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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)

INTERIM RESULTS ANNOUNCEMENT

Highlights:

1. Revenue for the period increased by approximately 58%, in comparison with the corresponding period last year to approximately RMB129.09 million.
2. Profit for the period increased by approximately 63%, in comparison with the corresponding period last year to approximately RMB34.65 million.
3. The Board recommends the payment of an interim dividend of HK1.0 cent per share for the six months ended 30 June 2010 (for the six months ended 30 June 2009: nil).

The board of directors (the “Board”) of China All Access (Holdings) Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) for the six months ended 30 June 2010, which have been reviewed by KPMG and the audit committee of the Board, together with the comparative figures for the corresponding period in 2009.

Consolidated income statement*for the six months ended 30 June 2010 - Unaudited**(Expressed in Renminbi)*

		Six months ended 30 June	
		2010	2009
			<i>(Audited)</i>
	<i>Note</i>	RMB'000	RMB'000
Revenue	3	129,094	81,841
Cost of sales		(76,461)	(50,199)
Gross profit		52,633	31,642
Other revenue		947	1,609
Other net income		214	358
Distribution expenses		(2,089)	(387)
Administrative expenses		(11,155)	(4,698)
Profit from operations		40,550	28,524
Finance costs	4(a)	(152)	(3,453)
Profit before taxation	4	40,398	25,071
Income tax	5	(5,745)	(3,798)
Profit for the period		34,653	21,273
Attributable to:			
Equity shareholders of the Company		34,679	21,273
Non-controlling interests		(26)	—
Profit for the period		34,653	21,273
Earnings per share (RMB)	6	0.033	0.028

Consolidated statement of comprehensive income
for the six months ended 30 June 2010 - Unaudited
(Expressed in Renminbi)

	Six months ended 30 June	
	2010	2009
		<i>(Audited)</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the period	34,653	21,273
Other comprehensive income for the period		
Exchange differences on translation of financial statements of subsidiaries outside the PRC, net of nil tax	<u>(653)</u>	<u>(308)</u>
Total comprehensive income for the period	<u>34,000</u>	<u>20,965</u>
Attributable to:		
Equity shareholders of the Company	34,026	20,965
Non-controlling interests	<u>(26)</u>	<u>—</u>
Total comprehensive income for the period	<u>34,000</u>	<u>20,965</u>

Consolidated balance sheet
At 30 June 2010 - Unaudited
(Expressed in Renminbi)

		At 30 June 2010	At 31 December 2009 <i>(Audited)</i>
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets			
Property, plant and equipment		73,367	48,247
Intangible assets	11	2,070	—
Goodwill	11	367	—
Trade and other receivables	7	71,185	53,911
		<u>146,989</u>	<u>102,158</u>
Current assets			
Inventories		7,836	8,395
Trade and other receivables	7	137,867	130,948
Banks deposits with original maturities over three months		68,000	68,000
Cash and cash equivalents		478,709	465,200
		<u>692,412</u>	<u>672,543</u>
Current liabilities			
Trade and other payables	8	61,797	38,293
Interest-bearing borrowings	9	722	—
Income tax payable		7,727	9,045
		<u>70,246</u>	<u>47,338</u>
Net current assets		<u>622,166</u>	<u>625,205</u>
Total assets less current liabilities		<u>769,155</u>	<u>727,363</u>
Non-current liabilities			
Interest-bearing borrowings	9	14,613	—
Deferred tax liabilities		9,413	8,896
		<u>24,026</u>	<u>8,896</u>
NET ASSETS		<u>745,129</u>	<u>718,467</u>
CAPITAL AND RESERVES			
Share capital		9,141	9,141
Reserves		734,258	709,326
Total equity attributable to equity shareholders of the Company		<u>743,399</u>	<u>718,467</u>
Non-controlling interests		1,730	—
TOTAL EQUITY		<u>745,129</u>	<u>718,467</u>

Notes to the unaudited interim financial information

(Expressed in Renminbi)

1 Basis of preparation

This interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issue on 30 August 2010.

