



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

*Intelligent
Solutions
Access for All*

2015

Interim Report



CONTENTS

Corporate Information	2
Management Discussion and Analysis	3
Consolidated Statement of Profit or Loss	30
Consolidated Statement of Profit or Loss and Other Comprehensive Income	31
Consolidated Statement of Financial Position	32
Consolidated Statement of Changes in Equity	35
Condensed Consolidated Cash Flow Statement	36
Notes to the Unaudited Interim Financial Report	38
Review Report to the Board of Directors of China All Access (Holdings) Limited	73

CORPORATE INFORMATION

Directors

Executive Directors

Mr. Chan Yuen Ming
Mr. Shao Kwok Keung
Mr. Xiu Zhi Bao
Mr. Yan Wei
(appointed on 4 August 2015)
Mr. Tian Zheng
(appointed on 4 August 2015)

Non-Executive Director

Mr. Xu Qiang

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

Room 805, Greenfield Tower
Concordia Plaza
1 Science Museum Road
Tsimshatsui
Kowloon
Hong Kong

Registered Office

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



MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the six months ended 30 June 2015, (i) the Group's revenue increased by approximately 2.26% to approximately RMB3,408,631,000 with decrease of revenue from provision of satellite communication application solutions and other services of approximately 50.07%, and the growth of revenue from provision of wireless data communication application solutions and services of approximately 7.78%; (ii) the Group's gross profit decreased by approximately 16.21% to approximately RMB320,461,000 as compared to the corresponding period last year; and (iii) the Group's net profit decreased by approximately 70.93% to approximately RMB37,285,000 as compared to the corresponding period last year.

Since the past several years, the management team has proactively formulated and implemented strategies to reorganise and optimise the Group's business chain and the Group has sought to focus on its competitive business sectors with an aim to enhance the Group's high value-adding ability, strengthen the Group's technology capability and enhance the Group's core competence. Meanwhile, the Group actively expanded the reach to customers across different industries as well as the overseas client base which provided powerful momentum for business growth. Our management believes that the Group has enormous potential for future development, which enabled the Group to attract investment by strategic investors with substantial financial resources. This has further strengthened the Group's capital position, providing favourable conditions for its business development and flexibility for initiating merger and acquisition activities within the industry in the future should suitable opportunity arise.

Satellite Communication Application Solutions and Other Services

Due to the decrease in overall market demand, satellite communication application solutions and other services accounted for approximately 4.66% of the Group's total revenue for the six months ended 30 June 2015 (six months ended 30 June 2014: approximately 9.54%). The lower contribution from this segment was partly attributable to the dramatic revenue growth in its underlying business from its overseas customer in the corresponding period of last year as compared to this reporting period. In terms of industry sectors, this segment's sales were still concentrated in fire services and civil defense, public security, traffic control, and other industries. In terms of sales by geographical distribution, this segment's sales were from more than 20 provinces and municipalities across China, including Hebei, Beijing, Shanghai, Guangdong and Sichuan.

Wireless Data Communication Application Solutions and Services

Wireless data communication application solutions and services accounted for approximately 95.34% of the Group's total revenue for the six months ended 30 June 2015 (six months ended 30 June 2014: approximately 90.46%). Revenue generated from this segment increased by approximately 7.78% to approximately RMB3,249,865,000 as compared to the corresponding period last year (six months ended 30 June 2014 approximately RMB3,015,353,000). The provision of information communication solutions and services accounted for approximately 18.19% of revenue attributable to this segment, while smart terminals and parts accounted for approximately 81.81%.

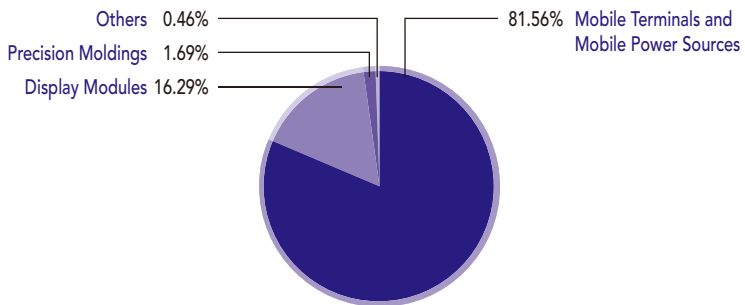
- *Information Communication Solutions and Services*

Revenue from information communication solutions and services is mainly attributable to the sale of integrated circuits components used in terminals, provision of intelligent information terminals and intelligent surveillance systems. During the reporting period, information communication solutions and services generated revenue of approximately RMB591,301,000, an increase of approximately 76.29% as compared with that of the same period in 2014. In the first half of 2015, the Group rapidly responded to market opportunities and realised the sale of integrated circuit components through overseas and local partners. Similar to the corresponding period in 2014, the Group provided intelligent information terminals to clients in various industries, including public security, traffic control, urban management and other industries. In terms of geographical distribution, sales remained focus in Hebei, Beijing and Sichuan. Meanwhile, the Group had continued to devote effort to expand sales coverage to other western provinces and regions in China. With regard to the intelligent surveillance systems business, the deployment of 4G mobile communication technology had contributed to the development of a wider variety of high bandwidth applications. This trend has fueled the demand for intelligent infrastructure from the government and different industries which in turn has given rise to more new projects.

- **Smart Terminals and Parts**

The smart terminals and parts business managed under the wireless data communications segment includes the research and development, manufacturing and sale of mobile terminals, display modules, batteries, chargers, power adapters, casings, keyboards and other new generation mobile terminal products and parts. During the reporting period, this business achieved revenue of approximately RMB2,658,564,000, a decrease of approximately 0.80% as compared with that of the same period in 2014 and contributed 78.00% to the Group's total revenue.

The chart below presents the percentage of contribution of each product category to the revenue of the smart terminals and parts business for the six months ended 30 June 2015:



The smart terminals and parts business is consisted of four parts, including (1) the mobile terminals business principally carried out by Shenzhen Xing Fei Technology Co., Ltd. ("Shenzhen Xingfei"), (2) the mobile power sources business principally carried out by Ruide Electrical Industrial Co. Ltd., which is a subsidiary of Shenzhen Xingfei, (3) the display modules business principally carried out by Lead Communications Co., Ltd ("Lead Communications"), and (4) the precision moldings business principally carried out by Shenzhen Control Electromechanical Co., Ltd..

Mobile terminals business and mobile power sources business

On 14 August 2015, the Board announced that Shenzhen City Changfei Investment Company Limited ("Changfei Investment"), a non wholly-owned subsidiary of the Company, entered into a transaction agreement pursuant to which Changfei Investment has conditionally agreed to sell 54% equity interest in Shenzhen Xingfei to a purchaser (the "Disposal"). Subject to completion, the Disposal will generate an aggregate of RMB702 million (approximately HK\$845.8 million) of cash (before expenses) to the Group and laying a solid foundation for the Group to identify and pursue acquisition targets, including but not limited to targets in the telecom and technology sector which are more oriented towards solution and service provision, that are more in line with its future strategies. Upon completion of the disposal, Changfei Investment will cease to hold any equity interest in Shenzhen Xingfei, and Shenzhen Xingfei and its subsidiaries will cease to be subsidiaries of the Group. Subject to final audit, the Group expects to recognise an estimated gain before tax and non-controlling interest of approximately RMB150-200 million as a result of the disposal, which is calculated on the basis of the difference between the net asset value of Shenzhen Xingfei attributable to the 54% equity interest in Shenzhen Xingfei, a preliminary estimate by the Group's management on the effect of goodwill (subject to valuation at year end) after the disposal and the consideration receivable from the disposal. In addition, it is expected that as a result of the Disposal, the Group's revenue, total assets and total liability will significantly decrease as Shenzhen Xingfei and its subsidiaries will no longer be consolidated in the financial statements of Group. However, the total equity attributable to the Group is expected to increase based on the estimated gains from the Disposal (subject to final audit and valuation of the effect of goodwill). The Group intends to allocate the net proceeds from the Disposal for general corporate usage, investment and merger and acquisition purposes. No specific acquisition target has been identified by the Group up to the latest practicable date prior to the printing this report and the Disposal was not yet completed and was subject to shareholders' and regulatory approval. For further information, please refer to the Company's announcement dated 14 August 2015 and any further announcement(s) or circular(s) to be issued by the Company in relation to the Disposal.

For the six months ended 30 June 2015, the revenue generated from the mobile terminal and mobile power sources businesses in aggregate accounted for approximately 63.61% of the total revenue of the Group.



Display modules business

The display modules business accounted for approximately 12.71% of the total revenue of the Group for the six months ended 30 June 2015, as compared with approximately 23.66% for the same period last year. The key product offerings of the display modules business include small- and medium-size LCD modules and multi-point capacitive touch screens, which are widely used in mobile phones, GPS, mobile TV, tablet computers, digital cameras and other consumer electronics.

Our management believes that the strong research and development capability of Lead Communications is an important competitive advantage. The Group's on-cell touch display integrated module has captured technical distinction as "The Domestic Leading Level" and its in-cell touch display integrated module attained eligibility for the National Development and Reform Commission's 2015 new generation information technology industry project discount loans.

The Group has been exploring full lamination screen technology, which creates a vacuum between screens, and reduces the reflection between the display panel and glass, thus making the screen more transparent to achieve better display effects. Our management believes that this technology will be increasingly used in high-end mobile phones. The Group has also been independently developing fingerprint identification technology and has made preliminary progress. By pursuing innovation, our management believes that the Group will be well-positioned to meet the future demand of the smart phone market and continue to enhance its competitiveness in the industry. The Group has become one of the largest suppliers for a few large-scale brand vendors of mobile handsets in the PRC mainly due to its fine workmanship and advanced manufacturing capability.

Precision moldings business

The precision moldings business accounted for approximately 1.32% of the total revenue of the Group for the six months ended 30 June 2015. The precision moldings business mainly involves plastic injection molding for the plastic shell of high-end electronic products including mobile phone casings and keyboards as well as spraying, printing and assembly services for plastic shells used in high-end electronic products. The market for plastic injection molding for household electrical appliances and electronic communications products is set to gradually expand due to the favourable policies of the PRC government. To adapt to the new market situation, the Group aims to continue to refine workmanship and enhance product innovation for its precision moldings business.

Financial Review

Revenue

Revenue increased from approximately RMB3,333,354,000 for the six months ended 30 June 2014 to approximately RMB3,408,631,000 for the six months ended 30 June 2015, which represented an increase of approximately 2.26%. The increase in revenue during the period under review as compared to the corresponding period last year was mainly attributable to the increase of revenue generated from provision of wireless data communication application solutions and services.

