

# ACE ACHIEVE INFOCOM LIMITED

(Incorporated in Bermuda)

## Financial Statements and Dividend Announcement for the 12 months ended April 30, 2018

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### PART I – INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT.

- 1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the Group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

#### UNAUDITED GROUP RESULTS FOR 12 MONTHS ENDED APRIL 30, 2018 Statement of comprehensive income

	Group		Change %
	Unaudited	Audited	
	May 17 to Apr 18 RMB'000	May 16 to Apr 17 RMB'000	
Revenue	184,808	276,491	(33.2)
Cost of sales	(149,811)	(217,669)	(31.2)
<b>Gross profit</b>	<b>34,997</b>	<b>58,822</b>	(40.5)
Other operating income	1,385	4,131	(66.5)
Selling and distribution expenses	(6,439)	(8,081)	(20.3)
Administrative expenses	(14,361)	(17,435)	(17.6)
Other operating expenses	(1,150)	(3,651)	(68.5)
Finance expenses	(9,222)	(12,674)	(27.2)
<b>Profit before income tax</b>	<b>5,210</b>	<b>21,112</b>	(75.3)
Income tax expense	(740)	(3,187)	(76.8)
<b>Net profit for the financial year</b>	<b>4,470</b>	<b>17,925</b>	(75.1)
<b>Total comprehensive income for the financial year</b>	<b>4,470</b>	<b>17,925</b>	(75.1)
<b>Attributable to:</b>			
Equity holders of the Company	4,470	17,925	(75.1)

- (a) Note: Profit before income tax was arrived at after charging/(crediting) the following:

	<b>Unaudited</b>	<b>Audited</b>
	<b>May 17 to Apr 18</b>	<b>May 16 to Apr 17</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Depreciation of plant and equipment	188	333
Amortisation of intangible assets	2,978	2,523
Allowance for impairment of trade receivables	1,128	3,673
Write back of impairment of trade receivables	(188)	-
Interest expenses	7,138	9,439
Provision for warranty	520	225
Interest income	(92)	(163)
Write-back of VAT payables	(1,083)	-
Government incentives received	-	(3,950)

- (b) (i) A statement of financial position (for the Issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

	The Company		The Group	
	30-Apr-18	30-Apr-17	30-Apr-18	30-Apr-17
	RMB'000	RMB'000	RMB'000	RMB'000
	Unaudited	Audited	Unaudited	Audited
<b>ASSETS</b>				
<b>Current Assets</b>				
Contract work-in-progress	-	-	358,405	374,024
Trade receivables	-	-	383,851	315,769
Other receivables	172	1	91,137	79,105
Due from subsidiaries (non-trade)	158,941	160,153	-	-
Cash and bank balances	4	4	36,004	30,630
Total current assets	159,117	160,158	869,397	799,528
<b>Non-Current Assets</b>				
Plant and equipment	-	-	400	529
Investment in subsidiaries	15,646	15,646	-	-
Intangible assets	-	-	10,991	9,534
Total non-current assets	15,646	15,646	11,391	10,063
<b>Total assets</b>	<b>174,763</b>	<b>175,804</b>	<b>880,788</b>	<b>809,591</b>

	The Company		The Group	
	30-Apr-18	30-Apr-17	30-Apr-18	30-Apr-17
	RMB'000	RMB'000	RMB'000	RMB'000
	Unaudited	Audited	Unaudited	Audited
<b>LIABILITIES AND EQUITY</b>				
<b>Current Liabilities</b>				
Trade payables	-	-	103,730	67,178
Other payables and accruals	2,631	1,514	129,259	65,137
Due to directors (non-trade)	-	59	1,182	1,153
Due to related parties	-	-	-	100
Provision for warranty	-	-	4,299	3,779
Borrowings	-	-	138,280	169,416
Current tax liabilities	-	-	19,147	18,407
<b>Total current liabilities</b>	<b>2,631</b>	<b>1,573</b>	<b>395,897</b>	<b>325,170</b>
<b>Non-Current Liabilities</b>				
Borrowings	-	-	5,900	9,900
Deferred tax liabilities	-	-	24,246	24,246
<b>Total non-current liabilities</b>	<b>-</b>	<b>-</b>	<b>30,146</b>	<b>34,146</b>
<b>Total liabilities</b>	<b>2,631</b>	<b>1,573</b>	<b>426,043</b>	<b>359,316</b>
<b>Capital and Reserves attributable to equity holder of the Company</b>				
Share capital	92,938	92,938	92,938	92,938
Share premium	85,226	85,226	85,226	85,226
Statutory reserves	-	-	35,277	34,858
Capital reserve	-	-	3,332	3,332
(Accumulated losses) / Retained earnings	(6,032)	(3,933)	237,972	233,921
<b>Total equity</b>	<b>172,132</b>	<b>174,231</b>	<b>454,745</b>	<b>450,275</b>
<b>Total liabilities and equity</b>	<b>174,763</b>	<b>175,804</b>	<b>880,788</b>	<b>809,591</b>

