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

2017
INTERIM REPORT

INTELLIGENT SOLUTIONS ACCESS FOR ALL

CONTENTS

CORPORATE INFORMATION

Directors

Executive Directors

Mr. Chan Yuen Ming
Mr. Shao Kwok Keung *(FCPA)*
Mr. Xiu Zhi Bao
Mr. Yan Wei
Mr. Tian Zheng

Independent Non-Executive Directors

Mr. Wong Che Man Eddy *(FCPA)*
Mr. Lam Kin Hung Patrick
Mr. Fung Ka Kin *(FCPA)*

Authorised Representatives

Mr. Chan Yuen Ming
Mr. Shao Kwok Keung *(FCPA)*

Audit Committee

Mr. Wong Che Man Eddy
(Chairman) (FCPA)
Mr. Lam Kin Hung Patrick
Mr. Fung Ka Kin *(FCPA)*

Remuneration Committee

Mr. Fung Ka Kin *(Chairman) (FCPA)*
Mr. Wong Che Man Eddy *(FCPA)*
Mr. Shao Kwok Keung *(FCPA)*

Nomination Committee

Mr. Lam Kin Hung Patrick *(Chairman)*
Mr. Wong Che Man Eddy *(FCPA)*
Mr. Shao Kwok Keung *(FCPA)*

Company Secretary

Mr. Au Ki Lun *(CPA)*

Head Office and Principal Place of Business in Hong Kong

Level 65
International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

Registered Office

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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

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

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

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

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

Communication Application Solutions and Services

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

Investment Activities

The Group continued to generate cash return using the investment market as platform. It invested in fixed income investments to earn reasonable returns under a risk-controlled approach. Revenue generated from investment activities decreased from approximately RMB79,070,000 for the six months ended 30 June 2016 to approximately RMB49,502,000 for the six months ended 30 June 2017.

FINANCIAL REVIEW

Revenue

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

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

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

Gross profit

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

Other revenue

Other revenue increased from approximately RMB12,940,000 for the six months ended 30 June 2016 to approximately RMB61,972,000 for the six months ended 30 June 2017, representing an increase of approximately 378.92%. It was mainly attributable to the recovered impairment loss on trade receivables made in the previous period.

Other net loss

The Group recorded other net loss of approximately RMB14,831,000 for the six months ended 30 June 2017 as compared to approximately RMB718,000 for the six months ended 30 June 2016. The increase was mainly due to the compensation paid to a customer during the six months ended 30 June 2017 in relation to the Group's products.

Distribution costs, administrative expenses and research and development expenses

Distribution costs, administrative expenses and research and development expenses decreased from approximately RMB119,369,000 for the six months ended 30 June 2016 to approximately RMB88,497,000 for the six months ended 30 June 2017, representing a decrease of approximately 25.86%. The Group will continue to take all necessary measures to control the cost to improve profitability in the future.

The percentage of distribution costs, administrative expenses and research and development expenses as a percentage of the Group's total revenue decreased from approximately 22.10% for the six months ended 30 June 2016 to approximately 7.43% for the six months ended 30 June 2017, representing a decrease of approximately 14.67 percentage points. The decrease was mainly due to the utilization of production capacity in the six months ended 30 June 2017.

Finance income and finance costs

Finance income increased from approximately RMB20,836,000 for the six months ended 30 June 2016 to approximately RMB33,334,000 for the six months ended 30 June 2017, representing an increase of approximately 59.98%. The increase was mainly attributable to the increase of interest income from bank deposits and structured deposits during the six months period ended 30 June 2017 as compared with that of 2016.

Finance costs decreased from approximately RMB127,928,000 for the six months ended 30 June 2016 to approximately RMB110,054,000 for the six months ended 30 June 2017, representing a decrease of approximately 13.97%. The reduction was mainly the result from the decrease in finance costs associated with borrowings and convertible bonds during the six months period ended 30 June 2017.

Income tax

Income tax decreased from approximately RMB13,295,000 for the six months ended 30 June 2016 to approximately RMB11,765,000 for the six months ended 30 June 2017, representing a decrease of approximately 11.51%. The decrease in income tax was mainly due to the reduction in Hong Kong profit tax liabilities from continuing operations.

