

ACE ACHIEVE INFOCOM LIMITED
Company Registration No. 35423
(Incorporated in Bermuda)

**RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED
REGARDING THE FULL YEAR RESULTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017**

The Board of Directors (the "Board") of Ace Achieve Infocom Limited (the "Company", together with its subsidiaries, the "Group") refers to the queries from the Singapore Exchange Securities Trading Limited (the "Exchange" or "SGX") on 18 July 2017 and respond as follows:-

SGX Query 1:

It is noted on page 1 of the announced financial results that the Group's revenue for the financial year ended 30 April 2017 ("FY2017") amounted to approximately RMB 276,491,000. However, trade receivables as at 30 April 2017 amounted to approximately RMB 315,769,000.

- (i) Please provide an aging analysis of the trade receivables financial statement line item and explain the reason(s) why the amount of trade receivables is higher than the revenue reported for FY2017.
- (ii) If applicable, please disclose the reason(s) why the Company is unable to collect its debts promptly from its customers.

Company's response:

(i) Trade receivables aging analysis:

	<u>Billed</u> RMB'000
Not past due and not impaired	37,488
Overdue but not impaired:	
- Overdue less than 3 months	6,796
- Overdue less than 6 months	6,039
- Overdue 6-18 months	28,815
- Overdue 18-30 months	532
- Overdue more than 30 months	19,382
	61,564
Billed trade receivables as at 30 April 2017	99,052
	<u>Unbilled</u> RMB'000
- Less than 1 year	1,200
- Within 1 to 2 years	4,131
- Within 2 to 3 years	12,707
- More than 3 years	198,679
	215,517
Unbilled trade receivables as at 30 April 2017	216,717
Total balances as at 30 April 2017	315,769

The outstanding trade receivables include debts due from its customers for revenue earned in the previous financial years which remained outstanding as at 30 April 2017.

(ii) The customers will make payment based on payment schedules which may be more than 2 years. The trade receivables which are not yet billed to customers include large telecommunications companies in the People's Republic of China whereby approvals and instructions from these customers are necessary before billings are made. The Company is constantly communicating with the customers to expedite the process to obtain approval and instruction for billing.

SGX Query 2:

It is noted on page 3 of the announced financial results that the Group's "Intangible assets" financial statement line item has increased by approximately 18% from RMB 8,073,000 as at 30 April 2016 to RMB 9,534,000 as at 30 April 2017. Please explain the nature of the intangible assets and the reason(s) for the increase.

Company's response:

The increase in intangible assets was due to capitalisation of staff related costs involved in the ongoing development projects under the Business Support Solutions segment amounting to RMB 3,984,000 before the amortisation of RMB 2,523,000 for the current financial year.

SGX Query 3:

It is noted on page 4 of the announced financial results that the Group's "Other payables and accruals" financial statement line item has increased by approximately 33% from RMB 48,932,000 as at 30 April 2016 to RMB 65,137,000 as at 30 April 2017. Please explain the nature of the other payables and accruals; and the reason(s) for the increase.

Company's response:

The breakdown of the other payables and accruals are as follows:

	<u>2017</u> RMB'000	<u>2016</u> RMB'000	
Other payables	34,337	10,689	(A)
Advances from customers	2,692	27,876	
Accrued expenses	3,710	3,517	
Deferred revenue	5,016	-	(B)
Value added tax payable and other tax payable	19,382	6,850	(C)
	<u>65,137</u>	<u>48,932</u>	

Based on the above, the increase is mainly due to:

- (A) increase in loans borrowed from third parties/financial institutions from RMB 6,548,000 as at 30 April 2016 to RMB 20,000,000 as at 30 April 2017;
- (B) increase in deferred revenue due to billings in advance for a project to be completed subsequent to the current financial year end; and
- (C) increase in value added tax payables not yet paid to the relevant tax authority.

The Board of Directors collectively and individually takes responsibility for the accuracy of the aforesaid replies to the queries by the SGX-ST.

BY ORDER OF THE BOARD

Deng Zelin
Executive Chairman and Chief Executive Officer

20 July 2017