

# ACE ACHIEVE INFOCOM LIMITED

(Incorporated in Bermuda)

## Financial Statements and Dividend Announcement for the half year ended October 31, 2017

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### PART I – INFORMATION REQUIRED FOR HALF 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 6 MONTHS ENDED OCTOBER 31, 2017

	Group		Change %
	Unaudited May 17 to Oct 17 RMB'000	Unaudited May 16 to Oct 16 RMB'000	
<b>Revenue</b>	105,244	163,915	-35.79
Cost of sales	(85,009)	(137,458)	-38.16
<b>Gross profit</b>	<b>20,235</b>	<b>26,457</b>	<b>-23.52</b>
Other operating income	713	3,402	-79.04
Selling and distribution expenses	(3,932)	(3,771)	4.27
Administrative expenses	(6,912)	(6,125)	12.85
Other operating expenses	(1,094)	(1,572)	-30.41
Finance expenses	(5,676)	(5,351)	6.07
<b>Profit before income tax</b>	<b>3,334</b>	<b>13,040</b>	<b>-74.43</b>
Income tax expense	(345)	(1,869)	-81.54
<b>Net profit for the financial period</b>	<b>2,989</b>	<b>11,171</b>	<b>-73.24</b>
<b>Total comprehensive income for the financial period</b>	<b>2,989</b>	<b>11,171</b>	<b>-73.24</b>
<b>Attributable to:</b>			
<b>Equity holders of the Company</b>	<b>2,989</b>	<b>11,171</b>	<b>-73.24</b>

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

	<b>Unaudited</b>	<b>Unaudited</b>
	<b>May 17 to Oct 17</b>	<b>May 16 to Oct 16</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Depreciation of plant and equipment	138	172
Amortisation of intangible assets	1,603	1,015
Allowance for impairment of trade receivables	1,094	1,572
Interest expenses	5,079	3,960
Provision for warranty	520	809
Interest income	(45)	(87)
Government incentives received	-	(3,315)

- (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	
	31-Oct-17	30-Apr-17	31-Oct-17	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	-	-	349,212	374,024
Trade receivables	-	-	327,599	315,769
Other receivables	8	1	99,559	79,105
Due from subsidiaries (non-trade)	159,236	160,153	-	-
Cash and bank balances	4	4	68,809	30,630
Total current assets	159,248	160,158	845,179	799,528
<b>Non-Current Assets</b>				
Plant and equipment	-	-	448	529
Investment in subsidiaries	15,646	15,646	-	-
Intangible assets	-	-	10,693	9,534
Total non-current assets	15,646	15,646	12,141	10,063
<b>Total assets</b>	<b>174,894</b>	<b>175,804</b>	<b>856,320</b>	<b>809,591</b>

	The Company		The Group	
	31-Oct-17	30-Apr-17	31-Oct-17	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	-	-	104,212	67,178
Other payables and accruals	1,005	1,514	66,993	65,137
Due to directors (non-trade)	-	59	1,181	1,153
Due to a related party	-	-	-	100
Provision for warranty	-	-	4,298	3,779
Borrowings	-	-	173,474	169,416
Current tax liabilities	-	-	18,752	18,407
<b>Total current liabilities</b>	<b>1,005</b>	<b>1,573</b>	<b>368,910</b>	<b>325,170</b>
<b>Non-Current Liabilities</b>				
Borrowings	-	-	9,900	9,900
Deferred tax liabilities	-	-	24,246	24,246
<b>Total non-current liabilities</b>	<b>-</b>	<b>-</b>	<b>34,146</b>	<b>34,146</b>
<b>Total liabilities</b>	<b>1,005</b>	<b>1,573</b>	<b>403,056</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	-	-	34,858	34,858
Capital reserve	-	-	3,332	3,332
(Accumulated losses) / Retained earnings	(4,275)	(3,933)	236,910	233,921
<b>Total equity</b>	<b>173,889</b>	<b>174,231</b>	<b>453,264</b>	<b>450,275</b>
<b>Total liabilities and equity</b>	<b>174,894</b>	<b>175,804</b>	<b>856,320</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 October 31, 2017 Unaudited		Group April 30, 2017 Audited	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
173,474	-	169,416	-

### Amount repayable after 1 year

Group October 31, 2017 Unaudited		Group April 30, 2017 Audited	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
9,900	-	9,900	-

	Group	
	October 31, 2017 RMB'000	April 30, 2017 RMB'000
<b>Borrowings comprised</b>		
- Bank loans	77,850	97,500
- Letter of credit	105,524	81,816
	<u>183,374</u>	<u>179,316</u>

### Details of any collateral

As at October 31, 2017 and April 30, 2017, the Group's borrowings comprised of mainly bank loans, notes payables 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 balance.