Profit for the period attributable to equity shareholders of the Company

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

Liquidity and Capital Resources

Liquidity, financial resources and capital structure

As at 30 June 2017, the Group had unrestricted cash and cash equivalents of approximately RMB105,595,000 (as at 31 December 2016: RMB48,573,000), restricted cash of approximately RMB446,486,000 (as at 31 December 2016: RMB497,551,000), bank deposits with original maturities over three months of approximately RMB984,050,000 (as at 31 December 2016: RMB1,065,441,000) and borrowings of approximately RMB1,189,491,000 (as at 31 December 2016: RMB1,299,731,000). The gearing ratio (calculated by dividing borrowings by total assets) as at 30 June 2017 was approximately 16.38% (as at 31 December 2016: 15.69%). As at 30 June 2017, the Group had current assets of approximately RMB6,383,412,000 (as at 31 December 2016: RMB7,354,675,000) and current liabilities of approximately RMB2,628,970,000 (as at 31 December 2016: RMB3,393,042,000). The current ratio (which is calculated by dividing current assets by current liabilities) was approximately 2.43 as at 30 June 2017, as compared with the current ratio of approximately 2.17 as at 31 December 2016. The increase of the current ratio was mainly attributable to the increase in trade and other receivables in addition to the decrease of the trade and other payables.

The approach of the board of (the "Board") directors (the "Directors") of the Group to manage liquidity is to ensure, as far as possible, that the Group will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Group's reputation.

Foreign exchange exposure

The Group's sales and purchases were mainly denominated in Renminbi. Therefore, the Group is not exposed to significant foreign currency exchange risks. The Group does not employ any financial instruments for hedging purposes. While the Board currently does not expect currency fluctuations to materially impact the Group's operations, the Board will review the foreign exchange exposure of the Group from time to time as appropriate.

Capital expenditure

During the six months period under review, the Group's total capital expenditure amounted to approximately RMB4,300,000 (31 December 2016: RMB23,101,000), which was mainly used for procurement for upgrading plant, machinery and equipment.

Capital commitment

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

Charge on material assets

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

Contingent liabilities

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

Human Resources

As at 30 June 2017, the Group had 1,241 employees (31 December 2016: 1,175 employees). The increase in the number of employees was mainly due to the need for more manpower for its continuing operations. The Group provides its employees with competitive salary packages and contribution to defined retirement plans. The Group's employees are remunerated in line with the prevailing market terms and individual performance, with the remuneration package and policies reviewed on a regular basis. Discretionary bonuses may be rewarded to employees after assessment of the performance of the Group and that of the individual employee. The Group also operates a defined contribution Mandatory Provident Fund retirement benefits scheme for its employees in Hong Kong, and provides its PRC employees with welfare schemes as required by the applicable laws and regulations of the PRC.

Prospects

Looking ahead, the Group will direct all resources to further develop its two major business areas, i.e. communication applications solutions and services and super lens electrical system. The Company expects these two business areas to provide very strong impetus for its growth in the future.

China solar energy market: Huge growth potential increased

According to the "Profile of Construction and Operation of Photovoltaic Industry for 2017 First Quarter (2017年第一季度光伏發電建設和運行資訊簡況)" published by the National Energy Administration, the installed photovoltaic capacity of China increased by 7.21 MKW to 84.63 MKW in the first quarter of 2017, and the country remained the world largest solar capacity producer. During the first quarter of 2017, the photovoltaic industry maintained its relatively fast growth pace, with an additional installed photovoltaic capacity of 7.21 MKW, which is basically on the same level as the corresponding period in 2016. During the first quarter, photovoltaic power generated reached 21.4 BKW, representing a year-on-year increase of 80%, and the photovoltaic power capacity in 2017 up to present is over 100 MKW.

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

Development of First Generation Products

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

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

Future Products Development

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

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

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

Corporate Social Responsibilities

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

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

5G progress gives opportunity to LIFI development

The Ministry of Industry and Information Technology ("MIIT") proposed in the 13th Five-Year Plan that China would start to promote development of and launch the Fifth generation ("5G") mobile communication technology by 2020. The technology will greatly enhance connectivity coupled with an enormous increase in number of Internet of things ("IoT") and machine to machine ("M2M") terminals. The Group believes bandwidth will be in short supply by then and optical communication technology, whose spectrum bandwidth has multiple times more than that of radio, will be the only solution. Cost advantage is another major merit of optical communication technology in helping adoption of IoT and M2M applications. With the Patents, the Company is of the view that the Group is well-positioned to tap the huge potential in the telecommunications industry. As a result of the entering into of the patent licence agreement dated 12 May 2016 with, among others, Dr. Li (the "Patent Licence Agreement"), the Group can make use of the Patents to develop new products and new applications such as visible light communications, light remote transmission and recycling of various light, which can enhance its core competencies.

'Made in China 2025': Promote advanced automation in manufacturing industry

In 2015, China's State Council announced 'Made in China 2025' as a national initiative to improve the country's manufacturing industry. The aim is to transform China into a global leading and high-tech manufacturing power and the process has already begun. In her plan, the country aims for advanced automation, digitalisation of factory management, large-scale deployment of robots, as well as development of manufacturing industry for advanced manufacturing equipment. In support of the Chinese government's effort, Lead Communications Co., Ltd. has started automation of the production procedures of display modules business. The Group expects its production capacity and product quality to be improved with less manpower required as it continues to take automation forward.

