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

2013
Interim Report

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Chan Yuen Ming
Mr. Shao Kwok Keung
Mr. Xiu Zhi Bao

Non-Executive Director

Mr. Xu Qiang *(appointed on 8 July 2013)*

Independent Non-Executive Directors

Mr. Pun Yan Chak
Mr. Wong Che Man Eddy *(FCPA)*
Mr. Lam Kin Hung Patrick

COMPANY SECRETARY

Mr. Au Ki Lun

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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Concordia Plaza
1 Science Museum Road
Tsimshatsui
Kowloon
Hong Kong

REGISTERED OFFICE

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Grand Cayman KY1-1111
Cayman Islands

AUDITORS

KPMG
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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.
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2nd Floor, 563 Nathan Road
Kowloon
Hong Kong

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

China Construction Bank Corporation
Shenzhen Branch
A Section, Rongchao Business Center
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Shenzhen
People's Republic of China

SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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18th Floor
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Town Place, 33 Lockhart Road
Wanchai
Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

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(Cayman) Limited
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Grand Cayman KY1-1110
Cayman Islands

COMPANY WEBSITE

www.chinaallaccess.com

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2013, China All Access (Holdings) Limited (the "Company" and together with its subsidiaries, the "Group") has achieved remarkable success. Since the 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") by the end of 2012, the Company has adopted an "integrated information communication solutions and smart devices R&D and production" development strategy. With the goal to become "the country's top integrated information and communication technology group", during the period under review, the Company attained remarkable achievements, with notable improvement in its revenue, earnings, finance, research and development and business development following the consolidation of the results of the Changfei Group into that of the Group as a result of the acquisition of the Changfei Group. In particular, during the six months ended 30 June 2013, (i) the Group's revenue has increased approximately 1,566% (with the growth of revenue from wireless data communication application solutions and services segment of approximately 4,487% and the growth of revenue from satellite communication application solutions and other services of approximately 54%) and (ii) the Group's gross profit has increased approximately 476%, as compared to the corresponding period last year.

Satellite Communication Application Solutions and Other Services

Satellite communication application solutions and other services accounted for approximately 6% of the Group's total revenue (six months ended 30 June 2012: approximately 66%) for the six months ended 30 June 2013. The significant decrease of percentage of contribution from this segment to the Group's total revenue was mainly attributable to the increase in percentage of contribution of wireless data communication application solutions and services segment following the acquisition of the Changfei Group. The revenue generated from this segment was mainly derived from the distribution of dynamic satellite communication equipment and its solutions and services. Since 2012, there has been an increasing demand for satellite communication application solutions and services because of the frequent occurrence of natural disasters such as Ya'an earthquakes, floods and landslides in Sichuan and man-made accidents, for instance, the grain fire of Heilongjiang and the fire of Petro China Dalian Petrochemical. As a result, all levels of government departments paid more attention to the budget application, procurement and application of emergency satellite communications equipment and related applications of intelligent terminals. Since the overall market demand grew, the Company's revenue in provision of satellite communication application solutions and other services for the six months ended 30 June 2013 has grown by approximately 54% as compared with the corresponding period of 2012. In terms of sales by industry sectors, this segment's sales were still concentrated in fire and civil defense, police and other industries. In terms of sales by geographical distribution, the sales mainly concentrated in Guizhou, Shanxi, Jiangsu, Chongqing, Zhejiang, Beijing, Shanghai, Guangdong and other regions.

Wireless Data Communication Application Solutions and Services

Wireless data communication application solutions and services accounted for approximately 94% of the Group's total revenue (six months ended 30 June 2012: approximately 34%) for the six months ended 30 June 2013. The provision of information communication solutions and services accounted for approximately 4% of revenue attributable to this segment, while Changfei Group's business accounted for approximately 96% of revenue attributable to this segment.

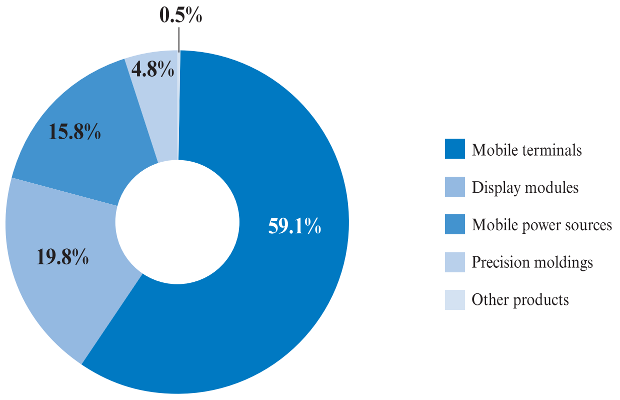
- **Information Communication Solutions and Services**

  Revenue from provision of information communication solutions and services mainly represented revenue from the provision of intelligent information terminals ("Jingwutong") and intelligent surveillance systems. During the reporting period, information communication solutions and services generated revenue of approximately RMB87,045,000 which increased by approximately 96% compared with that of the same period in 2012. Revenue generated from provision of "Jingwutong" was mainly derived from Hebei, Jiangxi, Zhejiang, Beijing and other regions. By industry sector, sales mainly concentrated in traffic police, public security and other systems. In 2013, the Group successfully developed the digital mobile video system for urban management which provided mobile data technical support for transparency and digital enforcement by urban management authorities, and obtained new business orders in Hebei. For the business of provision of intelligent surveillance systems, the metropolitan broadband wireless mobile data communication system sold by the Group mainly provided 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.

- **Business of Changfei Group**

The principal business of the Changfei Group includes the research and development, manufacturing and sales of mobile terminals, display modules, batteries, chargers, power adapters, casings, keyboards and other types of new generation of mobile terminal products and parts. During the reporting period, Changfei Group achieved revenue of approximately RMB1,954,307,000 (Note: based on its consolidated financial statements, before non-controlling interests), which increased for approximately 25% compared with that of the same period in 2012 (based on figures contained in the circular of the Company dated 5 December 2012).

The chart below sets out the percentage of contribution of each product category to the revenue of the Changfei Group for the six months ended 30 June 2013:



Mobile Terminals

Mobile terminals business accounted for approximately 59.1% of Changfei Group's consolidated revenue. Changfei Group, as a leading mobile terminal manufacturer, benefited from the recent trend of China's smart phone market in which domestic mobile phone brands such as ZTE, Huawei and Coolpad using Android operating system have gained increasing popularity among customers by selling high-end and cost efficient mobile phones. During the reporting period, the Group had been implementing its development strategy for the mobile terminal business by focusing on the research and development and manufacture of high-end mobile terminals. Apart from working with customers to develop a variety of products, the Group had also successfully obtained for a few new patents in relation to this business.

Display Modules

Display modules business accounted for approximately 19.8% of Changfei Group's consolidated revenue. Display modules business of Changfei Group mainly involves small and medium size LCD modules and multi-point capacitive touch screen, which are widely used in mobile phones, MP3/4 players, mobile TV, ultra-mobile personal computer (UMPC), tablet computers, digital cameras and other consumer electronics.

Mobile Power Sources

Mobile power sources business, which includes development and production of power supply, battery chargers and power adapters, accounted for approximately 15.8% of Changfei Group's consolidated revenue. The Group has successfully developed and applied for several new patents for its mobile power supply products during the first half of 2013, which concern safety plug, enhanced security power, mobile power, chargers and other related applications.

Precision Moldings

Precision moldings business mainly refers to the plastic injection molding for the plastic shell of high-end electronic products, spraying, printing and assembly services for plastic shells used in high-end electronic products including mobile phone casing and keyboard. The precision moldings business accounted for approximately 4.8% of Changfei Group's consolidated revenue. The precision molding business had successfully developed and applied for several new patents during the first half of 2013, which concern mold cooling system, hot plastic injection technique, mobile phone structural parts, etc.

FINANCIAL REVIEW

Revenue

Revenue increased from approximately RMB130,417,000 for the six months ended 30 June 2012 to approximately RMB2,173,395,000 for the six months ended 30 June 2013, which represented an increase of approximately 1,566%.

The increase in revenue during the period under review as compared to the corresponding period last year was mainly attributable to (i) the consolidation of strong performance of Changfei Group which was acquired by the Group in late 2012 and (ii) significant improvement in performance of the satellite communication application solutions and other services segment as compared to the corresponding period last year.