## 1(b)(ii) Aggregate amount of Group's borrowings and debts securities

### Amount repayable in 1 year or less, or on demand

Group April 30, 2018 Unaudited		Group April 30, 2017 Audited	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
138,280	-	169,416	-

### Amount repayable after 1 year

Group April 30, 2018 Unaudited		Group April 30, 2017 Audited	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
5,900	-	9,900	-

	Group	
	April 30, 2018 RMB'000	April 30, 2017 RMB'000
<b>Borrowings comprised</b>		
- Bank loans	60,065	97,500
- Letter of credit	84,115	81,816
	<u>144,180</u>	<u>179,316</u>

### Details of any collateral

As at April 30, 2018 and April 30, 2017, the Group's borrowings comprised mainly bank loans and letter of credit. Bank borrowings are secured over certain intangible assets; guaranteed by a director of the Company; third parties; a key management personnel and third parties financial institutions and certain restricted bank balances.

**1(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	<b>Unaudited May 17 to Apr 18 RMB'000</b>	<b>Audited May 16 to Apr 17 RMB'000</b>
<b>Cash Flows from Operating Activities</b>		
Profit before income tax	5,210	21,112
Adjustments for :		
Amortisation of intangible assets	2,978	2,523
Allowance for impairment of trade receivables	1,128	3,673
Provision for warranty	520	225
Depreciation of plant and equipment	188	333
Interest expense	7,138	9,439
Interest income	(92)	(163)
Operating cash flow before working capital changes	17,070	37,142
Contract work-in-progress	15,619	(46,561)
Trade receivables	(69,210)	32,687
Other receivables	(12,032)	29,070
Trade payables	36,552	(45,653)
Other payables, accruals and provision	33,121	2,930
<b>Cash from operations</b>	21,120	9,615
Interest paid	(7,138)	(9,616)
<b>Net cash generated from/(used in) operating activities</b>	13,982	(1)

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**

	<b>Unaudited May 17 to Apr 18 RMB'000</b>	<b>Audited May 16 to Apr 17 RMB'000</b>
<b>Cash Flows from Investing Activities</b>		
Additions of plant and equipment	(58)	(23)
Additions of intangible assets	(4,435)	(3,984)
Interest received	92	163
<b>Net cash used in investing activities</b>	<b>(4,401)</b>	<b>(3,844)</b>
<b>Cash flows from Financing Activities</b>		
Proceeds from bank borrowings	99,355	160,316
Repayment of bank borrowings	(134,491)	(211,390)
Repayment to related parties	(100)	(2,108)
Loans from third parties and financial institutions	40,000	30,000
Repayment to third parties and financial institutions	(9,000)	(16,548)
Advances from directors	29	19
Movements in restricted bank balances	(3,471)	18,563
<b>Net cash used in financing activities</b>	<b>(7,678)</b>	<b>(21,148)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,903</b>	<b>(24,993)</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>	<b>3,865</b>	<b>28,858</b>
<b>Cash and cash equivalents at the end of the financial year</b>	<b>5,768</b>	<b>3,865</b>
<b>Cash and bank balances</b>	<b>36,004</b>	<b>30,630</b>
<b>Less: Restricted bank balances</b>	<b>(30,236)</b>	<b>(26,765)</b>
<b>Cash and cash equivalents for the purpose of presentation in the consolidated statement of cash flows</b>	<b>5,768</b>	<b>3,865</b>

