2011						
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based compensation (note)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors							
CHAN Yuen Ming	99	528	—	20	647	133	780
SHAO Kwok Keung	99	1,282	—	20	1,401	1,294	2,695
XIU Zhi Bao *	35	273	—	19	327	1,365	1,692
ZHAO Qing An *	35	423	—	35	493	47	540
Independent non-executive directors							
PUN Yan Chak	149	—	—	—	149	—	149
WONG Che Man, Eddy	149	—	—	—	149	—	149
LAM Kin Hung, Patrick	149	—	—	—	149	—	149
	715	2,506	—	94	3,315	2,839	6,154

* Mr. XIU Zhi Bao and Mr. ZHAO Qing An were appointed as executive directors on 24 August 2011.

No emoluments have been paid to any of the directors or any of the highest paid individuals set out in note 10 below as an inducement to join or upon joining the Group or as compensation for loss of office during the current and prior years.

Note: These represent the estimated fair value of share options granted to the Company's directors under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policies for share-based compensation transactions as set out in note 2(s)(iii).

10 INDIVIDUALS WITH THE HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, four (2011: two) are directors whose emoluments are disclosed in note 9. The aggregate of the emoluments in respect of the other one (2011: three) individual are as follows:

	2012 *RMB'000*	2011 *RMB'000*
Salaries and other emoluments	904	1,003
Share-based compensation (note)	—	3,445
Retirement scheme contributions	22	59
	926	4,507

Note: These represent the estimated fair value of share options granted to the individuals with the highest emoluments under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policies for share-based compensation transactions as set out in note 2(s)(iii).

The emoluments of the one (2011: three) individual with the highest emoluments are within the following bands:

	2012 Number of Individuals	2011 Number of individuals
Nil to HK$1,000,000	—	—
HK$1,000,001 to HK$1,500,000	1	1
HK$1,500,001 to HK$2,000,000	—	1
HK$2,000,001 to HK$2,500,000	—	1
	1	3

11 PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity shareholders of the Company includes a loss of RMB4,156,000 (2011: profit of RMB333,000) which has been dealt with in the financial statements of the Company.

Details of dividends paid and payable to equity shareholders of the Company are set out in note 30(b).

12 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB170,288,000 (2011: RMB205,212,000) and the weighted average of 1,217,041,000 ordinary shares in issue during the year ended 31 December 2012 (2011: 1,198,718,000), calculated as follows:

Weighted average number of ordinary shares

	2012 '000	2011 '000
Issued ordinary shares at 1 January	1,217,728	1,037,500
Effect of issuance of shares	—	148,164
Effect of share options exercised	—	15,197
Effect of shares repurchased (note 30(c))	(687)	(2,143)
Weighted average number of ordinary shares at 31 December	1,217,041	1,198,718

12 EARNINGS PER SHARE *(Continued)*

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB170,288,000 (2011: RMB205,212,000) and the weighted average of 1,217,041,000 ordinary shares (2011: 1,206,327,000), after adjusting for the effect of deemed issue of ordinary shares under the Company's share option scheme for nil consideration, calculated as follows:

(i) **Profit attributable to ordinary equity shareholders of the Company (diluted)**

	2012	2011
	RMB'000	*RMB'000*
Profit attributable to ordinary equity shareholders of the Company (diluted)	170,288	205,212

(ii) **Weighted average number of ordinary shares (diluted)**

	2012	2011
	'000	*'000*
Weighted average number of ordinary shares at 31 December	1,217,041	1,198,718
Effect of deemed issue of shares under the Company's share option scheme for nil consideration (note 30)	—	7,609
Weighted average number of ordinary shares (diluted) at 31 December	1,217,041	1,206,327

13 PROPERTY, PLANT AND EQUIPMENT

(a) The Group

	Buildings held for own use RMB'000	Electronic Equipment RMB'000	Office Equipment RMB'000	Computer software RMB'000	Motor Vehicles RMB'000	Machinery equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:									
At 1 January 2011	16,234	58,368	3,367	5,604	5,974	—	—	8,951	98,498
Additions	2,804	796	3,368	687	7,515	—	—	—	15,170
Transferred from construction in progress	8,951	—	—	—	—	—	—	(8,951)	—
Exchange adjustments	(767)	—	(46)	—	—	—	—	—	(813)
At 31 December 2011	27,222	59,164	6,689	6,291	13,489	—	—	—	112,855
At 1 January 2012	27,222	59,164	6,689	6,291	13,489	—	—	—	112,855
Additions	268	—	887	63	300	—	—	589	2,107
Additions through business combination (note 29)	—	13,840	—	167	4,993	101,932	738	147,640	269,310
Disposal	—	—	(11)	—	—	—	—	—	(11)
Exchange adjustments	2	—	—	—	—	—	—	—	2
At 31 December 2012	27,492	73,004	7,565	6,521	18,782	101,932	738	148,229	384,263
Accumulated depreciation:									
At 1 January 2011	341	22,519	941	4,621	197	—	—	—	28,619
Charge for the year	626	10,069	896	602	960	—	—	—	13,153
Exchange adjustments	(24)	—	(11)	—	(4)	—	—	—	(39)
At 31 December 2011	943	32,588	1,826	5,223	1,153	—	—	—	41,733
At 1 January 2012	943	32,588	1,826	5,223	1,153	—	—	—	41,733
Charge for the year	846	10,157	1,224	265	1,342	—	—	—	13,834
Written back on disposal	—	—	(1)	—	—	—	—	—	(1)
Exchange adjustments	(1)	—	(2)	—	—	—	—	—	(3)
At 31 December 2012	1,788	42,745	3,047	5,488	2,495	—	—	—	55,563
Net book value:									
At 31 December 2012	25,704	30,259	4,518	1,033	16,287	101,932	738	148,229	328,700
At 31 December 2011	26,279	26,576	4,863	1,068	12,336	—	—	—	71,122

(b) The analysis of net book value of properties is as follows:

As at 31 December 2012, buildings held for own use with net book value of approximately RMB23,639,000 (2011: RMB23,970,000) are pledged as securities for the Group's interest-bearing borrowings (note 27).

13 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

(c) Property, plant and equipment leased out under operating lease

The Group had a lease agreement to grant the lessee access to the ALL ACCESS platform for a fixed annual lease charge of approximately RMB575,000 until 2018.

The Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	The Group	
	2012	2011
	RMB'000	*RMB'000*
Within 1 year	**575**	575
After 1 year but within 5 years	**2,299**	2,299
After 5 years	**575**	1,149
	3,449	4,023

14 INTANGIBLE ASSETS

	Multimedia satellite transmission network	Technology know-how	Customer relationship	Backlog	License agreement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:						
At 1 January 2011 and 31 December 2011	2,070	—	—	—	—	2,070
At 1 January 2012	2,070	—	—	—	—	2,070
Additions	—	27,612	—	—	—	27,612
Exchange adjustments	—	(149)	—	—	—	(149)
Additions through business combination	—	201,079	126,850	7,245	6,087	341,261
At 31 December 2012	2,070	228,542	126,850	7,245	6,087	370,794
Accumulated amortisation:						
At 1 January 2011 and 31 December 2011	—	—	—	—	—	—
At 1 January 2012	—	—	—	—	—	—
Charge for the year	—	3,215	—	—	—	3,215
Exchange adjustments	—	(11)	—	—	—	(11)
At 31 December 2012	—	3,204	—	—	—	3,204
Net book value:						
At 31 December 2012	2,070	225,338	126,850	7,245	6,087	367,590
At 31 December 2011	2,070	—	—	—	—	2,070

The amortisation charge for the year is included in "Administrative expenses" in the consolidated financial statements.