The following sets out the review of the Group's revenue for the six months ended 30 June 2013 by its major business segments:

- Revenue from provision of satellite communication application solutions and other services increased from approximately RMB85,912,000 for the six months ended 30 June 2012 to approximately RMB132,043,000 for the six months ended 30 June 2013, representing an increase of approximately 54%. The increase was mainly due to the continued development of different application solutions and services, which expanded the Group's business to more industry sectors and fields.

- Revenue from provision of wireless data communication application solutions and services increased from approximately RMB44,505,000 for the six months ended 30 June 2012 to approximately RMB2,041,352,000 for the six months ended 30 June 2013, representing an increase of approximately 4,487%. The increase was mainly due to the strong contribution of the Changfei Group as Changfei Investment's results are consolidated into that of the Group for the six months ended 30 June 2013.

Gross Profit

The Group recorded gross profit of approximately RMB253,031,000 for the six months ended 30 June 2013, which represented an increase of approximately 476% compared to RMB43,904,000 for the corresponding period last year. Meanwhile, the gross profit margin decreased from approximately 34% for the six months ended 30 June 2012 to approximately 12% for the six months ended 30 June 2013. The changes were mainly due to the following factors in relation to the Group's major business segments:

- Gross profit from provision of satellite communication application solutions and other services increased from approximately RMB31,317,000 for the six months ended 30 June 2012 to approximately RMB54,221,000 for the six months ended 30 June 2013, representing an increase of approximately 73%. Meanwhile, the gross profit margins for the six months ended 30 June 2012 and 30 June 2013 were approximately 36% and 41% respectively. The increase in the gross profit margin was mainly due to increase in demand of products which carried higher gross margins.

- Gross profit from provision of wireless data communication application solutions and services increased from approximately RMB14,090,000 for the six months ended 30 June 2012 to approximately RMB200,324,000 for the six months ended 30 June 2013, representing an increase of approximately 1,322%. Meanwhile, the gross profit margins for the six months ended 30 June 2012 and 30 June 2013 were approximately 32% and 10% respectively. The decrease in the gross profit margin was mainly attributed to the significant increase in the production volume of products which carried lower gross margins attributed to the acquisition of Changfei Group.

Other Revenue

Other revenue increased from approximately RMB13,001,000 for the six months ended 30 June 2012 to approximately RMB18,798,000 for the six months ended 30 June 2013, which represented a growth of approximately 45%. It was mainly attributed to the interest income and government grant of Changfei Group.

Other Net Income/Loss

The Group recorded other net income of approximately RMB750,000 for the six months ended 30 June 2013 as compared with other net loss of approximately RMB978,000 for the six months ended 30 June 2012. It was mainly due to the fluctuation in exchange rates of RMB to HK$ and US$ for the six months ended 30 June 2013.

Distribution Costs and Administrative Expenses

Distribution costs and administrative expenses increased from approximately RMB21,313,000 for the six months ended 30 June 2012 to approximately RMB139,180,000 for the six months ended 30 June 2013, representing an increase of approximately 553%. The increase was mainly due to the Group's expansion in the number of employees attributable to the acquisition of Changfei Group.

Finance Costs

Finance costs increased from approximately RMB352,000 for the six months ended 30 June 2012 to approximately RMB66,990,000 for the six months ended 30 June 2013, representing a growth of approximately 18,931%. The increase was attributable to the continuous expansion of the Group including the acquisition of Changfei Group and increase in interest-bearing borrowings.

Income Tax

Income tax increased from approximately RMB6,082,000 for the six months ended 30 June 2012 to approximately RMB77,197,000 for the six months ended 30 June 2013, representing an increase of approximately 1,169%, which was mainly due to increase in profit before taxation, especially from the one time gain from the disposals of shares of Shenzhen Jufei Optoelectronics Co., Ltd. ("Jufei"). The effective tax rate was approximately 28% in the first half of 2013 and approximately 18% in the corresponding period in 2012. The increase in effective tax rate was mainly due to investment income recognised from disposals of shares in Jufei which were subject to higher income tax rate.

Profit for the Period

Profit for the period increased from approximately RMB27,066,000 for the six months ended 30 June 2012 to approximately RMB200,799,000 for the six months ended 30 June 2013, representing an increase of approximately 642%. The substantial increase in profit for the period was mainly attributable to (i) investment income recognised from disposals of shares in Jufei; (ii) stronger operating results of the Group as compared to the corresponding period last year; and (iii) profit contribution of the Changfei Group following its acquisition by the Group in late 2012.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity, Financial Resources and Capital Structure

As at 30 June 2013, the Group had cash and cash equivalents of approximately RMB499,170,000 (as at 31 December 2012: approximately RMB333,415,000), banks deposits with original maturities over three months of approximately RMB505,000,000 (as at 31 December 2012: approximately RMB642,000,000) and restricted cash of approximately RMB273,201,000 (as at 31 December 2012: approximately RMB99,240,000). As at 30 June 2013, the Group had interest-bearing borrowings of approximately RMB753,871,000 (as at 31 December 2012: approximately RMB472,037,000). As at 30 June 2013, the gearing ratio (calculated by dividing total interest-bearing borrowings by total assets) of the Group maintained at a low level and was approximately 11% (as at 31 December 2012: approximately 8%). As at 30 June 2013, the Group had current assets of approximately RMB5,266,343,000 (as at 31 December 2012: approximately RMB4,428,185,000). The current ratio (which is calculated by dividing current assets by current liabilities) was approximately 1.30 as at 30 June 2013 whilst the current ratio as at 31 December 2012 was approximately 1.32. The approach of the board (the "Board") of directors (the "Directors") of the Company to managing liquidity is to ensure, as far as possible, that the Group will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Group's reputation.

Foreign Exchange Exposure

The Group's sales and purchases were dominated in RMB. Therefore the Group is not exposed to significant foreign currency exchange risks and the Board does not expect future currency fluctuations to materially impact the Group's operations. The Group does not employ any financial instruments for hedging purposes.

Capital Expenditure

During the period under review, the Group's total capital expenditure amounted to approximately RMB74,287,000 which was mainly due to the payment for the construction of the industrial park in Huizhou, PRC for the Group's use and equipment upgrade attributable to the Changfei Group.

Capital Commitment

As at 30 June 2013, the Group had capital commitment amounted to approximately RMB63,402,000 (as at 31 December 2012: approximately RMB125,005,000). The decrease was attributable to the increase of construction-in-progress related to the construction of the industrial park in Huizhou, PRC for the Group's use, which mainly represented the amounts contracted but not provided for in the financial statements in respect of such construction-in-progress.

Charge on Assets

As at 30 June 2013, the assets of the Group with the following carrying amounts were pledged, which included: (i) Hong Kong office property of approximately HK$17,476,000 as security for the outstanding balance of a mortgage loan of approximately HK$11,260,000, (ii) Guangzhou office property of approximately RMB9,165,000 for the outstanding balance of a mortgage loan of approximately RMB3,308,000, and (iii) a piece of land in Huizhou, the PRC, of approximately RMB70,166,000, as security for the outstanding balance of mortgage loan of approximately RMB126,416,000.

Contingent Liabilities

As at 30 June 2013, the Group had no material contingent liabilities.

HUMAN RESOURCES

As at 30 June 2013, the Group employed approximately 5,245 employees (as at 30 June 2012: approximately 238 employees). The significant 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

Since the beginning of 2013, natural disasters occurred across the country frequently, such as the Ya'an earthquake, Sichuan landslides and floods, and Gansu earthquake. All these posed a huge threat to people's lives and property. As the new leadership of the PRC government emphasises safeguarding and improving the livelihood of people, both the central and local authorities have allocated more resources to emergency communication system and intelligent city management system such that vehicles with satellite communication technology, mobile command centers, dedicated mobile communication system and customised smart terminals can be used to provide on-site communication and technical support for emergency relief in times of disasters. Based on the strong demand from the market and the number of orders on hand, the Group expects its satellite communication business can sustain its rapid growth.