**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 Oct 17 RMB'000</b>	<b>Unaudited May 16 to Oct 16 RMB'000</b>
<b>Cash Flow from Operating Activities</b>		
Profit before income tax	3,334	13,040
Adjustments for :		
Amortisation of intangible assets	1,603	1,015
Allowance for impairment of trade receivables	1,094	1,572
Depreciation of plant and equipment	138	172
Interest expenses	5,079	3,960
Interest income	(45)	(87)
Operating profit before working capital changes	11,203	19,672
Contract work-in-progress	24,812	(1,279)
Trade receivables	(12,924)	2,698
Other receivables	(20,454)	53,620
Trade payables	37,034	(37,989)
Other payables, accruals and provisions	2,375	1,144
<b>Cash generated from operations</b>	42,046	37,866
Income tax paid	-	-
Interest expenses	(5,079)	(3,960)
<b>Net cash generated from operating activities</b>	36,967	33,906
<b>Cash Flows from Investing Activities</b>		
Additions of plant and equipment	(57)	-
Additions of intangible assets	(2,762)	(1,524)
Interest received	45	87
Repayment to related parties	-	(2,208)
<b>Net cash used in investing activities</b>	(2,774)	(3,645)

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

	Unaudited	Unaudited
	May 17 to Oct 17 RMB'000	May 16 to Oct 16 RMB'000
<b>Cash Flows from Financing Activities</b>		
Proceeds from bank borrowings	78,523	99,329
Repayment of bank borrowings	(74,465)	(192,480)
Loans from third parties, net	(100)	19,000
Advances from/(Repayment to)directors	28	(834)
Movements in restricted cash balance	(5,163)	20,963
<b>Net cash used in financing activities</b>	<b>(1,177)</b>	<b>(54,022)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>33,016</b>	<b>(23,761)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>3,865</b>	<b>28,858</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>36,881</b>	<b>5,097</b>
<b>Total cash and bank balances</b>	<b>68,809</b>	<b>29,462</b>
<b>Less: Restricted cash balances</b>	<b>(31,928)</b>	<b>(24,365)</b>
<b>Cash and cash equivalents for purpose of presenting the consolidated statement of cash flows</b>	<b>36,881</b>	<b>5,097</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					Total
	Share capital	Share premium	Statutory reserves	Capital reserve	Retained earnings	
	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 period	-	-	-	-	2,989	2,989
<b>Balance at 31.10.2017</b>	92,938	85,226	34,858	3,332	237,910	453,264
	Share capital	Share premium	Retained earnings	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 period	-	-	(342)	(342)		
<b>Balance at 31.10.2017</b>	92,938	85,226	(4,275)	173,889		



**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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.**

Number of ordinary shares issued and fully paid	
As at April 30, 2017	752,000,000
As at October 31, 2017	752,000,000

There were no outstanding convertibles or treasury shares as at 30 April 2017 and 31 October 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 31 October 2017	As at 30 April 2017
Total number of issued shares	752,000,000	752,000,000
Number of issued shares excluding treasury shares	752,000,000	752,000,000

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

Not applicable.

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

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

Not applicable.

During the current financial period and the immediately preceding financial year, the Company does not have subsidiary holdings.

**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 period compared to the audited financial statements for the financial year 30 April 2017, except for the adoption of the new and revised Financial Reporting Standards ("FRS"), Interpretations of FRS ("INT FRS") and amendments to FRSs that are relevant to its operations 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, INT FRSs and amendments to FRSs effective from 1 May 2017, as mentioned in Paragraph 4 above, has no material financial impact on the financial statements of the Group and Company for the 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:-**

	<b>Unaudited (6 months) May 17 to Oct 17</b>	<b>Unaudited (6 months) May 16 to Oct 16</b>
Earnings per ordinary share for the year based on net profit attributable to shareholders		
Based on weighted average number of ordinary shares on issue (RMB)	0.004	0.015
Weighted average number of ordinary shares on issue for basic earnings per share	752,000,000	752,000,000

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.**

	<b>Company</b>		<b>Group</b>	
	<b>Unaudited Oct 31, 2017</b>	<b>Audited Apr 30, 2017</b>	<b>Unaudited Oct 31, 2017</b>	<b>Audited Apr 30, 2017</b>
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 approximately 35.79% from RMB163.92 million for the 6 months period ended 31 October 2016 to RMB105.24 million for the 6 months period ended 31 October 2017. The decrease in revenue is mainly owing to the intense market competition and extremely poor margin projects in the ICT System Integration segment.

Division	May 17 to Oct 17		May 16 to Oct 16	
	Revenue RMB'000	Revenue RMB'000	Revenue RMB'000	Sales mix ratio (%)
ICT System Integration	49,430	46.97	112,324	64.08
Business Support Solutions	52,855	50.22	48,831	30.77
Maintenance & Servicing	2,959	2.81	2,760	5.15
<b>Total</b>	<b>105,244</b>	<b>100.00</b>	<b>163,915</b>	<b>100.00</b>

#### *Gross profit*

The Group's gross profit decreased by 23.52% from RMB26.46 million for the period ended 31 October 2016 to RMB20.24 million for the current period ended 31 October 2017. The decrease in gross profit is mainly owing to the lower Group's revenue for the period. However, gross profit margin has increased marginally due to reduced in low gross profit margin projects undertaken by the Group during the period.