15 GOODWILL

	The Group
	RMB'000
Cost:	
At 1 January 2011 and 31 December 2011	367
At 1 January 2012	367
Additions through business combination(note 29)	332,082
At 31 December 2012	332,449
Carrying amount:	
At 31 December 2012	332,449
At 31 December 2011	367

The goodwill arose from the business combination of 51% interest in Changfei Investment on 26 December 2012 (see note 29), and the amount of goodwill is provisionally determined. Changfei Investment and its subsidiaries carry out R&D and production of a wide spectrum of products and parts in the supply chain of various types of mobile terminal. The goodwill is attributable mainly to the synergies expected to achieve from integrating Changfei Investment and its subsidiaries into the Group's existing business. None of the goodwill recognised is expected to be deductible for tax purposes.

The recoverable amount of the cash-generating unit is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management. The cash flows are discounted using a discount rate which is pre-tax and reflects specific risks relating to the relevant segments.

16 INTERESTS IN SUBSIDIARIES

	The Company	
	2012	2011
	RMB'000	*RMB'000*
Unlisted shares, at cost	**90,303**	90,303
Amounts due from subsidiaries	**535,174**	606,616
	625,477	696,919

Amounts due from subsidiaries are unsecured, bear no interest (2011: 1% per annum) and are not expected to be repayable within one year from the end of the reporting period.

Amounts due from subsidiaries under current assets are unsecured, interest free, repayable on demand and arose in the ordinary course of business.

(Expressed in Renminbi unless otherwise indicated)

16 INTERESTS IN SUBSIDIARIES *(Continued)*

Details of the Company's subsidiaries as at 31 December 2012 are as follows:

Name of company	Place and date of incorporation/ establishment	Issued and fully paid up/ registered capital	Proportion of ownership interest Held by the Company	Proportion of ownership interest Held by a subsidiary	Principal activity
CAA BVI 中國全通集團有限公司	The BVI/ 15 June 2006	US$10,000	100%	—	Investment holding
CAA HK 全通環球有限公司	Hong Kong/ 18 June 2008	HK$10,000	—	100%	Investment holding
Hebei Noter (note(a)) 河北諾特通信技術有限公司	The PRC/ 21 August 2006	US$22,500,000	—	100%	Development and provision of communication equipment and application services system operating management, application upgrade and system maintenance
Beijing All Access Noter Communication Technology Co., Ltd. ("Beijing Noter") (note(a)) 北京全通諾特通信技術有限公司	The PRC/ 21 October 2009	US$30,000,000	—	100%	Development and provision of communication equipment and application services system operating management, application upgrade and system maintenance
Shanghai All Access Noter Communication Technology Co., Ltd. (note(a)) 上海全通諾特通信技術有限公司	The PRC/ 23 December 2009	US$15,000,000	—	100%	Development and provision of communication equipment and application services system operating management, application upgrade and system maintenance
Guangdong All Access Noter Communication Technology Co., Ltd. ("Guangdong Noter") (note(a)) 廣東全通諾特通信技術有限公司	The PRC/ 20 April 2010	US$10,000,000	—	100%	Development and provision of communication equipment and application services system operating management, application upgrade and system maintenance

(Expressed in Renminbi unless otherwise indicated)

16 INTERESTS IN SUBSIDIARIES *(Continued)*

Details of the Company's subsidiaries as at 31 December 2012 are as follows: *(Continued)*

Name of company	Place and date of incorporation/ establishment	Issued and fully paid up/ registered capital	Proportion of ownership interest Held by the Company	Held by a subsidiary	Principal activity
Beijing All Access Zhiping Network Technology Co., Ltd. (formerly known as Beijing Zhiping Network Technology Co., Ltd.) (note(b)) 北京全通洽平通信科技有限公司	The PRC/ 22 April 2010	RMB25,000,000	—	92%	Investment holding
Beijing Gao Sheng Times Investment Co., Ltd. (note(b)) 北京高升時代投資有限公司	The PRC/ 15 October 2010	RMB30,000,000	—	92%	Investment holding
Tianjin Hailantong Technology Co., Ltd. (note(a)) 天津海藍通科技有限公司	The PRC/ 6 May 2011	US$10,000,000	—	100%	Development and provision of communication equipment and application services system operating management, application upgrade and system maintenance
Changfei Investment (note(b)) 深圳市長飛投資有限公司	The PRC/ 6 February 2004	RMB27,750,000	—	51%	Investment holding
Huizhou Changfei Investment Co., Ltd. ("Huizhou Changfei") (note(b)) 惠州市長飛投資有限公司	The PRC/ 23 April 2010	RMB60,000,000	—	100%	Investment holding
Huizhou Chang Fei Xin Ye Real Estate Co., Ltd. ("Huizhou Changfei Xin Ye") (note(b)) 惠州市長飛新業房地產開發有限公司	The PRC/ 29 November 2011	RMB1,000,000	—	100%	Real estate development

16 INTERESTS IN SUBSIDIARIES *(Continued)*

Details of the Company's subsidiaries as at 31 December 2012 are as follows: *(Continued)*

Name of company	Place and date of incorporation/ establishment	Issued and fully paid up/ registered capital	Proportion of ownership interest Held by the Company	Held by a subsidiary	Principal activity
Shenzhen Xing Fei (note(b)) 深圳市興飛科技有限公司	The PRC/ 19 July 2005	RMB5,000,000	—	80%	Design and manufacturing of handset
Nanchang Xing Fei Technology Co., Ltd. (note(b)) 南昌興飛科技有限公司	The PRC/ 1 July 2008	RMB15,000,000	—	100%	Design and manufacturing of handset
Ruide Electronical (note(b)) 深圳市睿德電子實業有限公司	The PRC/ 27 April 2004	RMB8,700,000	—	57.5%	Manufacturing of handset battery
Lead Communications (note(b)) 深圳市立德通訊器材有限公司	The PRC/ 17 June 2003	RMB10,000,000	—	62.5%	Manufacturing of handset screen
Shenzhen Control Electromechanical Co., Ltd. (note(b)) 深圳市康銓機電有限公司	The PRC/ 2 June 2003	RMB16,000,000	—	57.5%	Manufacturing of handset shell
Shenzhen Wanyu Technologies Co., Ltd. (note(b)) 深圳萬譽電子技術有限公司	The PRC/ 30 April 2007	RMB8,000,000	—	100%	Manufacturing of handset shell

Notes:

(a) This entity is a wholly foreign owned limited enterprises established in the PRC.

(b) This entity is a limited liability company established in the PRC.

The English translation of the company names for entities established in the PRC is for reference only. The official names of the companies established in the PRC are in Chinese.

