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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 633)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

Financial Highlights:

- Revenue increased by approximately 73%, reaching an amount of approximately RMB324.31 million
- Gross profit increased approximately 73%, reaching an amount of approximately RMB143.93 million
- Profit for the year increased by approximately 44%, reaching an amount of approximately RMB97.92 million.

**Consolidated income statement
for the year ended 31 December 2009**

(Expressed in Renminbi)

	<i>Note</i>	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Revenue	3	324,314	187,074
Cost of sales		<u>(180,381)</u>	<u>(104,085)</u>
Gross profit		143,933	82,989
Other revenue		2,035	278
Other net income		154	527
Distribution expenses		(1,729)	—
Administrative expenses		<u>(29,016)</u>	<u>(7,144)</u>
Profit from operations		115,377	76,650
Finance costs	5(a)	<u>(4,674)</u>	<u>(7,116)</u>
Profit before taxation	5	110,703	69,534
Income tax	6	<u>(12,779)</u>	<u>(1,738)</u>
Profit for the year		<u>97,924</u>	<u>67,796</u>
Earnings per share	8		
Basic (RMB)		<u>0.117</u>	<u>0.090</u>
Diluted (RMB)		<u>0.116</u>	<u>0.079</u>

**Consolidated statement of comprehensive income
for the year ended 31 December 2009**

(Expressed in Renminbi)

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Profit for the year	97,924	67,796
Other comprehensive income for the year		
Exchange differences on translation of financial statements of subsidiaries outside the PRC, net of nil tax	<u>(1,094)</u>	<u>769</u>
Total comprehensive income for the year	<u><u>96,830</u></u>	<u><u>68,565</u></u>

Consolidated balance sheet at 31 December 2009*(Expressed in Renminbi)*

	<i>Note</i>	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		48,247	57,476
Trade and other receivables	9	<u>53,911</u>	<u>21,263</u>
		<u>102,158</u>	<u>78,739</u>
Current assets			
Inventories		8,395	3,156
Trade and other receivables	9	130,948	88,667
Amounts due from related parties		—	8,621
Cash and cash equivalents		465,200	174,711
Deposits with banks with original maturities over three months		<u>68,000</u>	<u>—</u>
		<u>672,543</u>	<u>275,155</u>
Current liabilities			
Interest-bearing borrowings	11	—	149,653
Trade and other payables	10	38,293	44,245
Amount due to a shareholder		—	3,861
Income tax payable		<u>9,045</u>	<u>4,372</u>
		<u>47,338</u>	<u>202,131</u>
Net current assets		<u>625,205</u>	<u>73,024</u>
Total assets less current liabilities		<u>727,363</u>	<u>151,763</u>
Non-current liabilities			
Interest-bearing borrowings	11	—	8,346
Deferred tax liabilities		<u>8,896</u>	<u>1,738</u>
		<u>8,896</u>	<u>10,084</u>
Net assets		<u>718,467</u>	<u>141,679</u>
Capital and reserves			
Share capital		9,141	73
Reserves		<u>709,326</u>	<u>141,606</u>
Total equity		<u>718,467</u>	<u>141,679</u>

1 Reporting entity and corporate reorganisation

China All Access (Holdings) Limited (“the Company”) was incorporated in the Cayman Islands on 4 December 2007 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

Pursuant to a reorganisation (the “Reorganisation”) of the Company and its subsidiaries (collectively referred to as the “Group”) to rationalise the group structure for the listing of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the Company became the holding company of the Group on 28 August 2009. Details of the Reorganisation are set out in the Company’s prospectus dated 4 September 2009 (the “Prospectus”). The Company’s shares were listed on the Stock Exchange on 16 September 2009.

2 Basis of presentation

Since all entities which took part in the Reorganisation were under common control of a group of ultimate equity shareholders (the “Controlling Shareholders”) during the periods presented in this financial information before and immediately after the Reorganisation, consequently there was a continuation of the risks and benefits to the Controlling Shareholders, this financial information has been prepared as a reorganisation of business under common control and Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) has been applied. Accordingly, the relevant assets and liabilities of the companies comprising the Group during the periods presented are included in the consolidated financial statements of the Group from the date when the companies first came under the control of the Group’s Controlling Shareholders using the existing book values from the Controlling Shareholders’ perspective.

The consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement set out in this financial information include the results of operations of the Group as if the Group had been in existence and remained unchanged throughout the entire periods presented. The consolidated balance sheet of the Group as at 31 December 2008 had been prepared to present the consolidated state of affairs of the Group as if the Group had been in existence as at that date.

The financial information relating to the year ended 31 December 2008 that is included in this financial information as being previously reported information does not constitute the Company’s statutory financial statements for that financial year but is derived from the Accountant’s Report included in the Prospectus, which is available from the Company’s registered office.

All material intra-group transactions and balances have been eliminated on consolidation.