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

As at 30 June 2017, 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)	587,566,000 ordinary shares (L)	30.67%
		Beneficial owner	1,000,000 ordinary shares (L)	0.05%
Mr. Shao Kwok Keung ("Mr. Shao")	The Company	Beneficial owner (Note 3)	9,000,000 ordinary shares (L)	0.47%
Mr. Xiu Zhi Bao ("Mr. Xiu")	The Company	Beneficial owner (Note 4)	7,000,000 ordinary shares (L)	0.37%

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 2017, 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 2017, all these share options remained outstanding.

(5) Calculated on the basis of 1,915,723,216 Shares in issue as at 30 June 2017.

Save as disclosed above, as at 30 June 2017, 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 2017, 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 6)
Creative Sector Limited ("Creative Sector")	Beneficial owner	587,566,000 Ordinary Shares (L)	30.67%
Asia Equity Value Ltd	Beneficial owner (Note 2)	264,455,557 Ordinary Shares (L)	13.80%
	Security interest in Shares (Note 2)	4,386,646 Ordinary Shares (L)	0.23%
Li Hiu Yeung ("Dr. Li")	Beneficial owner	177,682,000 Ordinary Shares (L)	9.27%
Freeman Fintech Corporation Limited (formerly known as "Freeman Financial Corporation Limited" ("FFCL"))	Interest of a controlled corporation (Note 4)	154,847,601 Ordinary Shares (L)	8.08%
Tianan Property Insurance Co.,Ltd	Beneficial owner (Note 3)	117,000,000 Ordinary Shares (L)	6.11%
Oriental (Asia) Investment Holding Limited	Beneficial owner (Note 5)	109,375,000 Ordinary Shares (L)	5.71%

Name of shareholder	Capacity/ Nature of interest	Number and class interest of securities Held (Note 1)	Approximate percentage of shareholding (Note 6)
Ms. Li Bi	Interest of a controlled corporation (Note 4)	109,375,000 Ordinary Shares (L)	5.71%
Dundee Greentech Limited	Beneficial owner (Note 6)	362,000,000 Ordinary Shares (L)	18.90%
Ms. Yu Hsuan-Jung	Interest of a controlled corporation (Note 6)	362,000,000 Ordinary Shares (L)	18.90%

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 14 September 2016 on 20 September 2016, being the last DI Notice filed by it in respect of its interests in Shares and underlying Shares by 30 June 2017, Asia Equity Value Ltd had long position in 268,832,203 Shares. The long position in 268,832,203 Shares comprised (i) beneficial interest in 264,445,557 Shares and (ii) security interest in 4,386,646 Shares.

(3) 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 on 4 June 2015, being the last DI Notice filed by it in respect of its interests in Shares and underlying Shares by 30 June 2017, Tianan Property Insurance Co., Ltd. had long position in 117,000,000 Shares in the capacity of beneficial owner.

(4) Based on the DI Notice filed by FFCL under Part XV of the SFO in respect of its interests in Shares and underlying Shares as of 31 March 2017 on 3 April 2017, being the last DI Notice filed by it in respect of its interests in Shares and underlying Shares by 30 June 2017, these Shares were beneficially held by Freeman Union Limited ("FUL"), which was wholly owned by Freeman United Investments Limited ("FUIL"). FUIL was wholly owned by Ambition Union Limited, which was in turn owned as to 76% by FUIL and 24% by Freeman Corporation Limited ("FCL"). FCL was wholly owned by Freeman Financial Investment Corporation, which was in turn wholly owned by FFCL. FFCL was deemed to be interested in all the Shares in which FUL was interested by virtue of the SFO.

(5) Based on the DI Notice filed by each of Oriental (Asia) Investment 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 24 March 2016 on 5 April 2016, being the last DI Notice filed by each of them in respect of their respective interests in Shares and underlying Shares by 30 June 2017, Oriental (Asia) Investment Holding 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 Holding Limited (a company wholly-owned by Ms. Li Bi) was interested by virtue of the SFO.

(6) Based on the DI Notice filed by each of Dundee Greentech Limited and Ms. Yu Hsuan-Jung under Part XV of the SFO in respect of their respective interests in Shares and underlying Shares as of 22 July 2016 on 26 July 2016 and as of 16 June 2017 on 22 June 2017 respectively, being the last DI Notice filed by each of them in respect of their respective interests in Shares and underlying Shares by 30 June 2017, Dundee Greentech Limited had long position in 362,000,000 Shares (all being derivative interests) in the capacity of beneficial owner. Ms. Yu Hsuan-Jung was deemed to be interested in all the Shares in which Dundee Greentech Limited (a company wholly-owned by Ms. Yu Hsuan-Jung) was interested by virtue of the SFO.