17 INTEREST IN ASSOCIATES

	The Group	
	2012	2011
	RMB'000	*RMB'000*
Share of net assets	**206,516**	13,937
Goodwill	**159,506**	4,766
	366,022	18,703

(Expressed in Renminbi unless otherwise indicated)

17 INTEREST IN ASSOCIATES *(Continued)*

Details of the Group's associates as at 31 December 2012 are as follows:

Name of associate	Form of business structure	Place of incorporation and operation	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal Activity
China Satellite Mobile Multimedia Network Co., Ltd. 中衛星空移動多媒體網路有限公司	Incorporated	The PRC	42.32%	—	46%	Satellite broadcast and television signal transmission development and design the transmission system
Shenzhen Jufei Optoelectronics Co., Ltd. (Note(a)) 深圳市聚飛光電股份有限公司 ("Shenzhen Jufei")	Incorporated	The PRC	8.21%	—	16.09%	Optoelectronic devices, sensors, light-emitting diodes devices and the applications development
Shenzhen Zhongxing Xinyu FPC Company Limited 深圳市中興新宇軟電路有限公司	Incorporated	The PRC	11.59%	—	22.73%	Development, production and sales of printed circuit
Shanghai Tejet Communications Technology Co.,Ltd. 上海泰捷通信技術有限公司	Incorporated	The PRC	20.40%	—	40%	Development, design and Sales of communications products and provision of technical consulting services
Shenzhen FDC Electronic Company Limited 深圳市富德康電子有限公司	Incorporated	The PRC	15.30%	—	30%	Production and sales of miniature speakers, miniature receivers and other related electronic products
Shenzhen Weigao Semiconductor Company Limited 深圳市微高半導體科技有限公司	Incorporated	The PRC	20.40%	—	40%	Development and sales of semiconductor circuit packaging, computer software and communication products
Shenzhen Weiwen Electronic Company Limited 深圳市偉文電氣有限公司	Incorporated	The PRC	17.85%	—	35%	Development, sales and maintenance of electronic equipments, network equipment, computer hardware and software
Shenzhen Decang Technology Company Limited 深圳市德倉科技有限公司	Incorporated	The PRC	8.48%	—	26.60%	Development, production and sales of electronic and lighting products; development and sales of communication devices
Guangzhou Hongchanglong Enterprises Limited 廣州市鴻昌隆實業有限公司	Incorporated	The PRC	10.26%	—	35%	Production of electronic products and technology; development and provision of consulting services of computer software and hardware

17 INTEREST IN ASSOCIATES *(Continued)*

Summary financial information on associates:

	At 31 December 2012			For the year ended 31 December 2012(note(b))	
	Assets	Liabilities	Equity	Revenue	Loss
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
2012					
100 per cent	1,885,788	(824,415)	1,061,373	13,108	(3,226)
Group's effective interest	204,514	(98,451)	106,063	5,547	(1,365)
2011					
100 per cent	35,970	(5,671)	30,299	1,585	(4,192)
Group's effective interest	16,546	(2,609)	13,937	729	(1,929)

Notes:

(a) Shenzhen Jufei was listed on the Shenzhen Stock Exchange on 19 March 2012. The fair value of the interest in Shenzhen Jufei as at 31 December 2012 was RMB300,399,000. Management has determined that there was no impairment of the Group's interest in Shenzhen Jufei for the year ended 31 December 2012.

(b) Only include information from China Satellite Mobile Multimedia Network Co., Ltd.. Operating results of the associates of Changfei Investment since the date of acquisition is not included as the acquisition was completed on 26 December 2012.

(c) The English translation of the company names is for reference only. The official names of the companies established in the PRC are in Chinese.

18 PREPAYMENT FOR LAND LEASES

The prepayment represents prepaid lease payment for the land owned by the Group. The land is used for the industrial building construction. The construction is still in progress as at 31 December 2012.

19 OTHER FINANCIAL ASSETS

	The Group	
	2012	2011
	RMB'000	*RMB'000*
Available-for-sale equity securities		
– Unlisted	6,214	—

20 INVENTORIES

(a) Inventories in the statement of financial position comprise:

	The Group	
	2012	2011
	RMB'000	*RMB'000*
Raw materials	148,614	—
Work in progress	30,450	—
Consigned manufacturing material	29,810	—
Finished goods	108,013	13,309
	316,887	13,309

All inventories are expected to be recovered within one year.

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2012	2011
	RMB'000	*RMB'000*
Carrying amount of inventories sold	347,385	346,312
Operating costs included in cost of sales	23,316	22,351
	370,701	368,663

21 TRADE AND OTHER RECEIVABLES

		The Group	
		2012	2011
	Note	*RMB'000*	*RMB'000*
Non-current			
Trade receivables		**31,282**	15,334
Rental deposits		**1,887**	—
		33,169	15,334
Current			
Trade receivables due from related parties (note33(b))		**680,287**	—
Other trade receivables		**983,802**	420,860
Less: Allowance for doubtful debts	21(b)	**(8,066)**	(3,736)
		1,656,023	417,124
Other receivables, prepayments and deposits		**96,207**	21,180
Performance guarantee deposit	(i)	**30,000**	29,759
Interest receivables		**13,285**	14,165
Dividend receivables		**1,350**	—
		1,796,865	482,228

Note:

(i) 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 of up to RMB30,000,000 to SkyComm as a performance guarantee deposit which is subject to an annual adjustment. The performance guarantee deposit is to provide security to SkyComm for projects in which SkyComm acts as the agent in case of the Group's failure in performance to its customers. Such performance guarantee deposit has been refunded to Hebei Noter on 6 December 2012 when the retention period of the projects for which SkyComm acts as the agent for the Group has expired. On 14 December 2012, Hebei Noter and SkyComm entered into a new co-operation agreement and Hebei Noter provided a lump sum of up to RMB30,000,000 to SkyComm as a performance guarantee deposit. It is expected to be recovered within one year from the end of the reporting period.

For certain contracts, retention money representing 5% to 10% of the contract amount is not due until the warranty period expired, which varies from one year to three years. Included in trade receivables as at 31 December 2012 are retention money of RMB21,110,000 (2011: RMB1,287,000).

Trade receivables and deposits which are expected to be recovered after more than one year from the balance sheet date are classified as non-current assets. All of the current trade and other receivables, except for the retention money which are expected to be recovered after the warranty period, are expected to be recovered within one year.

21 TRADE AND OTHER RECEIVABLES *(Continued)*

(a) 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 and net of allowance for doubtful debts, is as follows:

	The Group	
	2012	2011
	RMB'000	*RMB'000*
Within 1 month	**1,156,530**	262,359
1 to 2 months	**142,504**	55,985
2 to 3 months	**106,733**	9,868
3 to 6 months	**49,890**	33,030
Over 6 months	**231,648**	71,216
Trade receivables, net of allowance for doubtful debts	**1,687,305**	432,458
Representing:		
Non-current trade receivables	**31,282**	15,334
Current trade receivables	**1,656,023**	417,124
	1,687,305	432,458

The Group's credit policy is set out in note 34(a).

Receivables within the current ageing category include instalments of sales proceeds which are not yet due for payment in accordance with the contract terms, including receivables that are due within one year and after one year from the end of the reporting period, and are classified as current and non-current trade receivables, respectively.

(b) Impairment of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade and other receivables directly.