The figures in respect of the announcement of the Group’s result for the year ended 31 December 2009 have been compared by the Company’s auditors, KPMG, Certified Public Accountants, to the amounts set out in the Group’s draft financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the auditors on this announcement.

3 Revenue

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

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

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Provision of satellite communication application solutions and services	153,159	120,074
Provision of wireless data communication application solutions and services	166,856	62,718
Provision of call centre application solutions and services	<u>4,299</u>	<u>4,282</u>
	<u>324,314</u>	<u>187,074</u>

4 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.

- Provision of satellite communication application solutions and services include project design, installation, testing, application service provision for satellite communication, as well as distribution of satellite receivers and equipment.
- Provision of wireless data communication application solutions and services include installation, testing, application service provision for wireless data communication, as well as distribution of wireless terminals and equipment.
- Provision of call centre application solutions and services including system design, software development, technical support, system installation, quality control for call centres.

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

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

Segment assets include all tangible assets and current assets with the exception of deferred tax assets, other corporate assets and certain communication equipment which is jointly used by all reportable segments. Segment liabilities include trade creditors and accruals attributable to the activities of the individual segments.

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

The measure used for reporting segment profit is "segment operating profit". Segment operating profit includes the gross profit generated by the segment and certain administration and other income or expenses directly attributable to the segment. Items that are not specifically attributed to individual segments, such as unallocated finance costs, depreciation of certain communication equipment and other corporate administration costs, are excluded from segment operating profits.

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

	Provision of satellite communication application solutions and services		Provision of wireless data communication application solutions and services		Provision of call centre application solutions and services		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers (<i>Note</i>)	<u>153,159</u>	<u>120,074</u>	<u>166,856</u>	<u>62,718</u>	<u>4,299</u>	<u>4,282</u>	<u>324,314</u>	<u>187,074</u>
Segment operating profit	66,861	52,952	83,102	27,802	2,559	2,356	152,522	83,110
Depreciation for the year	245	—	74	65	639	599	958	664
Reportable segment assets	67,487	29,541	108,215	46,471	3,188	3,391	178,890	79,403
Additions to non-current segment assets during the year	72,094	8,036	49,137	46,653	147,282	375	268,513	55,064
Reportable segment liabilities	<u>13,266</u>	<u>31,388</u>	<u>1,043</u>	<u>5,225</u>	<u>—</u>	<u>—</u>	<u>14,309</u>	<u>36,613</u>

Note: Major customers

Revenue of customers amounting to 10 percent or more of the Group's revenue for the year ended 31 December 2009 and 2008 are set out below:

	Provision of satellite communication application solutions and services		Provision of wireless data communication application solutions and services		Total	
	2009 RMB'000	2008 RMB'000	2009 RMB'000	2008 RMB'000	2009 RMB'000	2008 RMB'000
Customer A	32,276	19,855	19,203	—	51,479	19,855
Customer B	—	18,971	—	—	—	18,971
	<u>32,276</u>	<u>38,826</u>	<u>19,203</u>	<u>—</u>	<u>51,479</u>	<u>38,826</u>

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

	2009 RMB'000	2008 RMB'000
Profit		
Reportable segment profit derived from the Group's external customers	152,522	83,110
Other net income	2,189	805
Unallocated depreciation	(9,761)	(82)
Finance costs	(4,674)	(7,116)
Other unallocated income and expense	<u>(29,573)</u>	<u>(7,183)</u>
Consolidated profit before taxation	<u>110,703</u>	<u>69,534</u>
	2009 RMB'000	2008 RMB'000
Assets		
Reportable segment assets	178,890	79,403
Unallocated corporate assets	<u>595,811</u>	<u>274,491</u>
Consolidated total assets	<u>774,701</u>	<u>353,894</u>
Liabilities		
Reportable segment liabilities	14,309	36,613
Unallocated corporate liabilities	<u>41,925</u>	<u>175,602</u>
Consolidated total liabilities	<u>56,234</u>	<u>212,215</u>

Unallocated income and expense mainly include directors' and auditors' remuneration, consulting fees, listing expenses and other corporate administration costs.

Unallocated corporate assets mainly include cash and cash equivalents, prepayments and deposits and fixed assets which are not specifically attributed to individual segments.

Unallocated corporate liabilities mainly include interest-bearing borrowings which are not specifically attributed to individual segments.

Geographical segments

Substantially all the Group's activities are based in the PRC and all of the Group's turnover and contribution to profit before taxation are derived from the PRC during the current and prior years.

5 Profit before taxation

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

	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>
(a) Finance costs:		
Discount charges on non-current receivables	—	2,878
Interest expense on borrowings wholly repayable within five years	4,599	4,134
Bank charges	<u>75</u>	<u>104</u>
	<u>4,674</u>	<u>7,116</u>
(b) Staff costs:		
Contributions to defined contribution retirement plans	695	374
Salaries, wages and other benefits	<u>12,219</u>	<u>5,296</u>
	<u>12,914</u>	<u>5,670</u>

As stipulated by the regulations in the PRC, the Group is required to participate in employee pension schemes organised by the PRC government whereby the Group is required to pay annual contributions at a rate of 20% (2008: 20%) of the standard wages determined by the relevant authorities in the PRC during the year.

