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

INTERIM REPORT 2018

INTELLIGENT SOLUTIONS
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CORPORATE INFORMATION

Directors

Executive Directors

Mr. Chan Yuen Ming
Mr. Shao Kwok Keung *(FCPA)*
Mr. Xiu Zhi Bao
Mr. Yan Wei
(retired with effect from 13 June 2018)
Mr. Tian Zheng
(retired with effect from 13 June 2018)

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Following the completion of the business transforming of the Group in 2017, during the first half of 2018, the Group focuses on developing its businesses in the ICT, New Energy and Investment activities segments. During the six months ended 30 June 2018, the major business highlights for the period are as follows:

1. Revenue for the period under review decreased by approximately 38.67% to approximately RMB730,486,000 as compared to the corresponding period in 2017;

2. Gross profit for the period under review decreased by approximately 24.47% to approximately RMB121,865,000 as compared to the corresponding period in 2017; and

3. Profit attributable to owners of the Company for the six months ended 30 June 2018 remained stable, which has slightly decreased by approximately 9.19% to approximately RMB25,132,000 as compared to the corresponding period in 2017.

ICT

Revenue generated from ICT during the six months ended 30 June 2018 decreased by approximately 36.15% to approximately RMB728,958,000 as compared to the corresponding period last year, which accounted for approximately 99.79% of the Group's total revenue for the six months ended 30 June 2018. The decrease was mainly due to the decreased revenue from display modules businesses.

New Energy

During the second half of the year ended 31 December 2017, the Group has commenced the business in new energy segment. The Group has completed the sampling, trial and assembly of device for increasing the luminous flux per unit area for photovoltaic plants.

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 RMB49,502,000 for the six months ended 30 June 2017 to approximately RMB1,528,000 for the six months ended 30 June 2018.

Financial Review

Revenue

Revenue decreased from approximately RMB1,191,091,000 for the six months ended 30 June 2017 to approximately RMB730,486,000 for the six months ended 30 June 2018, representing a decrease of approximately 38.67%. The decrease in revenue in the period under review was mainly attributable to the factors below:

- ICT recorded a decrease in revenue from approximately RMB1,141,589,000 for the six months ended 30 June 2017 to approximately RMB728,958,000 for the six months ended 30 June 2018, representing a decrease of approximately 36.15%. The decrease was mainly due to shipment orders delay from one of the major customers.

- New Energy did not record any revenue for the six months ended 30 June 2018. It was mainly due to the delay of order for the first generation products for increasing the luminous flux per unit area for photovoltaic plants in the first half of 2018.

- Investment exhibited a decrease in revenue from approximately RMB49,502,000 for the six months ended 30 June 2017 to approximately RMB1,528,000 for the six months ended 30 June 2018, representing a decrease of approximately 96.91%. The decrease was mainly due to a significant decrease in the loan receivables invested by the Group due to the conservative credit policy adopted for the six months ended 30 June 2018.

Gross profit

Gross profit decreased from approximately RMB161,353,000 for the six months ended 30 June 2017 to approximately RMB121,865,000 for the six months ended 30 June 2018, representing a decrease of approximately 24.47%. Meanwhile, gross profit margin increased from approximately 13.55% for the six months ended 30 June 2017 to approximately 16.68% for the six months ended 30 June 2018. The increase was mainly attributable to the increase of income from customers which carried relatively higher gross profit margin.

Other revenue

Other revenue decreased from approximately RMB61,972,000 for the six months ended 30 June 2017 to approximately RMB59,550,000 for the six months ended 30 June 2018, representing a decrease of approximately 3.91%. It was mainly attributable to the compensation earned from customer.

Other net gain/(loss)

The Group recorded other net gain of approximately RMB3,665,000 for the six months ended 30 June 2018 as compared to approximately RMB14,831,000 other net loss recorded for the six months ended 30 June 2017. The increase in other net gain/(loss) was mainly due to the compensation paid to a customer during the corresponding 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 increased from approximately RMB88,497,000 for the six months ended 30 June 2017 to approximately RMB111,677,000 for the six months ended 30 June 2018, representing an increase of approximately 26.19%. The increase was mainly attributed to the increase in administrative expenses incurred during the review period. The Group has applied for approximately RMB19,306,000 expected credit loss to trade and other receivables. The Group will continue to take all necessary measures to control the costs to improve profitability of the Group in the future.

The percentage of distribution costs, administrative expenses and research and development expenses as a percentage of the Group's total revenue increased from approximately 7.43% for the six months ended 30 June 2017 to approximately 15.29% for the six months ended 30 June 2018, representing an increase of approximately 7.86 percentage points. The increase was mainly due to the increased administrative expenses in the six months ended 30 June 2018.

Finance income and finance costs

Finance income increased from approximately RMB33,334,000 for the six months ended 30 June 2017 to approximately RMB34,863,000 for the six months ended 30 June 2018, representing an increase of approximately 4.59%. 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 2018 as compared with that of 2017.

Finance costs decreased from approximately RMB110,054,000 for the six months ended 30 June 2017 to approximately RMB63,239,000 for the six months ended 30 June 2018, representing a decrease of approximately 42.54%. 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 2018.

Income tax

Income tax increased from approximately RMB11,765,000 for the six months ended 30 June 2017 to approximately RMB19,895,000 for the six months ended 30 June2018, representing an increase of approximately 69.10%. The increase in income tax was mainly due to the profit from China which carried higher profit tax rate.

Profit for the period attributable to owners of the Company

Profit for the period attributable to owners of the Company slightly decreased from approximately RMB27,676,000 for the six months ended 30 June 2017 to approximately RMB25,132,000 for the six months ended 30 June 2018, representing a decrease of approximately 9.19%. The decrease was mainly due to shipment orders delay from one of the major customers.