21 TRADE AND OTHER RECEIVABLES *(Continued)*

(b) Impairment of trade receivables *(Continued)*

The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follows:

	The Group	
	2012	2011
	RMB'000	*RMB'000*
At 1 January	**3,736**	277
Impairment loss recognised	**4,462**	3,719
Reversal of impairment loss	**—**	(102)
Uncollectible amounts written off	**(132)**	(158)
At 31 December	**8,066**	3,736

As at 31 December 2012, trade receivables of RMB8,102,000 (2011: RMB8,456,000) were individually determined to be impaired. The individually impaired receivables related balances of RMB102,000 from certain customers that management assessed only a portion of the receivables is expected to be recovered and RMB 8,000,000 from one customer that management assessed the total amount of the receivables is not expected to be recovered. Consequently, specific allowances for doubtful debts of RMB4,462,000 (2011: RMB3,719,000) were recognised during the current year.

(c) Receivables that are not impaired

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	The Group	
	2012	2011
	RMB'000	*RMB'000*
Neither past due nor impaired	**1,364,607**	313,566
Less than 1 month past due	**118,790**	38,169
1 to 3 months past due	**26,965**	19,906
3 to 12 months past due	**160,865**	58,291
More than 12 months past due	**16,078**	2,526
	322,698	118,892
	1,687,305	432,458

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

21 TRADE AND OTHER RECEIVABLES *(Continued)*

(c) Receivables that are not impaired *(Continued)*

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group or with sound financial background. For any significant amounts past due, the Group would actively seek repayment from the debtors and the Group would enforce its legal right to the contractually due amount when considered necessary. There have been no disputes over the balances due from these customers, therefore the balances are considered fully recoverable. The Group does not hold any collateral over these balances.

22 FACTORED TRADE RECEIVABLES

At 31 December 2012, two subsidiaries of the Group factored trade receivables of RMB151,210,000 to banks with recourse. The subsidiaries of the Group still retained the risks and rewards associated with the factored trade receivables. Accordingly, bank advances from the factoring of the Group's trade receivables have been accounted for as liabilities in the consolidated statement of financial position. The maturity dates are 6 months. No impairment is made on the factored trade receivables.

23 DISCOUNTED BILLS RECEIVABLE

At 31 December 2012, the Group has discounted its bills receivable of RMB284,657,000 to bank with recourse. Accordingly, the advances from bank of RMB284,657,000 received by the Group as consideration for the discounted bills receivable at financial year end were recognised as liabilities.

24 BILLS RECEIVABLE

At 31 December 2012, bills receivable amounted to RMB803,911,000 included bank acceptance bills of RMB512,237,000 which were pledged as security to issue bills payable for operating use and bills receivable of RMB18,500,000 (2011: nil) which had been endorsed to other parties but not yet due.

(a) Ageing analysis

As of the end of the reporting period, the ageing analysis of bills receivable based on the invoice date is as follows:

	The Group	
	2012	2011
	RMB'000	*RMB'000*
Within 1 month	**159,711**	—
1 to 2 months	**150,411**	—
2 to 3 months	**147,484**	—
3 to 6 months	**346,305**	—
Bills receivable	**803,911**	—

24 BILLS RECEIVABLE *(Continued)*

(b) Bills receivable that are not impaired

The ageing analysis of bills receivable that are neither individually nor collectively considered to be impaired are as follows:

	The Group	
	2012	2011
	RMB'000	*RMB'000*
Neither past due nor impaired	**803,911**	—

25 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents in the consolidated statement of financial position and consolidated cash flow statement comprise:

	The Group		The Company	
	2012	2011	**2012**	2011
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Cash at bank and in hand	**333,415**	241,383	**190**	5,729

(b) Reconciliation of profit before taxation to cash generated from operations:

	Note	2012	2011
		RMB'000	*RMB'000*
Profit before taxation		**204,291**	233,327
Adjustments for:			
Finance costs	7(a)	**766**	608
Equity-settled share-based compensation expenses	7(b)	**—**	6,705
Depreciation of property, plant and equipment	7(c)	**13,834**	13,153
Amortisation of intangible assets	7(c)	**3,215**	—
Impairment losses on trade and other receivables	7(c)	**4,462**	3,719
Reversal of impairment losses on trade receivables	7(c)	**—**	(102)
Interest income from non-current trade and other receivables	6	**(1,757)**	(933)
Bank interest income	6	**(23,258)**	(23,153)
Loss on disposal of property, plant and equipment		**2**	—
Share of losses of an associate	17	**1,484**	1,929
Changes in working capital:			
Decrease/(increase) in inventories		**(9,455)**	13,028
Increase in trade and other receivables		**(141,939)**	(119,944)
Increase in trade and other payables		**65,309**	31,406
Cash generated from operations		**116,954**	159,743

26 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2012	2011	**2012**	2011
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Trade payables due to related parties (note 33(b))	**38,567**	—	**—**	—
Bills payable due to related parties (note 33(b))	**50,551**	—	**—**	—
Other trade and bills payable	**1,911,742**	62,001	**—**	—
	2,000,860	62,001	**—**	—
Other payables and accruals	**204,281**	71,978	**—**	480
Financial liabilities measured at amortised cost	**2,205,141**	133,979	**—**	480
Receipts in advance	**19,400**	38,628	**—**	—
	2,224,541	172,607	**—**	480

All of the trade payables, bills payable and other payables are expected to be settled within one year. Bills payable of RMB99,240,000 (2011: nil) was secured by guarantee deposits of equivalent amount as requested by banks, presented as restricted cash.

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

	The Group	
	2012	2011
	RMB'000	*RMB'000*
Within 1 month	**803,871**	58,154
1 to 3 months	**663,019**	816
3 to 6 months	**515,079**	960
Over 6 months but within 1 year	**3,809**	687
Over 1 year	**15,082**	1,384
	2,000,860	62,001

27 INTEREST-BEARING BORROWINGS

(a) The analysis of the carrying amount of interest-bearing borrowings is as follows:

		The Group	
	Note	2012 *RMB'000*	2011 *RMB'000*
Mortgage loans	(i)	79,366	13,521
Auto loan	(ii)	—	1,168
Trust loan	(iii)	200,000	—
Credit loans	(iv)	192,671	—
Total interest-bearing borrowings		472,037	14,689

All of the interest-bearing borrowings are carried at amortised cost.

Notes:

(i) At 31 December 2012, RMB66,557,000 of the loan was secured by a piece of land of the Group with carrying value of approximately RMB70,166,000 and RMB12,809,000 of the loan was secured by the Group's buildings with carrying value of approximately RMB23,639,000 (2011: RMB23,970,000), of which HK$11,486,000 (approximately RMB9,313,000) (2011: HK$11,930,000, approximately RMB9,672,000) of the loan was guaranteed by the Company (see note 32).

(ii) The auto loan was repaid by the Group in February 2012.

(iii) At 31 December 2012, the trust loan amounting to RMB200,000,000 (2011: nil) was secured by the Group's 51% equity interest in Changfei Investment, and was guaranteed by Hebei Noter and Beijing Noter. The principal is repayable within 12 months. Interest rate will be charged at 10% for the first four months and at 14% during the rest of the period.

(iv) At 31 December 2012, RMB172,671,000 of credit loans were provided by commercial banks and RMB20,000,000 of credit loans were provided by related party of the Group. The annual interest rate of the above loans ranged from approximately 5.60%-6.44%. The principals should be paid within one year.