The following sets out the review of the Group's revenue for the six months ended 30 June 2015 by its major business segments:

- Provision of satellite communication application solutions and other services exhibited a decrease in revenue from approximately RMB318,001,000 for the six months ended 30 June 2014 to approximately RMB158,766,000 for the six months ended 30 June 2015, representing a decrease of approximately 50.07%. The decrease was mainly due to the dramatic revenue growth in its underlying business from overseas customer in the corresponding period of last year as compared to this reporting period.
- Provision of wireless data communication application solutions and services exhibited an increase in revenue from approximately RMB3,015,353,000 for the six months ended 30 June 2014 to approximately RMB3,249,865,000 for the six months ended 30 June 2015, representing an increase of approximately 7.78%. The increase was mainly due to enhanced cooperation with overseas and local partners leading to realisation of various sales opportunities.



Gross profit

The Group recorded gross profit of approximately RMB320,461,000 for the six months ended 30 June 2015, which represented a decrease of approximately 16.21% compared to RMB382,480,000 for the corresponding period last year. Meanwhile, the gross profit margin decreased from approximately 11.47% for the six months ended 30 June 2014 to approximately 9.40% for the six months ended 30 June 2015. The changes were mainly due to the following factors in relation to the Group's major business segments:

- Gross profit generated from provision of satellite communication application solutions and other services decreased from approximately RMB118,285,000 for the six months ended 30 June 2014 to approximately RMB71,381,000 for the six months ended 30 June 2015, representing a decrease of approximately 39.65%. Meanwhile, the gross profit margin for the six months ended 30 June 2014 and 30 June 2015 was approximately 37% and 45% respectively. The increase in the gross profit margin was mainly due to the strategy to focus on the domestic market which usually carries a higher gross profit margin as compared to the international market.
- Gross profit generated from provision of wireless data communication application solutions and services decreased from approximately RMB266,204,000 for the six months ended 30 June 2014 to approximately RMB250,787,000 for the six months ended 30 June 2015, representing a decrease of approximately 5.79%. Meanwhile, the gross profit margin for the six months ended 30 June 2014 and 30 June 2015 was approximately 9% and 8% respectively. The decrease in the gross profit margin was mainly attributed to the intensive price competition for the smart terminals and parts business.

Other revenue

Other revenue decreased from approximately RMB8,575,000 for the six months ended 30 June 2014 to approximately RMB6,213,000 for the six months ended 30 June 2015, which represented a decrease of approximately 27.5%. It was mainly attributed to the disposal of the Group's interest in a multimedia digital household network project in the PRC.

Other net (loss)/income

The Group recorded other net loss of approximately RMB63,000 for the six months ended 30 June 2015 as compared with other net income of approximately RMB13,774,000 for the six months ended 30 June 2014. It was mainly due to the disposal of intangible asset "Global Eye" in the corresponding period of 2014.

Distribution costs and administrative expenses

Distribution costs and administrative expenses decreased from approximately RMB143,560,000 for the six months ended 30 June 2014 to approximately RMB134,057,000 for the six months ended 30 June 2015, representing a decrease of approximately 6.6%. The decrease was mainly due to implementation of cost reduction strategy by the Group.

Finance income and finance costs

Finance income increased from approximately RMB38,893,000 for the six months ended 30 June 2014 to approximately RMB54,877,000 for the six months ended 30 June 2015, representing a growth of approximately 41.1%. The increase was attributable to interest income recognized from our financial assets and structured deposit.

Finance costs increased from approximately RMB81,986,000 for the six months ended 30 June 2014 to approximately RMB124,708,000 for the six months ended 30 June 2015, representing a growth of approximately 52.1%. The increase was attributable to change in fair value of derivative component of convertible bonds, increase in interest expenses of convertible bonds and discounted bills receivable. Meanwhile the net finance costs (which is calculated by subtracting the finance income from the finance costs) increased from approximately RMB43,093,000 for the six months ended 30 June 2014 to approximately RMB69,831,000 for the six months ended 30 June 2015, representing an increase of approximately 62.0%.



Income tax

Income tax decreased from approximately RM49,417,000 for the six months ended 30 June 2014 to approximately RMB44,858,000 for the six months ended 30 June 2015, representing a decrease of approximately 9.2%. Meanwhile, the effective tax rate was approximately 54.61% in the first half of 2015 and approximately 27.81% in the corresponding period in 2014. The higher effective tax rate for the six months ended 30 June 2015 was mainly due to tax expenses incurred for group reorganization purposes in relation to Shenzhen Xingfei.

Profit for the period

Profit for the period decreased from approximately RMB128,253,000 for the six months ended 30 June 2014 to approximately RMB37,285,000 for the six months ended 30 June 2015, representing a decrease of approximately 70.93%. The decrease was mainly due to 1) declined order received from the overseas customer in the provision of satellite communication application solutions and other services; 2) the increase of finance cost associated to the change in fair value of derivative component of convertible bond; 3) an increase in tax expenses incurred for group restructuring purposes in relation to Shenzhen Xingfei.

Liquidity and Capital Resources

Liquidity, financial resources and capital structure

As at 30 June 2015, the Group had unrestricted cash and cash equivalents of approximately RMB577,739,000 (as at 31 December 2014: approximately RMB461,783,000) and restricted cash of approximately RMB868,920,000 (as at 31 December 2014: approximately RMB675,692,000). As at 30 June 2015, the Group had borrowings of approximately RMB2,448,815,000 (as at 31 December 2014: approximately RMB2,739,220,000). As at 30 June 2015, the gearing ratio (calculated by dividing total borrowings by total assets) of the Group maintained at a healthy level and was approximately 24.75% (as at 31 December 2014: approximately 27.98%), and the leverage ratio (which is calculated by dividing total liabilities by total assets) of the Group was approximately 62.06% (as at 31 December 2014: approximately 67.05%). As at 30 June 2015, the Group had current assets of approximately RMB8,051,154,000 (as at 31 December 2014: approximately RMB7,209,073,000). The current ratio (which is

calculated by dividing current assets by current liabilities) was approximately 1.51 as at 30 June 2015 whilst the current ratio as at 31 December 2014 was approximately 1.20. The approach of the Board 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 mainly denominated in RMB. Therefore the Group is not exposed to significant foreign currency exchange risks. The Group does not employ any financial instruments for hedging purposes. While the Board does not currently expect future currency fluctuations to materially impact the Group's operations, the Board will review the foreign exchange exposure of the Group from time to time as appropriate.

Capital expenditure

During the period under review, the Group's total capital expenditure amounted to approximately RMB29,373,000 which was mainly due to the payment for the construction of the industrial park in Huizhou, Guangdong Province, the PRC for the Group's use and equipment upgrade attributable to the smart terminals and parts business.

Capital commitment

As at 30 June 2015, the Group had capital commitment amounted to approximately RMB1,511,000 (as at 31 December 2014: approximately RMB43,978,000). The decrease was attributable to the decrease of amount contracted related to the construction of the industrial park in Huizhou, Guangdong Province, the 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 2015, the assets of the Group with the following carrying amounts were pledged, which included: (i) Hong Kong office property of approximately HK\$16,514,000 as security for the outstanding balance of a mortgage loan of approximately HK\$10,341,000; (ii) Guangzhou office property of approximately RMB8,727,000 for the outstanding balance of a mortgage loan of approximately RMB2,473,000; (iii) two pieces of land in Huizhou, Guangdong Province, the PRC, of approximately RMB139,079,000, as security for the outstanding balance of mortgage loan of approximately RMB243,344,000; (iv) bank deposits of RMB313,821,000, as security for outstanding loans of approximately RMB306,800,000; and (v) RMB44,300,000 of the loans were pledged by bills receivable.

Contingent liabilities

As at 30 June 2015, the Group had no material contingent liabilities.

Human Resources

As at 30 June 2015, the Group had approximately 4,386 employees (as at 31 December 2014: approximately 4,896 employees). The decrease in the number of employees was mainly attributable to the (i) centralization of the Group's production facilities and (ii) increased investment in the semi-automation of production lines to replace human by robots.

The Group offered to its employees competitive salary package, as well as contribution to defined contribution retirement plan.

Prospects

It is a long held policy for the Group to seek for a development plan of maximizing shareholders' returns. The Board considers that the disposal of Shenzhen Xingfei (subject to shareholders and regulatory approvals) and its subsidiaries is beneficial to the Group. It will strengthen the balance sheet of the Group and enhance our cash position and our ability to pursue investment opportunities in the future, and the expected proceeds from the disposal of equity interests in Shenzhen Xingfei represents an attractive return on its investment in the mobile terminals business. After completing the disposal, the Group will be able to focus its resources in pursuing businesses with high gross profit, high added value and high technology content, and exploring development opportunities that may generate higher return in the future. We strive to improve our business structure and further strengthen our large-scale comprehensive communication technology platform, so as to maximize synergies.

The future development plan of the Group is divided into four main directions. For the satellite communications business, we intend to focus on certain industries (such as emergency services, public security, security services, fire services, etc.) as major area of promotion, and expand the business to other governmental emergency departments and industries. On the other hand, we intend to leverage the crossover of communication visualization and communication platform development to accelerate the integration of satellite communications mode, 4G communications mode and traditional communications mode and to offer a better solution for various units. For the wireless data communications business, we intend to improve and optimize the development of fire safety and municipal management products (i.e. “消防通” and “城管通”) based on the application of the existing police platform and “Jingwutong” (“警務通”). The application area of police platform is expected to be expanded from market in mid-east region to market in southwest and northwest regions. The application area of Shanghai Fire Alarm System is expected to be pushed forward and further expanded to other cities in the PRC leveraging on its successful experience. From the aspects of technology development and product development, on the police platform front, we intend to improve the Android version of operation platform, commence to develop police security platform and mobile platform, and commence to develop the application shopping mall based on the existing Windows Operating System. On the satellite communications front, we expect to complete the development of the applications of multi-demand version of communications command platform software, network management system software, multi-media integrated communications



platform software, intermediary software connecting office and emergency communications and smart centralized control platform software. In the aspect of 4G, BeiDou and IOT (Internet of Things), we intend to accelerate the integration of 4G and BeiDou industries, and realize the combination of 4G communications mode, BeiDou positioning navigation system and the existing terminal products. It is expected that such development could fulfill the demand from various businesses, such as mobile broadband internet, IOT application, multi-media broadband video, broadband instant messaging, mobile office, data management and so on. The Company will strive to develop an industry park for production of LCD touch display module and an advanced enterprise technology center, in order to fully enhance our technology advancement and innovation capability. We intend to reinforce our foundation for sustainable development, open a new era of production, development and innovations, and become a manufacturer of high-end smart products.