Liquidity and Capital Resources

Liquidity, financial resources and capital structure

As at 30 June 2018, the Group had cash and cash equivalents of approximately RMB58,893,000 (as at 31 December 2017: RMB204,420,000), restricted cash of approximately RMB120,079,000 (as at 31 December 2017: RMB325,765,000), bank deposits with original maturities over three months of approximately RMB1,370,000,000 (as at 31 December 2017: RMB1,040,985,000) and borrowings of approximately RMB707,440,000 (as at 31 December 2017: RMB1,018,492,000). The gearing ratio (calculated by dividing borrowings by total assets) as at 30 June 2018 was approximately 11.12% (as at 31 December 2017: 14.56%). As at 30 June 2018, the Group had current assets of approximately RMB5,521,111,000 (as at 31 December 2017: RMB6,401,106,000) and current liabilities of approximately RMB2,242,358,000 (as at 31 December 2017: RMB2,833,299,000). The current ratio (which is calculated by dividing current assets by current liabilities) was approximately 2.46 as at 30 June 2018, as compared with the current ratio of approximately 2.26 as at 31 December 2017. The increase of the current ratio was mainly attributable to the decrease in borrowings.

The approach of the board of directors of the Company 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 RMB128,086,000 (31 December 2017: RMB34,065,000), which was mainly used for procurement for upgrading plant, machinery and equipment.

Capital commitment

As at 30 June 2018, the Group had capital commitment amounting to approximately RMB852,420,000 (31 December 2017: nil). The increase were mainly attributable to the acquisition of subsidiary and procurement of additional plant and equipment.

Charge on material assets

As at 30 June 2018, assets of the Group amounting to approximately RMB252,605,000 (31 December 2017: RMB386,685,000) were pledged for the Group's borrowings and bills payables.

Contingent liabilities

As at 30 June 2018, the Group had no material contingent liabilities.

Human Resources

As at 30 June 2018, the Group had 1,119 employees (31 December 2017: 1,664 employees). The decrease in the number of employees was mainly due to semi-automation of production line. The Group offers its employees competitive salary packages, as well as 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. ICT and New Energy segment. The Company expects these two business areas to provide very strong impetus for its growth in the future.

Opportunity arose by 5G development

With the arrival of 5G era in the near future, there will be rapid increase in wireless connections between the Internet of Things (IoT). It is expected that the IoT market will exceed US$1.7 trillion by 2020, and global IoT devices will approach 70 billion units by 2025. We will proactively seize the opportunities by devoting more resources into our ICT segment. Following the establishment of the factory in Ganzhou of Jiangxi Province, China in 2017, profitability can be improved by the increase in the manufacturing capacity, cost control and developing and integration of ICT products.

The group also planned to dispose Hebei Noter Communication Technology Co., Limited ("Hebei Noter") and Hebei Haoguang Communication Technology Limited ("Hebei Haoguang"), given the reasons below:

- to allow the Group to channel its resources within the Guangdong-Hong Kong-Macau Bay Area and allows the Group to build up its Shenzhen centric operations in a much faster way;

- enables the Group to top up its cash reserve to prepare for any merger and acquisition opportunities by the Group in the future; and

- Hebei Noter and Hebei Haoguang are mainly engaged in providing information communication solutions based on the technologies of 2G and 3G, and its business have come to a mature status with limited room for anticipated growth.

For details, please refer to the Company's announcement dated 8 June 2018.

Latest development in the New Energy segment

In addition to the business engaged by the Group after the commencement of the New Energy segment in the year ended 2017, the Group has identified a suitable investment opportunity to acquire new energy projects with good prospects and potential for stable returns. The acquisition will supplement the Group's existing new energy portfolio and further expand its scale of business in the new energy sector to enhance return to the shareholders of the Company. For details, please refer to the Company's announcement dated 24 May 2018.

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

As at 30 June 2018, 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	Company/name of associated corporation	Nature of interest	Number of shares interested (Note 1)	Percentage of relevant class of issued share capital of the Company/ associated corporation (Note 2)
Mr. Chan Yuen Ming	The Company	Interest of a controlled corporation (Note 3)	614,175,546 ordinary Shares (L)	32.20%
		Beneficial owner	1,000,000 ordinary Shares (L)	0.05%
Mr. Shao Kwok Keung	The Company	Beneficial owner (Note 4)	9,000,000 ordinary Shares (L)	0.47%
Mr. Xiu Zhi Bao	The Company	Beneficial owner (Note 5)	7,000,000 ordinary Shares (L)	0.37%

Notes:

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

2. Calculated on the basis of 1,907,119,216 Shares in issue as at 30 June 2018.

3. 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.

4. 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 2018, all these share options remained outstanding.

5. 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 2018, all these share options remained outstanding.

Save as disclosed above, as at 30 June 2018, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 30 June 2018, 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	Capital/number of shares/underlying shares held (Note 1)	Approximate percentage of shareholding (Note 5)
Creative Sector Limited	Beneficial owner	614,175,546 ordinary Shares (L)	32.20%
Dundee Greentech Limited	Beneficial owner (Note 2)	362,000,000 ordinary Shares (L)	18.98%
Yu Hsuan-Jung (余宣蓉)	Interest of a controlled corporation (Note 2)	362,000,000 ordinary Shares (L)	18.98%
Li Hiu Yeung	Beneficial owner (Note 3)	184,056,000 ordinary Shares (L)	9.65%
Light Group Field Sci-Tech Limited	Beneficial owner (Note 3)	148,000,000 ordinary Shares (L)	7.76%
Tianan Property Insurance Co., Ltd.	Beneficial owner (Note 4)	117,000,000 ordinary Shares (L)	6.13%

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 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 2018, 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.

3. Based on the DI Notice filed by Light Group Filed Sci-Tech Limited and Dr. Li Hiu Yueng under Part XV of the SFO in respect of their respective interests in Shares and underlying Shares as of 20 July 2017 on 25 July 2017 respectively, being the last DI Notice filed by each of them in respect of their respective interest in Shares and underlying Shares by 30 June 2018, the entire issued share capital in Light Group Field Sci-Tech Limited was owned by Dr. Li Hiu Yeung. Dr. Li Hiu Yeung was deemed to be interested in all the Shares in which Light Group Field Sci-Tech Limited was interested by virtue of the SFO.