The Group will continue to expand the market coverage of its satellite communication application solutions and other services business across the PRC. On one hand, the Group will focus on obtaining new business in southwest China including Yunnan, Guizhou, Sichuan and Chongqing among various industry sectors (including police, fire service, civil defense and emergency relief) with solutions such as vehicles with satellite emergency communication technology, mobile command centers and information collection vehicles. During the six months ended 30 June 2013, the Group obtained its first several orders in Guizhou province. It is expected that the Group will obtain new orders in Yunnan province in the second half of 2013. On the other hand, while exploring business opportunities in new regions, the Group will continue to maintain its growth in more established markets such as Beijing, Shanghai and Guangdong by providing more advanced services and solutions, for instance, introducing the second stage development for Shanghai Fire Bureau communication command vehicle projects and other projects at the beginning of 2013.

In respect of the wireless data communication segment, for the reasons that (i) the marketing strategy of "Jingwutong" has matured; and (ii) the metropolitan broadband wireless mobile data communication systems and traffic monitoring systems, which are part of the Group's intelligent surveillance system, have recognised increasing sales, "Jingwutong" and intelligent surveillance systems business is expected to have stable development in the second half this year.

Following the signing of the cooperation framework agreement in relation to investment in multimedia digital household network in Hebei province on 16 January 2013, the Group has entered into the formal cooperation agreement with its business partner on 8 May 2013, pursuant to which the terms and conditions including project duration, responsibilities of both parties, ownership of equipment, financing agreements, profit sharing and other details were supplemented and finalised to facilitate the implementation of the subject project. The network construction required in various regions has also commenced. It is expected that the number of subscriber households will increase significantly in the second half of 2013, with a view to achieving the goal of developing one million subscribers during the 15-year cooperation period.

During the six months ended 30 June 2013, Changfei Group's revenue in intelligent terminal solution has increased for approximately 25% as compared with the corresponding period last year, which brought positive contribution to the growth of revenue of the Group. Following the completion of the Group's acquisition of the Changfei Group, the Group's business has become more diversified, thus placing the Group in a better position to capture market opportunities. The Group will continue to grow its business by diversifying its wireless data products into the consumer sector. Meanwhile, the Group will consolidate the existing "Jingwutong" business with the communications terminal business of the Changfei Group so as to develop a new generation of "Jingwutong" terminals and 4G terminals for the purpose of catching the rapid development of the market in both public and private sectors and the consumer market.

In general, while maintaining existing business, the Group actively seeks new opportunities in the market, so as to maximise return to its shareholders. Management is very confident that the Company has a positive future outlook and will continue to deliver encouraging operating results to its shareholders. In addition to the issuance of note, convertible bond, bank loans and other forms of financing, in the future, the Company will continue to consider various options for raising capital on favorable terms through the capital market or other suitable financing means in order to enhance the competitiveness and the development progress of the Group.

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

As at 30 June 2013, 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 of Hong Kong Limited (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 notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

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	The Company	Interests of a controlled corporation *(Note 2)*	458,406,000 ordinary shares (L)	34.50%
		Beneficial owner	1,000,000 ordinary shares (L)	0.08%

Notes:

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

2. These shares of the Company (the "Shares") were held by Creative Sector Limited, the entire issued share capital of which was owned by Mr. Chan Yuen Ming, an executive Director. Mr. Chan Yuen Ming 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 30 June 2013, none of the Directors or chief executive of the Company had any interests or short positions in any of the shares, underlying shares or debentures of the Company or any associated corporation (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 (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 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 SHARHOLDERS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2013, 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 (“Creative Sector”)	Beneficial owner	458,406,000 ordinary Shares (L)	34.50%
ZTE (H.K.) Limited (“ZTE HK”)	Beneficial owner *(Note 2)*	203,590,909 ordinary Shares (L)	15.32%
ZTE Corporation	Interest of a controlled corporation *(Note 2)*	203,590,909 ordinary Shares (L)	15.32%

Name of shareholder	Capacity/ Nature of interest	Number and class of securities held *(Note 1)*	Approximate percentage of shareholding
Asia Equity Value Ltd.	Beneficial owner	111,154,537 ordinary Shares (L)	8.36%
	Person having a security interest in shares	74,690,000 ordinary Shares (L)	5.62%
	Beneficial owner	29,646,000 ordinary Shares (S)	2.23%
Chengwei CAA Holdings Limited ("Chengwei")	Beneficial owner	104,742,000 ordinary Shares (L)	7.88%
Chengwei Ventures Evergreen Fund, L.P.	Interest of a controlled corporation *(Note 3)*	104,742,000 ordinary Shares (L)	7.88%
Chengwei Ventures Evergreen Management, LLC	Investment manager *(Note 4)*	104,742,000 ordinary Shares (L)	7.88%
EXL Holdings, LLC	Interest of a controlled corporation *(Note 5)*	104,742,000 ordinary Shares (L)	7.88%
Mr. Li Eric Xun	Interest of a controlled corporation *(Note 5)*	104,742,000 ordinary Shares (L)	7.88%
Ms. Li Yijing Zhu	Interest of spouse *(Note 6)*	104,742,000 ordinary Shares (L)	7.88%
Dynamic Realm Limited	Beneficial owner	69,264,000 ordinary Shares (L)	5.21%
Mr. Yang Hengsheng	Interest of a controlled corporation *(Note 7)*	69,264,000 ordinary Shares (L)	5.21%

Notes:

1. The letter "L" denotes a long position in the Shares or underlying Shares of the Company and the letter "S" denotes a short position in the Shares or underlying Shares of the Company.

2. Among these 203,590,909 Shares, 91,590,909 Shares represent the Shares to be issued by the Company upon the exercise in full of the conversion rights attaching to the convertible bonds issued by the Company for subscription by ZTE HK pursuant to subscription agreement (the "2012 November Subscription Agreement") dated 16 November 2012 entered into between the Company and ZTE HK. Details of the 2012 November Subscription Agreement and the transactions contemplated thereunder are contained in the announcements of the Company dated 16 November 2012 and 15 January 2013. ZTE HK was a wholly-owned subsidiary of ZTE Corporation, and therefore, ZTE Corporation 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.

7. These Shares were held by Dynamic Realm Limited, the entire issued share capital of which was owned by Mr. Yang Hengsheng. Mr. Yang Hengsheng was deemed to be interested in all the Shares in which Dynamic Realm Limited was interested by virtue of the SFO.

Save as disclosed above, as at 30 June 2013, no person (other than a Director or chief executive of the Company) had an interest or short position in the Shares or 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 LISTED SECURITIES

During the six months ended 30 June 2013, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the six months ended 30 June 2013 and up to the date of this report, the Group had undertaken the following disposals of subsidiaries or associated companies:

(i) Disposal of 北京全通治平通信科技有限公司 (Beijing All Access Zhiping Network Technology Company Limited) ("Beijing All Access Zhiping")

On 24 May 2013, the Group entered into an equity transfer agreement with an individual, being one of the then minority shareholders of Beijing All Access Zhiping, pursuant to which the Group disposed 92% equity interest in Beijing All Access Zhiping, representing the Group's then entire equity interest in this company, for a consideration of RMB18,880,000. Upon completion of this disposal, Beijing All Access Zhiping and 北京高升時代投資有限公司 (Beijing Gao Sheng Times Investment Co., Ltd.) ("Beijing Gaosheng Times"), which was 100% owned by Beijing All Access Zhiping, ceased to be subsidiaries of the Company, and the Group also ceased to be interested in 46% equity interests in 中衛星空移動多媒體網絡有限公司 (China Satellite Mobile Multimedia Network Co., Ltd.) held by Beijing Gaosheng Times. Please refer to the announcement of the Company dated 27 May 2013 for further details of this disposal.

(ii) Disposals of listed shares of Jufei

On 24 May 2013, 3 June 2013, 5 June 2013, 14 June 2013, 21 June 2013 and 5 July 2013, Changfei Investment, being a 51%-owned subsidiary of the Company, disposed in aggregate 35,006,400 listed shares of Jufei (representing about 16.09% of the total issued shares of Jufei) by way of block trade or in the open market through the ChiNext of the Shenzhen Stock Exchange for an aggregate consideration of approximately RMB531,959,000. Following the above disposals, Changfei Investment has ceased to be interested in any shares of Jufei. Please refer to the announcements of the Company dated 24 May 2013, 27 May 2013, 3 June 2013, 5 June 2013, 14 June 2013, 21 June 2013 and 5 July 2013 for further details of these disposals.