**1 (d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Attributable to equity holders of the Company					
	Share capital	Share premium	Statutory reserves	Capital reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Group</b>						
<b>Balance at 01.05.2016</b>	92,938	85,226	31,999	3,332	218,855	432,350
Total comprehensive income for the financial year	-	-	-	-	17,925	17,925
Transfer to statutory reserves	-	-	2,859	-	(2,859)	-
<b>Balance at 30.04.2017</b>	92,938	85,226	34,858	3,332	233,921	450,275
<b>Balance at 01.05.2017</b>	92,938	85,226	34,858	3,332	233,921	450,275
Total comprehensive income for the financial year	-	-	-	-	4,470	4,470
Transfer to statutory reserves	-	-	419	-	(419)	-
<b>Balance at 30.04.2018</b>	92,938	85,226	35,277	3,332	237,972	454,745
	Share capital	Share premium	Accumulated losses	Total		
	RMB'000	RMB'000	RMB'000	RMB'000		
<b>Company</b>						
<b>Balance at 01.05.2016</b>	92,938	85,226	(1,816)	176,348		
Total comprehensive loss for the financial year	-	-	(2,117)	(2,117)		
<b>Balance at 30.04.2017</b>	92,938	85,226	(3,933)	174,231		
<b>Balance at 01.05.2017</b>	92,938	85,226	(3,933)	174,231		
Total comprehensive loss for the financial year	-	-	(2,099)	(2,099)		
<b>Balance at 30.04.2018</b>	92,938	85,226	(6,032)	172,132		



**1(d)(ii) Details of any changes in the Company’s share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and number of subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Number of ordinary shares issued and fully paid	
As at April 30, 2017	752,000,000
As at April 30, 2018	752,000,000

There were no outstanding convertibles, treasury shares and subsidiary holdings as at 30 April 2018 and 30 April 2017.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	As at 30 April 2018	As at 30 April 2017
Total number of issued shares	752,000,000	752,000,000
Less: Treasury shares	-	-
Number of issued shares excluding treasury shares	752,000,000	752,000,000

**1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

During the current financial year and the immediately preceding financial year, the Company does not have any outstanding treasury shares.

**1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the current financial year reported on.

**2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group and the Company has applied the same accounting policies and methods of computation in the financial statements for the current financial year ended 30 April 2018 compared to the audited financial statements for the previous financial year ended 30 April 2017, except for the adoption of the new and revised Financial Reporting Standards ("FRS"), that are relevant to the Group and the Company and effective for annual periods beginning on or after 1 May 2017.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The adoption of the new and revised FRS, that are relevant to the Group and the Company and effective from 1 May 2017, as mentioned in Paragraph 4 above, has no material impact on the financial statements of the Group and the Company for the current financial year reported on.

6. **Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:-**

Earnings per ordinary share for the year based on net profit attributable to shareholders	Unaudited (12 months) May 17 to Apr 18	Audited (12 months) May 16 to Apr 17
Based on weighted average number of ordinary shares on issue (RMB)	0.59	2.38
On a fully diluted basis	0.59	2.38

Note:

There is no dilutive instrument outstanding, hence the diluted earnings per share is the same as the basic earnings per share.

7. **Net asset value (for the issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**

- (a) **Current financial period reported on; and**  
 (b) **immediately preceding financial year.**

	Company		Group	
	Unaudited Apr 30, 2018	Audited Apr 30, 2017	Unaudited Apr 30, 2018	Audited Apr 30, 2017
Net asset value per ordinary share based on the issued capital at the end of the year (RMB)	0.23	0.23	0.60	0.60
Number of shares used in calculating net asset value	752,000,000	752,000,000	752,000,000	752,000,000

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:-
- (a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
  - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

### Income statement

#### *Revenue*

The Group's revenue decreased by 33.2% from RMB276.49 million in FY2017 to RMB184.81 million in FY2018. The Group faced slow down and intense market competition in the 4G business investment environment, resulting in lower revenue and lower margins, with razor thin profit margins in the ICT System Integration segment. Revenue from the ICT System Integration decreased by 31.3% from RMB167.24 million in FY2017 to RMB114.9 million in FY2018 while revenue from the Business Support Solutions decreased by 39.8% from RMB101.98 million in FY2017 to RMB61.40 million in FY2018. Revenue from Maintenance & Servicing increased by RMB1.21 million or 16.6%.