(7) Calculated on the basis of 1,915,723,216 Shares in issue as at 30 June 2017.

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

Share Option Scheme

A share option scheme (the "Share Option Scheme") was conditionally approved by resolutions of the shareholders of the Company on 28 August 2009. On 10 June 2015, a total of 50,000,000 share options (each share option entitling the holder to subscribe for one Share) were granted to eligible participants including two Directors and the rest were employees of the Group.

Details of the movements in the Company's outstanding share options granted under the Share Option Scheme for the six months ended 30 June 2017 were as follows:

Grantee	Number of Shares in respect of share options Outstanding as at 1 January 2017	Granted during the six months ended 30 June 2017	Exercised during the six months ended 30 June 2017	Lapsed or cancelled during the six months ended 30 June 2017	Outstanding as at 30 June 2017	Exercise Period	Exercise price per share (HK$)	Closing price per share on the trading day immediately before the date of grant (HK$)
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	–	–	2,850,000	8,483,333	10 June 2016 to 9 June 2019	3.05	3.01
	11,333,333	–	–	2,850,000	8,483,333	10 June 2017 to 9 June 2019	3.05	3.01
	11,333,333	–	–	2,850,000	8,483,333	10 June 2018 to 9 June 2019	3.05	3.01
Total	50,000,000	–	–	8,550,000	41,450,000			

Compliance with the Corporate Governance Code

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

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

Code of Conduct Regarding Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard set out in the Model Code. The Company has made specific enquiry with all the Directors, and all of them confirmed that they had fully complied with the required standards set out in the Model Code and the Company's code of conduct regarding securities transactions during the six months ended 30 June 2017.

Review by the Audit Committee

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

Interim Dividend

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

Disclosure Pursuant to Rule 13.21 of the Listing Rules

As disclosed in the announcement of the Company dated 23 August 2016, on 23 August 2016, the Company and Mr. Chan Yuen Ming ("Mr. Chan") entered into a note purchase agreement (the "Note Purchase Agreement") with Prosper Talent Limited (the "Prosper Talent"), pursuant to which the Company has agreed to issue, and Prosper Talent has agreed to purchase from the Company, US$70,000,000 guaranteed notes (the "Prosper Talent Notes") due 2017. Pursuant to the Note Purchase Agreement, Mr. Chan shall also provide a personal guarantee in favour of Prosper Talent to secure, among others, the due and punctual observance and performance by the Company under the Note Purchase Agreement and other documents in connection with the transaction contemplated under the Note Purchase Agreement.

Pursuant to the Note Purchase Agreement, the following specific performance obligations are imposed on Mr. Chan that, during the term of the Note Purchase Agreement and the Prosper Talent Notes:

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

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

(c) He shall procure that Creative Sector shall not, without the prior written consent of Prosper Talent, transfer or agree to transfer any Shares held by Creative Sector.

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

On 24 August 2017, a supplemental deed was entered into, among others, the Company, Mr. Chan and Prosper Talent to amend the Note Purchase Agreement and the terms and conditions of note such that, among others, the maturity date of the notes and date of repayment would be extended from August 2017 to various dates up to August 2018 but the above specific performance obligations remain unchanged.

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 2017

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2017

(Expressed in RMB)

	Notes	Six months ended 30 June 2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
CONTINUING OPERATIONS			
Revenue	3	**1,191,091**	540,056
Cost of sales		**(1,029,738)**	(427,023)
Gross profit		**161,353**	113,033
Other revenue	4	**61,972**	12,940
Other net loss		**(14,831)**	(718)
Distribution costs		**(5,582)**	(8,057)
Administrative expenses		**(76,671)**	(105,717)
Research and development expenses		**(6,244)**	(5,595)
Profit from operations		**119,997**	5,886
Finance income	5(a)	**33,334**	20,836
Finance costs	5(b)	**(110,054)**	(127,928)
Share of profits less losses of associates		**—**	(11)
Profit/(loss) before taxation	5	**43,277**	(101,217)
Income tax	6	**(11,765)**	(13,295)
Profit/(loss) for the period from continuing operations		**31,512**	(114,512)
DISCONTINUED OPERATIONS			
Profit for the period from discontinued operations		**—**	153,484
Profit for the period from continuing and discontinued operations		**31,512**	38,972
Profit for the period from continuing and discontinued operations attributable to:			
Owners of the Company		**27,676**	27,816
Non-controlling interests		**3,836**	11,156
		31,512	38,972

Condensed Consolidated Statement of Profit or Loss *(Continued)*

For the six months ended 30 June 2017

(Expressed in RMB)