(b) At 31 December, the interest-bearing borrowings were repayable as follows:

	The Group	
	2012 *RMB'000*	2011 *RMB'000*
Current portion		
Within 1 year	393,422	970
Non-current portion		
After 1 year but within 2 years	788	1,067
After 2 years but within 5 years	42,512	3,057
After 5 years	35,315	9,595
	78,615	13,719
Total interest bearing borrowings	472,037	14,689

28 INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the statement of financial position represents:

	The Group		The Company	
	2012	2011	**2012**	2011
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Hong Kong Profits Tax				
Provision for the year	**587**	128	**72**	64
Exchange adjustments	**—**	(22)	**—**	(1)
Provisional Profits Tax paid	**(474)**	—	**(80)**	—
Balance of Profits Tax provision relating to prior years	**—**	377	**60**	(3)
	113	483	**52**	60
PRC Corporate Income Tax				
Provision for the year	**36,152**	30,816	**—**	—
Acquisition of subsidiaries through business combination(note 29)	**16,798**	—	**—**	—
Income tax paid	**(1,755)**	(122)	**—**	—
Balance of Corporate Income Tax provision relating to prior years	**2,230**	5,901	**—**	—
	53,425	36,595	**—**	—
	53,538	37,078	**52**	60

28 INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION *(Continued)*

(b) Deferred tax assets and liabilities in the consolidated statement of financial position represent:

(i) The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax arising from:	Revenue recognition	Provisions	Intangible assets	Tax losses carry forward	Unrealised intra-group profits	Interest in associates	Property, plant and equipment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2011	7,817	(89)	517	(55)	(255)	—	—	7,935
Charged/(credited) to profit or loss	(1,670)	2	—	(671)	(299)	—	—	(2,638)
At 31 December 2011	6,147	(87)	517	(726)	(554)	—	—	5,297
At 1 January 2012	**6,147**	**(87)**	**517**	**(726)**	**(554)**	**—**	**—**	**5,297**
Charged/(credited) to profit or loss	**(1,128)**	**(1,200)**	**—**	**67**	**(314)**	**—**	**—**	**(2,575)**
Additions through business combination (note 29)	**—**	**(1,193)**	**67,335**	**—**	**—**	**53,384**	**2,989**	**122,515**
At 31 December 2012	**5,019**	**(2,480)**	**67,852**	**(659)**	**(868)**	**53,384**	**2,989**	**125,237**

(ii) Reconciliation to the consolidated statement of financial position

	2012	2011
	RMB'000	*RMB'000*
Net deferred tax assets recognised in the consolidated statement of financial position	**(2,720)**	(1,280)
Net deferred tax liabilities recognised in the consolidated statement of financial position	**127,957**	6,577
	125,237	5,297

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 2(t), the Group has not recognised deferred tax assets in respect of unused tax losses and other temporary differences of certain entities in the Group. The Group determined that it was not probable that these tax losses and other temporary differences could be utilised in foreseeable future. As of 31 December 2012, unused tax losses of RMB10,725,000 will expire within five years, if unused.

28 INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION *(Continued)*

(d) Deferred tax liabilities not recognised

The PRC CIT law also imposes a withholding tax rate of 10% or 5%, unless reduced by a tax treaty or agreement, on dividends distributed by a PRC-resident enterprise to its immediate holding company outside the PRC for earnings accumulated beginning on 1 January 2008. Undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. As at 31 December 2012, temporary differences relating to the post-2007 undistributed profits of the Group's foreign-invested enterprises amounted to RMB705,945,000 (2011: RMB515,952,000). Deferred tax liabilities of RMB69,771,000 (2011: RMB51,610,000) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits since these earnings are not intended to be distributed in the foreseeable future.

29 BUSINESS COMBINATION

On 16 November 2012, the Group entered into an equity transfer agreement with ZTE Corporation through the subsidiary of the Company, Guangdong Noter, pursuant to which the Group agreed to acquire, and ZTE Corporation agreed to sell 51% equity interest in Changfei Investment for a total consideration of RMB816,000,000.

By the end of the reporting period, the Group has paid RMB408,000,000 in total as the first and second instalments of the consideration. For the balance of the consideration, RMB204,000,000 shall be payable by the Group before 30 September 2013 as the third instalment and RMB204,000,000 shall be payable by the Group before 30 April 2014 as the fourth and last instalment. The fourth instalment was classified as non-current liability and discounted effect adjustment was RMB15,707,000.

The acquisition completion took place on 26 December 2012 in accordance with the terms and conditions of the equity transfer agreement. Following the acquisition completion, Changfei Investment has become a 51% owned subsidiary of the Group. By the end of the reporting period, the fair values of identifiable assets, liabilities and contingent liabilities of Changfei Investment were determined provisionally based on management's best estimates. The Group will recognise any adjustment to the provisional value after completing the initial accounting within one year of the acquisition date.

29 BUSINESS COMBINATION *(Continued)*

The provisional fair values of the net identifiable assets of Changfei Investment and its subsidiaries at the acquisition date are as follows:

	Pre-acquisition carrying amount	Fair value adjustment	Recognised values on acquisition
	RMB'000	*RMB'000*	*RMB'000*
Property, plant and equipment (note 13)	263,957	5,353	269,310
Intangible assets (note 14)	—	341,261	341,261
Interest in associates (note 17)	194,063	154,740	348,803
Prepayment for land leases	142,587	(6,587)	136,000
Other financial assets	6,214	—	6,214
Deferred tax assets (note 28)	1,193	—	1,193
Inventories	294,124	—	294,124
Trade and other receivables	1,194,862	—	1,194,862
Factored trade receivables (note 22)	151,210	—	151,210
Discounted bills receivable (note 23)	284,657	—	284,657
Bills receivable (note 24)	803,911	—	803,911
Cash and cash equivalents	186,826	—	186,826
Restricted cash	99,240	—	99,240
Trade and other payables	(983,792)	—	(983,792)
Bills payable	(1,002,991)	—	(1,002,991)
Deferred income	(88,105)	—	(88,105)
Interest-bearing borrowings	(259,228)	—	(259,228)
Bank advances on factored trade receivables (note 22)	(151,210)	—	(151,210)
Bank advances on discounted bills receivables (note 23)	(284,657)	—	(284,657)
Income tax payable (note 28)	(16,798)	—	(16,798)
Deferred tax liabilities (note 28)	(14,699)	(109,009)	(123,708)
Net identifiable assets	821,364	385,758	1,207,122
Less: Non-controlling interest arising from the acquisition			(738,911)
Add: Goodwill arising from the acquisition (note 15)			332,082
Discount effect of long term payable of consideration			15,707
Total consideration (undiscounted)			816,000

(Expressed in Renminbi unless otherwise indicated)

29 BUSINESS COMBINATION *(Continued)*

Analysis of the net cash outflow in respect of the acquisition:

Cash consideration paid	408,000
Less: cash acquired	(186,826)
Net cash outflow in respect of the acquisition	221,174

The fair value of net identifiable assets of Changfei Investment and its subsidiaries is determined based on a preliminary valuation carried out by an independent valuer. If new information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date identifies adjustments to the above amounts, or any additional provisions that existed at the acquisition date, then the acquisition accounting will be revised.