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 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 2018, Tianan Property Insurance Co., Ltd. had long position in 117,000,000 Shares in the capacity of beneficial owner.

5. Calculated on the basis of 1,907,119,216 Shares in issue as at 30 June 2018.

Save as disclosed above, as at 30 June 2018, 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 2018, the Company had repurchased a total of 103,220,000 shares ("Shares") of HK$0.01 each on the Stock Exchange (six months ended 30 June 2017: Nil). Subsequently, 92,604,000 repurchased Shares out of the total repurchased Shares were cancelled. Details of the repurchases are set out below:

Date of repurchase	Number of Shares Repurchased	Price paid per Share Highest (HK$)	Lowest (HK$)	Aggregate purchase price paid (HK$)
17/5/2018	1,088,000	1.90	1.75	1,993,240.00
18/5/2018	3,416,000	1.76	1.73	5,971,220.00
25/5/2018	88,100,000	0.80	0.69	62,860,000.00
19/6/2018	2,934,000	0.77	0.73	2,214,289.80
22/6/2018	2,024,000	0.77	0.75	1,536,620.80
25/6/2018	2,598,000	0.78	0.75	1,989,288.60
26/6/2018	772,000	0.78	0.77	596,678.80
27/6/2018	2,288,000	0.78	0.77	1,783,496.00

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2018.

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 2018 were as follows:

Grantee	Outstanding as at 1 January 2018	Granted during the six months ended 30 June 2018	Exercised during the six months ended 30 June 2018	Lapsed or cancelled during the six months ended 30 June 2018	Outstanding as at 30 June 2018	Exercisable Period	Exercise price per share (HK$)	Closing price per share on the trading day immediately before the date of grant (HK$)
	Number of Shares in respect of share options							
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	8,483,333	–	–	–	8,483,333	10 June 2016 to 9 June 2019	3.05	3.01
	8,483,333	–	–	–	8,483,333	10 June 2017 to 9 June 2019	3.05	3.01
	8,483,334	–	–	–	8,483,334	10 June 2018 to 9 June 2019	3.05	3.01
Total	41,500,000	–	–	–	41,500,000			

Significant Transactions During the Period under Review

i) Acquisition of Qinghai Juguang High New Technology Group Co., Ltd. (青海聚光高新科技集團有限公司)*

On 22 May 2018, Shenzhen Lead Innovative Energy Co., Limited, being the wholly-own subsidiary of the Company (the "Purchaser") and Ganzhou Zhongyuan Huaxun Network Technology Co., Ltd.* (贛州中遠華訊網絡技術有限公司) (the "Vendor") entered into the sale and purchase agreement (the "Acquisition Agreement") for the acquisition of 83.33% of the entire equity interest (the "Sale Interest") in Qinghai Juguang High New Technology Group Co., Ltd.* (青海聚光高新科技集團有限公司) (the "Target Company"), at a consideration with the maximum price of RMB800,000,000. Pursuant to the Acquisition agreement, the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the Sale Interest. The consideration for the Sale Interest shall be determined based on an agreed multiple of 1.6 of the audited net profit of the Target Company for years 2018 to 2022. The consideration shall be paid by the Purchaser in cash by five installments, each installment be paid by the Purchaser to the Vendor within 30 business days after the date of issue of the audited report of the Target Company.

The completion of the Acquisition agreement is conditional upon fulfillment of the following conditions:

(1) all authorization, approvals, consents necessary for the purpose of completing the transaction contemplated under the Acquisition Agreement being obtained;

(2) the Acquisition Agreement and the transaction contemplated thereunder being approved by the Shareholders at the EGM;

(3) the other shareholder(s) of the Target Company having approved the Acquisition and having waived their preemptive rights;

(4) the Purchaser having completed all the business, financial and legal due diligence review of the Target Company and its business and being satisfied with such results;

(5) the Vendor having delivered a valuation report of the Target Company within 60 business days after the date of the Acquisition Agreement with appraised value of not less than RMB400,000,000;

(6) the Vendor having procured the Target Company to complete the acceptance inspection and obtain property ownership certificate of its production facilities within 60 business days after the date of the Acquisition Agreement;

(7) the Vendor having procured the Target Company to complete the acceptance inspection of its photovoltaic station in Haixi and to receive subsidies for green energy within 60 business days after the date of the Acquisition Agreement;

(8) the Vendor having procured the Target Company to complete the construction, connection and acceptance inspection of its photovoltaic station in Huzhu within 60 business days after the date of the Acquisition Agreement; and

(9) the representations and warranties made by the Vendor under the Acquisition Agreement being true and correct from the time they were made until the Completion Date.

As at 30 June 2018 and the date of this interim report, the above conditions had not been fulfilled. Please refer to the announcements of the Company dated on 24 May 2018, 23 July 2018 and 31 August 2018 for details.

ii) Disposal of Hebei Noter Communication Technology Co., Limited (河北諾特通信技術有限公司) ("Hebei Noter") and Hebei Haoguang Communication Technology Limited* (河北浩廣通信科技有限公司) ("Hebei Haoguang")*

On 3 June 2018, China All Access Group Limited (中國全通集團有限公司) ("AAG"), a wholly-owned subsidiary of the Company and China RS Group Limited (中國榮勝集團有限公司) ("China RS") entered into the disposal agreement (as supplemented by a disposal supplemental agreement) (collectively, the "Disposal Agreement") for the disposal of the entire equity interest in the Hebei Noter (the "Sale Interest"), which holds 90% equity interest in Hebei Haoguang, at the consideration of RMB1,750,000,000.

Pursuant to the Disposal Agreement, AAG has conditionally agreed to sell, and China RS has conditionally agreed to purchase the 100% of the entire equity interest in Hebei Noter.