	Notes	Six months ended 30 June 2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Attributable to owners of the Company arises from:			
Continuing operations		**27,676**	(114,127)
Discontinued operations		**—**	141,943
Profit for the period		**27,676**	27,816
Earnings per share			
From continuing and discontinued operations			
Basic (RMB)		**0.014**	0.015
Diluted (RMB)		**0.014**	0.015
From discontinued operations			
Basic (RMB)		**—**	0.078
Diluted (RMB)		**—**	0.078

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2017

(Expressed in RMB)

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

Condensed Consolidated Statement of Financial Position

At 30 June 2017

(Expressed in RMB)

	Notes	**30 June 2017 (Unaudited) RMB'000**	31 December 2016 (Audited) RMB'000
Non-current assets			
Property, plant and equipment	9	**71,785**	77,614
Intangible assets		**421,741**	458,125
Goodwill		**92,735**	92,735
Interests in associates		**—**	—
Prepayment for land leases		**69,704**	70,236
Investment property		**26,195**	24,867
Other receivables	10	**—**	10,000
Prepayments		**196,013**	196,013
		878,173	929,590
Current assets			
Inventories		**369,304**	512,882
Trade and other receivables	10	**3,301,679**	3,182,490
Prepayments		**784,621**	350,881
Loans receivable		**86,790**	1,087,281
Discounted bills receivable		**39,978**	11,832
Bills receivable		**87,602**	47,989
Factored trade receivables		**177,307**	549,755
Restricted cash		**446,486**	497,551
Bank deposits with original maturities over three months		**984,050**	1,065,441
Cash and cash equivalents		**105,595**	48,573
		6,383,412	7,354,675

Condensed Consolidated Statement of Financial Position *(Continued)*

At 30 June 2017

(Expressed in RMB)

	Notes	**30 June 2017 (Unaudited) RMB'000**	31 December 2016 (Audited) RMB'000
Current liabilities			
Trade and other payables	11	**871,413**	1,342,068
Deferred income		**16,058**	12,192
Borrowings	12	**1,140,721**	1,248,739
Convertible bonds		**283,046**	—
Bank advances on discounted bills receivables		**39,978**	11,832
Bank advances on factored trade receivables		**177,307**	549,755
Income tax payable		**100,447**	228,456
		2,628,970	3,393,042
Net current assets		**3,754,442**	3,961,633
Total assets less current liabilities		**4,632,615**	4,891,223
Non-current liabilities			
Borrowings	12	**48,770**	50,992
Convertible bonds		**676,402**	948,356
Deferred income		**5,929**	7,184
Deferred tax liabilities		**7,944**	9,252
		739,045	1,015,784
NET ASSETS		**3,893,570**	3,875,439

Condensed Consolidated Statement of Financial Position *(Continued)*

At 30 June 2017

(Expressed in RMB)

	Notes	**30 June 2017 (Unaudited) RMB'000**	31 December 2016 (Audited) RMB'000
CAPITAL AND RESERVES			
Share capital		**16,267**	16,267
Reserves		**3,883,478**	3,869,059
Total equity attributable to owners of the Company		**3,899,745**	3,885,326
Non-controlling interests		**(6,175)**	(9,887)
TOTAL EQUITY		**3,893,570**	3,875,439

The notes on pages 30 to 50 form part of this interim financial report.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2017

(Expressed in RMB)

	Attributable to equity shareholders of the Company											
	Share capital RMB'000	**Share premium** RMB'000	**Capital redemption reserve** RMB'000	**Contributed surplus** RMB'000	**Capital reserve** RMB'000	**Share-based compensation reserve** RMB'000	**Statutory general reserve** RMB'000	**Translation reserve** RMB'000	**Retained profits** RMB'000	**Total** RMB'000	**Non-controlling interests** RMB'000	**Total equity** RMB'000
Balance at 1 January 2016	15,468	1,442,505	104	164,155	424,433	–	78,200	(56,439)	1,225,542	3,293,968	223,983	3,517,951
Changes in equity for the six months ended 30 June 2016:												
Profit for the period	–	–	–	–	–	–	–	–	27,816	27,816	11,156	38,972
Other comprehensive loss	–	–	–	–	–	–	–	(664)	–	(664)	–	(664)
Total comprehensive income	–	–	–	–	–	–	–	(664)	27,816	27,152	11,156	38,308
Disposal of subsidiaries	–	–	–	–	(53,648)	–	–	–	–	(53,648)	(258,273)	(311,921)
Non-controlling interests arising on change in ownership interests in subsidiaries without lost of control	–	–	–	–	–	–	–	–	–	–	(1,102)	(1,102)
Conversion of convertible bonds	111	31,350	–	–	–	–	–	–	–	31,461	–	31,461
Dividends approved in respect of the previous year	–	(84,983)	–	–	–	–	–	–	–	(84,983)	–	(84,983)
Balance at 30 June 2016 (Unaudited)	15,579	1,388,872	104	164,155	370,785	–	78,200	(57,103)	1,253,358	3,213,950	(24,236)	3,189,714
Balance at 1 January 2017	16,267	1,562,964	104	164,155	618,900	15,673	90,073	(41,178)	1,458,368	3,885,326	(9,887)	3,875,439
Changes in equity for the six months ended 30 June 2017:												
Profit for the period	–	–	–	–	–	–	–	–	27,676	27,676	3,836	31,512
Other comprehensive loss	–	–	–	–	–	–	–	(20,683)	–	(20,683)	(124)	(20,807)
Total comprehensive income	–	–	–	–	–	–	–	(20,683)	27,676	6,993	3,712	10,705
Recognition of equity-settled share-based compensation	–	–	–	–	–	7,426	–	–	–	7,426	–	7,426
Balance at 30 June 2017 (Unaudited)	**16,267**	**1,562,964**	**104**	**164,155**	**618,900**	**23,099**	**90,073**	**(61,861)**	**1,486,044**	**3,899,745**	**(6,175)**	**3,893,570**