Pro forma information regarding acquisition of Changfei Investment

Had the acquisition of Changfei Investment been completed on 1 January 2012, the Group's pro forma combined revenue for the year ended 31 December 2012 would have been RMB4,174,514,000 (compared to reported audited revenue of the Group of RMB606,926,000), and pro forma combined profit after taxation before non-controlling interests for the year ended 31 December 2012 would have been RMB387,456,000 (compared to reported profit after taxation of the Group of RMB170,127,000). A dilution gain of RMB58,795,000 resulted from the listing of Shenzhen Jufei (an associate of Changfei Investment) on 19 March 2012 was included in the pro forma combined profit after taxation. These pro forma combined figures were unaudited and were computed based on the sum of audited revenue and profit after taxation of the Group for the year ended 31 December 2012 as reported in the audited consolidated income statement, plus the unaudited revenue and profit after taxation of Changfei Investment and its subsidiaries for the year ended 31 December 2012 based on management's estimates. These pro forma combined figures are for inclusion in these financial statements and for illustrative purpose only. Because of their nature, these pro forma combined figures may not give a true picture of the financial position or results of the combined Group that would have occurred had the acquisition actually been completed at the commencement of the reporting period, nor is intended to be a projection of the future prospects of the combined Group.

30 CAPITAL, RESERVES AND DIVIDENDS

(a) Movement in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Note	Share Capital *RMB'000* 30(c)	Share premium *RMB'000* 30(d)(i)	Capital redemption reserve *RMB'000* 30(d)(ii)	Contributed surplus *RMB'000* 30(d)(iii)	Translation reserve *RMB'000* 30(d)(vi)	Share-based compensation reserve *RMB'000* 30(d)(vii)	Accumulated losses *RMB'000*	Total *RMB'000*
Balance at 1 January 2011		9,141	339,177	—	90,303	(11,943)	4,273	(10,735)	420,216
Changes in equity for 2011:									
Profit for the year		—	—	—	—	—	—	333	333
Other comprehensive loss		—	—	—	—	(29,612)	—	—	(29,612)
Total comprehensive loss		—	—	—	—	(29,612)	—	333	(29,279)
Issuance of shares		1,353	361,283	—	—	—	—	—	362,636
Share issue costs		—	(11,275)	—	—	—	—	—	(11,275)
Repurchase of own shares									
– par value paid		(88)	—	—	—	—	—	—	(88)
– premium paid		—	(13,434)	—	—	—	—	—	(13,434)
– transfer between reserves		—	—	88	—	—	—	(88)	—
Shares issued under share option scheme		258	50,358	—	—	—	(10,978)	4,192	43,830
Equity-settled share-based transactions		—	—	—	—	—	6,705	—	6,705
Dividends approved and paid in respect of the previous year	30(b)	—	(50,097)	—	—	—	—	—	(50,097)
Dividends declared and paid in respect of the current year	30(b)	—	(19,954)	—	—	—	—	—	(19,954)
Balance at 31 December 2011		10,664	656,058	88	90,303	(41,555)	—	(6,298)	709,260

30 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(a) Movement in components of equity *(Continued)*

	Note	Share Capital RMB'000 30(c)	Share premium RMB'000 30(d)(i)	Capital redemption reserve RMB'000 30(d)(ii)	Contributed surplus RMB'000 30(d)(iii)	Translation reserve RMB'000 30(d)(vi)	Share-based compensation reserve RMB'000 30(d)(vii)	Accumulated losses RMB'000	Total RMB'000
Balance at 1 January 2012		10,664	656,058	88	90,303	(41,555)	—	(6,298)	709,260
Changes in equity for 2012:									
Loss for the year		—	—	—	—	—	—	(4,156)	(4,156)
Other comprehensive income		—	—	—	—	412	—	—	412
Total comprehensive loss		—	—	—	—	412	—	(4,156)	(3,744)
Repurchase of own shares									
– par value paid		(7)	—	—	—	—	—	—	(7)
– premium paid		—	(1,153)	—	—	—	—	—	(1,153)
– transfer between reserves		—	—	7	—	—	—	(7)	—
Dividends approved and paid in respect of the previous year	30(b)	—	(49,598)	—	—	—	—	—	(49,598)
Dividends declared and paid in respect of the current year	30(b)	—	(19,790)	—	—	—	—	—	(19,790)
Balance at 31 December 2012		10,657	585,517	95	90,303	(41,143)	—	(10,461)	634,968

30 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(b) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year:

	2012		2011	
		Equivalent to		Equivalent to
	HK$'000	*RMB'000*	*HK$'000*	*RMB'000*
Interim dividend declared and paid of HK2.0 cents per ordinary share (2011: HK2.0 cents per ordinary share)	**24,336**	**19,790**	24,457	19,954
Final dividend proposed after the end of the reporting period of HK5.2 cents per ordinary share (2011: HK5.0 cents per ordinary share)	**69,099**	**55,846**	60,886	49,330
	93,435	**75,636**	85,343	69,284

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

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

	2012		2011	
		Equivalent to		Equivalent to
	HK$'000	*RMB'000*	*HK$'000*	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of HK5.0 cents per ordinary share (2011: HK5.0 cents per ordinary share)	**60,841**	**49,598**	59,875	50,097

30 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(c) Share capital

	Note	2012 No. of shares *'000*	2012 Amount *HK$'000*	2011 No. of shares *'000*	2011 Amount *HK$'000*
Authorised:		**100,000,000**	**1,000,000**	100,000,000	1,000,000
Ordinary shares, issued and fully paid:					
At 1 January		**1,217,728**	**12,177**	1,037,500	10,375
Issuance of new shares	(i)	**—**	**—**	160,000	1,600
Shares repurchased	(ii)	**(904)**	**(9)**	(10,772)	(108)
Shares issued under Share Option Scheme	(iii)	**—**	**—**	31,000	310
At 31 December		**1,216,824**	**12,168**	1,217,728	12,177
			RMB'000		*RMB'000*
Equivalent to			**10,657**		10,664

Notes:

(i) To raise capital from the equity market to enhance the capital base of the Company, 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 placing and subscription price represented a discount of approximately 12.99% to the closing price of HK$3.08 per share of the Company as quoted on the Stock Exchange, being the date on which the price was fixed. 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. The net proceeds from the subscription, after deducting related placing commission, professional fees and all related expenses payable by the Company, was approximately HK$415 million, which was used by the Group for its working capital purpose. Details of the placing of existing Shares and subscription of new Shares were set out in the Company's announcements dated 19 January 2011 and 20 January 2011.

30 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(c) Share capital *(Continued)*

Notes: *(Continued)*

(ii) During the year, the Company repurchased its own ordinary shares on The Stock Exchange of Hong Kong Limited as follows:

Month/year	Number of shares repurchased	Highest price paid per share *HK$*	Lowest price paid per share *HK$*	Aggregate price paid *HK$'000*
April 2012	904,000	1.59	1.53	1,431
				RMB'000
			Equivalent to	1,160

The repurchased shares were cancelled and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. Pursuant to the provision of the Cayman Companies Law, an amount equivalent to the par value of the shares cancelled of HK$9,000 (equivalent to approximately RMB7,000) was transferred from retained profits to the capital redemption reserve. The premium paid on the repurchase of the shares of HK$1,422,000 (equivalent to RMB1,153,000) was charged to share premium.

(iii) Shares issued under share option scheme

In July 2011, options were exercised to subscribe for 31,000,000 ordinary shares in the Company at a consideration of HK$52,700,000 (equivalent to RMB43,830,000) of which HK$310,000 (equivalent to RMB258,000) was credited to share capital and HK$52,390,000 (equivalent to RMB43,572,000) was credited to the share premium account. HK$8,040,000 (equivalent to RMB6,786,000) and HK$4,966,000 (equivalent to RMB 4,192,000) have been transferred from the share-based compensation reserve to the share premium account and the retained profits account in accordance with policy set out in note 2(s)(iii), respectively.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. All ordinary shares rank equally with regard to the company's residual assets.