The interim financial information has been prepared in accordance with the same accounting policies adopted in the 2009 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2010 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The comparative figures for the six months ended 30 June 2009 represent the information derived from the non-statutory consolidated financial statements for the six months ended 30 June 2009, which had been prepared on a reorganisation of business under common control pursuant to the Reorganisation as described in the Company’s prospectus dated 4 September 2009. Further details of the basis of preparation of the consolidated financial statements for the six months ended 30 June 2009 are set out in the Company’s 2009 interim financial report.

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

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, “*Review of interim financial information performed by the independent auditor of the entity*”, issued by the HKICPA, whose unmodified review report is included in the interim financial report to be sent to the shareholders.

The financial information relating to the six months ended 30 June 2009 and the year ended 31 December 2009 that is included in the interim financial information as being previously reported information does not constitute the Company’s financial statements for that financial period/year but is derived from those financial statements. The non-statutory financial statements for the six months ended 30 June 2009 and the statutory financial statements for the year ended 31 December 2009 are available in the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their reports dated 28 September 2009 and 30 March 2010 respectively.

2 Changes in accounting policies

The HKICPA has issued two revised HKFRSs, a number of amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 3 (revised 2008), *Business combinations*
- Amendments to HKAS 27, *Consolidated and separate financial statements*
- Improvements to HKFRSs (2009)

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The amendments introduced by the Improvements to HKFRSs (2009) have had no material impact on the Group's financial statements. The other developments resulted in changes in accounting policy but none of these changes in policy have had a material impact on the current or comparative periods, for the following reasons:

- HKFRS 3 is applied prospectively from 1 January 2010. Such amendment have been applied to the business combination (note 11) that occurred during the current period but have not had a material impact on the Group's financial statements of the current period as the transaction costs incurred by the Group in connection with the business combination were not material.
- The amendments to HKAS 27 in respect of allocation of losses to non-controlling interests (previously known as minority interests) have had no material impact as there are no losses allocated to non-controlling interests in excess of their equity interest in the current and previous periods.

3 Segment reporting

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

- Provision of satellite communication application solutions and services, including 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, including 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*

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.

For six months ended 30 June	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	
	2010 <i>(Audited)</i> RMB'000	2009 <i>(Audited)</i> RMB'000	2010 <i>(Audited)</i> RMB'000	2009 <i>(Audited)</i> RMB'000	2010 <i>(Audited)</i> RMB'000	2009 <i>(Audited)</i> RMB'000	2010 <i>(Audited)</i> RMB'000	2009 <i>(Audited)</i> RMB'000
Revenue from external customers <i>(note)</i>	<u>59,300</u>	<u>48,146</u>	<u>67,561</u>	<u>31,605</u>	<u>2,233</u>	<u>2,090</u>	<u>129,094</u>	<u>81,841</u>
Reportable segment profit	24,568	20,643	31,430	14,133	1,379	1,294	57,377	36,070
Depreciation for the period	151	109	24	36	343	311	518	456
Additions to non -current segment assets during the period	<u>—</u>	<u>55</u>	<u>26</u>	<u>30</u>	<u>204</u>	<u>101</u>	<u>230</u>	<u>186</u>
	At 30 June 2010	At 31 December 2009	At 30 June 2010	At 31 December 2009	At 30 June 2010	At 31 December 2009	At 30 June 2010	At 31 December 2009
	<i>(Audited)</i> RMB'000	<i>(Audited)</i> RMB'000	<i>(Audited)</i> RMB'000	<i>(Audited)</i> RMB'000	<i>(Audited)</i> RMB'000	<i>(Audited)</i> RMB'000	<i>(Audited)</i> RMB'000	<i>(Audited)</i> RMB'000
Reportable segment assets	76,314	67,487	115,384	108,215	35,460	3,188	227,158	178,890
Reportable segment liabilities	<u>10,730</u>	<u>13,266</u>	<u>32,419</u>	<u>1,043</u>	<u>—</u>	<u>—</u>	<u>43,149</u>	<u>14,309</u>