The Group also operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$20,000. Contributions to the plan vest immediately.

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

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
(c) Other items:		
Cost of inventories	163,997	96,665
Depreciation of property, plant and machinery	10,719	746
Impairment loss on trade and other receivables	586	645
Reversal of impairment loss on trade and other receivables	(398)	—
Auditors' remuneration	626	—
Operating lease charges	1,679	720
Listing expenses	<u>12,274</u>	<u>—</u>

6 Income tax

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

No provision has been made for Hong Kong Profits Tax as the Group did not earn any income subject to Hong Kong Profits Tax during the current and prior years.

Hebei Noter Communication Technology Co. Ltd. (“Noter”), being a foreign invested production oriented enterprise established in Hebei Province on 21 August 2006, was granted a full exemption from income tax for two years followed by a 50% exemption from income tax for three years starting from its first profit-making year (the “2+3 tax holiday”). Given Noter was established in the second half of 2006, it elected to start its 2+3 tax holiday in 2007 under the relevant tax regulations and the local tax bureau approved 2007 as the first profit-making year of Noter. Therefore, Noter is within a 5-year period starting from 1 January 2007, entitled to full exemption from PRC corporate income tax (“CIT”) during the first two years and a reduced tax rate of 12.5% for each of the following years. Therefore, the CIT rate of Noter was 0% and 12.5% in 2008 and 2009 respectively and it will be 12.5% in 2010 and 2011 and 25% thereafter.

Shanghai All Access Noter Communication Technology Co. Ltd. (“Shanghai Noter”) and Beijing All Access Noter Communication Technology Co., Ltd. (“Beijing Noter”) which were established in October 2009 and December 2009 respectively, are subject to standard CIT rate of 25%.

The new CIT law also imposes a withholding tax at 10%, unless reduced by a tax treaty or agreement, for dividends distributed by a PRC-resident enterprise to its immediate holding company outside the PRC for earnings accumulated beginning on 1 January 2008. Undistributed earnings generated prior to 1 January 2008 are exempt from such withholding tax. As at 31 December 2009, temporary differences relating to the post-2007 undistributed profits of the Group's foreign-invested enterprise amounted to RMB150,400,000. Deferred tax liabilities of RMB15,040,000 have not been recognised in respect of the tax that would be payable on the distribution of these retained profits since these earnings are not intended to be distributed in the foreseeable future.

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
PRC corporate income tax		
Current income tax expense		
- Provision for the year	9,993	—
- Over-provision in respect of prior years (Note)	<u>(4,372)</u>	<u>—</u>
	5,621	—
Deferred tax expense		
- Origination and reversal of temporary differences	<u>7,158</u>	<u>1,738</u>
	<u>12,779</u>	<u>1,738</u>

Note: Noter was established in the second half of 2006, it elected to start its 2+3 tax holiday in 2007 under the relevant tax regulations. As such, it was subjected to income tax at 27% for 2006 and accordingly an income tax of RMB4,372,000 was provided for in 2006. Based on local practice, the local tax bureau allowed Noter to settle its 2006 income tax liability after the Group was listed. On 1 December 2009, local tax bureau waived Noter's 2006 income tax liability. Hence, the amount of RMB4,372,000 was reversed and credited to profit or loss in 2009.

7 Dividends

Dividends payable to equity shareholders of the Company attributable to the year:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Final dividend proposed after the balance sheet date of HK\$1.0 cent per ordinary share (2008: nil)	<u>10,375</u>	<u>—</u>

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

8 Earnings per share

(a) *Basic earnings per share*

The calculation of basic earnings per share for the year ended 31 December 2009 is based on the profit attributable to the ordinary equity shareholders of the Company of RMB97,924,000 (2008:

RMB67,796,000) and the weighted average number of 834,281,000 (2008: 750,000,000) ordinary shares of the Company (after adjusting for the effect of shares issued upon the Reorganisation and capitalisation issue as if all of those shares were outstanding throughout the year ended 31 December 2008 and 2009, calculated as follows:

Weighted average number of ordinary shares

	2009 <i>'000</i>	2008 <i>'000</i>
Issued ordinary shares at 1 January	—	—
Effect of issuance of shares on the Reorganisation	2,000	2,000
Effect of capitalisation issue	748,000	748,000
Effect of issuance of shares for placing and the initial public offering	<u>84,281</u>	<u>—</u>
Weighted average number of ordinary shares at 31 December	<u><u>834,281</u></u>	<u><u>750,000</u></u>

(b) ***Diluted earnings per share***

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity holders of the Company of RMB98,042,000 (2008: RMB70,215,000) and the diluted weighted average number of ordinary shares in respective year, calculated as follows:

Profit attributable to ordinary equity holders of the Company (diluted)

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Profit attributable to ordinary equity holders of the Company	97,924	67,796
After tax effect of effective interest on the liability component of convertible notes	<u>118</u>	<u>2,419</u>
Profit attributable to ordinary equity holders of the Company (diluted)	<u><u>98,042</u></u>	<u><u>70,215</u></u>

Weighted average number of ordinary shares (diluted)

	2009 <i>'000</i>	2008 <i>'000</i>
Weighted average number of ordinary shares at 31 December	834,281	750,000
Effect of conversion of convertible notes	<u>7,467</u>	<u>142,836</u>
Weighted average number of ordinary shares (diluted) at 31 December	<u><u>841,748</u></u>	<u><u>892,836</u></u>

9 Trade and other receivables

	<i>Note</i>	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Non-current			
Trade receivables		44,579	7,463
Performance guarantee deposit	(i)	<u>9,332</u>	<u>13,800</u>
		<u>53,911</u>	<u>21,263</u>
Current			
Trade receivables		120,475	64,617
Less: Allowance for doubtful debts		<u>(445)</u>	<u>(530)</u>
		120,030	64,087
Performance guarantee deposit	(i)	4,866	14,400
Other receivables, prepayments and deposits		<u>6,052</u>	<u>10,180</u>
		<u>130,948</u>	<u>88,667</u>

Note:

- (i) On 28 February 2008, Noter and Sky Communication Group Co. Limited (“SkyComm”), which was held by the major shareholder of the Group, entered into a long term co-operation agreement for a period of five years until December 2012. Pursuant to the Reorganisation for the purpose of listing the Company’s shares on the Main Board of the Stock Exchange, the major shareholder disposed of its interests in SkyComm on the same date. In September 2009, Noter and SkyComm signed a memorandum, under which Noter commits to provide SkyComm with the financial support up to the maximum amount of RMB100 million to assist SkyComm in carrying out its role as the agent of the Group in the provisions of certain telecommunication services and dealing with certain customers while the Group bears all risks and rewards associated with these customers. The financial support made available to SkyComm is interest-free and repayable within one month. In the event that SkyComm fails to repay the amount within one month, interest will be charged at market interest rate, plus a penalty of 0.05% of the funding amount.

During 2008, Noter provided a lump sum of RMB30,000,000 to SkyComm as a performance guarantee deposit which is subject to an annual adjustment in the manner as specified therein. The performance guarantee deposit is to secure SkyComm during the operations in case of the Group’s failure in performance to its customers. Such performance guarantee deposit will be refunded to Noter when the retention period of the projects for which SkyComm acts as the agent for the Group has expired. The amount of performance guarantee deposit which is expected to be refunded after one year is classified as non-current receivable and is discounted at a rate generally available for discounting similar instruments with commercial banks in the PRC based on the expected timing of refund.

During 2009, a total of RMB15,000,000 of the deposit was refunded. The remaining balance is expected to be recovered in equal portions over the three years ended 31 December 2012. At 31 December 2009, the present value of the performance guarantee deposit amounted to RMB14,198,000 (2008: RMB28,200,000), of which RMB9,332,000 (2008: RMB13,800,000) and RMB4,866,000 (2008: RMB14,400,000) have been classified as non-current assets and current assets respectively. The increase in the present value of RMB998,000 has been accounted for as an interest income during the year ended 31 December 2009. The Group did not provide any financial support to SkyComm as at 31 December 2009. The Group continues to provide such financial support to SkyComm after 31 December 2009.

(ii) Credit policy

Contract sums for the provision of application solutions (other than for sales of terminal equipment) are generally due and payable by installments at different stages which comprised (i) down payment payable upon signing of contract; (ii) remaining balance within three months after acceptance of project, subject to 5%-10% retention money, if any, to be withheld by customers in our projects until expiry of the warranty period. For sale of terminal equipment, contract sums are normally payable upon delivery of the relevant terminal equipment. The Group may grant credit up to 180 days to its customer according to the negotiation and relationship with these customers. The Group may also allow installments to certain customers with sound financial background and with no history of default. Normally, the Group does not obtain collateral from customers.

- (iii) For certain of the contracts, retention money representing 5% to 10% of the contract amount is not due until the warranty period expired. Included in trade receivables as at 31 December 2009 and 31 December 2008 are retention money of RMB1,297,000 and RMB1,251,000 respectively.

Trade receivables which are expected to be recovered after more than one year from the balance sheet date are classified as non-current assets. All of the current trade and other receivables are expected to be recovered within one year.