(d) Nature and purpose of reserve

The nature and purpose of reserves are set out below:

(i) Share premium

The share premium represents the difference between the par value of the shares of the Company and proceeds received from the issuance of the shares of the Company. Under the Cayman Companies Law, the share premium account of the Company is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company would be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Capital redemption reserve

Pursuant to the provision of Cayman Companies Law, shares of a company are repurchased wholly out of the Company's profits, the amount by which the Company's issued share capital is diminished on cancellation of the shares repurchased shall be transferred to the capital redemption reserve.

30 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(d) Nature and purpose of reserve *(Continued)*

(iii) Contributed surplus

On 28 August 2009, the Company acquired from the shareholders of CAA BVI an aggregate of 10,000 shares of US$1 each, being its entire issued share capital, in consideration of and in exchange for which the Company (i) allotted and issued, credited as fully paid, an aggregate of 1,999,999 shares; and (ii) credited as fully paid at par a nil-paid share then held by the Controlling Shareholders. Thereafter, the Company became the holding company of the companies comprising the Group. The difference between the consolidated net assets of CAA BVI over the nominal value of the shares issued by the Company in exchange thereof was transferred to contributed surplus in the consolidated financial statements as at the date of Reorganisation. The contributed surplus is distributable to the shareholders of the Company.

(iv) Capital reserve

Capital reserve comprised the following:

— On 14 January 2008, an amount of RMB33,955,000 was credited to capital reserve upon capitalisation of the amounts due to the Controlling Shareholders.

— On 15 January 2008, the Controlling Shareholders wavied their loans to CAA BVI amounting to US$8,500,000 (approximately RMB61,673,000). As a result, the amount was credited to the capital reserve of CAA BVI.

— On 15 September 2009, the outstanding convertible notes and fixed coupon note were settled by exchanging the Controlling Shareholders' interests in the share capital of the Company to these noteholders. The Controlling Shareholders waived all their rights and benefits against CAA BVI and the Company in respect of the principal amounts and accrued interests. As a result, the principal amounts and accrued interests, totalling RMB113,922,000, waived by the Controlling Shareholders were credited to capital reserve of CAA BVI on 15 September 2009.

(v) Statutory general reserve

The subsidiaries in the PRC are required to appropriate 10% of its after-tax profit, as determined in accordance with the PRC accounting rules and regulations, to the general reserve fund until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

The statutory general reserve can be used to cover previous years' losses, if any, and may be converted into paid-up capital to shareholders in proportion to their existing shareholdings, provided that the balance after such conversion is not less than 25% of the registered capital of the PRC subsidiaries.

(vi) Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of entities outside the PRC.

30 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(d) Nature and purpose of reserve *(Continued)*

(vii) Share-based compensation reserve

Share-based compensation reserve represents the fair value of the actual estimated number of unexercised share options granted to executives and employees of the Group in accordance with the accounting policy adopted for share-based compensation in note 2(s)(iii).

(e) Distributability of reserves

At 31 December 2012, the aggregate amount of reserves available for distribution to the equity shareholders of the Company was RMB665,359,000 (2011: RMB740,063,000). After the end of the reporting period, the directors proposed a final dividend of HK5.2 cents per ordinary share (2011: HK5.0 cents per share), amounting to HK$69,099,000 (2011: HK$60,886,000)(note 30(b)). This dividend has not been recognised as a liability at the end of the reporting period.

(f) Capital management

The Group's objectives in the aspect of managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Neither the Company nor any of its subsidiaries are subjected to externally imposed capital requirements.

31 COMMITMENTS

(a) Capital commitments relating to construction in progress outstanding at 31 December 2012 not provided for in the financial statements were as follows:

	The Group	
	2012	2011
	RMB'000	*RMB'000*
Contracted for	**125,005**	443

31 COMMITMENTS *(Continued)*

(b) At 31 December, the total future minimum lease payments under non-cancellable operating leases were as follows:

	The Group	
	2012	2011
	RMB'000	*RMB'000*
Within 1 year	21,641	2,787
After 1 year but within 5 years	20,877	7,332
After 5 years	328	656
	42,846	10,775

The Group is the lessee in respect of a number of properties. The leases typically run for an initial period of one to ten years, with an option to renew the leases when all the terms are renegotiated. Leasing arrangements with related parties are set out in note 33(a). None of the leases include contingent rentals.

32 CONTINGENT LIABILITIES

Financial guarantee issued

As at the end of the reporting period, the Company has issued a single guarantee, which was made by the Company, to a bank in respect of a mortgage loan granted to CAA HK which expires on 25 February 2035.

At 31 December 2012, the directors do not consider it probable that a claim will be made against the Company under the guarantee. The total outstanding amount of the mortgage loan as at 31 December 2012 was approximately HK$11,486,000 (approximately RMB9,313,000) (2011: HK$13,371,000, approximately RMB10,840,000).

33 MATERIAL RELATED PARTY TRANSACTIONS

Name of party	Relationship
Chan Yuen Ming 陳元明	Controlling shareholder
ZTE Corporation and its subsidiaries 中興通訊股份有限公司及其子公司 ("ZTE Group")	Significant influence over subsidiaries of the Group

(a) Material related party transactions

During the year, the Group paid rental expense of RMB182,000 (2011: RMB182,000) to the Company's controlling shareholder, Mr. Chan Yuen Ming, for office premises owned by him.

The above related party transactions constituted exempt connected transaction or continuing connected transaction as defined under Chapter 14A of the Listing Rules.

33 MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(b) Material related party balances

	The Group	
	2012	2011
	RMB'000	*RMB'000*
Cash and cash equivalent		
ZTE Group	**96,257**	—
Bills receivable		
ZTE Group	**600,530**	—
Discounted bills receivable		
ZTE Group	**246,028**	—
Trade receivables		
ZTE Group	**680,287**	—
Factored trade receivables		
ZTE Group	**151,210**	—
Bills payable		
ZTE Group	**50,551**	—
Trade payables		
ZTE Group	**38,567**	—
Other payables		
ZTE Group	**3,952**	—
Deferred consideration payable		
ZTE Group	**392,451**	—
Interest-bearing borrowings		
ZTE Group	**244,607**	—

(c) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 9 and certain of the highest paid employees as disclosed in note 10, is as follows:

	The Group	
	2012	2011
	RMB'000	*RMB'000*
Short-term employee benefits	**6,204**	5,797
Post-employment benefits	**309**	314
Share-based compensation	—	6,611
	6,513	12,722

Total remuneration is included in "Staff costs" (see note 7(b)).

34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to deposits with financial institutions (including restricted cash) and trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect to deposits with financial institutions, the Group only places deposits with financial institutions, which management believes are of high credit rating.

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. 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 18 months 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.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each debtor. The default risk of the industry and country in which debtors operate also has an influence on credit risk but to lesser extent. As at 31 December 2012, the Group has a certain concentration of credit risk as 32.88% and 65.44% (2011: 9.48% and 34.28%) of the total trade and other receivables was due from the Group's largest debtor and the five largest debtors respectively. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position after deducting impairment allowance, if any.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 21.