Revenue breakdown by the business divisions is as follows:

Division	May 17 to Apr 18		May 16 to Apr 17		% Change
	Revenue RMB'000	Sales mix ratio (%)	Revenue RMB'000	Sales mix ratio (%)	
ICT System Integration	114,926	62.19	167,237	60.49	(31.3)
Business Support Solutions	61,398	33.22	101,977	36.88	(39.8)
Maintenance & Servicing	8,484	4.59	7,277	2.63	16.6
<b>Total</b>	<b>184,808</b>	<b>100.00</b>	<b>276,491</b>	<b>100.00</b>	<b>(33.2)</b>

#### *Gross profit and Gross profit margin*

The Group's gross profit decreased by 40.5% from RMB58.82 million in FY2017 to RMB RMB35.0 million in FY2018 on the back of lower sales and lower gross profit margins from both ICT System Integration and Business

Support Solutions segment. Gross profit margin from the ICT System Integration decreased by 2.3 percentage points from 5.5% in FY2017 to 3.2% in FY2018 while gross profit margin from the Business Support Solutions decreased by 1.8 percentage points from 48.1% in FY2017 to 46.3% in FY2018.

#### *Other operating income*

The Group's other operating income decreased from RMB4.13 million in FY2017 to RMB1.39 million in FY2018. This was mainly due to no government incentives received in FY2018 as compared to RMB3.95 million of government incentives received in FY2017.

#### *Selling and distribution expenses*

The Group's selling and distribution expenses decreased by 20.3% from RMB8.08 million in FY2017 to RMB6.44 million in FY2018. This was mainly due to the decrease in sales staff salaries arising from lower number of sales staff in tandem with the lower revenue in FY2018.

#### *Administrative expenses*

The Group's administrative expenses decreased by 17.6% from RMB17.44 million in FY2017 to RMB14.36 million in FY2018. This was mainly due to higher professional fees that was incurred for bank borrowings in FY2017 whereas there was no such incurrence in FY2018.

#### *Other operating expenses*

The Group's other operating expenses decreased from RMB3.65 million in FY2017 to RMB1.15 million in FY2018. This was mainly due to the lower allowance for impairment of trade receivables of RMB1.13 million in FY2018 as compared to RMB3.67 million of allowance for impairment of trade receivables in FY2017.

#### *Finance expenses*

The Group's finance expenses decreased from RMB12.67 million in FY2017 to RMB9.22 million in FY2018. This was mainly due to lower bank interest expenses on lower level of bank borrowings in FY2018.

## **Balance sheet**

### *Cash and bank balances*

Cash and bank balances increased from RMB30.63 million as at 30 April 2017 to RMB36.00 million as at 30 April 2018. This was mainly due to the increase in net cash flows from operations in FY2018.

### *Trade receivables*

Trade receivables increased from RMB315.77 million as at 30 April 2017 to RMB383.85 million as at 30 April 2018. This was mainly due to lower and slower collections from trade receivables in FY2018.

### *Other receivables*

Other receivables increased from RMB79.11 million as at 30 April 2017 to RMB91.14 million as at 30 April 2018. This was mainly due to higher prepayments made to suppliers.

### *Contract work-in-progress*

Contract work-in-progress decreased from RMB374.02 million as at 30 April 2017 to RMB358.41 million as at 30 April 2018. This was mainly due to completion of certain contract work-in-progress in FY2018.

### *Trade payables*

Trade payables increased from RMB67.18 million as at 30 April 2017 to RMB103.73 million as at 30 April 2018. This was mainly due to the extended payment period to suppliers.

### *Other payables and accruals*

Other payables and accruals increased from RMB65.14 million as at 30 April 2017 to RMB129.26 million as at 30 April 2018. This was mainly due to the increase in loans from other third parties companies to repay the bank borrowings, increase in advance payments received from customers, increase in VAT payable and accrued staff salaries.

## **Cash flow**

### *Net cash generated from/(used in) operating activities*

Net cash inflow from operating activities was RMB14.0 million in FY2018 as compared with a net cash outflow of RMB1.0 million in FY2017. This was mainly due to the increase in trade and other payables in FY2018 as compared to the decrease in trade payables in FY2017.

### *Net cash used in investing activities*

Net cash outflow from investing activities was RMB4.40 million in FY2018 as compared with a net cash outflow of RMB3.84 million in FY2017. This was mainly due to the increase in additions of intangible assets in FY2018 as compared to FY2017.