(a) *Ageing analysis*

Included in trade and other receivables are trade debtors with the following ageing analysis as at the balance sheet date:

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Current	144,167	21,318
Less than 1 month past due	11,953	31,001
1 to 3 months past due	3,150	5,922
More than 3 months but less than 12 months past due	3,644	6,254
Over 12 months past due	1,695	7,055
Amounts past due	20,442	50,232
	<u>164,609</u>	<u>71,550</u>
<i>Representing:</i>		
Non-current trade receivables	44,579	7,463
Current trade receivables	120,030	64,087
	<u>164,609</u>	<u>71,550</u>

Receivables within the current ageing category include instalments of sales proceeds which are not yet due for payments in accordance with the contract terms, including receivables that are due within one year and after one year from the balance sheet date are classified as current and non-current trade receivables, respectively. The Group only offers the instalment terms to customers with sound financial background and no history of default.

(b) *Impairment of trade debtors*

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

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

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
At 1 January	530	—
Impairment loss recognised	586	645
Reversal of impairment loss	(398)	—
Uncollectible amounts written off	(273)	(115)
At 31 December	<u>445</u>	<u>530</u>

At 31 December 2009, trade debtors of RMB717,960 (2008: RMB849,000), which have been overdue for more than one year, were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered. Consequently, specific allowances for doubtful debts of RMB586,000 were recognised of which RMB273,000 has been written off during 2009. In addition, trade debtors of RMB398,000 provided in prior years were recovered during the year. Consequently, a reversal of impairment loss of RMB398,000 was recorded during 2009. The specific allowance for doubtful debt of RMB445,000 was all related to the trade receivables which are over 12 months past due as at 31 December 2009.

(c) *Receivables that were past due but not impaired*

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. For any significant amounts past due, the Group would actively seek repayment from the debtors and the Group would enforce its legal right to the contractually due amount when considered necessary. The majority of the past due balances were due from government organisations in various places. They recognised all payment obligations, although the process of making payment has to follow a strict annual budgeting process and payment approval procedures which may slow down the collection. However, there have been no disputes over the balances due from these government organisations, therefore the balances are considered fully recoverable. The Group does not hold any collateral over these balances.

10 **Trade and other payables**

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Trade payables	11,429	25,345
Receipts in advance	2,213	1,785
Other payables and accruals	<u>24,651</u>	<u>17,115</u>
	<u>38,293</u>	<u>44,245</u>

All of the trade and other payables are expected to be settled within one year.

Included in trade and other payables are trade creditors with the following ageing analysis as at the balance sheet date:

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Due within 1 month or on demand	7,588	17,456
Due after 1 month but within 3 months	3,740	7,889
Due after 6 months but within 12 months	<u>101</u>	<u>—</u>
	<u>11,429</u>	<u>25,345</u>

11 Interest-bearing borrowings

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
<i>Current portion</i>		
Bank loans	—	28,753
Convertible notes	—	51,856
Fixed coupon notes	—	69,044
	-----	-----
	—	149,653
<i>Non-current portion</i>		
Bank loans	—	8,346
	-----	-----
	—	157,999
	=====	=====

On 13 September 2007, 21 September 2007 and 13 November 2007, CAA BVI issued 3 tranches of convertible notes to three unrelated parties, namely Smart King Group Limited (“Smart King”), Profit Concept International Limited (“Profit Concept”) and Guofu (Hong Kong) Holdings Limited (“Guofu”). Each tranche has a principal value of HK\$10,000,000 (equivalent to RMB9,364,000) with a maturity of one to two years.

The notes bear interest at 4% per annum and are guaranteed by Mr. Chan Yuen Ming, an executive director and chairman of the Company, and/or Creative Sector Limited (“Controlling Shareholders”).

Each tranche of convertible notes provided a right to the note holder to convert the notes into 3.8% to 7% of the Company’s share capital prior to share capital enlargement arising on the initial public offering (“IPO”) (“share capital enlargement”) on or before the earlier of the proposed listing date or the maturity date of the convertible notes.

On 1 February 2008, pursuant to a supplemental agreement entered into between CAA BVI and Smart King, CAA BVI repaid HK\$4,285,714 (equivalent to RMB3,780,000) to this noteholder. Consequently, the conversion into ordinary shares was reduced from 7% to 4% of the Company’s share capital before share capital enlargement, while other terms remained the same. On 1 June 2008, pursuant to another supplemental agreement entered into between CAA BVI and Smart King, the remaining convertible notes held by Smart King were redeemed and the remaining principal of HK\$5,714,286 (equivalent to RMB5,039,000) repaid to Smart King. The equity component of the convertible notes of RMB600,000 was released to retained profits upon redemption.

On 15 May 2008, CAA BVI issued a tranche of convertible notes to Even Grow Investments Limited (“Even Grow”), with a principal value of HK\$38,560,000 (equivalent to RMB34,006,000) and with a maturity of 18 months. The notes bear interest at 4% per annum and are guaranteed by the Controlling Shareholders. The convertible notes provided a right to the noteholder to convert the note into 7% of the Company’s share capital prior to share capital enlargement, before the earlier of the proposed listing date or the maturity date.