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(b) Liquidity risk *(Continued)*

The following table details the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group can be required to pay:

The Group

	2012 Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at 31 Dec
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing borrowings	415,147	5,512	53,101	38,355	512,115	472,037
Bank advances on factored trade receivables	151,210	—	—	—	151,210	151,210
Bank advances on discounted bills receivables	284,657	—	—	—	284,657	284,657
Trade and other payables	2,205,141	—	—	—	2,205,141	2,205,141
Deferred consideration payable	204,000	204,000	—	—	408,000	392,451
	3,260,155	209,512	53,101	38,355	3,561,123	3,505,496

	2011 Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at 31 Dec
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing borrowings	1,450	1,450	3,983	10,798	17,681	14,689
Trade and other payables	133,979	—	—	—	133,979	133,979
	135,429	1,450	3,983	10,798	151,660	148,668

The Company

All financial liabilities as disclosed in the Company's statement of financial position are required to be settled within one year or on demand and the total contractual undiscounted cash flow of these financial liabilities equal their carrying amount in the Company's statement of financial position.

34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(c) Interest rate risk

The Group's interest rate risk arises primarily from interest-bearing borrowings at both variable rates and fixed rates that expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group constantly monitors its borrowing portfolio to minimise its interest rate risk. The Group's interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate profile

The following table details the interest rate profile of the Group's financial instruments at the end of the reporting period:

	2012		2011	
	Effective interest rate		Effective interest rate	
	%	*RMB'000*	*%*	*RMB'000*
Variable rate deposits				
Cash at banks and in hand	0.35-0.50	333,415	0.40	241,383
Restricted cash	0.35-0.50	99,240		—
Fixed rate deposits				
Banks deposits with original maturities over three months	3.50	642,000	2.75	725,500
Fixed rate borrowings				
Interest-bearing borrowings	4.75-14.00	344,671		—
Bank advances on factored trade receivables	4.73-5.87	151,210		—
Bank advances on discounted bills receivable	4.80-5.60	284,657		—
Variable rate borrowings				
Interest-bearing borrowings	2.55-7.04	127,366	1.28-7.16	14,689
Total borrowings		907,904		14,689
Fixed rate borrowings as a percentage of total borrowings		85.97%		—

34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(c) Interest rate risk *(Continued)*

(ii) Sensitivity analysis

At 31 December 2012, it is estimated that a general increase/decrease of 25 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's profit after tax and retained profits by approximately RMB335,380 (2011: RMB479,000).

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax for the year (and retained profits) that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to cash flow interest rate risk at the end of the reporting period.

(d) Currency risk

Renminbi is not freely convertible into foreign currencies. All foreign exchange transactions involving Renminbi must take place through the People's Bank of China ("PBOC") or other institutions authorised to conduct foreign exchange business. The exchange rates adopted for the foreign exchange transactions are the rates of exchange quoted by the PBOC that would be subject to a managed float against an unspecified basket of currencies.

During the year, sales and purchases made by the Group's PRC subsidiaries were mainly denominated in RMB, which is their functional currency. These PRC subsidiaries did not have any significant financial assets or liabilities that are denominated in a currency other than their functional currency as at 31 December 2012, except for trade receivables of US$7,443,000 which arose through business combination(2011: nil).

The functional currency of the Company and the Group's non-PRC subsidiaries is HK$. These entities had no financial liabilities denominated in United States dollars at 31 December 2012 (2011: nil). The Group believes that the pegged rate between the HK$ and the US$ will be materially unaffected by any changes in the value of US$ against other currencies. In this respect, the Group considers its exposure to foreign currency risk in respect of US$ to be insignificant.

(e) Fair values

All financial instruments are carried at cost or amortised cost not materially different from their fair values as at 31 December 2012 and 2011.

35 NON-ADJUSTING POST STATEMENT OF FINANCIAL POSITION EVENT

(a) On 16 November 2012, the Company entered into a subscription agreement (the "subscription agreement") with ZTE (H.K.) Limited ("ZTE HK") (being a wholly-owned subsidiary of ZTE Corporation) pursuant to which the Company has conditionally agreed to allot and issue, and ZTE HK has conditionally agreed to subscribe for, (i) 112,000,000 Shares for a total consideration of HK$201,500,000 at the subscription price of approximately HK$1.80 per Share; and (ii) the convertible bonds in the principal amount of HK$201,500,000, which may be converted into 91,590,909 Shares at the conversion price of HK$2.20 per Share.

The subscription completion took place on 15 January 2013. In accordance with the terms of the subscription agreement, upon the subscription completion, the Company has (i) allotted and issued 112,000,000 Shares for subscription by ZTE HK for a total cash consideration of HK$201,500,000; and (ii) issued the convertible bonds for the principal amount of HK$201,500,000 for subscription by ZTE HK for a total cash consideration of HK$201,500,000.

(b) On 16 January 2013, Hebei Noter (being a wholly-owned subsidiary of the Company) entered into a cooperation framework agreement with Hebei Guangdian pursuant to which Hebei Noter has agreed to cooperate with Hebei Guangdian for the joint development of a digital multimedia network covering the households in Hebei Province, the PRC. Hebei Noter shall contribute up to RMB550,000,000 of multimedia digital networking equipment and household terminal equipment in 2013 and shall additionally provide an amount of RMB10,000,000 to Hebei Guangdian as preliminary funding to facilitate technical planning and market research.

(c) On 7 February 2013, the Company and Mr. Chan entered into the Note Purchase Agreement with Chance Talent Management Limited, pursuant to which the Company has agreed to issue, and Chance Talent Management Limited has agreed to purchase from the Company, HK$100,000,000 guaranteed notes due in 2015.

(d) After the end of the reporting period the directors proposed a final dividend for the year ended 31 December 2012. Further details are disclosed in note 30(b).

36 COMPARATIVE FIGURES

Certain comparative figures have been adjusted to conform to current year's presentation and to provide comparative amounts in respect of items disclosed.

37 IMMEDIATE AND ULTIMATE HOLDING COMPANY

At 31 December 2012, the directors consider the immediate parent and ultimate holding company of the Company to be Creative Sector Limited which is incorporated in the British Virgin Islands. This entity does not produce financial statements available for public use.

(Expressed in Renminbi unless otherwise indicated)

38 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2012

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and five new standards which are not yet effective for the year ended 31 December 2012 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*	1 July 2012
HKFRS 10, *Consolidated financial statements*	1 January 2013
HKFRS 11, *Joint arrangements*	1 January 2013
HKFRS 12, *Disclosure of interests in other entities*	1 January 2013
HKFRS 13, *Fair value measurement*	1 January 2013
HKAS 27, *Separate financial statements (2011)*	1 January 2013
HKAS 28, *Investments in associates and joint ventures*	1 January 2013
Revised HKAS 19, *Employee benefits*	1 January 2013
Annual Improvements to HKFRSs 2009-2011 Cycle	1 January 2013
Amendments to HKFRS 7, *Financial instruments: Disclosures – Disclosures – Offsetting financial assets and financial liabilities*	1 January 2013
Amendments to HKAS 32, *Financial instruments: Presentation – Offsetting financial assets and financial liabilities*	1 January 2014
HKFRS 9, *Financial instruments*	1 January 2015

The Group is in the process of making an assessment of what the impact of these amendments and new standard is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.