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2017

(Expressed in RMB)

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
Net cash generated from/(used in) operating activities	**373,212**	(114,563)
Investing activities		
Payment for the purchase of property, plant and equipment	**(4,300)**	(4,158)
Proceed from disposal of associates	**20,000**	—
Proceeds from disposal of property, plant and equipment	**1,330**	325
Net cash inflow in respect of the disposal of subsidiaries	**—**	454,395
Addition of structured deposits, net	**(230,000)**	—
Addition of entrusted loans	**(80,000)**	—
Withdrawal of bank deposits with original maturities over three months, net	**81,391**	—
Interest received from structure deposits and other loans receivables	**19,176**	7,751
Interest received from bank deposits	**14,158**	13,085
Net cash (used in)/generated from investing activities	**(178,245)**	471,398
Financing activities		
Proceeds from borrowings	**233,338**	255,610
Repayment of borrowings	**(343,578)**	(832,799)
Interest paid	**(39,937)**	(79,275)
Net cash used in financing activities	**(150,177)**	(656,464)
Net increase/(decrease) in cash and cash equivalents	**44,790**	(299,629)
Cash and cash equivalents at 1 January	**48,573**	275,065
Effect of foreign exchange rates changes	**12,232**	100,656
Cash and cash equivalents at 30 June	**105,595**	76,092

Notes To The Interim Financial Statements

For the six months ended 30 June 2017
(Expressed in RMB unless otherwise indicated)

1. Basis of preparation

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

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

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

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

2. Changes in accounting policies

HKICPA has issued a number of new and amendments to HKFRSs which are first effective for the current accounting period of the Group. The adoption has no material impact on the Group's accounting policies, presentation, reported results and the financial position of the Group for the current and prior accounting periods.

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

3. Segment reporting

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

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

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

Notes To The Interim Financial Statements *(Continued)*

For the six months ended 30 June 2017

(Expressed in RMB 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 communication application solutions and services		Investment activities		Total	
For six months ended 30 June	**2017 (Unaudited) RMB'000**	2016 (Unaudited) RMB'000	**2017 (Unaudited) RMB'000**	2016 (Unaudited) RMB'000	**2017 (Unaudited) RMB'000**	2016 (Unaudited) RMB'000
Revenue from customers (note)	**1,141,589**	460,986	**49,502**	79,070	**1,191,091**	540,056
Reportable segment profit	**111,851**	33,963	**49,502**	79,070	**161,353**	113,033
	At 30 June 2017 (Unaudited) RMB'000	At 31 December 2016 (Audited) RMB'000	**At 30 June 2017 (Unaudited) RMB'000**	At 31 December 2016 (Audited) RMB'000	**At 30 June 2017 (Unaudited) RMB'000**	At 31 December 2016 (Audited) RMB'000
Reportable segment assets	**7,166,139**	6,169,794	**88,634**	1,183,251	**7,254,773**	7,353,045
Reportable segment liabilities	**3,021,801**	3,002,775	**–**	–	**3,021,801**	3,002,775

3. Segment reporting *(Continued)*

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

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

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

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

Notes To The Interim Financial Statements *(Continued)*

For the six months ended 30 June 2017

(Expressed in RMB unless otherwise indicated)

3. Segment reporting *(Continued)*

(b) Reconciliations of reportable segment profit or loss

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

4. Other revenue

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

Notes:

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

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

Notes To The Interim Financial Statements *(Continued)*

For the six months ended 30 June 2017

(Expressed in RMB unless otherwise indicated)

5. Profit/(Loss) before taxation

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

(a) Finance income

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

5. Profit/(Loss) before taxation *(Continued)*

(b) Finance costs

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

Notes To The Interim Financial Statements *(Continued)*

For the six months ended 30 June 2017

(Expressed in RMB unless otherwise indicated)

5. Profit/(Loss) before taxation *(Continued)*

(c) Other items

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

6. Income tax

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

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% (six months ended 30 June 2016: 16.5%).