The consideration for the sale interest is RMB1,750,000,000 which shall be payable in the following manner:

(1) RMB175,000,000, being 10% of the consideration, shall be payable within 60 business days after date of the Disposal Agreement;

(2) RMB350,000,000, being 20% of the consideration, shall be payable within six months after date of the Disposal Agreement;

(3) RMB350,000,000, being 20% of the consideration, shall be payable within 12 months after date of the Disposal Agreement;

(4) RMB350,000,000, being 20% of the consideration, shall be payable within 18 months after date of the Disposal Agreement;

(5) RMB350,000,000, being 20% of the consideration, shall be payable within 24 months after date of the Disposal Agreement; and

(6) RMB175,000,000, being 10% of the consideration, shall be payable within 30 months after date of the disposal agreement.

Pursuant to the Disposal Agreement, China RS will create a share charge on the Sale Interest in favor of AAG, and should, among others, China RS defaults its payment of the consideration pursuant to the Disposal Agreement, (i) AAG shall be entitled to enforce the charge on the Sale Interest and take possession of Hebei Noter; (ii) 10% of the consideration then paid by China RS to the AAG shall be forfeited, or (if not paid by China RS) payable by China RS to AAG as penalty payment; and (iii) all remaining payments of the consideration then received by AAG from China RS shall be returned to China RS.

Completion is conditional upon fulfillment of the following conditions:

(1) all authorization, approvals, consents necessary for the purpose of completing the transaction contemplated under the Disposal Agreement being obtained, including those required by the respective board of directors of AAG and China RS and the shareholders of AAG, and any approval of filing required by any governmental and administrative bureau;

(2) the disposal agreement and the transaction contemplated thereunder being approved by the shareholders of the Company at the EGM;

(3) the legal and financial due diligence review having been completed within 60 business days after the date of the disposal agreement; and

(4) the representations and warranties made by AAG under the disposal agreement being true and correct from the time they were made until the completion date.

As at 30 June 2018 and the date of this interim report, the above conditions had not been fulfilled. Please refer to the announcements of the Company dated on 8 June 2018, 13 July 2018 and 31 August 2018 for detail.

* *the English translation of the Chinese name is for information purposes only, and should not be regarded as the official English translation of such name.*

Compliance with the Corporate Governance Code

Save as disclosed below, during the six months ended 30 June 2018, 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 13 June 2018 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 2018.

Review By the Audit Committee

The audit committee of the Company has reviewed the unaudited interim results of the Group for the six months ended 30 June 2018.

Interim Dividend

The Board had not declared any payment of interim dividend for the six months ended 30 June 2018 (for the six months ended 30 June 2017: Nil).

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 2018

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2018

(Expressed in RMB)

		Six months ended 30 June	
		2018	2017
		(Unaudited)	(Unaudited)
	Notes	**RMB'000**	RMB'000
Revenue	3	**730,486**	1,191,091
Cost of sales		**(608,621)**	(1,029,738)
Gross profit		**121,865**	161,353
Other revenue	4	**59,550**	61,972
Other net gain/(loss)		**3,665**	(14,831)
Distribution costs		**(4,157)**	(5,582)
Administrative expenses		**(96,636)**	(76,671)
Research and development expenses		**(10,884)**	(6,244)
Profit from operations		**73,403**	119,997
Finance income	5(a)	**34,863**	33,334
Finance costs	5(b)	**(63,239)**	(110,054)
Profit before taxation	5	**45,027**	43,277
Income tax expense	6	**(19,895)**	(11,765)
Profit for the period		**25,132**	31,512
Profit for the period attributable to:			
Owners of the Company		**25,132**	27,676
Non-controlling interests		**—**	3,836
		25,132	31,512
Earnings per share	7		
Basic (RMB)		**0.013**	0.014
Diluted (RMB)		**0.013**	0.014

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2018
(Expressed in RMB)

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Profit for the period	**25,132**	31,512
Other comprehensive loss for the period (after tax and reclassification adjustments):		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of financial statements	**(8,698)**	(20,807)
Total comprehensive income for the period	**16,434**	10,705
Total comprehensive income for the period attributable to:		
Owners of the Company	**16,434**	6,993
Non-controlling interests	**—**	3,712
	16,434	10,705

Condensed Consolidated Statement of Financial Position

At 30 June 2018

(Expressed in RMB)

	Notes	**30 June 2018 (Unaudited) RMB'000**	31 December 2017 (Audited) RMB'000
Non-current assets			
Property, plant and equipment	9	**203,142**	92,242
Intangible assets		**363,654**	381,386
Goodwill		**93,892**	93,892
Interests in associates		**—**	—
Investment property		**30,267**	27,668
Prepayments		**148,495**	—
		839,450	595,188
Current assets			
Inventories		**231,707**	156,235
Trade and other receivables	10	**2,511,062**	3,974,103
Prepayments		**1,067,076**	442,829
Loans receivable		**—**	125,385
Discounted bills receivable		**115,657**	58,100
Bills receivable		**46,637**	63,284
Available-for-sale financial assets		**—**	10,000
Restricted cash		**120,079**	325,765
Bank deposits with original maturities over three months		**1,370,000**	1,040,985
Cash and cash equivalents		**58,893**	204,420
		5,521,111	6,401,106

Condensed Consolidated Statement of Financial Position *(Continued)*

At 30 June 2018

(Expressed in RMB)

	Notes	30 June 2018 (Unaudited) RMB'000	31 December 2017 (Audited) RMB'000
Current liabilities			
Trade and other payables	11	**799,790**	870,629
Deferred income		**6,836**	7,748
Borrowings	12	**549,890**	860,515
Convertible bonds		**708,189**	964,252
Bank advances on discounted bills receivable		**115,657**	58,100
Income tax payable		**61,996**	72,055
		2,242,358	2,833,299
Net current assets		**3,278,753**	3,567,807
Total assets less current liabilities		**4,118,203**	4,162,995
Non-current liabilities			
Borrowings	12	**157,550**	157,977
Deferred income		**5,597**	7,105
Deferred tax liabilities		**7,023**	7,398
		170,170	172,480
NET ASSETS		**3,948,033**	3,990,515
CAPITAL AND RESERVES			
Share capital	14	**16,206**	16,993
Reserves		**3,931,827**	3,973,522
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**3,948,033**	3,990,515