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.

During the six months ended 30 June 2013, 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.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

None of the Directors is aware of any information that would reasonably indicate that the Company was not, at any time during the six months ended 30 June 2013, in due compliance with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard set out in 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 securities transactions during the six months ended 30 June 2013.

REVIEW BY THE AUDIT COMMITTEE

The audit committee of the Board has reviewed the unaudited interim results of the Group for the six months ended 30 June 2013.

INTERIM DIVIDEND

The Board declared the payment of an interim dividend of HK2.5 cents per share for the six months ended 30 June 2013 (six months ended 30 June 2012: HK2.0 cents). The interim dividend will be paid to shareholders of the Company whose names appear on the register of members of the Company on 25 October 2013. It is expected that the interim dividend will be paid on or about 31 October 2013.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 23 October 2013 to 25 October 2013 (both days inclusive), during which period no transfer of shares will be effected for the purpose of determining the qualification for entitlement to the interim dividend for the six months ended 30 June 2013. In order to qualify for the proposed interim dividend for the six months ended 30 June 2013, all share transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office in Hong Kong, Union Registrars Limited at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, for registration not later than 4:00 p.m. on 22 October 2013.

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

(i) Note Purchase Agreement dated 7 February 2013

As disclosed in the announcement of the Company dated 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 of the Company 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") dated 7 February 2013, 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 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 of the Company 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 above 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 report, the above specific performance obligations continue to subsist.

(ii) Convertible Notes Subscription Agreement dated 25 July 2013

As disclosed in the announcement of the Company dated 25 July 2013, the Company, Mr. Chan and the Investor entered into a convertible notes subscription agreement (the "Convertible Notes Subscription Agreement") dated 25 July 2013, pursuant to which the Company has conditionally agreed to issue, and the Investor has conditionally agreed to subscribe for, convertible notes (the "Convertible Notes") in the principal amount of HK$200,000,000 due 2014 to be issued by the Company which may be converted into 66,666,666 shares of the Company at the initial conversion price of HK$3.00 per share (subject to adjustment). The subscription was approved by the independent shareholders of the Company on 26 August 2013.

Pursuant to the Convertible Notes Subscription Agreement, the following specific performance obligations are imposed on Mr. Chan:

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

(b) he shall legally and beneficially own the entire issued share capital of Creative Sector and shall not, without the prior written consent of the Investor, transfer or permit the transfer of any such shares;

(c) he shall procure that Creative Sector be the single largest shareholder of the Company and that the total number of Shares held by any person or company and its affiliates be not more than the total number of Shares held by himself and Creative Sector; and

(d) he shall procure that the shares of the Company held by himself and Creative Sector be free and clear of any encumbrances.

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

As at the date of this report, the above undertakings continue to subsist.

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

Hong Kong
26 August 2013

Consolidated income statement

for the six months ended 30 June 2013 - unaudited
(Expressed in Renminbi)

	Note	Six months ended 30 June 2013 RMB'000	2012 RMB'000
Revenue	3	**2,173,395**	130,417
Cost of sales		**(1,920,364)**	(86,513)
Gross profit		**253,031**	43,904
Other revenue		**18,798**	13,001
Other net income/(loss)		**750**	(978)
Distribution costs		**(15,387)**	(3,738)
Administrative expenses		**(123,793)**	(17,575)
Research and development expenses		**(40,319)**	(411)
Profit from operations		**93,080**	34,203
Finance costs	4(a)	**(66,990)**	(352)
Gain on disposal of an associate	5	**241,227**	—
Gain on disposal of subsidiaries	20	**1,588**	—
Share of profit less losses of associates		**9,091**	(703)
Profit before taxation	4	**277,996**	33,148
Income tax	6	**(77,197)**	(6,082)
Profit for the period		**200,799**	27,066

Consolidated income statement *(Continued)*

for the six months ended 30 June 2013 - unaudited
(Expressed in Renminbi)

		Six months ended 30 June	
	Note	**2013**	2012
		RMB'000	RMB'000
Attributable to:			
Equity shareholders of the Company		**102,228**	27,140
Non-controlling interests		**98,571**	(74)
Profit for the period		**200,799**	27,066
Earnings per share			
Basic (RMB)	7(a)	**0.077**	0.022
Diluted (RMB)	7(b)	**0.077**	0.022

The accompany notes form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 19(a).

Consolidated statement of comprehensive income

for the six months ended 30 June 2013 - unaudited
(Expressed in Renminbi)

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Profit for the period	**200,799**	27,066
Other comprehensive (loss)/ income for the period		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries outside The People's Republic of China (the "PRC"), net of nil tax	**(2,686)**	1,103
Total comprehensive income for the period	**198,113**	28,169
Attributable to:		
Equity shareholders of the Company	**99,542**	28,243
Non-controlling interests	**98,571**	(74)
Total comprehensive income for the period	**198,113**	28,169

The accompany notes form part of this interim financial report.

Consolidated statement of financial position

at 30 June 2013 - unaudited
(Expressed in Renminbi)

	Note	**At 30 June 2013 RMB'000**	At 31 December 2012 RMB'000
Non-current assets			
Property, plant and equipment	8	**382,939**	328,700
Intangible assets		**332,288**	367,590
Goodwill	10	**332,082**	332,449
Interest in associates		**66,071**	366,022
Prepayment for land leases		**135,335**	136,000
Trade and other receivables	11	**45,336**	33,169
Available-for-sale financial assets	14	**481,214**	6,214
Deferred tax assets		**10,662**	2,720
		1,785,927	1,572,864
Current assets			
Inventories	9	**312,894**	316,887
Trade and other receivables	11	**2,008,827**	1,796,865
Factored trade receivables		**—**	151,210
Discounted bills receivable	12	**256,038**	284,657
Bills receivable	13	**1,408,699**	803,911
Restricted cash		**273,201**	99,240
Banks deposits with original maturities over three months		**505,000**	642,000
Cash and cash equivalents	15	**499,170**	333,415
Associate held for sale	5	**2,514**	—
		5,266,343	4,428,185

Consolidated statement of financial position *(Continued)*

at 30 June 2013 – unaudited
(Expressed in Renminbi)

	Note	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Current liabilities			
Trade and other payables	16	**2,624,831**	2,224,541
Deferred consideration payable		**398,040**	204,000
Deferred income		**40,000**	40,000
Interest-bearing borrowings	17	**536,281**	393,422
Bank advances on factored trade receivables		—	151,210
Bank advances on discounted bills receivables	12	**270,374**	284,657
Income tax payable		**178,295**	53,538
		4,047,821	3,351,368
Net current assets		**1,218,522**	1,076,817
Total assets less current liabilities		**3,004,449**	2,649,681

Consolidated statement of financial position *(Continued)*

at 30 June 2013 – unaudited
(Expressed in Renminbi)

	Note	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Non-current liabilities			
Interest-bearing borrowings	17	**217,590**	78,615
Convertible bond	18	**156,083**	—
Deferred consideration payable		—	188,451
Deferred income		**48,105**	48,105
Deferred tax liabilities		**66,208**	127,957
		487,986	443,128
NET ASSETS		**2,516,463**	2,206,553
CAPITAL AND RESERVES	19		
Share capital		**11,562**	10,657
Reserves		**1,667,351**	1,455,488
Total equity attributable to equity shareholders of the Company		**1,678,913**	1,466,145
Non-controlling interests		**837,550**	740,408
TOTAL EQUITY		**2,516,463**	2,206,553

The accompany notes form part of this interim financial report.