With the continuous expansion of business scope, products range and customer base, the Group is expected to benefit from more development opportunities in the future. The Group will endeavor to continue its growth trajectory to become a domestic first-class integrated information and communication technology enterprise. Looking ahead, with its competitive strengths in the provision of satellite communication application solutions and services, and wireless data communication application solutions and services including the R&D and manufacturing of smart mobile terminals, the Group will continue to strive to optimize its broad-band, cross-platform and professional product offerings so as to achieve growth and increase market share. Management believes that the Group has a positive future outlook through its efforts to develop its core competitiveness under a market environment which is full of opportunities, and that the Group will continue to deliver encouraging results to its shareholders.

Interests and Short Positions of the Directors in Shares, Underlying Shares and Debentures of the Company and Its Associated Corporations

As at 30 June 2015, 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 required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Rules (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange, 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 (Note 5)
Mr. Chan Yuen Ming ("Mr. Chan")	The Company	Interest of a controlled corporation (Note 2)	546,996,000 ordinary shares (L)	30.16%
		Beneficial owner	1,000,000 ordinary shares (L)	0.06%
Mr. Shao Kwok Keung ("Mr. Shao")	The Company	Beneficial owner (Note 3)	9,000,000 ordinary shares (L)	0.50%
Mr. Xiu Zhi Bao ("Mr. Xiu")	The Company	Beneficial owner (Note 4)	7,000,000 ordinary shares (L)	0.39%



Notes:

- (1) The letter "L" denotes a long position in the shares (the "Shares") or underlying Shares of the Company or any of its associated corporations.
- (2) These Shares were held by Creative Sector Limited, the entire issued share capital of which was owned by Mr. Chan, an executive Director. Mr. Chan was deemed to be interested in all the Shares in which Creative Sector Limited was interested by virtue of the SFO.
- (3) On 10 June 2015, a total of 9,000,000 share options (each share option entitling the holder to subscribe for one Share) were granted to Mr. Shao under the share option scheme of the Company. As at 30 June 2015, all these share options remained outstanding.
- (4) On 10 June 2015, a total of 7,000,000 share options (each share option entitling the holder to subscribe for one Share) were granted to Mr. Xiu under the share option scheme of the Company. As at 30 June 2015, all these share options remained outstanding.
- (5) Calculated on the basis of 1,813,927,360 Shares in issue as at 30 June 2015.

Save as disclosed above, as at 30 June 2015, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register maintained by the Company pursuant to section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the Model Code.

Interests and Short Positions of Substantial Shareholders in Shares and Underlying Shares of the Company

As at 30 June 2015, 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 interest of securities Held (Note 1)	Approximate percentage of shareholding (Note 7)
Creative Sector Limited	Beneficial owner	546,996,000 ordinary Shares (L)	30.16%
Asia Equity Value Ltd	Beneficial owner (Note 2)	289,587,675 ordinary Shares (L)	15.96%
	Beneficial owner (Note 2)	29,646,000 ordinary Shares (S)	1.63%
	Security interest in Shares (Note 2)	12,949,742 ordinary Shares (L)	0.72%
Quantum China Asset Management Limited	Investment manager (Note 3)	101,572,000 ordinary Shares (L)	5.60%
Tianan Property Insurance Co., Ltd.	Beneficial owner (Note 4)	117,000,000 ordinary Shares (L)	6.45%
Oriental (Asia) Investment Holdings Limited	Beneficial owner (Note 5)	109,375,000 ordinary Shares (L)	6.03%
Ms. Li Bi	Interest of a controlled corporation (Note 5)	109,375,000 ordinary shares (L)	6.03%
Dundee Greentech Limited	Beneficial owner (Note 6)	362,000,000 ordinary Shares (L)	19.96%
Mr. Liu Hailong	Interest of a controlled corporation (Note 6)	362,000,000 ordinary shares (L)	19.96%



Notes:

- (1) The letter "L" denotes a person's long position in the Shares or underlying Shares and the letter "S" denotes a person's short position in the Shares or underlying Shares.
- (2) Based on the disclosure of interest notice ("DI Notice") filed by Asia Equity Value Ltd under Part XV of the SFO in respect of its interests in Shares and underlying Shares as of 24 June 2015, being the last DI Notice filed by it in respect of its interests in Shares and underlying Shares by 30 June 2015, Asia Equity Value Ltd had long position in 319,631,434 Shares and short position in 29,646,000 Shares. The long position in 319,631,434 Shares comprised (i) beneficial interest in 289,587,675 Shares, of which 273,493,658 Shares were in the form of derivative interests; and (ii) security interest in 12,949,742 Shares. The short position in 29,646,000 Shares comprised derivative interests.

As at 30 June 2015, Asia Equity Value Ltd was interested in convertible notes with a total outstanding principal amount of HK\$217,090,000 (the "AEV Initial Notes") which (together with interest accrued thereon) might be converted into new Shares at the adjusted conversion price of HK\$2.34 per Share (subject to further adjustment). Asia Equity Value Ltd also had a right to subscribe for additional convertible notes in the total principal amount of HK\$170,000,000 (the "AEV Additional Notes") on or before 15 July 2015. The issue and subscription of the AEV Additional Notes was completed on 6 July 2015. Please refer to the circular of the Company dated 2 February 2015 and the announcements of the Company dated 6 July 2015, 8 July 2015 and 17 July 2015 for further information on the AEV Initial Notes and AEV Additional Notes.

- (3) Based on the DI Notice filed by Quantum China Asset Management Limited under Part XV of the SFO in respect of its interests in Shares and underlying Shares as of 8 June 2015, being the last DI Notice filed by it in respect of its interests in Shares and underlying Shares by 30 June 2015, Quantum China Asset Management Limited had long position in 101,572,000 Shares in the capacity of investment manager.
- (4) Based on the DI Notice filed by Tianan Property Insurance Co., Ltd. under Part XV of the SFO in respect of its interests in Shares and underlying Shares as of 3 June 2015, being the last DI Notice filed by it in respect of its interests in Shares and underlying Shares by 30 June 2015, Tianan Property Insurance Co., Ltd. had long position in 117,000,000 Shares in the capacity of beneficial owner.
- (5) Based on the DI Notice filed by each of Oriental (Asia) Investments Holding Limited and Ms. Li Bi under Part XV of the SFO in respect of their respective interests in Shares and underlying Shares as of 25 June 2015, being the last DI Notice filed by each of them in respect of their respective interests in Shares and underlying Shares by 30 June 2015, Oriental (Asia) Investment Holdings Limited had long position in 109,375,000 Shares (all being derivative interests) in the capacity of beneficial owner. Ms. Li Bi was deemed to be interested in all the Shares in which Oriental (Asia) Investment Holdings Limited (a company wholly-owned by Ms. Li Bi) was interested by virtue of the SFO.

On 30 June 2015, Oriental (Asia) Investment Holdings Limited became the registered holder of the convertible bonds in the outstanding principal amount of HK\$350,000,000 (the "Oriental Asia CB") which might be converted into new Shares at the conversion price of HK\$3.177 per Share (subject to further adjustment). Please refer to the Company's announcements dated 30 June 2015 and 8 July 2015 for further information. As set out in the Company's announcement dated 20 July 2015 and the Company's circular dated 24 August 2015, certain amendments to the terms and conditions of the Oriental Asia CB had been proposed which were subject to approval by the shareholders of the Company.

- (6) Based on the DI Notice filed by each of Dundee Greentech Limited and Mr. Liu Hailong under Part XV of the SFO in respect of their respective interests in Shares and underlying Shares as of 9 June 2015, being the last DI Notice filed by each of them in respect of their respective interests in Shares and underlying Shares by 30 June 2015, Dundee Greentech Limited had long position in 362,000,000 Shares (all being derivative interests) in the capacity of beneficial owner. Mr. Liu Hailong was deemed to be interested in all the Shares in which Dundee Greentech Limited (a company wholly-owned by Mr. Liu Hailong) was interested by virtue of the SFO.

As set out in the Company's announcement dated 9 June 2015, the Company and Dundee Greentech Limited entered into a subscription agreement for the issue and subscription of convertible bonds in the total principal amount of HK\$847,080,000 (the "Dundee Greentech CB") which might be converted into new Shares at the conversion price of HK\$2.34 per Share (subject to adjustment). On 10 August 2015, the issue and subscription of the Dundee Greentech CB was completed. Please refer to the Company's announcements dated 9 June 2015 and 10 August 2015 and the Company's circular dated 16 July 2015 for further information.

- (7) Calculated on the basis of 1,813,927,360 Shares in issue as at 30 June 2015.

Save as disclosed above, as at 30 June 2015, no person (other than a Director or chief executive of the Company) had an interest or short position in the Shares or the underlying Shares of the Company that were recorded in the register kept by the Company under Section 336 of the SFO.

Purchase, Sale or Redemption of Listed Securities

During the six months ended 30 June 2015, the Company had repurchased a total of 1,130,000 Shares on the Stock Exchange. All of the repurchased Shares were subsequently cancelled. Details of the repurchases are set out below:

Date of repurchase	Number of Shares Repurchased	Price paid per Share	
		Highest (HK\$)	Lowest (HK\$)
26 January 2015	1,130,000	2.68	2.61



Issue of Securities

During the six months ended 30 June 2015 and up to the latest practicable date prior to the printing of this report, the Company had completed the following fund raising activities through issue of equity or convertible securities:

(A) Issue of HK\$350,000,000 convertible bonds to ZTE (H.K.) Limited, subsequent transfer and proposed amendments

On 23 December 2014, the Company entered into a subscription agreement with ZTE (H.K.) Limited pursuant to which the Company conditionally agreed to issue, and ZTE (H.K.) Limited conditionally agreed to subscribe for, the convertible bonds in the principal amount of HK\$350,000,000 at 100% of the face value of such principal amount with an initial conversion price of HK\$3.20 per Share, subject to adjustments pursuant to the terms and conditions of the convertible bonds. The issue of the convertible bonds was approved by the shareholders of the Company at the extraordinary general meeting held on 5 February 2015 and was completed on 26 February 2015. Please refer to the Company's announcements dated 23 December 2014 and 26 February 2015 and the Company's circular dated 19 January 2015 for further information.

As set out in the Company's announcement dated 8 July 2015, the conversion price of the convertible bonds was adjusted from HK\$3.20 per Share to HK\$3.177 per Share with effect from 8 June 2015.

On 30 June 2015, the entire outstanding principal amount of the convertible bonds in the amount of HK\$350,000,000 was transferred by ZTE (H.K.) Limited to Oriental (Asia) Investment Holdings Limited.