Note: Major customers

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

For six months ended 30 June	Provision of satellite communication application solutions and services		Provision of wireless data communication application solutions and services		Total	
	2010	2009	2010	2009	2010	2009
		(Audited)		(Audited)		(Audited)
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Customer A	6,701	18,594	21,619	9,971	28,320	28,565
Customer B	14,538	17,142	—	—	14,538	17,142
	<u>21,239</u>	<u>35,736</u>	<u>21,619</u>	<u>9,971</u>	<u>42,858</u>	<u>45,707</u>

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

	Six months ended 30 June	
	2010	2009
		(Audited)
	RMB'000	RMB'000
Profit		
Reportable segment profit derived from the Group's external customers	57,377	36,070
Other revenue	947	1,609
Other net income	214	358
Depreciation and amortisation	(5,113)	(4,871)
Finance costs	(152)	(3,453)
Unallocated head office and corporate expenses	(12,875)	(4,642)
Consolidated profit before taxation	<u>40,398</u>	<u>25,071</u>

	At 30 June 2010 <i>RMB'000</i>	At 31 December 2009 <i>(Audited)</i> <i>RMB'000</i>
Assets		
Reportable segment assets	227,158	178,890
Unallocated head office and corporate assets	612,243	595,811
	<hr/>	<hr/>
Consolidated total assets	839,401	774,701
	<hr/> <hr/>	<hr/> <hr/>
Liabilities		
Reportable segment liabilities	43,149	14,309
Unallocated head office and corporate liabilities	51,123	41,925
	<hr/>	<hr/>
Consolidated total liabilities	94,272	56,234
	<hr/> <hr/>	<hr/> <hr/>

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

Unallocated head office and corporate assets mainly include cash and cash equivalents, intangible assets, prepayments and deposits and property, plant and equipment which are not specifically attributable to individual segments.

Unallocated head office and corporate liabilities mainly include interest-bearing borrowings which are not specifically attributable to individual segments.

(c) Geographic segments

Substantially all of the Group's activities are based in the People's Republic of China (the "PRC") and all of the Group's turnover and contributions to profit before taxation are derived from the PRC during the current and prior periods.

4 Profit before taxation

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

	Six months ended 30 June	
	2010	2009
		(Audited)
	RMB'000	RMB'000
(a) Finance costs		
Interest on borrowings	124	3,427
Other finance costs	28	26
Total finance costs	<u>152</u>	<u>3,453</u>
(b) Other items		
Depreciation of property, plant and equipment	5,631	5,327
Interest income	(947)	(1,413)
Cost of inventories sold	<u>67,709</u>	<u>42,607</u>

5 Income tax

	Six months ended 30 June	
	2010	2009
		(Audited)
	RMB'000	RMB'000
Current tax – PRC corporate income tax	5,745	2,937
Deferred taxation	—	861
	<u>5,745</u>	<u>3,798</u>

- (a) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (b) No provision for Hong Kong Profits Tax has been made as the Group’s subsidiaries residing in Hong Kong either sustained adjusted tax losses or did not have assessable profits subject to Hong Kong Profits Tax for the six months ended 30 June 2010 and 2009.
- (c) Pursuant to the income tax rules and regulations of the PRC, the subsidiaries of the Group in the PRC are liable to PRC corporate income tax at a rate of 25% during the six months ended 30 June 2010 (six months ended 30 June 2009: 25%), except for Hebei Noter Communication Technology Company Limited (“Hebei Noter”) which is entitled to a tax concession period during which Hebei Noter is fully exempted from PRC corporate income tax for two years starting from its first profit making year, followed by a 50% reduction in the PRC corporate income tax for the following three years. The tax rate of Hebei Noter for the six months ended 30 June 2010 is 12.5% (six months ended 30 June 2009: 12.5%).

6 Earnings per share

The calculation of earnings per share for the six months ended 30 June 2010 is based on the profit attributable to ordinary equity shareholders of the Company of RMB34,679,000 and the weighted average of 1,037,500,000 ordinary shares in issue during the current period.