Consolidated statement of changes in equity

for the six months ended 30 June 2013 - unaudited
(Expressed in Renminbi)

		Attributable to equity shareholders of the Company										
	Note	Share capital RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Contributed surplus RMB'000	Capital reserve RMB'000	Statutory general reserve RMB'000	Translation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
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 the six months ended 30 June 2012:												
Repurchase of own shares												
– par value paid	19(b)	(7)	–	–	–	–	–	–	–	(7)	–	(7)
– premium paid	19(b)	–	(1,153)	–	–	–	–	–	–	(1,153)	–	(1,153)
– transfer between reserves	19(b)	–	–	7	–	–	–	–	(7)	–	–	–
Dividends approved in respect of the previous year	19(a)	–	(49,598)	–	–	–	–	–	–	(49,598)	–	(49,598)
Total comprehensive income for the period		–	–	–	–	–	–	1,103	27,140	28,243	(74)	28,169
Balance at 30 June 2012		10,657	605,307	95	164,155	115,585	47,606	(15,700)	415,488	1,343,193	1,584	1,344,777

Consolidated statement of changes in equity *(Continued)*

for the six months ended 30 June 2013 - unaudited
(Expressed in Renminbi)

		Attributable to equity shareholders of the Company										
	Note	Share capital RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Contributed surplus RMB'000	Capital reserve RMB'000	Statutory general reserve RMB'000	Translation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2013		10,657	585,517	95	164,155	115,585	66,363	(16,106)	539,879	1,466,145	740,408	2,206,553
Changes in equity for the six months ended 30 June 2013:												
Issuance of shares	19(b)	905	162,027	–	–	–	–	–	–	162,932	–	162,932
Issuance of convertible bond	18	–	–	–	–	5,324	–	–	–	5,324	–	5,324
Disposal of subsidiaries	20	–	–	–	–	–	–	–	–	–	(1,429)	(1,429)
Dividends approved and paid in respect of the previous year	19(a)	–	(55,030)	–	–	–	–	–	–	(55,030)	–	(55,030)
Total comprehensive income for the period		–	–	–	–	–	–	(2,686)	102,228	99,542	98,571	198,113
Balance at 30 June 2013		11,562	692,514	95	164,155	120,909	66,363	(18,792)	642,107	1,678,913	837,550	2,516,463

The accompany notes form part of this interim financial report.

Condensed consolidated cash flow statement

for the six months ended 30 June 2013 - unaudited
(Expressed in Renminbi)

	Note	Six months ended 30 June 2013 RMB'000	2012 RMB'000
Cash (used in)/generated from operations		**(379,374)**	1,736
Tax paid		**(22,128)**	(30,130)
Net cash used in operating activities		**(401,502)**	(28,394)
Net cash generated from /(used in) investing activities		**50,235**	(69,512)
Net cash generated from /(used in) financing activities		**519,175**	(3,063)
Net increase /(decrease) in cash and cash equivalents		**167,908**	(100,969)
Cash and cash equivalents at 1 January	15	**333,415**	241,383
Effect of foreign exchange rates changes		**(2,153)**	1,467
Cash and cash equivalents at 30 June	15	**499,170**	141,881

The accompany notes form part of this interim financial report.

Notes to the unaudited interim financial report

(Expressed in Renminbi unless otherwise indicated)

1 Basis of preparation

This interim financial report of China All Access (Holdings) Limited (the "Company") and its subsidiaries (together referred to as the "Group") has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 26 August 2013.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2012 annual financial statements of the Company, except for the accounting policy changes that are expected to be reflected in the 2013 annual financial statements. Details of these changes in accounting policies are set out in note 2.

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

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2012 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on pages 69 to 70.

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

(Expressed in Renminbi unless otherwise indicated)

1 Basis of preparation *(Continued)*

The financial information relating to the financial year ended 31 December 2012 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2012 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 28 March 2013.

2 Changes in accounting policies

The HKICPA has issued a number of new HKFRSs and 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 HKAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*
- HKFRS 10, *Consolidated financial statements*
- HKFRS 11, *Joint arrangements*
- HKFRS 12, *Disclosure of interests in other entities*
- HKFRS 13, *Fair value measurement*
- Revised HKAS 19, *Employee benefits*
- *Annual Improvements to HKFRSs 2009-2011 Cycle*
- Amendments to HKFRS 7 – *Disclosures – Offsetting financial assets and financial liabilities*

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

(Expressed in Renminbi unless otherwise indicated)

2 Changes in accounting policies *(Continued)*

The HKFRSs that will be effective or are available for voluntary early adoption in the annual financial statements for the year ending 31 December 2013 may be affected by the issuance of additional interpretations or other changes announced by the HKICPA subsequent to the date of issuance of the interim financial report. Therefore, the policies that will be applied in the Group's financial statements for the year ending 31 December 2013 cannot be determined with certainty at the date of issuance of the interim financial report.

3 Segment reporting

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

– Provision of 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 research and development and distribution of wireless terminals and equipment, including mobile phones, display modules, batteries, chargers, power adapters, casings, keyboards and other types of new generation mobile terminal products and parts.

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

(Expressed in Renminbi unless otherwise indicated)

3 Segment reporting *(Continued)*

(a) Segment results, assets and liabilities

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

Segment assets include all tangible, intangible assets and current assets with the exception of goodwill, 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, borrowings, deferred income, income tax payable and deferred tax liabilities attributable to the activities of the individual segments.

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

The measure used for reporting segment profit is "segment profit". Segment 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, amortisation of certain intangible assets, other corporate administration costs, share of profit less losses of associates and gain on disposal of subsidiaries and associates are excluded from segment profits.

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

(Expressed in Renminbi unless otherwise indicated)

3 Segment reporting *(Continued)*

(b) Information about profit or loss, assets and liabilities

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

	Provision of satellite communication application solutions and other services		Provision of wireless data communication application solutions and services		Total	
For six months ended 30 June	**2013**	2012	**2013**	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Revenue from external customers (note)	**132,043**	85,912	**2,041,352**	44,505	**2,173,395**	130,417
Reportable segment profit	**52,106**	30,688	**60,453**	12,000	**112,559**	42,688
Depreciation and amortisation for the period	**490**	478	**44,045**	28	**44,535**	506

	At 30 June 2013	At 31 December 2012	**At 30 June 2013**	At 31 December 2012	**At 30 June 2013**	At 31 December 2012
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Reportable segment assets	**349,044**	324,224	**5,516,582**	4,459,126	**5,865,626**	4,783,350
Reportable segment liabilities	**52,843**	90,938	**3,564,930**	2,963,844	**3,617,773**	3,054,782

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

(Expressed in Renminbi unless otherwise indicated)

3 Segment reporting *(Continued)*

(b) Information about profit or loss, assets and liabilities (Continued)

Note: Major customers

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

	Provision of satellite communication application solutions and other services		Provision of wireless data communication application solutions and services		Total	
For six months ended 30 June	**2013**	2012	**2013**	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Customer A	—	27,478	—	—	—	27,478
Customer B	—	—	**1,565,147**	—	**1,565,147**	—
	—	27,478	**1,565,147**	—	**1,565,147**	27,478

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

(Expressed in Renminbi unless otherwise indicated)

3 Segment reporting *(Continued)*

(c) Reconciliation of reportable segment profit or loss, assets and liabilities

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Profit		
Reportable segment profit derived from the Group's external customers	**112,559**	42,688
Other revenue	**18,798**	13,001
Other net income/(loss)	**750**	(978)
Finance costs	**(66,990)**	(352)
Gain on disposal of an associate	**241,227**	—
Gain on disposal of subsidiaries	**1,588**	—
Share of profit less losses of associates	**9,091**	(703)
Unallocated depreciation and amortisation	**(7,637)**	(6,425)
Unallocated head office and corporate expenses (note(i))	**(31,390)**	(14,083)
Consolidated profit before taxation	**277,996**	33,148

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

(Expressed in Renminbi unless otherwise indicated)

3 Segment reporting *(Continued)*

(c) Reconciliation of reportable segment profit or loss, assets and liabilities (Continued)

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Assets		
Reportable segment assets	**5,865,626**	4,783,350
Unallocated head office and corporate assets (note(ii))	**1,186,644**	1,217,699
Consolidated total assets	**7,052,270**	6,001,049
Liabilities		
Reportable segment liabilities	**3,617,773**	3,054,782
Unallocated head office and corporate liabilities (note(iii))	**918,034**	739,714
Consolidated total liabilities	**4,535,807**	3,794,496

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

(Expressed in Renminbi unless otherwise indicated)

3 Segment reporting *(Continued)*

(c) Reconciliation of reportable segment profit or loss, assets and liabilities (Continued)

Notes:

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

(ii) Unallocated head office and corporate assets mainly include cash and cash equivalents, banks deposits with original maturities over three months, goodwill, intangible assets, 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 payable, value-added tax payable, income tax payable, convertible bond and deferred tax liabilities which are not specifically attributable to individual segments.

(d) Geographic 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 periods.