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2018

(Expressed in RMB)

	Attributable to owners 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 earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2017 (Audited)	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
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
Share-based payment expenses	–	–	–	–	–	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
Balance at 1 January 2018 (Audited)	16,993	1,709,157	104	164,155	429,762	24,503	95,210	(72,913)	1,623,544	3,990,515	–	3,990,515
Profit for the period	–	–	–	–	–	–	–	–	25,132	25,132	–	25,132
Other comprehensive loss	–	–	–	–	–	–	–	(8,698)	–	(8,698)	–	(8,698)
Total comprehensive income	–	–	–	–	–	–	–	(8,698)	25,132	16,434	–	16,434
Share repurchase	–	–	–	–	(64,547)	–	–	–	–	(64,547)	–	(64,547)
Cancellation of shares repurchased	–	–	–	–	–	–	–	–	–	–	–	–
– par value paid	(787)	–	–	–	787	–	–	–	–	–	–	–
– premium paid	–	(57,122)	–	–	57,122	–	–	–	–	–	–	–
– transfer between reserves	–	–	787	–	–	–	–	–	(787)	–	–	–
Share-based payment expenses	–	–	–	–	–	5,631	–	–	–	5,631	–	5,631
Balance at 30 June 2018 (Unaudited)	**16,206**	**1,652,035**	**891**	**164,155**	**423,124**	**30,134**	**95,210**	**(81,611)**	**1,647,889**	**3,948,033**	**–**	**3,948,033**

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2018

(Expressed in RMB)

	Six months ended 30 June	
	2018 (Unaudited) RMB'000	2017 (Unaudited) RMB'000
Net cash generated from operating activities	**692,491**	373,212
Investing activities		
Purchase of property, plant and equipment	**(275,666)**	(4,300)
Proceeds from disposal of associates	**—**	20,000
Proceeds from disposal of property, plant and equipment	**8,771**	1,330
Addition to structured deposits, net	**(3,000)**	(230,000)
Advance to entrusted loans	**—**	(80,000)
Repayment from entrusted loans	**230,000**	—
Proceed from return of investment of available-for-sale financial assets	**10,000**	—
Withdrawal of bank deposits with original maturities over three months	**450,985**	411,391
Addition to bank deposits with original maturities over three months	**(780,000)**	(330,000)
Interest received from structured deposits and other loans receivables	**20,118**	19,176
Interest received from bank deposits	**6,950**	14,158
Net cash used in investing activities	**(331,842)**	(178,245)
Financing activities		
Proceeds from borrowings	**139,872**	233,338
Repayment of borrowings	**(454,514)**	(343,578)
Redemption of convertible bonds	**(101,172)**	—
Shares repurchase	**(64,547)**	—
Interest paid	**(33,505)**	(39,937)
Net cash used in financing activities	**(513,866)**	(150,177)
Net (decrease)/increase in cash and cash equivalents	**(153,217)**	44,790
Cash and cash equivalents at 1 January	**204,420**	48,573
Effect of foreign exchange rates changes	**7,690**	12,232
Cash and cash equivalents at 30 June	**58,893**	105,595

Notes to the Interim Financial Statements

For the six months ended 30 June 2018

(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 of directors of the Company (the "Board") on 31 August 2018.

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2017 annual financial statements of the Group, except for the accounting policy changes that are expected to be reflected in the 2018 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 contain 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 2017 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 2017 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.

Notes to the Interim Financial Statements *(Continued)*

For the six months ended 30 June 2018
(Expressed in RMB unless otherwise indicated)

2. Changes in accounitng policies

HKICPA has issued a number of new and amended 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 except as described below.

(a) HKFRS 9 Financial Instruments

In the current period, the Group has adopted HKFRS 9. HKFRS 9 is effective for the accounting periods beginning on or after 1 January 2018. The Group applied the transition provisions set out in HKFRS 9 to adjust the retained profits or other reserves as at 1 January 2018, without restating comparative information retrospectively by applying the classification and measurement requirements (including impairment) to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The principal effects resulting from the application of HKFRS 9 on the Group's assets or liabilities are summarised below:

Classification and measurement of financial assets and financial liabilities

HKFRS 9 introduces a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics, and the new requirements on the accounting for financial liabilities that are designated at fair value through profit or loss.

Notes to the Interim Financial Statements *(Continued)*

For the six months ended 30 June 2018

(Expressed in RMB unless otherwise indicated)

2. Changes in accounting policies *(Continued)*

(a) HKFRS 9 financial instruments (Continued)

Classification and measurement of financial assets and financial liabilities (Continued)

Prior to 1 January, 2018, the Group's investments in unlisted debt securities were classified as "available-for-sale financial assets". From 1 January 2018 onwards, the debt securities are classified as "financial assets at fair value through profit or loss", according to the business model. All other financial assets and financial liabilities continue to be measured on the same basis as are measured under HKAS 39.

Impairment of financial assets

HKFRS 9 replaces the "incurred loss" impairment model in HKAS 39 with a forward-looking "expected credit loss" model. The Group applies simplified approach to recognise lifetime expected losses for all debtors. The credit losses calculated pursuant to the new requirements are not significantly different from the amount recognised under the current practices. Therefore, the Group considered no adjustment is necessary.

(b) HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 establishes a single comprehensive model in accounting for revenue arising from contracts with customers which are recognised when a performance obligation is satisfied. It replaces existing revenue recognition guidance, including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations.

The Group has elected to adopt HKFRS 15 using the modified retrospective approach, with the effect of initially applying this standard recognised at the date of initial application. Accordingly, the information presented for 2017 has not been restated. The application of HKFRS 15 does not have a material impact on the timing and amounts of revenue recognition of the Group.