The calculation of earnings per share for the six months ended 30 June 2009 is based on the profit attributable to ordinary equity shareholders of the Company of RMB21,273,000 and on the assumption that 750,000,000 shares of the Company are in issue and issuable, comprising one share in issue during the prior period, 1,999,999 shares issued pursuant to the Reorganisation (as described in the Company's prospectus dated 4 September 2009) which took place on 28 August 2009 and 748,000,000 shares issued pursuant to the capitalisation issue which took place on 15 September 2009 as if the shares were outstanding throughout the prior period.

No diluted earnings per share is disclosed as there were no dilutive instruments during the current and prior periods.

7 Trade and other receivables

		At 30 June 2010	At 31 December 2009 <i>(Audited)</i>
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current			
Trade receivables		41,788	44,579
Performance guarantee deposit	(ii)	29,397	9,332
		<u>71,185</u>	<u>53,911</u>
Current			
Trade receivables		131,803	120,475
Less: Allowance for doubtful debts		(445)	(445)
		131,358	120,030
Performance guarantee deposit	(ii)	—	4,866
Other receivables, prepayments and deposits		6,509	6,052
		<u>137,867</u>	<u>130,948</u>

Note:

- (i) On 28 February 2008, Hebei Noter and Sky Communication Group Company Limited (“SkyComm”) entered into a long term co-operation agreement for a period of five years until December 2012. In September 2009, Hebei Noter and SkyComm signed a memorandum, under which Hebei Noter committed to provide SkyComm with financial support up to a maximum amount of RMB100 million to assist SkyComm in carrying out its role as an agent of the Group in the provision 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 rates, plus a daily penalty of 0.05% of the funding amount, up to a maximum penalty amounting to 5% of the funding amount.

On 20 February 2010, Hebei Noter and SkyComm signed a supplemental memorandum which increased the maximum amount of financial support to RMB115 million. On 28 April 2010, the maximum amount of financial support was reduced back to RMB100 million. During the six months ended 30 June 2010, the maximum outstanding amount under the financial support arrangement amounted to RMB111 million. All of the financial support made available to SkyComm was received within one month and at no time during the period had the outstanding financial support exceeded the maximum amount. The financial support arrangement was aborted by both parties on 30 June 2010.

- (ii) Pursuant to the long term co-operation agreement, Hebei 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 provide security to SkyComm during the operations in case of the Group’s failure in performance to its customers. Such performance guarantee deposit will be refunded to Hebei Noter when the retention period of the projects for which SkyComm acts as the agent for the Group has expired. The amount expected to be refunded one year after the balance sheet date is classified as a 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. During the six months ended 30 June 2010, a further deposit of RMB15,000,000 was provided to SkyComm as management anticipated there will be more business referrals from SkyComm, increasing the amount of performance guarantee deposit to RMB30,000,000. The total balance is expected to be recovered at the end of 2012. At 30 June 2010, the present value of the performance guarantee deposit amounting to RMB29,397,000 (2009: RMB9,332,000) was classified as a non-current asset.

Ageing analysis

Included in trade and other receivables are trade receivables (net of allowance for doubtful debts) with the following ageing analysis:

	At 30 June 2010 <i>RMB'000</i>	At 31 December 2009 <i>(Audited)</i> <i>RMB'000</i>
Current	<u>127,648</u>	<u>144,167</u>
Less than 1 month past due	31,777	11,953
1 to 3 months past due	1,384	3,150
More than 3 months but less than 12 months past due	10,149	3,644
More than 12 months past due	<u>2,188</u>	<u>1,695</u>
Amounts past due	<u>45,498</u>	<u>20,442</u>
Trade debtors, net of allowance for doubtful debts	<u><u>173,146</u></u>	<u><u>164,609</u></u>
Representing:		
Non-current trade receivables	41,788	44,579
Current trade receivables	<u>131,358</u>	<u>120,030</u>
	<u><u>173,146</u></u>	<u><u>164,609</u></u>

Contract sums for the provision of application solutions (other than for sales of terminal equipment) are generally due and payable by instalments at different stages which comprised (i) downpayment 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 sales 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 customers according to the negotiation and relationship with these customers. The Group may also allow payments by instalments to certain customers with sound financial background and with no history of default. Normally, the Group does not obtain collateral from customers.