#### *Other operating income*

The Group's other operating income decreased from RMB3.40 million for the period ended 31 October 2016 to RMB0.71 million for the current period ended 31 October 2017. It was mainly due to no government incentives received during the current period as compared to prior period.

#### *Selling and distribution expenses*

The Group's selling and distribution expenses increased by 4.27% from RMB3.77 million for the period ended 31 October 2016 to RMB3.93 million for the period ended 31 October 2017. It was mainly due to increase in staff salaries owing to the competitive labour market during the period.

#### *Administrative expenses*

The Group's administrative expenses increased by 12.85% from RMB6.13 million for the period ended 31 October 2016 to RMB6.91 million for the period ended 31 October 2017. It was mainly due to increase in staff salaries owing to the competitive labour market during the period.

#### *Other operating expenses*

Other operating expenses decreased from RMB1.57 million for the period ended 31 October 2016 to RMB1.10 million for the current period ended 31 October 2017. It was mainly due to the reduced allowance for impairment of trade receivables recognised during the period.

#### *Finance expenses*

The Group's net finance expenses increased by 6.07% from RMB5.35 million for the period ended 31 October 2016 to RMB5.68 million for the period ended 31 October 2017. The increase was mainly attributable to the bank and guarantee charges incurred for the increase in letter of credit issued during the current period.

## **Balance sheet**

### *Cash and bank balances*

Cash and bank balances increased from RMB30.63 million as at 30 April 2017 to RMB68.81 million as at 31 October 2017. It was mainly due to the increase in net cash flows from operations during the current period.

### *Trade receivables*

Trade receivables increased from RMB315.77 million as at 30 April 2017 to RMB327.60 million as at 31 October 2017. It was mainly due to lower collections from trade receivables in the current period.

### *Other receivables*

Other receivables increased from RMB79.11 million as at 30 April 2017 to RMB99.56 million as at 31 October 2017. It 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 RMB349.21 million as at 31 October 2017. It was mainly due to completion of certain contract work-in-progress during the current period.

### *Trade payables*

Trade payables increased from RMB67.18 million as at 30 April 2017 to RMB104.21 million as at 31 October 2017. It 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 RMB66.99 million as at 31 October 2017. It was mainly due to accrued staff salaries.

### *Bank borrowings*

Bank borrowings increased from RMB179.32 million as at 30 April 2017 to RMB183.37 million as at 31 October 2017. It was mainly due to the increase in letter of credit issued during the current period.

### **Cash flow**

#### *Net cash generated from operating activities*

Cash inflow from operating activities were RMB36.97 million for the period ended 31 October 2017 as compared with a net cash inflow of RMB33.91 million in the last corresponding period. This was mainly due to the completion of certain contract work-in-progress during the current period.

#### *Net cash used in investing activities*

Cash outflow from investing activities were RMB2.77 million for the period ended 31 October 2017 as compared with a net cash outflow of RMB3.65 million in the last corresponding period. This was mainly due to no repayment to related parties during the current period.

#### *Net cash used in financing activities*

Net cash outflow from financing activities for the period ended 31 October 2017 amounted to RMB1.18 million as compared with a net cash outflow of RMB54.02 million in the last corresponding period. This was mainly due to the decrease in repayment of bank borrowings made during the current period.

- 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**

For the period ended 31 October 2017, there is a continuing slowdown in 4G business investments due to the impact of macroeconomic environment and market conditions. The Group's revenue has decreased owing to the intense market competition and extremely poor margin projects in the ICT System Integration segment.

The Group will further align its business structure and foster new business growth, and re-established management priorities and evaluation indicators for each business segment, with a view to improve the profitability of the Group, and will invest in new technology and upgrading to seek more business opportunities in the 5G businesses.

- 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) Total Annual Dividend**

Not applicable.

**(d) Date payable**

Not applicable.

**(e) Books closure date**

Not applicable

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

No dividend is recommended for the period 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. Negative confirmation pursuant to Rule 705(5)**

We, Deng Zelin and Yang Fan, being two of the Directors of Ace Achieve Infocom Ltd (the "Company"), do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the interim financial statements for the half year ended 31 October 2017 set out above to be false or misleading in any material aspect.

On behalf of the Board

Deng Zelin  
Executive Chairman/  
Chief Executive Officer

Yang Fan  
Deputy Chairman/  
Non-Executive Director

**15. 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.

**BY ORDER OF THE BOARD**

Deng Zelin  
Executive Chairman  
15 December 2017