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

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

7. Earnings per share

(a) Basic earnings per share

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

Notes To The Interim Financial Statements *(Continued)*

For the six months ended 30 June 2017

(Expressed in RMB unless otherwise indicated)

7. Earnings per share *(Continued)*

(b) Diluted earnings per share

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

Weighted average number of ordinary shares (diluted)

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

8. Dividends

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

9. Property, plant and equipment

During the six months ended 30 June 2017, the Group acquired property, plant and equipment at a cost of approximately RMB4,300,000 (31 December 2016: RMB23,101,000).

10. Trade and other receivables

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

Notes To The Interim Financial Statements *(Continued)*

For the six months ended 30 June 2017

(Expressed in RMB unless otherwise indicated)

10. Trade and other receivables *(Continued)*

Notes:

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

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

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

Ageing analysis

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

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

11. Trade and other payables

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

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

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

Notes To The Interim Financial Statements *(Continued)*

For the six months ended 30 June 2017

(Expressed in RMB unless otherwise indicated)

11. Trade and other payables *(Continued)*

Notes:

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

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

12. Borrowings

At 30 June 2017, the interest-bearing borrowings comprise of:

	At 30 June 2017 (Unaudited) RMB'000	At 31 December 2016 (Audited) RMB'000
Credit loans (note (i))	**50,000**	50,000
Guaranteed loans (note (ii))	**260,000**	241,555
Promissory notes (note (iii))	**474,207**	628,710
Mortgage loans (note (iv))	**9,684**	10,366
Pledged loans (note (v))	**395,600**	369,100
	1,189,491	1,299,731

All of the borrowings are carried at amortised cost.

12. Borrowings *(Continued)*

Notes:

(i) At 30 June 2017, credit loan of RMB50,000,000 was provided by commercial bank (31 December 2016: RMB50,000,000 were provided by commercial bank). The annual interest rate of the above loan was 5.22% (31 December 2016: 5.22%). The principal is repayable within one year.

(ii) At 30 June 2017, guaranteed loans of approximately RMB200,000,000 (31 December 2016: RMB200,000,000) was guaranteed by the Company and Mr. Chan Yuen Ming ("Mr. Chan"). Guaranteed loans of approximately RMB60,000,000 (31 December 2016: RMB41,555,000) were guaranteed by a subsidiary of the Company. The annual interest rate of above loans ranged from 4.57% to 7.00% (31 December 2016: 4.88% to 7.00%).

(iii) Promissory notes

(a) On 23 August 2016, the Company and Mr. Chan entered into a note purchase agreement (the "Note Purchase Agreement") with Prosper Talent Limited ("Prosper Talent") (which and whose ultimate beneficial owner(s) are third parties independent of the Company and its connected persons), pursuant to which the Company has agreed to issue, and Prosper Talent has agreed to purchase from the Company, US$70,000,000 guaranteed notes (the "Notes") due 2017. Pursuant to the Note Purchase Agreement, Mr. Chan shall also provide a personal guarantee in favour of Prosper Talent to secure, among others, the due and punctual observance and performance by the Company under the Note Purchase Agreement and other documents in connection with the transaction contemplated under the Note Purchase Agreement.

The interest rate is charged at 13%.

Notes To The Interim Financial Statements *(Continued)*

For the six months ended 30 June 2017

(Expressed in RMB unless otherwise indicated)

12. Borrowings *(Continued)*

Notes: *(Continued)*

(iii) Promissory notes *(Continued)*

(b) On 30 December 2016, the Company and Mr. Chan entered into a note purchase agreement (the "CTM Note Purchase Agreement") with Chance Talent Management Limited ("CTM") (which and whose ultimate beneficial owner(s) are third parties independent of the Company and its connected persons), pursuant to which the Company agreed to issue, and CTM agreed to purchase from the Company, HK$160,000,000 guaranteed notes (the "CTM Notes") which was fully repaid during the six months ended 30 June 2017. Pursuant to the CTM Note Purchase Agreement, Mr. Chan shall provide a personal guarantee in favour of the CTM to secure, among others, the due and punctual observance and performance by the Company under the CTM Note Purchase Agreement and other documents with the transaction contemplated under the CTM Note Purchase Agreement.

The interest rate was charged at 12%.

Detail are set out in the Company's announcement date 30 December 2016.