As at the latest practicable date prior to the printing of this report, no conversion of such convertible bonds had been made by Oriental (Asia) Investment Holdings Limited and the entire principal amount of such convertible bonds remained outstanding.

As set out in the Company's announcement dated 20 July 2015 and the Company's circular dated 24 August 2015, there were certain proposed amendments to the terms and conditions of the convertible bonds which were subject to (among others) approval by the shareholders of the Company at the extraordinary general meeting to be held on 16 September 2015. Please refer to the further announcement(s) to be issued by the Company in relation thereto.

The net proceeds of approximately HK\$349 million from the issue of the convertible bonds had been utilized as to (i) HK\$102.5 million for redemption (including payment for outstanding principal and interest) of the HK\$100 million 10% guaranteed notes issued by the Company upon maturity in February 2015; and (ii) the balance for repayment of revolving credit facilities utilized by the Group.

(B) Placing of 130,000,000 Shares under general mandate

On 8 June 2015, pursuant to a placing agreement dated 1 June 2015 entered into between the Company and a placing agent, a total of 130,000,000 Shares at HK\$2.34 per Share were placed to not fewer than six independent placees. Please refer to the Company's announcements dated 1 June 2015 and 8 June 2015 for details of the placing.

The net proceeds of approximately HK\$295 million from the placing were intended to be applied for investment opportunities in the telecom and information technology industry. As at the latest practicable date prior to the printing of this report, the Company had not yet applied the net proceeds and the net proceeds had been placed on short-term deposits with a licensed bank in Hong Kong pending utilization.

(C) Issue of HK\$170,000,000 additional convertible notes to Asia Equity Value Ltd

As set out in the Company's announcement dated 6 July 2015, the Company completed the issue of the additional convertible notes to Asia Equity Value Ltd in the principal amount of HK\$170,000,000 at 100% of the face value of such principal amount with an initial conversion price of HK\$3.07 per Share, subject to adjustments pursuant to the terms and conditions of the convertible notes. The issue of the convertible notes was approved by the shareholders of the Company at the extraordinary general meeting held on 18 February 2015. Please refer to the Company's announcement dated 6 July 2015 and the Company's circular dated 2 February 2015 for further information.

The net proceeds of approximately HK\$169 million had been utilized as to (i) approximately HK\$131 million as pledged bank deposit for securing banking facilities to repay bank credit in the PRC; and (ii) approximately HK\$38 million as prepayment for procurements of wireless communication products by the Group in its ordinary course of business for business development purposes.



(D) Issue of HK\$847,080,000 convertible bonds to Dundee Greentech Limited

On 9 June 2015, the Company entered into a subscription agreement with Dundee Greentech Limited pursuant to which the Company conditionally agreed to issue, and Dundee Greentech Limited conditionally agreed to subscribe for, the convertible bonds in the principal amount of HK\$847,080,000 at 100% of the face value of such principal amount with an initial conversion price of HK\$2.34 per Share, subject to adjustments pursuant to the terms and conditions of the convertible bonds. The issue of the convertible bonds was approved by the shareholders of the Company at the extraordinary general meeting held on 3 August 2015 and was completed on 10 August 2015. Please refer to the Company's announcements dated 9 June 2015 and 10 August 2015 and the Company's circular dated 16 July 2015 for further information.

The net proceeds of approximately HK\$846.6 million from the issue of the convertible bonds were intended to be applied for investment opportunities in the telecom and information technology industry. As at the latest practicable date prior to the printing of this report, the Company had not yet applied the net proceeds and the net proceeds had been placed on short-term deposits with a licensed bank in Hong Kong pending utilization.

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

During the six months ended 30 June 2015 and up to the latest practicable date prior to the printing of this report, the Group had undertaken the following acquisitions and disposals of subsidiaries:

- (i) Disposal of 26% equity interest in Shenzhen Xingfei to its core management

On 13 April 2015, Changfei Investment and 深圳市騰興旺達有限公司 (Shenzhen City Teng Xing Wang Da Co., Ltd.) ("Tengxing Wangda"), a company owned and controlled by the core management of Shenzhen Xingfei, entered into an equity transfer agreement pursuant to which Changfei Investment agreed to transfer, and Tengxing Wangda agreed to accept the transfer of 26% equity interest in Shenzhen Xingfei at a total consideration of RMB234 million. Upon completion of the disposal which took place on 17 April 2015, Changfei Investment's equity

interest in Shenzhen Xingfei decreased from 80% to 54%, while the Tengxing Wangda's equity interest in Shenzhen Xingfei increased from 7.1% to 33.1%. Please refer to the Company's announcement dated 13 April 2015 for further details of this disposal.

- (ii) Disposal of 54% equity interest in Shenzhen Xingfei to 福建實達集團股份有限公司 (Fujian Start Group Co., Ltd.) ("Fujian Start")

On 14 August 2015, Changfei Investment, Tengxing Wangda, 中興通訊股份有限公司 (ZTE Corporation) ("ZTE"), Mr. Chen Feng and 深圳市隆興茂達投資管理有限合夥企業(有限合夥) (Shenzhen Longxing Maoda Investment Management Limited Partnership Enterprise (Limited Liability Partnership) ("Longxing Maoda") and Fujian Start entered into a transaction agreement, pursuant to which (among other matters) Fujian Start has conditionally agreed to purchase the entire equity interest in Shenzhen Xingfei at a total consideration of approximately RMB1,500 million.

Under the terms of the transaction agreement, among other matters:

- (1) Changfei Investment has conditionally agreed to sell the 54% equity interest in Shenzhen Xingfei ("Sale Interest") to Fujian Start for a total consideration of RMB702 million payable wholly in cash; and
- (2) Tengxing Wangda, ZTE, Mr. Chen Feng and Longxing Maoda have conditionally agreed to sell in aggregate 46% equity interest in Shenzhen Xingfei ("Minority Sale Interest") to Fujian Start for a total consideration of RMB798 million payable as to RMB110 million in cash and approximately RMB688 million in consideration shares to be issued by Fujian Start.

The sale and purchase of the Sale Interest and the Minority Sale Interest shall complete simultaneously. Upon completion of the disposal, Changfei Investment will cease to hold any equity interest in Shenzhen Xingfei, and Shenzhen Xingfei and its subsidiaries will cease to be subsidiaries of the Company.



Completion of the disposal is subject to fulfillment of certain conditions precedent (including approval by the shareholders of the Company) which have not yet been fulfilled as at the latest practicable date prior to the printing of this report. Please refer to the Company's announcement dated 14 August 2015 for further details of this disposal. Further announcement(s) in relation to the disposal will be made by the Company as and where appropriate or if required under the Listing Rules.

- (iii) Deemed acquisition of 16.7742% equity interest in Lead Communications by way of capital reduction

On 28 August 2015, Mr. Zhu Wei Min ("Mr. Zhu"), Changfei Investment and Lead Communications entered into the capital reduction agreement in relation to Mr. Zhu's withdrawal of his equity investment in Lead Communications, representing about 16.7742% or RMB1,300,000 of the registered capital of Lead Communications. Pursuant to the terms and conditions of the capital reduction agreement, Mr. Zhu will withdraw his equity investment in Lead Communications by way of a reduction of the registered capital of Lead Communications from RMB7.75 million to RMB6.45 million. The aggregate consideration for the capital reduction payable by Lead Communications to Mr. Zhu is RMB19,562,400. Upon completion of the capital reduction, Mr. Zhu will cease to hold any equity interest in Lead Communications and Changfei Investment will become the 100% holding company of Lead Communications.

Completion of the capital reduction is subject to applicable PRC legal requirements, which have not yet been fulfilled as at the latest practicable date prior to the printing of this report. Please refer to the Company's announcement dated 28 August 2015 for further details of this deemed acquisition.

Share Option Scheme

A share option scheme (the "Share Option Scheme") was conditionally approved by resolutions of the shareholders of the Company on 28 August 2009.

On 10 June 2015, a total of 50,000,000 share options (each share option entitling the holder to subscribe for one Share) were granted to eligible participants including two Directors and the rest were employees of the Group.

Details of the movements in the Company's outstanding share options granted under the Share Option Scheme for the six months ended 30 June 2015 were as follows:

Grantee	Number of Shares in respect of share options					Exercise Period	Exercise price per Share (HK\$)	Closing price per Share on the trading day immediately before the date of grant (HK\$)
	Outstanding as at 1 January 2015	Granted during the six months ended 30 June 2015	Exercised during the six months ended 30 June 2015	Lapsed or cancelled during the six months ended 30 June 2015	Outstanding as at 30 June 2015			
A. Directors								
Shao Kwok Keung	—	3,000,000	—	—	3,000,000	10 June 2016 to 9 June 2019	3.05	3.01
	—	3,000,000	—	—	3,000,000	10 June 2017 to 9 June 2019	3.05	3.01
	—	3,000,000	—	—	3,000,000	10 June 2018 to 9 June 2019	3.05	3.01
Xiu Zhi Bao	—	2,333,333	—	—	2,333,333	10 June 2016 to 9 June 2019	3.05	3.01
	—	2,333,333	—	—	2,333,333	10 June 2017 to 9 June 2019	3.05	3.01
	—	2,333,334	—	—	2,333,334	10 June 2018 to 9 June 2019	3.05	3.01
B. Employees								
In aggregate	—	11,333,333	—	—	11,333,333	10 June 2016 to 9 June 2019	3.05	3.01
		11,333,333	—	—	11,333,333	10 June 2017 to 9 June 2019	3.05	3.01
		11,333,334	—	—	11,333,334	10 June 2018 to 9 June 2019	3.05	3.01
Total	—	50,000,000	—	—	50,000,000			



Compliance with the Corporate Governance Code

Save as disclosed below, during the six months ended 30 June 2015, the Company was in due compliance with the code provisions of the Corporate Governance Code (the “CG code”) as set out in Appendix 14 to the Listing Rules.

Pursuant to E.1.2 of the CG Code, the chairman of the board should attend the annual general meeting. Mr. Chan Yuen Ming, an executive Director and the chairman of the Board, did not attend the annual general meeting of the Company held on 12 June 2015 due to other business engagements and instead, Mr. Shao Kwok Keung, an executive Director and the chief executive officer of the Company, took the chair at the annual general meeting. The Board considers that the arrangement is appropriate as Mr. Chan, as chairman of the Board, is responsible for the Group’s overall business development and strategy whereas Mr. Shao, as chief executive officer, is responsible for the corporate management of the Company. The Board will regularly review the effectiveness of the segregation of roles to ensure its appropriateness under the Group’s prevailing circumstances.