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

(Expressed in Renminbi unless otherwise indicated)

4 Profit before taxation

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

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
(a) Finance costs		
Interest expenses:		
– Interest-bearing borrowings	**38,490**	325
– Convertible bond	**8,582**	—
– Discounted bills receivable	**13,007**	—
– Discount of deferred consideration payable	**5,747**	—
Bank charges	**4,534**	27
Less: interest expense capitalised into property, plant and equipment	**(3,370)**	—
	66,990	352
(b) Other items		
Cost of inventories	**1,877,118**	75,986
Depreciation of property, plant and equipment	**18,677**	6,931
Amortisation of intangible assets	**32,830**	—
Amortisation of land lease prepayments	**665**	—
Inventory write-down (note 9)	**14,638**	—
Impairment loss on trade and other receivables	**3,384**	1,800

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

(Expressed in Renminbi unless otherwise indicated)

5 Gain on disposal of an associate

During the six months ended 30 June 2013, the Group disposed 15.96% out of total 16.09% equity interest held by the Group in a then associate, Shenzhen Jufei Optoelectronics Co., Ltd. ("Jufei"), the shares of which are listed on the ChiNext of the Shenzhen Stock Exchange, for a total cash consideration of RMB525,987,000. The disposals were implemented through a series of disposals by way of block trade on the ChiNext of the Shenzhen Stock Exchange, namely disposal of 10,850,000 shares for RMB182,693,000 on 24 May 2013, 1,000,000 shares for RMB15,690,000 on 3 June 2013, 6,000,000 shares for RMB90,602,000 on 5 June 2013, 10,850,000 shares for RMB148,018,000 on 14 June 2013 and 6,000,000 shares for RMB88,984,000 on 21 June 2013. The results of Jufei were equity accounted for up to the date on which significant influence ceased. Gain on disposal before tax of RMB241,227,000 has been recognised in the consolidated income statement.

The remaining 0.13% equity interest in Jufei held by the Group as at 30 June 2013 was disposed on 5 July 2013 in open market through the ChiNext of the Shenzhen Stock Exchange and was classified as associate held for sale as at 30 June 2013.

6 Income tax

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Current tax – PRC corporate income tax ("CIT")	**146,888**	7,471
Deferred taxation	**(69,691)**	(1,389)
	77,197	6,082

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

(Expressed in Renminbi unless otherwise indicated)

6 Income tax *(Continued)*

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

The Company and CAA BVI are recognised as Hong Kong tax resident enterprises, hence they are subject to Hong Kong Profits Tax with the standard Hong Kong Profits Tax rate of 16.5%.

(b) No provision for Hong Kong Profits Tax has been made as the Group did not have assessable profits subject to Hong Kong Profits Tax for the six months ended 30 June 2013 and 2012.

(c) Hebei Noter Communication Technology Co., Ltd. ("Hebei Noter"), Beijing All Access Noter Communication Technology Co., Ltd. ("Beijing All Access"), Shenzhen Xing Fei Technology Co., Ltd., Ruide Electronical Industrial Co., Ltd., Lead Communications Co., Ltd. and Shenzhen Control Electromechanical Co., Ltd. are qualified High and New Technology Enterprises ("HNTEs") and entitled to the preferential tax rate of 15% from 2012 to 2014, 2012 to 2014, 2011 to 2013, 2012 to 2014, 2011 to 2013 and 2012 to 2014, 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.

(d) Other PRC subsidiaries of the Group are subject to standard PRC CIT rate of 25% (for the six months ended 30 June 2012: 25%).

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

(Expressed in Renminbi unless otherwise indicated)

7 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2013 is based on the profit attributable to ordinary equity shareholders of the Company of RMB102,228,000 (for the six months ended 30 June 2012: RMB27,140,000) and the weighted average of 1,320,161,000 ordinary shares (for the six months ended 30 June 2012: 1,217,283,000 ordinary shares) in issue during the six months ended 30 June 2013.

(b) Diluted earnings per share

The calculation of diluted earnings per share for the six months ended 30 June 2013 is based on the profit attributable to ordinary equity shareholders of the Company of RMB102,228,000 (for the six months ended 30 June 2012: RMB27,140,000) and the diluted weighted average of 1,320,161,000 ordinary shares (for the six months ended 30 June 2012: 1,217,283,000 ordinary shares). The diluted earnings per share for the six months ended 30 June 2013 is the same as the basic earnings per share as the calculation does not assume the conversion of the Company's convertible bond since its exercise would result in an increase in earnings per share.

8 Property, plant and equipment

During the six months ended 30 June 2013, the Group acquired items of property, plant and equipment with a cost of RMB74,287,000 (for the six months ended 30 June 2012: RMB905,000). Items of property, plant and equipment with a net book value of RMB1,165,000 were disposed of during the six months ended 30 June 2013 (six months ended 30 June 2012: RMB11,000), resulting in a loss on disposal of RMB92,000 (six months ended 30 June 2012: RMB2,000).

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

(Expressed in Renminbi unless otherwise indicated)

9 Inventories

During the six months ended 30 June 2013, RMB14,638,000 (for the six months ended 30 June 2012: nil) of write down of inventories to estimated net realisable value has been recognised as cost of sales in consolidated income statement during the reporting period.

10 Goodwill

	RMB'000
Cost:	
Balance at beginning of period	332,449
Disposal of subsidiaries (note 20)	(367)
Balance at end of period	332,082
Carrying amount:	
Balance at beginning of period	332,449
Balance at end of period	332,082

Upon disposal of Beijing All Access Zhiping Network Technology Co., Ltd. (the subsidiary of the Company, "Beijing All Access Zhiping") (see note 20), the attributable amount of goodwill of RMB367,000, which arose from the acquisition of Beijing All Access Zhiping in 2010, is included in the determination of the amount of gain on disposal.

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

(Expressed in Renminbi unless otherwise indicated)

11 Trade and other receivables

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Non-current		
Trade receivables	**42,849**	31,282
Rental deposits	**2,487**	1,887
	45,336	33,169
Current		
Trade receivables due from related parties (note 22(b))	**668,051**	680,287
Other trade receivables	**784,272**	983,802
Less:Allowance for doubtful debts	**(14,692)**	(8,066)
	1,437,631	1,656,023
Other receivables, prepayments and deposits (note (i) &(ii))	**529,631**	96,207
Performance guarantee deposit (note (iii))	**30,000**	30,000
Interest receivables	**8,215**	13,285
Dividend receivables	**3,350**	1,350
	2,008,827	1,796,865

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

(Expressed in Renminbi unless otherwise indicated)

11 Trade and other receivables *(Continued)*

Notes:

(i) On 16 January 2013, the Group entered into a cooperation framework agreement for a term of 15 years with Hebei Guangdian Network Investment Co., Ltd. ("Hebei Guangdian"), pursuant to which the Group agreed to cooperate with Hebei Guangdian for the joint development of a digital multimedia network covering the households in Hebei Province. Subsequently, the parties entered into a formal cooperation agreement dated 18 April 2013 to vary and supplement the terms and conditions of the parties' joint investment in this project and to facilitate the implementation of this project. To commence this project, the Group has signed a significant contract of RMB330,000,000 with an independent third party for the equipment purchases and network construction. Pursuant to the contract, the Group is required to pay 90% of the contract value for the initial construction upon the effective date of the contract. In addition, the Group has paid RMB10,000,000 to Hebei Guangdian as initial funds of the project. Included in other receivables is a prepayment for purchases in the amount of RMB269,500,000 relating to the digital multimedia network.

(ii) On 27 June 2013, a subsidiary of the Company entered into a financing arrangement in the amount of RMB100,000,000 and the agreement was subsequently rescinded by the period end date. Balance of RMB100,000,000 included under other receivables was agreed to be refunded.

(iii) 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.

As at 30 June 2013, the total performance guarantee deposit provided to SkyComm amounted to RMB30,000,000 (at 31 December 2012: RMB30,000,000) is expected to be recovered within 2013 from the end of the reporting period.