Pursuant to the supplemental agreements entered into between CAA BVI and Profit Concept, and between CAA BVI and Even Grow on 24 November 2008, the terms of the original convertible

notes issued to Profit Concept and Even Grow were amended such that holders of the convertible notes would have the right to request settlement of the convertible notes before the maturity date, and will be requested by CAA BVI and the Controlling Shareholders to settle the convertible notes upon success of the IPO by, the Controlling Shareholders transferring the prescribed percentage of the issued share capital of the Company to the convertible note holders, and the Controlling Shareholders would waive all their rights and benefits against CAA BVI and the Company in respect of the principal amount, any accrued interest and/or other amounts payable in respect of the loans under the convertible notes. The convertible notes would be repaid at the maturity date if the conversion did not take place. As a result of the amendment of terms, the conversion obligation of the convertible notes were transferred from CAA BVI to the Controlling Shareholders. The tranches issued to Profit Concept and Even Grow (“the modified notes”) continued to be classified as convertible notes.

On 23 September 2008, CAA BVI issued a tranche of fixed coupon notes to Chengwei CAA Holdings Limited (“Chengwei”). The tranche has a principal value of US\$10,000,000 (equivalent to RMB68,788,000) with a maturity of 12 months. The note bears interest at 4% per annum and are guaranteed by the Controlling Shareholders. Similar to the modified notes mentioned above, the fixed coupon note holders would have the right to request for the settlement of the note before the maturity date, and will be requested by CAA BVI and the Controlling Shareholders to settle the note upon success of the IPO by, the Controlling Shareholders transferring 14.16% of the issued share capital of the Company to Chengwei, and the Controlling Shareholders shall waive all their rights and benefits against CAA BVI and the Company in respect of the principal amount or accrued interest or any money as otherwise payable to Chengwei by CAA BVI under the note. The fixed coupon notes will be repaid at the maturity date if the conversion does not take place.

The tranche of convertible notes to Guofu of principal HK\$10,000,000 (approximately RMB8,819,000) has been repaid in full on 30 April 2009 pursuant to a supplemental agreement entered into between CAA BVI and Guofu. The equity component of the convertible notes of RMB297,000 was released to retained profits upon redemption.

On 15 September 2009, the outstanding convertible notes to Profit Concept and Even Grow, and the fixed coupon notes to Chengwei, were converted into 52,500,000, 52,500,000 and 106,200,000 ordinary shares of the Company, representing 7%, 7% and 14.16% interests in the Company prior to the share capital enlargement, respectively. Pursuant to respective agreements between the Controlling Shareholders and Profit Concept, Even Grow and Chengwei, the conversion of these convertible notes and fixed coupon note were settled by exchanging the Controlling Shareholders’ interests in the share capital of the Company to these noteholders. The Controlling Shareholders waived all their rights and benefits against CAA BVI and the Company in respect of the principal amounts and accrued interests. As a result, the principal amounts and accrued interests, totalling RMB113,922,000, waived by the Controlling Shareholders were credited to capital reserve of CAA BVI on 15 September 2009.

Movements of the convertible notes of the Group are as follows:

	Liability component RMB'000	Equity component RMB'000	Total RMB'000
At 1 January 2008	27,377	1,207	28,584
Exchange adjustments	(1,593)	—	(1,593)
Issuance of convertible notes	32,653	1,353	34,006
Accrual of interest costs	2,386	—	2,386
Repayment of convertible notes and accrued interests	<u>(8,967)</u>	<u>(600)</u>	<u>(9,567)</u>
At 31 December 2008	<u>51,856</u>	<u>1,960</u>	<u>53,816</u>
At 1 January 2009	51,856	1,960	53,816
Exchange adjustments	(207)	—	(207)
Accrual of interest costs	2,132	—	2,132
Repayment of convertible notes and accrued interests	(10,956)	(297)	(11,253)
Conversion of convertible notes	<u>(42,825)</u>	<u>(1,663)</u>	<u>(44,488)</u>
At 31 December 2009	<u>—</u>	<u>—</u>	<u>—</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Wireless data communication application solutions and services

The demand for wireless data communication application solutions and services was propelled by the launch of 3G mobile communication services in the PRC. In 2009, our business in the provision of wireless data communication application solutions and services recorded very remarkable result. It represented about 52% of our total business volume. Its convenience in usage and its user-friendliness in integrating with different operating systems enable us to provide more projects to customers in different industries including traffic law enforcement bureau, fire service bureau, bank, telecommunication operating company, mining industry and utility company. Alongside with the increase in the number of projects installed for our customers, we could also increase our service revenue which would contribute to higher profit margin and a more stable stream of revenue for our business.

Satellite communication application solutions and services

As an alternative means to supplement terrestrial communication means especially in the event of emergency situation when mainstream communication technologies cannot be effectively applied, our solutions become a must-have contingency communication tools for mission critical actions. More and more customers of different industries are realising the benefit of maintaining such an effective means of communication and are willing to invest into our solutions and services which afford them with the peace of mind that they are not solely relying on the public network. With the provision of advanced technologies to the market, we have solicited the interest of more prospective customers in different industries. In 2009, our business in the provision of satellite communication application solutions and services accounted for about 47% of our total business volume. Besides the geographical expansion of our market to cover more customers of the same industries in different provinces and the repeated orders from our existing customers, we also developed customer base in several new industries, including the public health and hygiene industry and the telecommunication operators.