8 Trade and other payables

	At 30 June 2010 <i>RMB'000</i>	At 31 December 2009 <i>(Audited)</i> <i>RMB'000</i>
Trade payables	30,881	11,429
Receipts in advance	952	2,213
Other payables and accruals	29,964	24,651
	<hr/> 61,797 <hr/>	<hr/> 38,293 <hr/>

Included in trade and other payables are trade payables with the following ageing analysis:

	At 30 June 2010 <i>RMB'000</i>	At 31 December 2009 <i>(Audited)</i> <i>RMB'000</i>
Due within 1 month or on demand	28,069	7,588
Due after 1 month but within 3 months	2,709	3,740
Due after 6 months but within 12 months	103	101
	<hr/> 30,881 <hr/>	<hr/> 11,429 <hr/>

9 Interest-bearing borrowings

At 30 June 2010, the bank loans were repayable as follows:

	At 30 June 2010	At 31 December 2009 <i>(Audited)</i>
	RMB'000	RMB'000
Current portion		
Within 1 year	722	—
	-----	-----
Non-current portion		
After 1 year but within 2 years	749	—
After 2 years but within 5 years	2,428	—
After 5 years	11,436	—
	-----	-----
	14,613	—
	-----	-----
Total mortgage loans	<u>15,335</u>	<u>—</u>

The mortgage loans are secured by the Group's buildings which were acquired during the interim period with carrying values of approximately RMB25,456,000 at 30 June 2010.

10 Dividends

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

	Six months ended 30 June	
	2010	2009
		<i>(Audited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend declared after the interim period, of HK1.0 cent per ordinary share (six months ended 30 June 2009: Nil)	10,375	—
	<i>RMB'000</i>	<i>RMB'000</i>
Equivalent to	9,051	—

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

	Six months ended 30 June	
	2010	2009
		<i>(Audited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Final dividend attributable to the financial year ended 31 December 2009, approved and paid during the following interim period, of HK1.0 cent per ordinary share (year ended 31 December 2008: Nil)	10,375	—
	<i>RMB'000</i>	<i>RMB'000</i>
Equivalent to	9,094	—

11 Business combination

On 22 April 2010, Beijing All Access Noter Communication Technology Company Limited (“Beijing Noter”), a wholly-owned subsidiary of the Company, Beijing Zhiping Network Technology Company Limited (“Beijing Zhiping”) and its shareholders entered into a capital subscription agreement pursuant to which Beijing Noter acquired a 60% equity interest in Beijing Zhiping through contribution of additional registered capital in Beijing Zhiping in the aggregate amount of RMB3,000,000.

Before the acquisition, Beijing Zhiping had registered capital of RMB2,000,000 which was owned as to 80% and 20% by two individuals who are independent third parties to the Group. Following the capital contribution to Beijing Zhiping, the total registered paid up capital of Beijing Zhiping increased from RMB2,000,000 to RMB5,000,000, and Beijing Zhiping became owned as to 60% by Beijing Noter, and 32% and 8% by the two individuals mentioned above respectively. Beijing Zhiping became an indirect non-wholly-owned subsidiary of the Company since then and subsequently changed its name to Beijing All Access Zhiping Communication Technology Company Limited.

Beijing Zhiping's net assets at the acquisition date are analysed as follows:

	Pre-acquisition carrying amount <i>RMB' 000</i>	Fair value adjustment <i>RMB' 000</i>	Recognised values on acquisition <i>RMB' 000</i>
Intangible assets	—	2,070	2,070
Current assets	104	—	104
Current liabilities	(268)	—	(268)
Deferred tax liabilities	—	(517)	(517)
	<hr/>	<hr/>	<hr/>
Net identifiable assets	(164)	1,553	1,389
	<hr/> <hr/>	<hr/> <hr/>	
Capital injection			3,000
			<hr/>
			4,389
			<hr/> <hr/>
Group's 60% share of net identifiable assets			2,633
Goodwill arising from the acquisition date			367
			<hr/>
Total purchase consideration, satisfied by cash			3,000
			<hr/> <hr/>

The intangible assets represent the technical know-how relating to multimedia satellite transmission network and the value was determined by an independent valuer.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

As a communication application solutions and services provider across networks, platforms and industries for public security and emergency operations in the PRC, the Group achieved remarkable revenue growth in the first half of year 2010 compared with the corresponding period in 2009. It was mainly due to a variety of promotion campaigns undertaken by us to improve our brand recognition as well as to reinforce our customer oriented corporate image in the PRC's public security and emergency operations industry.