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

(Expressed in Renminbi unless otherwise indicated)

11 Trade and other receivables *(Continued)*

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:

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Within 1 month	**751,048**	1,156,530
1 to 2 months	**258,885**	142,504
2 to 3 months	**42,303**	106,733
3 to 6 months	**40,825**	49,890
Over 6 months	**387,419**	231,648
Trade receivables, net of allowance for doubtful debts	**1,480,480**	1,687,305

12 Discounted bills receivable

At 30 June 2013, the Group has discounted its bills receivable of RMB256,038,000 (at 31 December 2012: RMB284,657,000) to bank with recourse. Accordingly, the advances from bank of RMB270,374,000 (at 31 December 2012: RMB284,657,000) received by the Group as consideration for the discounted bills receivable at reporting period end were recognised as liabilities.

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

(Expressed in Renminbi unless otherwise indicated)

13 Bills receivable

As at 30 June 2013, bills receivable amounted to RMB1,408,699,000 (at 31 December 2012: RMB803,911,000) included bank acceptance bills of RMB395,123,000 (at 31 December 2012: RMB512,237,000) which were pledged as security to issue bills payable for operating use and bills receivable of RMB140,842,000 (at 31 December 2012: RMB18,500,000) which had been endorsed to other parties but not yet due.

Ageing analysis

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

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Within 1 month	**400,498**	159,711
1 to 2 months	**268,385**	150,411
2 to 3 months	**203,446**	147,484
3 to 6 months	**535,301**	346,305
Over 6 months	**1,069**	—
Bills receivable	**1,408,699**	803,911

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

(Expressed in Renminbi unless otherwise indicated)

14 Available-for-sale financial assets

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Available-for-sale		
–Directional asset management (note)	**477,000**	—
–Unlisted equity securities	**4,214**	6,214
	481,214	6,214

Note:

On 29 May 2013, a subsidiary of the Company entered into a contract of directional asset management plan with a 3 years' maturity period with a state-owned securities company. The fair value of the financial asset as at 30 June 2013 is RMB477,000,000.

15 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position and condensed consolidated statement of cash flows comprise of:

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Cash at bank and in hand	**499,170**	333,415

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

(Expressed in Renminbi unless otherwise indicated)

16 Trade and other payables

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Trade payables due to related parties (note 22(b))	**40,447**	38,567
Bills payable due to related parties (note 22(b))	**75,990**	50,551
Other trade and bills payable	**2,248,748**	1,911,742
	2,365,185	2,000,860
Other payables and accruals	**238,806**	204,281
Financial liabilities measured at amortised cost	**2,603,991**	2,205,141
Receipts in advance	**20,840**	19,400
	2,624,831	2,224,541

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

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Within 1 month	**503,110**	803,871
1 to 3 months	**1,050,845**	663,019
3 to 6 months	**727,169**	515,079
Over 6 months but within 1 year	**63,033**	3,809
Over 1 year	**21,028**	15,082
	2,365,185	2,000,860

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

(Expressed in Renminbi unless otherwise indicated)

17 Interest-bearing borrowings

At 30 June 2013, the interest-bearing borrowings comprise of:

	Note	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Credit loans	(i)	**416,027**	192,671
Mortgage loans	(ii)	**138,694**	79,366
Guaranteed loan	(iii)	**119,490**	—
Guaranteed note	(iv)	**79,660**	—
Trust loan	(v)	—	200,000
Total interest-bearing borrowings		**753,871**	472,037

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

Notes:

(i) At 30 June 2013, RMB266,027,000 (at 31 December 2012: RMB172,671,000) of credit loans were provided by commercial banks and RMB150,000,000 (at 31 December 2012: 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%-6.20%. The principals should be paid within one year.

(ii) At 30 June 2013, RMB126,416,000 (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 (at 31 December 2012: approximately RMB70,166,000) and RMB12,278,000 (at 31 December 2012: RMB12,809,000) of the loan was secured by the Group's buildings with carrying value of approximately RMB23,086,000 (at 31 December 2012: approximately RMB23,639,000).

At 30 June 2013, the mortgage loan amounting to HK$11,260,000 (approximately RMB8,969,000) (at 31 December 2012: HK$11,486,000, approximately RMB9,313,000) was guaranteed by the Company.

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

(Expressed in Renminbi unless otherwise indicated)

17 Interest-bearing borrowings *(Continued)*

Notes: (Continued)

(iii) At 30 June 2013, the guaranteed loan amounting to HK$150,000,000 (approximately RMB119,490,000) (at 31 December 2012: nil) was guaranteed by the Company. The principal is repayable in one year. Interest rate will be charged at 10%.

(iv) At 30 June 2013, the guaranteed note amounting to HK$100,000,000 (approximately RMB79,660,000) (at 31 December 2012: nil) was guaranteed by Mr. Chan Yuen Ming, an executive director of the Company (see note 22(c)). The principal is due in 2015 with the interest rate charged at 10%.

(v) The trust loan was repaid by the Group in June 2013.

At 30 June 2013, the interest-bearing borrowings were repayable as follows:

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Current portion		
Within 1 year	**536,281**	393,422
Non-current portion		
After 1 year but within 2 years	**80,458**	788
After 2 years but within 5 years	**129,040**	42,512
After 5 years	**8,092**	35,315
	217,590	78,615
Total interest-bearing borrowings	**753,871**	472,037

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

(Expressed in Renminbi unless otherwise indicated)

18 Convertible bond

On 15 January 2013, the Company issued a tranche of convertible bond to ZTE (H.K.) Limited, being a wholly-owned subsidiary of ZTE Corporation, for the principal amount of HK$201,500,000 (approximately RMB160,515,000) with a maturity of two years and interest rate of 10%. The convertible bond, at the option of the bond holders, will be partly or fully converted into ordinary shares with a par value of HK$0.01 each of the Company. The initial conversion price of the convertible bond is HK$2.20 per share, subject to adjustments pursuant to the terms and conditions of the convertible bond.

The convertible bond recognised in the consolidated statement of financial position is calculated as follows:

	RMB'000
Face value of convertible bond at issue date	160,515
Less: equity component	(5,335)
Liability component on initial recognition	155,180
Less: direct issue costs attributable to liability Component	(307)
Liability component on initial recognition, net of direct issue costs	154,873
Add: imputed finance cost	1,210
Carrying amount at 30 June 2013	156,083

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

(Expressed in Renminbi unless otherwise indicated)

19 Capital, reserves and dividends

(a) Dividends

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

	Six months ended 30 June	
	2013	2012
	HK$'000	HK$'000
Interim dividend declared after the interim period, of HK2.5 cents per ordinary share (for the six months ended 30 June 2012: HK2.0 cents per ordinary share)	**33,221**	24,336
	RMB'000	RMB'000
Equivalent to	**26,434**	19,904

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

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

(Expressed in Renminbi unless otherwise indicated)

19 Capital, reserves and dividends *(Continued)*

(a) *Dividends (Continued)*

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

	Six months ended 30 June	
	2013	2012
	HK$'000	HK$'000
Final dividend attributable to the financial year ended 31 December 2012, approved and paid during the following interim period, of HK5.2 cents per ordinary share (for the year ended 31 December 2011: HK5.0 cents per ordinary share)	**69,099**	60,841
	RMB'000	RMB'000
Equivalent to	**55,030**	49,598

The final dividend attributable to the financial year ended 31 December 2012 was approved at the annual general meeting held on 11 June 2013 and was subsequently paid on 26 June 2013.

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

(Expressed in Renminbi unless otherwise indicated)

19 Capital, reserves and dividends *(Continued)*

(b) Share capital

	At 30 June 2013		At 31 December 2012	
	Shares ’000	**Amount HK$’000**	Shares ’000	Amount HK$’000
Authorised:	**100,000,000**	**1,000,000**	100,000,000	1,000,000
Ordinary shares, issued and fully paid:				
At the beginning of the period/year	**1,216,824**	**12,168**	1,217,728	12,177
Issuance of shares (note (i))	**112,000**	**1,120**	—	—
Shares repurchased (note (ii))	—	—	(904)	(9)
At the end of the period/year	**1,328,824**	**13,288**	1,216,824	12,168
		RMB’000		RMB’000
Equivalent to		**11,562**		10,657

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

(Expressed in Renminbi unless otherwise indicated)

19 Capital, reserves and dividends *(Continued)*

(b) Share capital (Continued)

Notes:

(i) On 16 November 2012, the Company entered into a subscription agreement with ZTE (H.K.) Limited (being a wholly-owned subsidiary of ZTE Corporation) pursuant to which the Company has conditionally agreed to allot and issue, and ZTE (H.K.) Limited has conditionally agreed to subscribe for 112,000,000 subscription shares for a total consideration of HK$201,500,000 (equivalent to approximately RMB162,932,000) at the subscription price of approximately HK$1.80 per subscription share.