(iv) At 30 June 2017, mortgage loans of approximately RMB1,494,000 (31 December 2016: RMB1,751,000) were secured by the Group's property with carrying value of approximately RMB35,462,000 (31 December 2016: RMB34,334,000). The mortgage loans with an amount of approximately HK$9,437,000 (equivalent to RMB8,190,000) (31 December 2016: HK$9,631,000 (equivalent to RMB8,615,000)) were also guaranteed by the Company. The annual interest rate of above loans charged at 1.38% to 5.39% (31 December 2016: 1.38% to 5.39%).

(v) At 30 June 2017, pledged loans of RMB369,100,000 (31 December 2016: RMB369,100,000) were pledged by bank deposits of the Group with carrying value of approximately RMB377,100,000 (31 December 2016: RMB376,400,000). Pledged loan of RMB26,500,000 (31 December 2016: nil) was pledged by bills receivable of the Group with carrying value of approximately RMB27,523,000. The principal is due in 2017 with the interest rate charged from 1.70% to 5.66% (31 December 2016: 1.70% to 4.79%).

13. 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 Interim Financial Statements *(Continued)*

For the six months ended 30 June 2017

(Expressed in RMB unless otherwise indicated)

13. Fair value measurement of the financial instruments *(Continued)*

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

Fair value hierarchy *(Continued)*

	Level 1 RMB'000	**Level 2** RMB'000	**Level 3** RMB'000	**Total** RMB'000
At 30 June 2017 (unaudited)				
Fair value on a recurring basis				
Investment property located in Hong Kong	**—**	**—**	**26,195**	**26,195**
At 31 December 2016 (audited)				
Fair value on a recurring basis				
Investment property located in Hong Kong	—	—	24,867	24,867

The Group's policy is to reorganise transfers between levels of fair value hierarchy as at the end of the date of the events or change in circumstances that caused the transfer.

During the six months ended 30 June 2017, there were no transfers between Level 1 and Level 2, or transfers into or out of level 3.

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

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 June 2017.

14. Commitments

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

	At 30 June 2017 (Unaudited) RMB'000	At 31 December 2016 (Audited) RMB'000
Contracted for	**149,106**	75,197

15. Contingent Liabilities

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

16. Material Related Party Transactions

Name of parties	**Relationship**
For the six months ended 30 June 2017 and 2016	
Mr. Chan Yuen Ming	Controlling Shareholder
For the six months ended 30 June 2016	
ZTE Corporation	Shareholder with influence
Subsidiaries of ZTE Corporation (together referred to as the "ZTE Group") (note (i))	Subsidiaries of Shareholder
Shenzhen Zhongxing Xin Telecommunications Equipment Company Limited (note (i))	Shareholder with influence
Subsidiaries of Shenzhen Zhongxing Xin Telecommunications Equipment Company Limited (together referred to as the "ZX Group") (note (i))	Subsidiaries of Shareholder
Chance Talent Management Limited ("CTM") (note (ii))	Subsidiaries of Substantial Shareholder

Notes To The Interim Financial Statements *(Continued)*

For the six months ended 30 June 2017

(Expressed in RMB unless otherwise indicated)

16. Material Related Party Transactions *(Continued)*

Note:

(i) Shenzhen Zhongxing Xin Telecommunications Equipment Company Limited, being a limited company established in the PRC, is the controlling shareholder of ZTE Corporation.

(ii) Chance Talent Management Limited being a subsidiary of a non-controlling interest shareholder of the Group.

(a) *Material related party transactions*

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Sales of goods and rendering of services		
ZTE Group	**—**	9,207
ZX Group	**—**	30,663
	—	39,870
Purchases of goods and services		
ZTE Group	**—**	223
ZX Group	**—**	85
	—	308
Finance cost		
ZTE Group	**—**	365
CTM	**—**	6,733
	—	7,098
Rental expenses		
Mr. Chan Yuen Ming	**171**	91

17. Non-adjusting post balance sheet events

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

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

18. 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.

HLB 國衛會計師事務所有限公司
Hodgson Impey Cheng Limited
Chartered Accountants
Certified Public Accountants

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

INDEPENDENT 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 statements set out on pages 21 to 50, which comprise the condensed consolidated statement of financial position of China All Access (Holdings) Limited ("the Company") and its subsidiaries (collectively referred to as the "Group") as of 30 June 2017 and the related condensed consolidated statement of profit or loss, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("HKAS 34"), issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors are responsible for the preparation and presentation of this interim financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on the interim financial statements based on our review, 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 HKICPA. A review of the interim financial statements consists of making inquiries, 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 statements is not prepared, in all material respects, in accordance with HKAS 34.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Yu Chi Fat
Practising Certificate Number: P05467

Hong Kong, 31 August 2017