### *Net cash used in financing activities*

Net cash outflow from financing activities was RMB7.7 million in FY2018 as compared with a net cash outflow of RMB21.15 million in FY2017. This was mainly due to higher loans from third parties companies in FY2018 utilized to repay bank borrowings.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.**

The slowdown in 4G business investments continued during the year, due to the impact of unfavourable macroeconomic environment and market conditions. As a result, competition was fierce and the slowdown may continue and exert pressure on the Group's margins and continue to adversely impact the Group's business performance for the next twelve months.

In view of the challenging business environment, the Group will strive to keep a tight rein over its operating costs and cashflows management..

The Group will further align its business structure and foster new business growth, for each business segment, so as to improve the profitability of the Group.

In addition, the Group is diversifying into other new businesses to expand its income streams. The Company signed MOU on 14 November 2018 to acquire a strategic interest in a online trading and payment solutions company that offers a one-stop solution for SMEs and lifestyle-centric consumers. The Board considers the investment into the company as a strategic diversification of the Group's business into a growth market with potentially high returns.



## 11. Dividend

**(a) Current financial period reported on**

*Any dividend declared for the current financial period reported on?*

*No dividends have been declared for the current financial period reported on.*

**(b) Corresponding period of the immediately preceding financial year**

*Any dividend declared for the corresponding period of the immediately preceding financial year?*

*No dividends have been declared for the corresponding period of the immediately preceding financial year.*

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable

**12. If no dividend has been declared (recommended), a statement to that effect.**

No dividend is recommended for the financial year under review.

**13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920 (1) (a) (ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group did not obtain a general mandate from shareholders for IPTS.

**14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7 under Rule 720(1))**

The Company confirms that it has procured undertakings from all of its directors and executive officers in the required format.

**PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

15. **Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer’s most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Geographical segments are not presented as the Group operates predominantly in the PRC. Revenue of approximately RMB59,695,000 (2017: RMB RMB79,889,000) is derived from 3 (2017: 3) external customers located in the PRC. Assets of the Group are mainly located in the PRC.

**Business Segments**

	ICT System Integration RMB'000	Business Support Solutions RMB'000	Maintenance & Servicing RMB'000	Total RMB'000
<b>2018</b>				
<b>Revenue</b>	114,926	61,398	8,484	184,808
Cost of sales	(111,193)	(32,978)	(5,640)	(149,811)
<b>Segment result</b>	<b>3,733</b>	<b>28,420</b>	<b>2,844</b>	<b>34,997</b>
Gross profit margin	3.2%	46.3%	33.5%	
Unallocated other income				,1,293
Unallocated costs				(21,950)
Finance income				92
Finance expenses				(9,222)
Profit before income tax				5,210
Income tax expense				(740)
<b>Net profit after income tax</b>				<b>4,470</b>
<b>Assets and Liabilities</b>				
Unallocated assets and total assets				880,788
Unallocated liabilities and total liabilities				426,043

	ICT System Integration	Business Support Solutions	Maintenance & Servicing	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<b><u>2017</u></b>				
<b>Revenue</b>	<b>167,237</b>	<b>101,977</b>	<b>7,277</b>	<b>276,491</b>
Cost of sales	(157,974)	(52,960)	(6,735)	(217,669)
<b>Segment result</b>	<b>9,263</b>	<b>49,017</b>	<b>542</b>	<b>58,822</b>
Gross profit margin	5.5%	48.1%	7.4%	
Unallocated other income				3,968
Unallocated costs				(29,167)
Finance income				163
Finance expenses				(12,674)
Profit before income tax				21,112
Income tax expense				(3,187)
<b>Net profit after income tax</b>				<b>17,925</b>
<b>Assets and Liabilities</b>				
Unallocated assets and total assets				809,591
Unallocated liabilities and total liabilities				359,316

- 16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Not applicable.

**17. Breakdown of sales as follows:**

	THE GROUP		
	FY2018 RMB'000	FY2017 RMB'000	% change
(a) Sales reported for first half year	105,244	163,915	(35.8)
(b) Operating profit after tax before deducting minority interests reported for first half year	2,989	11,171	(73.2)
(a) Sales reported for second half year	79,564	112,576	(29.3)
(b) Operating profit after tax before deducting minority interests reported for second half year	1,481	6,754	(78.1)

**18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:**

Not applicable. There was no dividend declared or paid for FY2018 and FY2017.

**19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Not applicable.

**BY ORDER OF THE BOARD**

Deng Zelin  
Executive Chairman  
5 December 2018