The agreement has been completed and 112,000,000 new shares of HK$0.01 each in the Company were duly issued and allotted to ZTE (H.K.) Limited on 15 January 2013.

(ii) In April 2012, 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 approximately RMB1,153,000) was charged to share premium.

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

(Expressed in Renminbi unless otherwise indicated)

20 Disposal of subsidiaries

On 24 May 2013, Beijing All Access, being a subsidiary of the Company, and an individual, being one of the then minority shareholders in Beijing All Access Zhiping, entered into an equity transfer agreement, pursuant to which Beijing All Access disposed 92% equity interest in Beijing All Access Zhiping, representing the Group's then entire equity interest in Beijing All Access Zhiping, for a consideration of RMB18,880,000, which was determined with reference to the net asset value of Beijing All Access Zhiping as at 31 May 2013.

The disposal was completed on 31 May 2013 in accordance with the terms and conditions of the equity transfer agreement. Upon completion of the disposal, Beijing All Access Zhiping and Beijing Gaosheng Times Investment Co., Ltd. ("Beijing Gaosheng Times"), which was 100% owned by Beijing All Access Zhiping, ceased to be subsidiaries of the Company, and the Group also ceased to be interested in 46% equity interests in China Satellite Mobile Multimedia Network Co., Ltd. held by Beijing Gaosheng Times.

20 Disposal of subsidiaries *(Continued)*

The carrying amounts of the assets and liabilities of the above companies disposed of as at the date of disposal were as follows:

	RMB'000
Property, plant and equipment	1,052
Intangible assets	2,070
Interest in an associate	16,485
Goodwill (note 10)	367
Other receivables	107
Cash and cash equivalents	240
Other payables	(1,600)
Net assets	18,721
Less: Non-controlling interests	(1,429)
Disposal of net assets attributable to the Group	17,292
Gain on disposal	1,588
Total consideration	18,880
Representing:	
Cash consideration received	15,104
Cash consideration receivables included in other receivables	3,776
	18,880
Cash consideration received	15,104
Less: cash and cash equivalents of the subsidiaries disposed of	(240)
Net cash inflow in respect of the disposal of subsidiaries	14,864

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

(Expressed in Renminbi unless otherwise indicated)

21 Commitments

(a) *Capital commitments outstanding not provided for in the interim financial report were as follows:*

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Contracted for	**63,402**	125,005

(b) *At 30 June 2013, the total future minimum lease payments under non-cancellable operating leases were payable as follows:*

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Within 1 year	**18,126**	21,641
After 1 year but within 5 years	**18,935**	20,877
After 5 years	**6,645**	328
	43,706	42,846

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 22(a). None of the leases include contingent rentals.

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

(Expressed in Renminbi unless otherwise indicated)

22 Material related party transactions

Name of party	Relationship
Chan Yuen Ming 陳元明	Controlling Shareholder
ZTE Corporation	Controlling Shareholder
Subsidiaries of ZTE Corporation 中興通訊股份有限公司及其子公司 (Together referred to as the "ZTE Group")	Under common control
Shenzhen Zhongxing Xin Telecommunications Equipment Company Limited (note)	Controlling Shareholder
Subsidiaries of Shenzhen Zhongxing Xin Telecommunications Equipment Company Limited 深圳市中興新通訊設備有限公司及其子公司 (Together referred to as the "ZX Group")	Under common control
Associates of the Group 本集團聯營公司	Significant influence

Note: Shenzhen Zhongxing Xin Telecommunications Equipment Company Limited (深圳市中興新通訊設備有限公司), being a limited company established in the PRC, is the controlling shareholder of ZTE Corporation.

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

(Expressed in Renminbi unless otherwise indicated)

22 Material related party transactions *(Continued)*

(a) Material related party transactions

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Sales of goods		
ZTE Group	**1,597,617**	—
ZX Group	**293**	—
	1,597,910	—
Purchases of goods and services		
ZTE Group	**49,673**	—
ZX Group	**9,669**	—
Associates of the Group	**48,278**	—
	107,620	—
Finance cost		
ZTE Group	**13,632**	—
Other revenue		
ZTE Group	**16**	—
Advertising expense		
ZTE Group	**873**	—
Rental expenses		
Mr. Chan Yuen Ming	**91**	91
ZX Group	**921**	—
	1,012	91

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

(Expressed in Renminbi unless otherwise indicated)

22 Material related party transactions *(Continued)*

(b) Material related party balances

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Cash and cash equivalents		
ZTE Group	**1,045**	96,257
Trade receivables		
ZTE Group	**668,048**	679,255
ZX Group	**3**	331
Associates of the Group	—	701
	668,051	680,287
Factored trade receivables		
ZTE Group	—	151,210
Discounted bills receivable		
ZTE Group	**252,326**	246,028
Bills receivable		
ZTE Group	**1,196,224**	599,043
ZX Group	—	1,487
	1,196,224	600,530

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

(Expressed in Renminbi unless otherwise indicated)

22 Material related party transactions *(Continued)*

(b) Material related party balances (Continued)

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Trade payables		
ZTE Group	**15,451**	11,909
ZX Group	**3,002**	7,093
Associates of the Group	**21,994**	19,565
	40,447	38,567
Bills payable		
ZTE Group	**34,624**	—
ZX Group	**15,223**	8,432
Associates of the Group	**26,143**	42,119
	75,990	50,551
Other payables		
ZTE Group	**10,373**	3,952
Deferred consideration payable		
ZTE Group	**398,040**	392,451

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

(Expressed in Renminbi unless otherwise indicated)

22 Material related party transactions *(Continued)*

(b) Material related party balances (Continued)

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Interest-bearing borrowings		
ZTE Group	**150,000**	20,000
Bank advances on discounted bills receivables		
ZTE Group	**44,237**	224,607
Convertible bond		
ZTE Group	**156,083**	—

(c) Guarantee by related party of the Company

As at 30 June 2013, Mr. Chan Yuen Ming has provided a guarantee in respect of the guaranteed note of HK$100,000,000 (approximately RMB79,660,000) (at 31 December 2012: nil).

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

(Expressed in Renminbi unless otherwise indicated)

23 Non-adjusting post balance sheet event

- On 5 July 2013, Shenzhen City Changfei Investment Company Limited, being a 51%-owned subsidiary of the Company, disposed 306,400 listed shares of Jufei (representing approximately 0.13% of the total issued share capital of Jufei) in the open market through the ChiNext of the Shenzhen Stock Exchange for an aggregate consideration of approximately RMB5,287,054 (equivalent to approximately HK$6,692,473) with an average price of approximately RMB17.26 (equivalent to approximately HK$21.85) per share of Jufei. Upon the completion of disposal, the Group ceased to hold any shares in Jufei.

- On 25 July 2013, the Company entered into a subscription agreement with Mr. Chan Yuen Ming and Chance Talent Management Limited (the "Investor") pursuant to which the Company has conditionally agreed to issue, and the Investor has conditionally agreed to subscribe for the one-year convertible notes, which will carry interest at the rate of 8% per annum with an aggregate principal amount of HK$200,000,000 which may be converted into 66,666,666 conversion shares at the conversion price of HK$3.00 per conversion share (subject to adjustment). The subscription was approved by the independent shareholders of the Company on 26 August 2013.

- On 29 July 2013, the Company received the first refund payment as discussed in Note 11(ii) and the remaining balance was received by the Company on 8 August 2013.

- Subsequent to the end of the reporting period, the directors declared an interim dividend. Further details are disclosed in note 19(a).

24 Comparative figures

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

KPMG

Review report to the board of directors of
China All Access (Holdings) Limited
(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 24 to 68 which comprises the consolidated statement of financial position of China All Access (Holdings) Limited (the "Company") as of 30 June 2013 and the related consolidated income statement, statement of comprehensive income and statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

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

Scope of review

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

Review report to the board of directors of
China All Access (Holdings) Limited ***(Continued)***
(Incorporated in the Cayman Islands with limited liability)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2013 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

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