Call centre application solutions and services

Our call centre application solutions and services are customized packages for the telecommunication, banking and broadcasting enterprises which have outsourced their call centres to call centre service providers. In 2009, it represented about 1% of our total business volume. Due to the fact that most of our management resources were dedicated towards the development of the wireless data communication

application solutions and services and the satellite communication application solutions and services, the call centre application solutions and services remained as a very stable business segment. We will approach more call centre service providers in the market to develop partnership relationships with them in order to grow this business.

Application of IPO proceeds

The net proceeds from the Company's IPO was approximately HK\$403.47 million, after deduction of related expenses. Up to 31 January 2010, the Company has already applied HK\$69.37 million of the net proceeds in accordance with the description of the use of proceeds in the prospectus of the Company dated 4 September 2009 (the "Prospectus"). The balance of approximately HK\$334.1 million of the net proceeds will be also applied in line with the description in the Prospectus.

FINANCIAL REVIEW

Revenue

Revenue increased from approximately RMB187.07 million for the year ended 31 December 2008 to approximately RMB324.31 million for the year ended 31 December 2009 which represented an increase of approximately 73%. The increase in revenue during the period under review as compared with the corresponding period last year was mainly attributable to the following factors:

- Provision of wireless data communication application solutions and services exhibited an increase in revenue from approximately RMB62.72 million for the year ended 31 December 2008 to approximately RMB166.86 million for the year ended 31 December 2009 which represented a growth of approximately 166%. The growth was mainly driven by the sales of more wireless data terminals and installation of more wireless data communication application projects for deployment in the areas of network monitoring and surveillance in different industries as well as the increase in our provision of application services to our customers.
- Provision of satellite communication application solutions and services exhibited an increase in revenue from approximately RMB120.07 million for the year ended 31 December 2008 to approximately RMB153.16 million for the year ended 31 December 2009 which represented a growth of approximately 28%. The growth was mainly driven by the sales of more dynamic satellite communication application solutions in connection with our increase in market penetration both in the industries which engaged us to provide these solutions before and in new industries.

Gross profit

Gross profit increased from approximately RMB82.99 million for the year ended 31 December 2008 to approximately RMB143.93 million for the year ended 31 December 2009 which represented a growth of approximately 73%. Meanwhile, the gross profit margin remained at approximately 44% for the years ended 31 December 2008 and 31 December 2009. The gross profit for the years ended 31 December 2008 and 2009 is analysed as follows:

- Provision of wireless data communication application solutions and services generated gross profit of approximately RMB33.25 million and RMB83.51 million for the years ended 31 December 2008 and 31 December 2009 respectively, representing a growth of approximately 151%. The growth of our gross profit was driven by our sales of wireless data terminals in 2009. On the other hand, the gross profit margins for the years ended 31 December 2008 and 31 December 2009 were approximately 53% and 51% respectively. The impact on the gross profit margin was mainly driven by our pursuit for growing the volume of this business.
- Provision of satellite communication application solutions and services generated gross profit of approximately RMB53.29 million and RMB67.74 million for the years ended 31 December 2008 and 31 December 2009 respectively, representing a growth of approximately 27%. The gross profit margins remained at 44% in these two years.

Administration and distribution expenses

Administration and distribution expenses increased from approximately RMB7.14 million for the year ended 31 December 2008 to approximately RMB30.75 million for the year ended 31 December 2009 which represented a growth of approximately 3.30 times. Excluding the listing expenses of approximately RMB12.27 million, the increase was approximately 1.59 times which were incurred as a result of our expansion in human resources and all kinds of facilities in the course of growing our business.

Finance costs

All interest-bearing borrowings were settled upon the Company's initial public offering ("IPO") in September 2009. Therefore, the finance costs decreased from approximately RMB7.12 million for the year ended 31 December 2008 to approximately RMB4.67 million for the year ended 31 December 2009 which represented a decline of approximately 34%.

Income tax

Our major operating subsidiary in the PRC, namely Hebei Noter Communication Technology Co., Ltd. has become subject to income tax rate of 12.5% in 2009 after enjoying two years of zero income tax rate previously. Hence, the income tax for the Group increased from approximately RMB1.74 million for the year ended 31 December 2008 to approximately RMB12.78 million for the year ended 31 December 2009 which represented an increase of approximately 6.34 times.