Code of Conduct Regarding Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 to the Listing Rules. The Company has made specific enquiry with all the Directors, and all of them confirmed that they had fully complied with the required standards set out in the Model Code and the Company’s code of conduct regarding securities transactions during the six months ended 30 June 2015.

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 2015.

Interim Dividend

The Board declared the payment of an interim dividend of HK2.5 cents per share for the six months ended 30 June 2015 (for the six months ended 30 June 2014: HK2.5 cents). The interim dividend will be paid to shareholders of the Company whose names appear on the register of members of the Company on 18 December 2015. It is expected that the interim dividend will be paid on or about 30 December 2015.

Closure of Register of Members

The register of members of the Company will be closed from 16 December 2015 to 18 December 2015 (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. In order to qualify for the interim dividend for the six months ended 30 June 2015, 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 A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong for registration not later than 4:00 p.m. on 15 December 2015.

Disclosure Pursuant to Rule 13.21 of the Listing Rules

As disclosed in the announcement of the Company dated 25 July 2013, the Company and Mr. Chan entered into a convertible notes subscription agreement (the "Convertible Notes Subscription Agreement") with Chance Talent Management Limited ("CTM"), pursuant to which the Company agreed to issue, and CTM agreed to subscribe from the Company, convertible notes in the total principal amount of HK\$200,000,000 (the "Convertible Notes"). The issue and subscription of the Convertible Notes was completed on 4 September 2013. As set out in the Company's announcement dated 8 July 2015, the conversion price of the Convertible Notes was adjusted to HK\$2.832 per Share with effect from 29 May 2015. At 30 June 2015, the entire principal amount of the Convertible Notes remained outstanding. On the basis of the adjusted conversion price of HK\$2.832 per Share (subject to further adjustment) and the total outstanding principal amount of the Convertible Notes in the amount of HK\$200,000,000, up to 70,621,468 Shares would be issuable upon the exercise of conversion rights attaching to the Convertible Notes. Pursuant to the amendments to the Convertible Notes as described in the Company's circular dated 15 October 2014, the maturity date of the Convertible Notes has been extended to 4 September 2016.



Pursuant to the Convertible Notes Subscription Agreement, Mr. Chan undertakes that during the term of the Convertible Notes Subscription Agreement and the Convertible Notes:

- (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 held by himself and Creative Sector be free and clear of any encumbrances.

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

As at the latest practicable date prior to the printing of this interim report, the above specific performance obligations continued to subsist.

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

Hong Kong,
31 August 2015

Consolidated statement of profit or loss

for the six months ended 30 June 2015 — unaudited

(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2015 RMB'000	2014 RMB'000
Revenue	3	3,408,631	3,333,354
Cost of sales		(3,088,170)	(2,950,874)
Gross profit		320,461	382,480
Other revenue	4	6,213	8,575
Other net (loss)/income		(63)	13,774
Distribution costs		(21,436)	(18,607)
Administrative expenses		(112,621)	(124,953)
Research and development expenses		(36,551)	(38,651)
Profit from operations		156,003	222,618
Finance income	5(a)	54,877	38,893
Finance costs	5(b)	(124,708)	(81,986)
Loss on disposal of associates		(3,750)	(1,833)
Share of profits less losses of associates		(279)	(22)
Profit before taxation	5	82,143	177,670
Income tax	6	(44,858)	(49,417)
Profit for the period		37,285	128,253
Attributable to:			
Equity shareholders of the Company		32,349	120,073
Non-controlling interests		4,936	8,180
Profit for the period		37,285	128,253
Earnings per share			
Basic (RMB)	7(a)	0.019	0.087
Diluted (RMB)	7(b)	0.019	0.087

The notes on pages 38 to 72 form part of this interim financial report. Details of dividends payable to equity shareholders of the company are set out in note 15(a).

Consolidated statement of profit or loss and other comprehensive income

for the six months ended 30 June 2015 – unaudited

(Expressed in Renminbi)

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Profit for the period	37,285	128,253
Other comprehensive loss for the period (after tax and reclassification adjustments):		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	(1,659)	(2,547)
Total comprehensive income for the period	35,626	125,706
Attributable to:		
Equity shareholders of the Company	30,690	117,526
Non-controlling interests	4,936	8,180
Total comprehensive income for the period	35,626	125,706

The notes on pages 38 to 72 form part of this interim financial report.

Consolidated statement of financial position

at 30 June 2015 — unaudited

(Expressed in Renminbi)

	Note	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Non-current assets			
Property, plant and equipment		542,575	539,803
Intangible assets		175,485	200,830
Goodwill		332,082	332,082
Interest in associates		2,206	28,234
Prepayment for land leases		137,188	137,823
Available-for-sale financial assets	8	587,214	986,714
Trade and other receivables	9	37,737	96,842
Prepayments		—	227,989
Deferred tax assets		28,896	29,397
		1,843,383	2,579,714
Current assets			
Inventories		452,173	579,925
Available-for-sale financial assets	8	478,500	—
Trade and other receivables	9	3,746,442	2,812,065
Prepayments		101,491	698,983
Discounted bills receivable	10	322,227	768,246
Bills receivable	11	800,662	909,379
Restricted cash		868,920	675,692
Bank deposits with original maturities over three months		703,000	303,000
Cash and cash equivalents		577,739	461,783
		8,051,154	7,209,073

Consolidated statement of financial position *(Continued)*

at 30 June 2015 — unaudited

(Expressed in Renminbi)

	Note	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Current liabilities			
Trade and other payables	12	3,353,479	3,551,960
Deferred income		5,673	60,800
Interest-bearing borrowings	13	1,017,359	1,239,792
Convertible bonds	14	173,479	275,657
Bank advances on discounted bills receivable	10	603,224	768,246
Income tax payable		175,357	131,721
		5,328,571	6,028,176
Net current assets			
		2,722,583	1,180,897
Total assets less current liabilities			
		4,565,966	3,760,611
Non-current liabilities			
Interest-bearing borrowings	13	236,371	230,934
Convertible bonds	14	418,382	224,591
Deferred consideration payable		39,049	10,024
Deferred income		87,670	30,505
Deferred tax liabilities		30,111	39,020
		811,583	535,074
NET ASSETS			
		3,754,383	3,225,537

Consolidated statement of financial position *(Continued)*

at 30 June 2015 – unaudited

(Expressed in Renminbi)

	Note	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
CAPITAL AND RESERVES	15		
Share capital		15,400	13,571
Reserves		2,934,899	2,450,375
Total equity attributable to equity shareholders of the Company		2,950,299	2,463,946
Non-controlling interests		804,084	761,591
TOTAL EQUITY		3,754,383	3,225,537

The notes on pages 38 to 72 form part of this interim financial report.

Consolidated statement of changes in equity

for the six months ended 30 June 2015 – unaudited

(Expressed in Renminbi)

	Attributable to equity shareholders of the Company										Non-controlling interests	Total equity
	Share capital	Share premium	Capital redemption reserve	Contributed surplus	Capital reserve	Statutory general reserve	Translation reserve	Share-based compensation reserve	Retained profits	Total		
Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2014	11,562	666,233	95	164,155	152,675	70,645	(16,037)	–	758,398	1,807,726	812,062	2,619,788
Changes in equity for the six months ended 30 June 2014:												
Total comprehensive income for the period	–	–	–	–	–	–	(2,547)	–	120,073	117,526	8,180	125,706
Issuance of shares	15(b)	954	295,452	–	–	–	–	–	–	296,406	–	296,406
Acquisition of non-controlling interests	–	–	–	–	10,506	–	–	–	–	10,506	(75,235)	(64,729)
Dividends approved in respect of the previous year	15(a)	–	(103,507)	–	–	–	–	–	–	(103,507)	–	(103,507)
Balance at 30 June 2014	12,516	858,178	95	164,155	163,181	70,645	(18,584)	–	878,471	2,128,657	745,007	2,873,664
Balance at 1 January 2015	13,571	1,130,936	95	164,155	136,716	78,195	(18,286)	–	958,564	2,443,946	761,591	3,225,537
Changes in equity for the six months ended 30 June 2015:												
Total comprehensive income for the period	–	–	–	–	–	–	(1,659)	–	32,349	30,690	4,936	35,626
Issuance of shares	15(b)	1,026	232,243	–	–	–	–	–	–	233,269	–	233,269
Repurchase of shares	–	(9)	(2,351)	9	–	–	–	–	(9)	(2,360)	–	(2,360)
Issuance of convertible bonds	–	–	–	–	48,307	–	–	–	–	48,307	–	48,307
Issuance of share options	15(c)	–	–	–	–	–	–	947	–	947	–	947
Acquisition of non-controlling interests	–	–	–	–	52,987	–	–	–	–	52,987	(153,623)	(100,636)
Sale of equity interests to non-controlling interests	–	–	–	–	16,721	–	–	–	–	16,721	191,180	207,901
Conversion of convertible bonds	–	812	183,656	–	–	–	–	–	–	184,468	–	184,468
Dividends approved in respect of the previous year	15(a)	–	(78,676)	–	–	–	–	–	–	(78,676)	–	(78,676)
Balance at 30 June 2015	15,400	1,465,808	104	164,155	254,731	78,195	(19,945)	947	990,904	2,950,299	804,084	3,754,383

The notes on pages 38 to 72 form part of this interim financial report.

Condensed consolidated cash flow statement

for the six months ended 30 June 2015 — unaudited

(Expressed in Renminbi)

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Operating activities		
Cash generated from/(used in) operations	112,624	(82,340)
Tax paid	(35,774)	(167,258)
Net cash generated from/ (used in) operating activities	76,850	(249,598)
Investing activities		
Net investment in directional asset management	(79,000)	(108,000)
Return of potential equity investment	227,432	—
Addition of bank deposits with original maturities over three months	(530,000)	(130,000)
Withdrawal of bank deposits with original maturities over three months	130,000	450,000
Proceeds from sale of equity interests to non-controlling interests	234,000	—
Other cash flows generated from/(used in) investing activities	55,390	(1,093,932)
Net cash generated from/(used in) investing activities	37,822	(881,932)

Condensed consolidated cash flow statement (Continued)

for the six months ended 30 June 2015 – unaudited

(Expressed in Renminbi)

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Financing activities		
Net proceeds from issuance of new shares	233,269	296,406
Proceeds from issuance of convertible bonds	276,727	182,574
Proceeds from interest-bearing borrowings	739,458	929,050
Repayment of interest-bearing borrowings	(956,454)	(737,029)
Net cash flows (used in)/generated from other financing activities	(289,438)	303,313
Net cash generated from financing activities	3,562	974,314
Net increase/(decrease) in cash and cash equivalents	118,234	(157,216)
Cash and cash equivalents at 1 January	461,783	671,145
Effect of foreign exchange rates changes	(2,278)	414
Cash and cash equivalents at 30 June	577,739	514,343

The notes on pages 38 to 72 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 31 August 2015.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements of the Company, except for the accounting policy changes that are expected to be reflected in the 2015 annual financial statements. Details of any 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 2014 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”).