The Group provides one stop solution to our customers. We not only sell whole set of equipment, but also provide software development, network access, system upgrade, operation maintenance and other services according to individual customer's needs. This distinctive strategy, together with the pursuit for the most advanced technology in the world, enables us to be a pioneer in the industry. More and more of our application systems and solutions are penetrating into the PRC market and the name of "All Access" has become a brand well regarded in the PRC market in terms of quality and service.

Based on our regional hubs in Beijing, Shanghai and Guangzhou, we have set up more than 20 offices all over the country. Our extensive sales and marketing network assists the Group to build up strong presence in all key local markets. As a result, more sales opportunities can be identified to increase our growth momentum.

With our application solutions deployed in the Beijing Olympics Games, Hainan Boao Forum, Asia Shanghai F1 race and other major events in the past few years, during the period under review a number of our satellite communication application systems were used by the mission execution government departments of the Shanghai World Expo. Having products showcased in important events such as the Shanghai World Expo is essential for marketing our brand in the industry.

Besides, the Group partnered with a wide range of specialized technology vendors, such as BINZ Ambulance-und Umwelttechnik GmbH, RaySat Antenna Systems Israel Ltd and ITwell Co. Ltd to deliver state-of-the-art products to our customers.

The Group's one-stop solution strategy, strong sales network, reputation gained by serving in major events and cooperation with technology partners all contributed to our success in expanding the reach of our brand and further boosting our competitiveness and market position.

Application of IPO Proceeds

The net proceeds from the Company's initial public offering ("IPO") in September 2009 were approximately HK\$403.47 million, after deduction of related expenses. Up to 30 June 2010, the Company has already applied HK\$105.65 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\$297.82 million of the net proceeds will be also applied in line with the description in the Prospectus.

FINANCIAL REVIEW

As the Group continues to implement its core strategy of providing innovative products to our customers to enjoy the benefit of applying advanced technology in their operations, we succeeded in achieving targets in major operating indicators set by the management for the first half of 2010. We are delighted to deliver satisfactory financial results to our shareholders.

Revenue

The Group recorded revenue of approximately RMB129.09 million for the six months ended 30 June 2010, representing an increase of approximately 58% as compared to RMB81.84 million for the corresponding period of last year.

The increase in revenue for the six months ended 30 June 2010 compared to the corresponding period of last year was mainly due to the following factors:

- Provision of satellite communication application solutions and services exhibited an increase in revenue from approximately RMB48.15 million for the six months ended 30 June 2009 to approximately RMB59.30 million for the six months ended 30 June 2010 which represented a growth of approximately 23%. The high double digit increment was attributable to the strategies of penetrating into new industries and the expanding market share in the existing industries. Capitalising on the opportunity of modernising the government's emergency communication systems to cope with the security requirement of Shanghai World Expo, our Shanghai office contributed 14% of this segment's revenue. As a result, five municipal government bureaus used altogether seven systems of the Group to support their security protection mission in this international event. Moreover, it stimulated our sales in other two autonomous cities, i.e. Beijing and Tianjin, to report revenue growth of approximately 23% and 100% respectively.
- Provision of wireless data communication application solutions and services exhibited an increase in revenue from approximately RMB31.61 million for the six months ended 30 June 2009 to approximately RMB67.56 million for the six months ended 30 June 2010 which represented an increase of approximately 138%. The key drivers were the sales of production monitoring system and our traffic offence electronic ticketing and payment solution, representing 92% of the segment's revenue. The significant growth recorded in this revenue segment was attributable to the sales and marketing effort of our nationwide network in different key local markets and the increasing demand of our products promoted by the user-friendliness of 3G mobile communication technology.