Profit for the year

Profit for the year increased from approximately RMB67.80 million for the year ended 31 December 2008 to approximately RMB97.92 million for the year ended 31 December 2009 which represented a growth of approximately 44%.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity, financial resources and capital structure

As at 31 December 2009, the Group had cash and cash equivalents of approximately RMB465.20 million (as at 31 December 2008: approximately RMB174.71 million) and no interest-bearing borrowings (as at 31 December 2008 : approximately RMB149.65 million) respectively. Due to the repayment of all bank loans by the Group and the conversion of all convertible notes and fixed coupon notes into equity during the period under review, the gearing ratio (calculated by dividing total interest-bearing borrowings by total assets) as at 31 December 2009 was nil (as at 31 December 2008 : approximately 45%). As at 31 December 2009, the Group had current assets of approximately RMB672.54 million (as at 31 December 2008: approximately RMB275.16 million) and current liabilities of approximately RMB47.34 million (as at 31 December 2008: approximately RMB202.13 million). The current ratio (which is calculated by dividing current assets by current liabilities) was approximately 14.21 as at 31 December 2009, which was a surge as compared with the current ratio of approximately 1.36 as at 31 December 2008. Such surge was due to the repayment of all current portion of bank loans and the conversion of convertible notes and fixed coupon notes during the year.

The Board's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Group's reputation.

Foreign exchange exposure

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

Capital expenditure and investment in subsidiaries

During the year, the Group's total capital expenditure amounted to approximately RMB1.52 million, which was used for the acquisition of machineries and equipment. The Group incorporated two new wholly-owned subsidiaries in the PRC, namely Beijing Noter and Shanghai Noter with a paid up registered capital amount of US\$30 million and US\$3 million respectively. The Group also increased the paid up registered capital amount of Hebei Noter Communication Technology Co., Ltd. from US\$19.50 million to US\$22.50 million. The Group plans to incorporate one new wholly-owned subsidiary in the PRC in 2010 to accomplish the task of setting up a nationwide sales and marketing network. It also plans to acquire the majority shareholding of a domestic company in the PRC to develop new application solutions and services for new market. All these capital resources were and will be funded by our own internal resources.

Charge on assets

As at 31 December 2009, the Group had no charge on any assets.

Contingent liabilities

As at 31 December 2009, the Group had no material contingent liabilities.

Commitment

As at 31 December 2009, the Group had committed to provide financial support to SkyComm up to the maximum amount of RMB100 million.

PROSPECTS

Achieving an operating profit of more than RMB100 million is a key milestone of our corporate development. Together with the success in our IPO in September 2009, we have positioned ourselves to pursue the leading role of application solution provider for public safety, city integrated management and city emergency communication in the PRC. We foresee that the increasing popularity of 3G communication technologies in the PRC market will further increase the demand of wireless data

communication application solutions and services. At the same time, the continuous rapid economic development in the PRC will boost up the level of awareness of having alternative means of communication technologies which have demonstrated their effectiveness in the event of emergency situation and safeguarding the accomplishment of mission critical activities. We believe that more institutions of different sectors will invest into the satellite communication application solutions and services being provided by us. Our call centre application solutions and services have a very niche position in the market that we expect it can be further developed by partnering with more call centre service providers and promoting our offerings to more prospective end customers.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

Since the Company was only listed on the Stock Exchange on 16 September 2009, the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules (the “Corporate Governance Code”) was applicable to the Company from the date of the listing of the Company on 16 September 2009 to 31 December 2009 (the “Relevant Period”). During the Relevant Period, the Company has applied the principles and complied with the code provisions of the Corporate Governance Code. None of the Directors is aware of any information that would reasonably indicate that the Company is not or was not, at any time during the Relevant Period, in due compliance with the code provisions of the Corporate Governance Code.

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

Since the listing of the Company’s shares on the main board of the Stock Exchange on 16 September 2009, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the Relevant Period.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK\$1.0 cent per share for the year ended 31 December 2009. The proposed final dividend will be paid to Shareholders whose names appear on the register of members of the Company on 14 May 2010, if the proposal is approved by the Shareholders at the forthcoming annual general meeting. It is expected that the final dividend will be paid on or about 2 June 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 12 May 2010 to 14 May 2010 (both days inclusive), during which period no transfer of shares will be

effected. In order to qualify for the proposed final dividend for the year ended 31 December 2009 and attending and voting at the forthcoming annual general meeting, all share transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office in Hong Kong, Union Registrars Limited at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, for registration not later than 4:00 p.m. on 11 May 2010.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk and on the Company's website at www.chinaallaccess.com. The annual report of the Company for the year ended 31 December 2009 will also be published on the aforesaid websites and despatched to the shareholders of the Company in due course.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company has reviewed the annual results of the Group for the year ended 31 December 2009.

By order of the Board
China All Access (Holdings) Limited
Chan Yuen Ming
Chairman

Hong Kong, 30 March 2010

As at the date of this announcement, the executive Directors are Mr. Chan Yuen Ming, Mr. Shao Kwok Keung and Mr. Gao Hou Ming; and the independent non-executive Directors are Mr. Pun Yan Chak, Mr. Wong Che Man Eddy and Mr. Lam Kin Hung Patrick.