Notes to the unaudited interim financial report (Continued)

(Expressed in Renminbi unless otherwise indicated)

1 Basis of preparation (Continued)

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 73 to 74.

The financial information relating to the financial year ended 31 December 2014 that is included in the interim financial report as comparative information does not constitute the company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements.

2 Changes in accounting policies

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the group and the company.

- *Annual Improvements to HKFRSs 2010-2012 Cycle*
- *Annual Improvements to HKFRSs 2011-2013 Cycle*

None of these developments have had a material effect on how the group's results and financial position for the current or prior periods have been prepared or presented. The group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Notes to the unaudited interim financial report (Continued)

(Expressed in Renminbi unless otherwise indicated)

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, 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, manufacture and/or distribution of wireless terminals and equipment, including mobile phones, display modules, batteries, chargers, power adapters, casings, keyboards, integrated circuit chips 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) 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	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
For six months ended 30 June						
Revenue from customers (note)	158,766	318,001	3,249,865	3,015,353	3,408,631	3,333,354
Reportable segment profit	73,696	112,871	118,815	118,753	192,511	231,624
	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Reportable segment assets	541,866	478,895	6,354,985	7,717,952	6,896,851	8,196,847
Reportable segment liabilities	64,507	96,025	4,725,205	5,465,849	4,789,712	5,561,874

Notes to the unaudited interim financial report (Continued)

(Expressed in Renminbi unless otherwise indicated)

3 Segment reporting (Continued)

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

Note: Revenue from customers (including related parties) amounting to 10 percent or more of the revenue is set out below:

For six months ended 30 June	Provision of wireless data communication application solutions and services	
	2015 RMB'000	2014 RMB'000
Customer A	736,543	300,966
Customer B	721,626	1,210,893
Customer C	555,121	—
	2,013,290	1,511,859

(b) Reconciliations of reportable segment profit or loss

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Reportable segment profit derived from the Group's customers	192,511	231,624
Other revenue	6,213	8,575
Other net (loss)/income	(63)	13,774
Finance income	54,877	38,893
Finance costs	(124,708)	(81,986)
Loss on disposal of associates	(3,750)	(1,833)
Share of profits less losses of associates	(279)	(22)
Unallocated depreciation and amortisation	(1,902)	(1,882)
Unallocated head office and corporate expenses	(40,756)	(29,473)
Consolidated profit before taxation	82,143	177,670

Notes to the unaudited interim financial report (Continued)

(Expressed in Renminbi unless otherwise indicated)

4 Other revenue

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Government grants	2,463	2,914
Others	3,750	5,661
	6,213	8,575

Government grants for the six months ended 30 June 2015 and 2014 primarily represented grants related to income from the government. There is no assurance that the Group will continue to receive such grants in the future.

5 Profit before taxation

Profit before taxation is arrived at after:

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
(a) Finance income		
Interest income from bank deposits	12,960	8,453
Interest income from structured deposits	10,558	5,169
Interest income from entrusted loans	905	3,458
Interest income from debt factoring receivables	—	9,177
Interest income from directional asset management	30,454	12,052
Change in fair value of derivative component of convertible bond	—	584
	54,877	38,893

Notes to the unaudited interim financial report (Continued)

(Expressed in Renminbi unless otherwise indicated)

5 Profit before taxation (Continued)

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
(b) Finance costs		
Interest expenses:		
— Interest-bearing borrowings	45,639	48,087
— Convertible bonds	31,716	18,575
— Factored trade receivables, discounted bills receivable and letter of credit	28,218	15,043
— Discount of deferred consideration payable	—	3,959
— Change in fair value of derivative component of convertible bond	20,266	—
Bank charges and others	3,204	4,265
Less: interest expense capitalised into property, plant and equipment	(4,335)	(7,943)
	124,708	81,986

Notes to the unaudited interim financial report (Continued)

(Expressed in Renminbi unless otherwise indicated)

5 Profit before taxation (Continued)

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
(c) Other items		
Cost of inventories	3,072,101	2,927,065
Depreciation of property, plant and equipment	22,342	13,835
Amortisation of intangible assets	25,345	33,287
Amortisation of land lease prepayments	635	574
Inventory write-down	5,119	11,301
Reversal of write-down of inventories (Reversal)/impairment loss on trade and other receivables, net	(376)	—
	(4,858)	6,008

6 Income tax

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Current tax — Hong Kong Profits Tax	9,637	9,562
Current tax — PRC corporate income tax ("CIT")	43,629	51,542
Deferred taxation	(8,408)	(11,687)
	44,858	49,417

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.
- (b) The Company, All Access Global Limited (“CAA HK”) and CAA BVI are recognised as Hong Kong tax resident enterprises, hence they are subject to Hong Kong Profits Tax with the standard Hong Kong Profits Tax rate of 16.5%.
- (c) Certain PRC subsidiaries of the Group are qualified High and New Technology Enterprises (“HNTEs”) and entitled to the preferential tax rate of 15%.

Management is of the view that the above qualified HNTEs will continue their status upon renewal for 3 years from their respective years of approval.

- (d) Other PRC subsidiaries of the Group are subject to standard PRC CIT rate of 25% (for the six months ended 30 June 2014: 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 2015 is based on the profit attributable to ordinary equity shareholders of the Company of RMB32,349,000 (six months ended 30 June 2014: RMB120,073,000) and the weighted average of 1,688,855,000 ordinary shares (six months ended 30 June 2014: 1,375,233,000 ordinary shares) in issue during the interim period.

(b) Diluted earnings per share

The calculation of diluted earnings per share for the six months ended 30 June 2015 is based on the profit attributable to ordinary equity shareholders of the Company of RMB32,349,000 (six months ended 30 June 2014: RMB120,073,000) and the diluted weighted average of 1,688,855,000 ordinary shares (six months ended 30 June 2014: 1,375,233,000 ordinary shares). No adjustment has been made to the basic earnings per share amount presented for the reporting period in respect of a dilution as the impact of the conversion of the convertible bonds issued and issuance of share options would have had an anti-dilutive effect on the basic earnings per share.

Notes to the unaudited interim financial report (Continued)

(Expressed in Renminbi unless otherwise indicated)

8 Available-for-sale financial assets

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Available-for-sale		
– Directional asset management (note)	1,061,500	982,500
– Unlisted equity securities	4,214	4,214
	1,065,714	986,714

Note:

On 29 May 2013, a subsidiary of the Company entered into a contract of non-principal guarantee directional asset management plan with a 3 year maturity period with a securities company listed in Shanghai Stock Exchange. The fair value of the financial asset as at 30 June 2015 is RMB478,500,000 (31 December 2014: RMB782,500,000).

On 29 December 2014, another subsidiary of the Company entered into a contract of non-principal guarantee directional asset management plan with a 5 year maturity period with the same securities company. The fair value of the financial asset as at 30 June 2015 is RMB583,000,000 (31 December 2014: RMB200,000,000).

Notes to the unaudited interim financial report (Continued)

(Expressed in Renminbi unless otherwise indicated)

9 Trade and other receivables

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Non-current		
Trade receivables	—	54,234
Entrusted loans (note (iii))	10,000	10,000
Rental deposits	3,113	3,008
Other receivables from disposal of associates (note (ii))	24,600	29,600
Others	24	—
	37,737	96,842
Current		
Trade receivables due from related parties (note 19(b))	791,112	505,306
Other trade receivables	2,316,255	1,709,001
Less: Allowance for doubtful debts	(85,050)	(91,878)
	3,022,317	2,122,429
Other receivables and deposits (note (i))	651,649	623,674
Other receivables from disposal of associates (note (ii))	11,429	6,429
Entrusted loans (note (iii))	10,000	10,000
Performance guarantee deposit	30,000	30,000
Interest receivables	21,047	19,533
	3,746,442	2,812,065

Notes to the unaudited interim financial report (Continued)

(Expressed in Renminbi unless otherwise indicated)

9 Trade and other receivables (Continued)

Notes:

- (i) As at 30 June 2015, RMB560,000,000 of other receivables and deposits were structured deposits in a commercial bank, with maturity periods of 12 months. The deposits could be withdrawn prior to maturity.
- (ii) As at 30 June 2015, the other receivables from disposal of associates represents the remaining balance of consideration for the disposal of associates to Mr. Zhu Wei Min ("Mr. Zhu"), a shareholder of Shenzhen City Changfei Investment Company Limited ("Changfei Investment") and Lead Communications Co., Ltd ("Lead Communications") holding over 10% equity interest in Lead Communications and a director of a non-wholly-owned subsidiary of the Company. A total amount of RMB36,029,000 will be received by instalment till 2019.
- (iii) As at 30 June 2015, RMB20,000,000 of entrusted loans were provided by a non-wholly owned subsidiary of the Group to a third party through a commercial bank. RMB10,000,000 is due on 3 July 2015 and RMB10,000,000 is due on 15 July 2016. The Group did not obtain collateral from the third party.

For certain contracts, retention money representing 5% to 10% of the contract amount is not due until the warranty period expired, which varies from one year to three years. Included in trade receivables as at 30 June 2015 are retention money of RMB9,040,000 (31 December 2014: RMB9,040,000).

Notes to the unaudited interim financial report (Continued)

(Expressed in Renminbi unless otherwise indicated)

9 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 (or date of revenue recognition, if earlier) and net of allowance for doubtful debts, is as follows:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Within 1 month	1,762,126	1,324,179
1 to 2 months	358,004	312,984
2 to 3 months	103,428	91,487
3 to 6 months	143,068	47,009
Over 6 months	655,691	401,004
Trade receivables, net of allowance for doubtful debts	3,022,317	2,176,663

10 Discounted bills receivable

At 30 June 2015, the Group has discounted its bills receivable of RMB13,740,000 (at 31 December 2014: RMB193,903,000) to banks and RMB308,487,000 (at 31 December 2014: RMB574,343,000) to a subsidiary of ZTE Corporation with recourse. Advances from banks and a subsidiary of ZTE Corporation received by the Group totalled RMB603,224,000 (at 31 December 2014: RMB768,246,000) were recognised as liabilities.

By the end of reporting period, bills receivable amounted to RMB487,400,000 (at 31 December 2014: RMB218,171,000) were derecognised as the Group determined that it has transferred substantially all risks and rewards relating to these bills.