Gross Profit

The Group's gross profit was approximately RMB52.63 million for the six months ended 30 June 2010, representing an increase of approximately 66% as compared to approximately RMB31.64 million for the corresponding period of the last financial year. Meanwhile, the gross profit margin increased from approximately 39% for the six months ended 30 June 2009 to approximately 41% for six months ended 30 June 2010. The growth in gross profit was mainly attributable to the following factors:

- Provision of satellite communication application solutions and services exhibited an increase in gross profit from approximately RMB20.75 million for the six months ended 30 June 2009 to approximately RMB24.89 million for the six months ended 30 June 2010, which represented a growth of approximately 20%.
- Provision of wireless data communication application solutions and services exhibited an increase in gross profit from approximately RMB14.33 million for the six months ended 30 June 2009 to approximately RMB31.65 million for the six months ended 30 June 2010, which represented a growth of approximately 121%.

Administration and Distribution Expenses

Administration and distribution expenses increased from approximately RMB5.09 million for the six months ended 30 June 2009 to approximately RMB13.24 million for the six months ended 30 June 2010 which represented a growth of approximately 160%. The increment was mainly due to the implementation of our growth strategy in building up our nationwide sales and marketing network. As at 30 June 2010, the Group had 6 subsidiaries and 18 sales offices all over China, including Hong Kong (as at 30 June 2009 it only had 3 subsidiaries and 2 sales offices). Meanwhile, the average headcount of the Group increased from 90 for the six months ended 30 June 2009 to 158 for the six months ended 30 June 2010, which drove up the staff cost by 107% to approximately RMB5.95 million, representing approximately 45% of the administration and distribution expenses. The other major items were audit fee, office expenses, travelling, rental and insurance which altogether accounted for approximately 49% of the administration and distribution expenses for the period under review. Such expenses increased by approximately 239% as compared with those in the first half of 2009.

Finance Costs

Finance costs decreased from approximately RMB3.45 million for the six months ended 30 June 2009 to approximately RMB0.15 million for the six months ended 30 June 2010, representing a decrease of approximately 96%. It was mainly because there was a significant decrease in the amount of interest-bearing borrowings that was outstanding in the first half of 2010 as compared with the first half of 2009.

Income Tax

The income tax amount increased from approximately RMB3.80 million to approximately RMB5.75 million whilst the effective tax rate decreased slightly from 15% to 14% during the six months ended 30 June 2009 and 30 June 2010 respectively.

Profit for the Period

Profit for the period increased from approximately RMB21.27 million for the six months ended 30 June 2009 to approximately RMB34.65 million for the six months ended 30 June 2010 which represented a growth of approximately 63%. It was mainly driven by the 58% growth in revenue.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity, Financial Resources and Capital Structure

As at 30 June 2010, the Group had cash and cash equivalents of approximately RMB478.71 million (as at 31 December 2009: approximately RMB465.20 million). As at 30 June 2010, the Group had interest-bearing borrowings of approximately RMB15.34 million (as at 31 December 2009: nil). The interest-bearing borrowings as at 30 June 2010 were mainly resulted from mortgage loans raised for financing the purchase of office premises in Hong Kong and Guangzhou.

As at 30 June 2010, the gearing ratio (calculated by dividing total interest-bearing borrowings by total assets) of the Group was approximately 2% (as at 31 December 2009: nil). The increase in gearing ratio was due to the mortgage loans raised to finance the purchase of office premises in Hong Kong and Guangzhou. As at 30 June 2010, the Group had current assets of approximately RMB692.41 million (as at 31 December 2009: approximately RMB672.54 million) and current liabilities of approximately RMB70.25 million. (as at 31 December 2009: approximately RMB47.34 million). The current ratio (which is calculated by dividing current assets by current liabilities) was approximately 9.86 as at 30 June 2010 whilst the current ratio as at 31 December 2009 was approximately 14.21.