The Group has not applied the new and amended to HKFRSs, which have been issued but are not yet effective.

Notes to the Interim Financial Statements *(Continued)*

For the six months ended 30 June 2018

(Expressed in RMB 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 presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments:

— ICT: including but not limited to the services provided in the field of unified communications and integration of telecommunications, computers as well as necessary enterprise software, middleware, storage, and audio-visual systems, which enable users to access, store, transmit, and manipulate information. During the period, the Group has engaged in (1) system design, installation, testing, software development, provision of application services for satellite and wireless communication, (2) distribution of satellite receivers and equipment, and (3) research and development, manufacture and distribution of wireless terminals and equipment, including display modules, casings and keyboards.

— New Energy: including but not limited to development, investment, operation and management of solar power plants. During the period, the Group has engaged in research and development, installation and application of devices for increasing the luminous flux per unit area for photovoltaic plants.

— Investment activities: revenue generated from interest earned from provision of facilitating capital to supply steam and investment returns generated from direct investment and high yield treasury products.

Notes to the Interim Financial Statements *(Continued)*

For the six months ended 30 June 2018

(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:

	ICT For six months ended 30 June		New Energy For six months ended 30 June		Investment activities For six months ended 30 June		Total For six months ended 30 June	
	2018 (Unaudited) RMB'000	2017 (Unaudited) RMB'000	**2018 (Unaudited) RMB'000**	2017 (Unaudited) RMB'000	**2018 (Unaudited) RMB'000**	2017 (Unaudited) RMB'000	**2018 (Unaudited) RMB'000**	2017 (Unaudited) RMB'000
Reportable segment revenue	**728,958**	1,141,589	**–**	–	**1,528**	49,502	**730,486**	1,191,091
Segment operating profit	**82,854**	111,023	**(20,199)**	(1,270)	**1,528**	49,502	**64,183**	159,255
	At 30 June 2018 (Unaudited) RMB'000	At 31 December 2017 (Audited) RMB'000	**At 30 June 2018 (Unaudited) RMB'000**	At 31 December 2017 (Audited) RMB'000	**At 30 June 2018 (Unaudited) RMB'000**	At 31 December 2017 (Audited) RMB'000	**At 30 June 2018 (Unaudited) RMB'000**	At 31 December 2017 (Audited) RMB'000
Reportable segment assets	**2,928,912**	5,422,625	**481,598**	492,776	**–**	818,545	**3,410,510**	6,773,946
Reportable segment liabilities	**1,108,375**	1,454,238	**72,255**	37,966	**–**	–	**1,180,630**	1,492,204

The timing of revenue recognition for revenue recognised in accordance with HKFRS 15 was at point in time for ICT segment during the period ended 30 June 2018.

Notes to the Interim Financial Statements *(Continued)*

For the six months ended 30 June 2018

(Expressed in RMB unless otherwise indicated)

3. Segment reporting *(Continued)*

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

Revenue from customers amounting to 10% or more of the Group's revenue is set out below.

	For six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Customer A	**140,388**	—
Customer B	**120,000**	—
Customer C	**92,344**	—
Customer D	**91,882**	308,312
Customer E	**73,869**	N/A[1]
Customer F	**—**	253,600
Customer G	**N/A[1]**	238,321

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 2018

(Expressed in RMB unless otherwise indicated)

3. Segment reporting *(Continued)*

(b) Reconciliations of reportable segment profit or loss

	For six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Reportable segment profit	**64,183**	159,255
Other revenue	**29,481**	9,062
Other net gain/(loss)	**4,117**	(201)
Finance income	**33,403**	23,057
Finance costs	**(58,580)**	(89,546)
Unallocated head office and corporate expenses	**(27,577)**	(58,350)
Profit before taxation	**45,027**	43,277

4. Other revenue

	For six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Government subsidy	**13,772**	5,060
Reversal of impairment loss recognised in respect of trade receivables	**8,951**	43,940
Others	**36,827**	12,972
	59,550	61,972

Notes to the Interim Financial Statements *(Continued)*

For the six months ended 30 June 2018

(Expressed in RMB unless otherwise indicated)

5. Profit before taxation

Profit before taxation is arrived at after:

(a) Finance income

	For six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Interest income from bank deposits	**12,354**	14,158
Interest income from entrusted loans	**8,927**	8,899
Interest income from structured deposits and other receivables	**13,582**	10,277
	34,863	33,334

(b) Finance costs

	For six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Interest on borrowings	**29,153**	55,447
Interest on convertible bonds	**29,681**	39,936
Interest on factored trade receivables	**—**	11,343
Interest on discounted bills receivable	**3,521**	1,579
Bank charges	**884**	1,749
	63,239	110,054

Notes to the Interim Financial Statements *(Continued)*

For the six months ended 30 June 2018

(Expressed in RMB unless otherwise indicated)

5. Profit before taxation *(Continued)*

(c) Other items

	For six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Cost of inventories sold	**568,685**	930,915
Depreciation of property, plant and equipment	**9,957**	7,900
Amortisation of intangible assets	**17,742**	29,213
Amortisation of prepaid land lease	**—**	532
Write-down of obsolete inventories (included in cost of sales)	**5,240**	4,883
Impairment loss recognised in respect of trade receivables	**19,306**	690
Gain on disposal of property, plant and equipment (included in other net gain/(loss))	**(1,514)**	(1,169)
Exchange (gain)/loss, net (included in net gain/(loss))	**(363)**	2,031
Gain on fair value change of investment property (included in other net gain/(loss))	**(2,281)**	(2,029)
Operating lease charges in respect of leased premises	**7,908**	8,729

Notes to the Interim Financial Statements *(Continued)*

For the six months ended 30 June 2018

(Expressed in RMB unless otherwise indicated)

6. Income tax expense

	For six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current tax – Hong Kong Profits Tax	**—**	5,299
Current tax – PRC Enterprise Income Tax	**20,270**	7,774
Deferred tax	**(375)**	(1,308)
	19,895	11,765

No provision for Hong Kong Profits Tax has been made since there were no assessable profits in Hong Kong.

7. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2018 is based on the earnings attributable to owners of the Company of approximately RMB25,132,000 (2017: RMB27,676,000), and the weighted average of 1,980,160,000 ordinary shares (2017: 1,915,723,000 ordinary shares) in issue during the interim period.

Notes to the Interim Financial Statements *(Continued)*

For the six months ended 30 June 2018

(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 2018 is based on the earnings attributable to owners of the Company of approximately RMB25,132,000 (2017: RMB27,676,000), and the diluted weighted average of 1,980,160,000 ordinary shares (2017: 1,999,723,000 ordinary shares). No adjustment has been made to the basic earnings per share amount presented for the six months ended 30 June 2018 and 2017 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)

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Weighted average number of ordinary shares	**1,980,160**	1,915,723
Effect of dilutive potential ordinary shares:		
Consideration shares issued under a patent licence agreement	**—**	84,000
Weighted average number of ordinary shares (diluted)	**1,980,160**	1,999,723

Notes to the Interim Financial Statements *(Continued)*

For the six months ended 30 June 2018

(Expressed in RMB unless otherwise indicated)

8. Dividends

The Board had not declared any payment of an interim dividend for the six months ended 30 June 2018 (2017: Nil).

9. Property, plant and equipment

During the six months ended 30 June 2018, the Group acquired property, plant and equipment at a cost of approximately RMB128,086,000 (six months ended 30 June 2017: RMB4,300,000), including building held for own use at a cost of approximately HK$110,844,000 (equivalent to approximately RMB93,452,000).

10. Trade and other receivables

	At 30 June 2018 (Unaudited) RMB'000	At 31 December 2017 (Audited) RMB'000
Trade receivables	**1,395,584**	2,279,889
Less: Allowance for doubtful debts	**(80,490)**	(70,134)
	1,315,094	2,209,755
Other receivables and deposits (note (i))	**1,115,079**	1,453,460
Performance guarantee deposits	**30,889**	30,888
Entrusted loans	**50,000**	280,000
	2,511,062	3,974,103

Note:

(i) At 30 June 2018, RMB903,000,000 (31 December 2017: RMB900,000,000) 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.

Notes to the Interim Financial Statements *(Continued)*

For the six months ended 30 June 2018

(Expressed in RMB unless otherwise indicated)

10. Trade and other receivables *(Continued)*

Aging analysis

At the end of the reporting period, the aging 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 2018 (Unaudited) RMB'000	At 31 December 2017 (Audited) RMB'000
Within 1 month	**299,798**	862,671
1 to 2 months	**47,364**	71,546
2 to 3 months	**90,091**	28,291
3 to 6 months	**40,961**	10,397
Over 6 months but within 1 year	**261,266**	28,754
Over 1 year	**575,614**	1,208,096
	1,315,094	2,209,755

Notes to the Interim Financial Statements *(Continued)*

For the six months ended 30 June 2018

(Expressed in RMB unless otherwise indicated)

11. Trade and other payables

	At 30 June 2018 (Unaudited) RMB'000	At 31 December 2017 (Audited) RMB'000
Trade and bills payables (note (i))	**515,756**	555,440
Other payables and accruals (note (ii))	**187,083**	224,801
Contract liabilities/Receipts in advance (note (iii))	**96,951**	90,388
	799,790	870,629

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

	At 30 June 2018 (Unaudited) RMB'000	At 31 December 2017 (Audited) RMB'000
Within 1 month	**158,165**	285,784
1 to 3 months	**174,490**	84,678
3 to 6 months	**85,274**	141,686
Over 6 months but within 1 year	**83,387**	28,127
Over 1 year	**14,440**	15,165
	515,756	555,440

Notes to the Interim Financial Statements *(Continued)*

For the six months ended 30 June 2018

(Expressed in RMB unless otherwise indicated)

11. Trade and other payables *(Continued)*

Notes:

(i) At 30 June 2018, bills payable of approximately RMB192,053,000 (31 December 2017: RMB116,680,000) was supported by guarantee deposits of equivalent amount as requested by banks and presented as restricted cash.

The credit period granted by suppliers ranging from 30 to 180 days.

(ii) At 30 June 2018, included in other payables and accruals, the total minimum lease payments of motor vehicles were approximately RMB616,000 (31 December 2017: RMB901,000), such amount of the present value of minimum lease payments were approximately RMB588,000 (31 December 2017: RMB856,000). The interest rate of such finance lease is ranged from 2.50% to 4.73% and the charge of finance lease is included in administrative expenses.

(iii) The amount related to advanced receipts from customers prior to goods sold, it was reclassified as contract liabilities under HKFRS 15 at 1 January 2018 and 30 June 2018.

12. Borrowings

	At 30 June 2018 (Unaudited) RMB'000	At 31 December 2017 (Audited) RMB'000
Credit loans (note (i))	**22,048**	33,678
Guaranteed loans (note (ii))	**190,000**	410,000
Promissory notes (note (iii))	**427,874**	365,915
Mortgage loans (note (iv))	**67,518**	8,899
Pledged loans (note (v))	**—**	200,000
	707,440	1,018,492

Notes to the Interim Financial Statements *(Continued)*

For the six months ended 30 June 2018

(Expressed in RMB unless otherwise indicated)

12. Borrowings *(Continued)*

Notes:

(i) At 30 June 2018, credit loans of RMB22,048,000 were provided by commercial banks (31 December 2017: RMB33,678,000). The annual interest rate of the above loan was 5.50% to 5.80% (31 December 2017: 5.26%). The principal is repayable within one year.

(ii) At 30 June 2018, guaranteed loans of approximately RMB190,000,000 (31 December 2017: RMB410,000,000) were guaranteed by the Company, subsidiaries of the Company, Mr. Chan Yuen Ming ("Mr. Chan") and the government of the PRC. The annual interest rate of above loans ranged from 0% to 7% (31 December 2017: 0% to 7%).