Notes to the unaudited interim financial report (Continued)

(Expressed in Renminbi unless otherwise indicated)

11 Bills receivable

At 30 June 2015, bills receivable amounted to RMB800,662,000 (at 31 December 2014: RMB909,379,000) included bank acceptance bills of RMB94,185,000 (at 31 December 2014: RMB215,287,000) were pledged as security to issue bills payable for operating use and bills receivable of RMB418,115,000 (at 31 December 2014: RMB446,839,000) 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 bills received date is as follows:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Within 1 month	213,109	270,335
1 to 2 months	201,307	201,327
2 to 3 months	208,103	159,795
3 to 6 months	178,143	277,922
Bills receivable	800,662	909,379

Notes to the unaudited interim financial report (Continued)

(Expressed in Renminbi unless otherwise indicated)

12 Trade and other payables

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Trade payables due to related parties (note 19(b))	455,888	42,658
Bills payable due to related parties (note 19(b))	26,664	20,294
Other trade and bills payable	2,385,363	3,123,435
Trade and bills payable	2,867,915	3,186,387
Other payables and accruals	466,360	349,298
Financial liabilities measured at amortised cost	3,334,275	3,535,685
Receipts in advance	19,204	16,275
	3,353,479	3,551,960

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

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Within 1 month	855,973	987,338
1 to 3 months	913,319	1,166,017
3 to 6 months	968,316	890,062
Over 6 months but within 1 year	18,491	83,576
Over 1 year	111,816	59,394
	2,867,915	3,186,387

Notes to the unaudited interim financial report (Continued)

(Expressed in Renminbi unless otherwise indicated)

13 Interest-bearing borrowings

At 30 June 2015, the interest-bearing borrowings comprise of:

	Note	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Credit loans	(i)	495,000	892,500
Mortgage loans	(ii)	253,972	261,036
Guaranteed loans	(iii)	130,000	118,000
Guaranteed note	(iv)	—	78,890
Pledged loans	(v)	351,100	120,300
Corporate bonds	(vi)	23,658	—
Total interest-bearing borrowings		1,253,730	1,470,726

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

Notes:

- (i) At 30 June 2015, RMB495,000,000 (at 31 December 2014: RMB892,500,000) of credit loans were provided by commercial banks. The annual interest rate of the above loans ranged from approximately 5.10%-7.50%. The principals are repayable within one year.
- (ii) At 30 June 2015, RMB243,344,000 (at 31 December 2014: RMB250,000,000) of the loans were secured by two pieces of land of the Group with carrying value of approximately RMB139,079,000 (at 31 December 2014: approximately RMB139,781,000).

At 30 June 2015, RMB10,628,000 (at 31 December 2014: RMB11,036,000) of the loans were secured by the Group's buildings with carrying value of approximately RMB21,750,000 (at 31 December 2014: approximately RMB22,055,000), of which HK\$10,341,000 (approximately RMB8,155,000) (at 31 December 2014: HK\$10,572,000, approximately RMB8,340,000) of the loans were guaranteed by the Company (see note (18)).

Notes to the unaudited interim financial report (Continued)

(Expressed in Renminbi unless otherwise indicated)

13 Interest-bearing borrowings (Continued)

Notes: (Continued)

- (iii) At 30 June 2015, RMB100,000,000 and RMB30,000,000 of the loans was guaranteed by a subsidiary of the Company. The principal is repayable in one year and the interest rate is charged at 5.89% and 6.34%.
- (iv) At 31 December 2014, the guaranteed note amounting to HK\$100,000,000 (approximately RMB78,890,000) which was issued to Chance Talent Management Limited ["CTM", a subsidiary of a substantial shareholder of Changfei Investment at the time] was guaranteed by Mr. Chan Yuen Ming, an executive director of the Company. In February 2015, the guarantee note was repaid by the Group.
- (v) At 30 June 2015, RMB116,000,000 (at 31 December 2014: RMB116,000,000) of the loans were pledged by bank deposits of the Group with carrying value of HK\$150,000,000 (approximately RMB118,906,000). The principal is due in 2015 with the interest rate charged at 5.43%.

At 30 June 2015, RMB190,800,000 (at 31 December 2014: nil) of the loans were pledged by bank deposits of the Group with carrying value of RMB194,915,000. The principal is due in 2016 with the interest rate charged at 5.39%.

At 30 June 2015, RMB44,300,000 (at 31 December 2014: RMB4,300,000) of the loans were pledged by bills receivables of the Group.
- (vi) At 30 June 2015, HK\$30,000,000 (approximately RMB23,658,000) (at 31 December 2014: nil) of corporate bonds were issued. The principal is repayable in five years with 5% coupon rate.

Notes to the unaudited interim financial report (Continued)

(Expressed in Renminbi unless otherwise indicated)

14 Convertible bonds

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 RMB158,419,000) with a maturity of two years and interest rate of 10%. On 14 January 2015, ZTE (H.K.) Limited converted 92,177,493 conversion shares of the convertible bonds (principal amount of HK\$201,500,000) at HK\$2.186 per conversion share.

On 4 September 2013, the Company issued a tranche of convertible bond to CTM for the principal amount of HK\$200,000,000 (approximately RMB157,240,000) with a maturity of one year and interest rate of 8%. 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\$3.00 per share. On 10 September 2014, the Company, Mr. Chan Yuen Ming and CTM entered into the supplemental deed pursuant to which the parties agreed to extend the maturity date of convertible bonds from 4 September 2014 to 4 September 2016. Following the completion of the placing and subscription of new shares by the Company on 8 June 2015, the conversion price of the convertible bond is adjusted to HK\$2.832 per share.

On 23 December 2014, the Company entered into the subscription agreement with ZTE (H.K.) Limited, pursuant to which the Company has conditionally agreed to allot and issue, and ZTE (H.K.) Limited has conditionally agreed to subscribe for the convertible bonds in the principal amount of HK\$350,000,000 at the conversion price of HK\$3.20 per conversion share (subject to adjustment). On 26 February 2015, the Company has completed the issuance and the proceeds from issuance of these convertible bonds of HK\$350,000,000 were received. Following the completion of the placing and subscription on 8 June 2015, the conversion price of the convertible bond is adjusted to HK\$3.177 per share. On 30 June 2015, ZTE (H.K.) Limited has transferred all the convertible bonds to a third party company — Oriental (Asia) Investment Holdings Limited. This is the transaction between ZTE (H.K.) Limited and Oriental (Asia) Investment Holdings Limited and there were no changes in the terms of the convertible bond as a result of the transfer.

Notes to the unaudited interim financial report (Continued)

(Expressed in Renminbi unless otherwise indicated)

14 Convertible bonds (Continued)

On 27 June 2014, the Company issued a tranche of convertible bond to Asia Equity Value Ltd for the principal amount of HK\$230,000,000 (approximately RMB182,574,000) with a maturity of 27 months and interest rate of 7.5% per annum. The Company will redeem, in eight equal installments, the principal amount of such convertible bond at 100% of such principal amount together with any accrued but unpaid interest thereto. 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\$3.35 per share. Pursuant to the convertible bond agreement, Asia Equity Value Ltd can subscribe additional note of HK\$170,000,000 on or before 15 January 2015. At the Company's option, the eight installments may be paid (i) wholly in cash, or (ii) wholly in shares, or (iii) in a combination of cash and shares if the trigger events for option to settle in shares occur. In respect of the first four installments, Asia Equity Value Ltd may elect to defer part or all of such installments so that such amount deferred shall be consolidated with the next succeeding installment.

On 8 January 2015, the Company, CAA BVI and Asia Equity Value Ltd have conditionally agreed to extend the date up to which Asia Equity Value Ltd or the Company may issue the additional notes from 15 January 2015 to 15 July 2015, which is approved by shareholders on 18 February 2015. On 27 March 2015, the Company repaid the installment and interest in shares, which was disclosed in note 15(b)(i). Following the completion of the placing and subscription of new shares by the Company on 8 June 2015, the conversion price of the convertible bond is adjusted to HK\$2.34 per share.

Notes to the unaudited interim financial report (Continued)

(Expressed in Renminbi unless otherwise indicated)

15 Capital, reserves and dividends

(a) Dividends

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

	2015	2014
	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 2014: HK2.5 cents per ordinary share)	45,562	36,221
	RMB'000	RMB'000
Equivalent to	37,561	28,811

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)

15 Capital, reserves and dividends (Continued)

(a) Dividends (Continued)

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

	Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Final dividend attributable to the financial year ended 31 December 2014, approved during the following interim period, of HK5.5 cents per ordinary share (for the year ended 31 December 2013: HK5.5 cents per ordinary share)	99,766	79,685
	RMB'000	RMB'000
Equivalent to	78,676	63,254

	Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Special dividend attributable to the financial year ended 31 December 2013, approved during the following interim period, of HK3.5 cents per ordinary share	—	50,709
	RMB'000	RMB'000
Equivalent to	—	40,253

The final dividend attributable to the financial year ended 31 December 2014 was approved at the annual general meeting held on 12 June 2015.

Notes to the unaudited interim financial report (Continued)

(Expressed in Renminbi unless otherwise indicated)

15 Capital, reserves and dividends (Continued)

(b) Share capital

	At 30 June 2015		At 31 December 2014	
	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	1,582,156	15,821	1,328,824	13,288
Repurchase of shares	(1,130)	(11)	—	—
Conversion of convertible bonds (note (i))	102,901	1,029	—	—
Issuance of shares (note (ii))	130,000	1,300	253,332	2,533
At the end of the period/year	1,813,927	18,139	1,582,156	15,821
		RMB'000		RMB'000
Equivalent to		15,400		13,571

Notes to the unaudited interim financial report (Continued)

(Expressed in Renminbi unless otherwise indicated)

15 Capital, reserves and dividends (Continued)

(b) Share capital (Continued)

Note:

- (i) On 14 January 2015, ZTE (H.K.) Limited converted the convertible bonds in the principal amount of HK\$201,500,000 and a total of 92,177,493 conversion shares were allotted and issued at HK\$2.186 per conversion share. After the conversion, all the convertible bonds issued by the Company in accordance with the subscription agreement have been converted.

On 26 February 2015, approximately HK\$11,566,525 due under the convertible bonds subscribed by Asia Equity Value Ltd (comprising repayment of quarterly instalment of HK\$2,910,000 and interests of approximately HK\$8,656,525) was repaid by 4,951,423 shares (HK\$2.336 per share).

On 27 March 2015, the Company allotted and issued in aggregate 5,772,444 shares to Asia Equity Value Ltd to repay in aggregate approximately HK\$14,257,938 (comprising repayment of quarterly instalment of HK\$10,000,000 and interests of HK\$4,257,938) due under the convertible bonds. The issue price for such shares was HK\$2.47 per share.