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 same 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 Subsidiary

During the period under review, the Group's total capital expenditure amounted to approximately RMB30.76 million, which was mainly used in the acquisition of office premises, equipment and 60% equity interest in Beijing Zhiping Network Technology Company Limited, details of which have already been set out in the Company's announcement dated 22 April 2010.

Charge on Assets

As at 30 June 2010, the Group's Hong Kong office premises with book value of approximately RMB16.50 million was pledged to secure bank facility of approximately RMB10.99 million, while the Group's Guangzhou office premises with book value of approximately RMB8.95 million was pledged to secure bank facility of approximately RMB4.35 million.

Contingent Liabilities

As at 30 June 2010, the Group had no material contingent liabilities.

HUMAN RESOURCES

As at 30 June 2010, the Group employed approximately 190 employees (as at 30 June 2009: approximately 94 employees). The Group's employees are remunerated in line with the prevailing market terms and individual performance, with their remuneration packages and policies reviewed on a regular basis. The Group offers to its employees competitive salary package, as well as contribution to defined contribution retirement plan. A share option scheme has also been adopted for employees of the Group and other eligible participants, the details of which are set out in the paragraph headed "Share Option Scheme" below.

PROSPECTS

Being supported by our powerful nationwide sales and marketing network in the PRC and partnership with advanced technology vendors, we have been spearheading into different industries by launching successful applications. As a result of the application of our products by our customers in various major domestic and international events in the PRC, we have become a well known brand in the Chinese market. With the increasing recognition of the advantage of satellite communication system in emergency operations and security protection, the users involved in these industries will continue to upgrade their existing systems as well as to install more sophisticated systems by sourcing products which enable them to use the most advanced technology. Hence, our satellite communication application business will be benefited from this rapidly growing market trend. At the same time, we are promoting our products in the wireless data communication application to become industry standards in order to increase our competitiveness. We have seen remarkable achievements on this. Alongside with our efforts to further increase our market penetration, we expect that it will continue to be our key growth driver. Beyond that, we are exploring the market opportunity of satellite communication application in the mass market by co-operating with a nationwide telecom operator in the PRC. We will continue our strive to be a solution and service provider across different networks, different platforms and different markets.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the period under review, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

In April 2010, the Group acquired 60% equity interest in Beijing Zhiping Network Technology Company Limited through contribution of additional registered capital in that company in the aggregate amount of RMB3 million. Details of the acquisition have been set out in the Company's announcement dated 22 April 2010.

Save as disclosed above, during the period under review, there was no other material acquisition or disposal of subsidiaries or associated companies by the Company.

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. No share options were granted, exercised or cancelled by the Company under the Share Option Scheme during the period under review and there were no outstanding share options under the Share Option Scheme as at 30 June 2010.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

None of the Directors is aware of any information that would reasonably indicate that the Company or any of its Directors is not or was not, during the six months ended 30 June 2010, in due compliance with the Code on Corporate Governance Practices set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard set out in Appendix 10 to the Listing Rules. Having made specific enquiry on all Directors, all Directors have confirmed that they have complied with the required standard set out in Appendix 10 to the Listing Rules and the code of conduct regarding securities transactions by the Directors adopted by the Company during the six months ended 30 June 2010.

REVIEW BY THE AUDIT COMMITTEE

The audit committee of the Board has reviewed the unaudited interim results of the Group for the six months ended 30 June 2010.

INTERIM DIVIDEND

The Board recommends the payment of an interim dividend for the six months ended 30 June 2010 of HK1.0 cent per share (for the six months ended 30 June 2009: nil). The interim dividend will be paid to shareholders of the Company listed on the register of members of the Company on 7 October 2010. It is expected that the interim dividend will be paid on or about 2 December 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 5 October 2010 to 7 October 2010, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to qualify for the interim dividend, all transfers of shares of the Company 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 4 October 2010.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim 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 interim report for the six months ended 30 June 2010 of the Group will also be published on the aforesaid websites in due course.

By order of the Board
China All Access (Holdings) Limited
Shao Kwok Keung
Chief Executive Officer

Hong Kong, 30 August 2010

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