(iii) Promissory notes

(a) On 23 August 2016, the Company and Mr. Chan entered into a note purchase agreement (the "Prosper Talent Note Purchase Agreement") with Prosper Talent Limited ("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 in October 2018. Pursuant to the Prosper Talent 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 Prosper Talent Note Purchase Agreement and other documents in connection with the transaction contemplated under the Prosper Talent Note Purchase Agreement.

The interest rate is charged at 13%.

At 30 June 2018, the outstanding principal amount of the Prosper Talent Notes was US$56,000,000 (equivalent to approximately RMB369,068,000) (31 December 2017: US$56,000,000, equivalent to approximately RMB365,915,000).

Notes to the Interim Financial Statements *(Continued)*

For the six months ended 30 June 2018

(Expressed in RMB unless otherwise indicated)

12. Borrowings *(Continued)*

Notes: *(Continued)*

(iii) Promissory notes *(Continued)*

(b) On 26 February 2018, the Company entered into a note purchase agreement (the "Oriental (Asia) Note Purchase Agreement") with Oriental (Asia) Investment Holdings Limited ("Oriental (Asia)"), pursuant to which the Company has agreed to issue, and Oriental (Asia) has agreed to purchase from the Company, HK$69,750,000 promissory notes (the "Oriental (Asia) Notes") due in September 2018.

The Oriental (Asia) Notes were unsecured and non-interest bearing.

At 30 June 2018, the outstanding principal amount of the Oriental (Asia) Note was HK$69,750,000 (equivalent to approximately RMB58,806,000) (31 December 2017: Nil).

(iv) At 30 June 2018, mortgage loans of approximately RMB67,518,000 (31 December 2017: RMB8,899,000) were secured by the Group's building held for own use and investment property with the amounts of approximately RMB102,259,000 and RMB30,267,000 (31 December 2017: RMB9,036,000 and RMB27,668,000). The mortgage loan with the amount of approximately HK$78,946,000 (equivalent to approximately RMB66,560,000) (31 December 2017: HK$9,174,000, equivalent to approximately RMB7,668,000) was also guaranteed by the Company. The annual interest rate of above loan charged at 1.38% to 9.25% (31 December 2017: 1.38% to 5.39%).

(v) At 31 December 2017, pledged loans of RMB200,000,000 were pledged by bank deposits of the Group with carrying amount of approximately RMB203,500,000. The principal is due within one year with the interest rate charged at 1.7%.

13. Fair value measurement of the financial instruments

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 2018.

Notes to the Interim Financial Statements *(Continued)*

For the six months ended 30 June 2018

(Expressed in RMB unless otherwise indicated)

14. Capital and reserves

Share capital

	As at 30 June 2018		As at 31 December 2017	
	No. of Shares '000 (Unaudited)	Amount HK$'000 (Unaudited)	No. of Shares '000 (Audited)	Amount HK$'000 (Audited)
Authorised:	100,000,000	1,000,000	100,000,000	1,000,000
Issued and fully paid:				
At the beginning of the period/year	1,999,723	19,997	1,915,723	19,157
Issuance of consideration shares	–	–	84,000	840
Shares repurchased (note (i))	(92,604)	(926)	–	–
At the end of the period/year	1,907,119	19,071	1,999,723	19,997
		RMB'000		RMB'000
Equivalent to		16,206		16,993

Notes to the Interim Financial Statements *(Continued)*

For the six months ended 30 June 2018

(Expressed in RMB unless otherwise indicated)

14. Capital and reserves *(Continued)*

Share capital (Continued)

Note:

(i) During the interim period, the Company repurchased it own ordinary share on The Stock Exchange of Hong Kong Limited as follows:

Month/year	No. of shares repurchased	Highest price paid per share	Lowest price paid per share	Aggregate price paid
		HK$	HK$	HK$'000
May 2018	92,604	0.69	0.80	71,078
June 2018	10,616	0.78	0.73	8,150
	103,220			79,228
				RMB'000
Equivalent to				64,547

During the six months ended 30 June 2018, the Company had repurchased a total of 103,220,000 shares on the Stock Exchange at an aggregate consideration of approximately HK$79,228,000 (equivalent to approximately RMB64,547,000) and together with the 10,616,000 repurchased shares which were held as treasury shares as at 30 June 2018, 92,604,000 repurchased shares were then cancelled by the Company.

Upon the cancellation of the 92,604,000 shares repurchased, the issued share capital of the Company was reduced by the par value of approximately HK$926,000 (equivalent to approximately RMB787,000) and the premium paid on the repurchase of these cancelled shares of approximately HK$70,152,000 (equivalent to approximately RMB57,122,000), including transaction costs, was deducted from share premium of the Company

Notes to the Interim Financial Statements *(Continued)*

For the six months ended 30 June 2018

(Expressed in RMB unless otherwise indicated)

15. Commitments

Capital commitments

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

	At 30 June 2018 (Unaudited) RMB'000	At 31 December 2017 (Audited) RMB'000
Authorised and contracted, but not provided for:		
Acquisition of subsidiaries	**800,000**	—
Acquisition for plant and equipment	**52,420**	—
	852,420	—

16. Contingent liabilities

As at 30 June 2018, the Group had no material contingent liabilities.

Notes to the Interim Financial Statements *(Continued)*

For the six months ended 30 June 2018

(Expressed in RMB unless otherwise indicated)

17. Material related party transactions

(a) Material related party transactions

	For six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Rental expenses		
Mr. Chan	**164**	171

(b) Guarantee by related party

At 30 June 2018, guaranteed loan of Nil (31 December 2017: RMB200,000,000) and promissory note with principal amount of US$56,000,000 (equivalent to approximately RMB369,068,000) (31 December 2017: US$56,000,000, total equivalent to approximately RMB365,915,000) were guaranteed by Mr. Chan without any charge.

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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 22 to 48, 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 2018 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 Main Board Listing 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 2018