- (ii) On 8 June 2015, the Company issued 130,000,000 placing shares to not less than six places at the placing price of HK\$2.34 per placing share.

(c) Equity settled share-based transactions

On 10 June 2015, 50,000,000 share options were granted to the Group's directors and employees under the Company's share option scheme (no share options were granted during the six months ended 30 June 2014). Each option gives the holder the right to subscribe for one ordinary share of the Company. The exercise price is \$3.05 per share, being closing price of the share on the date of grant. The share options shall be exercisable at any time during the period from 10 June 2016 to 9 June 2019 (both dates inclusive) in the following manner:

- (i) one-third of the share options shall be exercisable for the period from 10 June 2016 to 9 June 2019;

Notes to the unaudited interim financial report (Continued)

(Expressed in Renminbi unless otherwise indicated)

15 Capital, reserves and dividends (Continued)

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

- (ii) one-third of the share options shall be exercisable for the period from 10 June 2017 to 9 June 2019; and
- (iii) one-third of the share options shall be exercisable for the period from 10 June 2018 to 9 June 2019.

No options were exercised during the six months ended 30 June 2015.

16 Fair value measurement of the financial instruments

(a) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following presents the fair value of financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available;
- Level 3 valuations: Fair value measured using significant unobservable inputs.

Notes to the unaudited interim financial report (Continued)

(Expressed in Renminbi unless otherwise indicated)

16 Fair value measurement of the financial instruments (Continued)

(a) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

As at 30 June 2015, the fair value of embedded and bifurcated financial derivatives related to the convertible bonds of the Group and the Company categorised into Level 2 of fair value hierarchy amounts to RMB35,707,000, which is determined using trinomial tree option pricing model and Monte Carlo simulation. The directional asset management plans are also categorised into Level 2 of fair value hierarchy. The unobservable input used in the fair value measurement is expected to be insignificant.

(b) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's and the Company's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2014 and 30 June 2015.

17 Commitments

Capital commitments outstanding not provided for in the interim financial report were as follows:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Contracted for	1,511	43,978

Notes to the unaudited interim financial report (Continued)

(Expressed in Renminbi unless otherwise indicated)

18 Contingent liabilities

Financial guarantee issued

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

As at 30 June 2015, the directors do not consider it probable that a claim will be made against the Company under the guarantee. The maximum liability of the Company as at 30 June 2015 under the guarantee was the total outstanding amount of the loan of approximately HK\$10,341,000 (equivalent to approximately RMB8,155,000) (31 December 2014: approximately HK\$10,572,000, equivalent to approximately RMB8,340,000).

19 Material related party transactions

Name of party	Relationship
Chan Yuen Ming 陳元明	Controlling Shareholder
ZTE Corporation	Shareholder with influence
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")	Subsidiaries of Shareholder
Shenzhen Zhongxing Xin Telecommunications Equipment Company Limited (note (i))	Shareholder with influence
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")	Subsidiaries of Shareholder

Notes to the unaudited interim financial report (Continued)

(Expressed in Renminbi unless otherwise indicated)

19 Material related party transactions (Continued)

Name of party	Relationship
Shenzhen Tengxing Wangda Limited 深圳市騰興旺達有限公司 (referred to as "Tengxing Wangda")	A company owned by core management of a non-wholly owned subsidiary
Associates of the Group 本集團聯營公司	Significant influence
Chance Talent Management Limited ("CTM")	Note (ii)

Notes:

- (i) 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.
- (ii) In 2013, the Company entered into two subscription agreements with CTM in respect of a guaranteed note and a convertible bond. The details of the transactions and relationship are disclosed in note 9 and 14.

Notes to the unaudited interim financial report (Continued)

(Expressed in Renminbi unless otherwise indicated)

19 Material related party transactions (Continued)

(a) Material related party transactions

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Sales of goods and rendering of services		
ZTE Group	1,260,128	1,274,923
Purchases of goods and services		
ZTE Group	384,233	26,198
ZX Group	7,116	16,219
Associates of the Group	10,460	24,610
	401,809	67,027
Finance cost		
ZTE Group	10,946	15,348
CTM	7,580	12,838
	18,526	28,186
Professional expenses		
ZTE Group	428	1,366
Rental expenses		
Mr. Chan Yuen Ming	91	91
ZX Group	—	876
	91	967

Notes to the unaudited interim financial report (Continued)

(Expressed in Renminbi unless otherwise indicated)

19 Material related party transactions (Continued)

(a) Material related party transactions (Continued)

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Capital injection received by a subsidiary of the Company from ZTE Group	—	3,000
Acquisition of non-controlling interests from ZX Group	37,311	39,621
Sales of equity interests to Tengxing Wangda (note)	234,000	—

Note:

In April 2015, Changfei Investment sold its 26% equity interest in Shenzhen Xingfei Technology Co., Ltd ("Shenzhen Xingfei") to Tengxing Wangda with consideration amounted to RMB234,000,000. Upon the disposal of non-controlling interest, Changfei Investment's equity interest in Shenzhen Xingfei decreased from 80% to 54%. As the disposal does not result in the loss of control, it is accounted for as an equity transaction.

Notes to the unaudited interim financial report (Continued)

(Expressed in Renminbi unless otherwise indicated)

19 Material related party transactions (Continued)

(b) Material related party balances

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Trade receivables		
ZTE Group	790,639	504,904
ZX Group	470	402
Associates of the Group	3	—
	791,112	505,306
Other receivables		
ZTE Group	36	125
ZX Group	—	4,500
	36	4,625
Discounted bills receivable issued by ZTE Group	289,262	627,311
Bills receivable discounted to ZTE Group	308,487	574,343
Bills receivable ZTE Group	603,615	759,885
Trade payables		
ZTE Group	436,839	9,262
ZX Group	5,899	6,944
Associates of the Group	13,150	26,452
	455,888	42,658

Notes to the unaudited interim financial report (Continued)

(Expressed in Renminbi unless otherwise indicated)

19 Material related party transactions (Continued)

(b) Material related party balances (Continued)

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Bills payable		
ZTE Group	17,983	3,940
ZX Group	8,681	16,354
	26,664	20,294
Other payables		
ZTE Group	9,106	7,921
ZX Group	36,198	11,887
	45,304	19,808
Deferred consideration payable		
ZX Group	7,923	7,923
Interest-bearing borrowings		
ZTE Group	122,398	389,870
CTM	—	78,890
	122,398	468,760
Bank advances on discounted bills receivable		
ZTE Group	308,487	574,343
Convertible bonds		
ZTE Group	—	158,560
CTM	157,720	157,777
	157,720	316,337

Notes to the unaudited interim financial report (Continued)

(Expressed in Renminbi unless otherwise indicated)

20 Non-adjusting post balance sheet events

- (a) On 6 July 2015, the Company has issued, and Asia Equity Value Ltd has subscribed for, the additional notes in the principal amount of HK\$170,000,000 for cash consideration of HK\$170,000,000, representing 100% of the face value of the additional notes.
- (b) On 9 June 2015, the Company entered into the subscription agreement with Dundee Greentech Limited pursuant to which the Company has conditionally agreed to issue, and the subscriber has conditionally agreed to subscribe for, the convertible bonds in the principal amount of HK\$847,080,000 at 100% of the face value of such principal amount, which may be converted into 362,000,000 conversion shares at the conversion price of HK\$2.34 per conversion share (subject to adjustment). The conditions precedent for completion have been fulfilled and the completion took place on 10 August 2015.
- (c) On 20 July 2015, the Company entered into the supplemental deed with Oriental (Asia) Investment Holdings Limited pursuant to which the parties conditionally agreed to the proposed amendments to the terms and conditions of the convertible bonds, which include:
 - (i) extension of the maturity date of the convertible bonds from 26 February 2017 to 26 February 2018;
 - (ii) change of the redemption provisions of the convertible bonds, so that no partial redemption on yearly basis will be made and instead a full redemption of the then outstanding principal amount of the convertible bonds (if any) will be made on the extended maturity date of 26 February 2018;
 - (iii) deletion of the interest accrual provisions of the convertible bonds, so that the convertible bonds will be interest-free from the date of issue and no interest will be payable by the Company to the bondholder(s) thereunder (including any interest notionally accrued and unpaid prior to the proposed amendments taking effect);

Notes to the unaudited interim financial report (Continued)

(Expressed in Renminbi unless otherwise indicated)

20 Non-adjusting post balance sheet events (Continued)

- (c) (Continued)
- (iv) change of the period during which the bondholder(s) may exercise the conversion rights attaching to the convertible bonds, so that such conversion rights may be exercised from the date falling on six months after the date of issue of the convertible bonds (i.e. 26 August 2015) up to the extended maturity date (i.e. 26 February 2018);
 - (v) one-off adjustment of the conversion price to HK\$2.34 per conversion share; and
 - (vi) change of the conversion price adjustment provisions of the convertible bonds, so that only consolidation or sub-division of shares (but no other events or circumstances) will trigger any further adjustment to the conversion price.
- (d) On 17 July 2015, the Company has received a notice from Asia Equity Value Ltd for the exercise of the conversion rights attaching to the initial notes in respect of the principal amount of HK\$20,000,000 of the initial notes at the conversion price of HK\$2.34 per conversion share, and a total of 8,547,008 conversion shares were allotted and issued to Asia Equity Value Ltd.
- (e) On 14 August 2015, Changfei Investment, a non-wholly owned subsidiary of the Company, entered into the transaction agreement with the purchaser and the other shareholders of Shenzhen Xingfei, pursuant to which Changfei Investment has conditionally agreed to sell 54% equity interest in Shenzhen Xingfei to the purchaser for a total cash consideration of RMB702 million (approximately HK\$845.8 million), subject to shareholders' and regulatory approval.

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

(Expressed in Renminbi unless otherwise indicated)

20 Non-adjusting post balance sheet events (*Continued*)

- (f) On 28 August 2015, Mr. Zhu, Changfei Investment and Lead Communications entered into the capital reduction agreement in relation to Mr. Zhu's withdrawal of his equity investment in Lead Communications (representing about 16.7742% or RMB1,300,000 of the registered capital of Lead Communications). The aggregate consideration is RMB19,562,400. Upon completion of Mr. Zhu's withdrawal, Lead Communications will become wholly owned by Changfei Investment.

- (g) Subsequent to the end of the reporting period, the directors declared an interim dividend. Further details are disclosed in note 15(a).

21 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.



**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 30 to 72 which comprises the consolidated statement of financial position of China All Access (Holdings) Limited (the "Company") as of 30 June 2015 and the related consolidated statement of profit or loss, statement of profit or loss and other 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.

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 2015 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
31 August 2015