

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

**RESPONSE TO SGX'S QUERY ON THE ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED
30 APRIL 2015**

The Board of Directors (the "Board") of Ace Achieve Infocom Limited (the "Company") wishes to clarify the following by way of response to the SGX-ST's query on 4 September 2015 over the Company's Annual Report 2015:

SGX Query 1:

On page 20 of the Company's FY2014 Annual Report, the Company disclosed Directors' remuneration in the band "Below S\$250,000".

As required by Rule 1207(12) of the Listing Manual, please make disclosures as recommended in paragraph 9.2 of the Code of Corporate Governance 2012 (the "Code") or otherwise explain the reason(s) for the deviation from the following Code recommendations. Paragraph 9.2 of the Code states that the company should fully disclose the remuneration of each individual director and the CEO on a named basis, to the nearest thousand dollars.

Please disclose the remuneration of each individual director and the CEO to the nearest thousand dollars.

Company's response:

The remuneration of the Board of Directors for the financial year ended 30 April 2015:

Name	Designation	Remuneration
Deng Zelin	Executive Chairman & Chief Executive Officer	S\$110,000
Yang Fan	Executive Director & Deputy Chairman	S\$60,000
Yeung Koon Sang @ David Yeung	Lead Independent Director	S\$35,000
Ong Tiew Siam (ceased on 28 August 2014)	Independent Director	S\$35,000
Chung Tang Fong (appointed on 19 September 2014)	Independent Director	S\$10,000
Kang Junen (appointed on 19 September 2014)	Independent Director	No remuneration was paid to Kang Junen for FY2015.

SGX Query 2:

On page 21 of the Company's Annual Report, it was stated that "the Board had received assurance from the CEO and General Manager (Corporate Services):

- (a) That the financial records have been properly maintained and the financial statements in FY2015 give a true and fair view of the Company's operations and finances; and
- (b) Regarding the effectiveness of the Company's risk management and internal control system".

Paragraph 11.3 of the Code states that the Board should comment in the Company's Annual Report on whether it has received assurance from the CEO and the CFO.

We note that no assurance was received from the CFO. As recommended in paragraph 11.3 of the Code and pursuant to Rule 710 of the Listing Manual, please explain the reason(s) for the deviation from the Code recommendations.

Company's response:

As at the date of the Annual Report dated 5 August 2015, the Company had not engaged a Chief Financial Officer and therefore the assurance was given by the General Manager.

SGX Query 3:

On page 23 of the Company's Annual Report, it was stated that "The AC is satisfied with the level of co-operation rendered by the Management to the external auditors and the adequacy of the scope and quality of their audit".

As required under Rule 1207(6)(b), please provide further disclosure as to whether the AC is satisfied with the independence of the external auditors.

Company's response:

In respect of the audit for FY2015, the audit fees of Moore Stephens LLP, being the external auditors to the Company, is disclosed in Note 8 to the financial statements. There are no non-audit services provided by the external auditors in FY2015. As such, the AC, having reviewed the audit services provided by Moore Stephens LLP, during the year, was satisfied that the nature of such audit services will not prejudice the independence and objectivity of the external auditors and is of the view that the external auditors are independent. The AC is satisfied that the Company has complied with Rule 712 and Rule 715 of the Listing Manual of the SGX-ST in relation to its auditing firm.

SGX Query 4:

In paragraph 5 under the Disclaimer of Opinion in the Auditors Report, the auditors stated that "the Group has net billed trade receivables which are past due but not impaired amounting to RMB 36,618,000 (2014: RMB 58,365,000) and unbilled trade receivables which are outstanding for more than 1 year amounting to RMB 346,799,000 (2014: RMB 295,650,000) as at 30 April 2015. Management is of the view that no allowance for impairment is necessary". However the auditors stated that they "were not able to obtain sufficient appropriate audit evidence to support the management's view in this regard."

- (a) Please provide a breakdown by the relevant financial years (e.g. FY2011, FY2012, FY2014, FY2015) when transactions relating to these receivables were reported;
- (b) To disclose the aging analysis of these debts;
- (c) The auditors also disclosed that “they were unable to perform additional audit procedures to ascertain the recoverability of the remaining long outstanding billed and unbilled trade receivables of RMB 34,363,000 (2014: RMB 55,301,000) and RMB 345,741,000 (2014: RMB 294,607,000) respectively”. Please elaborate why the auditors were not able to obtain the audit evidence to verify the recoverability of these outstanding billed and unbilled trade receivables; and
- (d) To disclose the corresponding gross profit amounts that were booked in from the relevant sales in each of the respective FYs.

Company’s response:

- (a) Receivables breakdown by the relevant financial years:

	Billed RMB'000	Unbilled RMB'000
FY2015	5,290	-
FY2014	3,602	99,672
FY2013	5,979	125,481
FY2012	11,073	84,255
FY2011	496	12,517
FY2010 and above	10,178	24,874
	36,618	346,799

- (b) Receivables aging analysis:

	Billed RMB'000
Past due within 1 year	5,290
Between 1-2 years	3,602
Between 2-3 years	5,979
More than 3 years	21,747
	36,618

	Unbilled RMB'000
1-2 years	99,672
2-3 years	125,481
3 years and above	121,646
	346,799

- (c) The auditors were not able to ascertain the recoverability of those billed and unbilled trade receivables as the amounts were long outstanding and there were no subsequent receipts from the financial year end up to the date of the auditors’ report.

- (d) Gross profit amounts that were booked in from the relevant sales in each of the respective FYs:

	Billed RMB'000	Gross profit Unbilled RMB'000
FY2015	477	-
FY2014	903	32,891
FY2013	937	55,047
FY2012	1,975	26,032
FY2011	89	4,101
FY2010 and above	3,089	6,092
	7,470	124,164

SGX Query 5:

In paragraph 6 of Disclaimer of Opinion in the Auditor's Report relating to "Recoverability of Other Receivables", it was stated that "the Group has net other receivables which are outstanding for more than 1 year amounting to RMB 16,994,000 (2014: RMB 45,698,000) as at 30 April 2015. Management is of the view that no allowance for impairment is necessary". However the auditors stated that they "were not able to obtain sufficient appropriate audit evidence to support the management's view in this regard."

Please disclose the following information:-

- Breakdown of the "other receivables";
- What is the underlying transaction;
- The identities of the suppliers;
- Reasons for the significant prepayment;
- When were these prepayments done;
- What is the current status of the transaction relating to the prepayment; and
- The auditors also disclosed that they were "not able to perform alternative audit procedures to ascertain the recoverability of these outstanding other receivables". Please elaborate why the auditors were not able to obtain the audit evidence to verify the recoverability of these outstanding other receivables.

Company's response:

- Breakdown of the "other receivables":

	RMB'000
Other receivables - 3rd parties	2,053
Deposit	1,137
Advances to staff	2,846
Advances to supplier	10,958
	16,994

- The other receivables includes deposit, advances to staff and advances to supplier, etc.
- Suppliers are mainly involved in the telecommunications supplies and equipment field. The Group will evaluate and qualify the suppliers accordingly to ensure the suppliers meet the product and service requirements, as well as the national, industry and customer standards.
- This is due to the fact that part of the products are specialised products which requires customised development. The product development cycle is long and the upstream suppliers requires upfront payment before embarking on the product development.

- (e) Breakdown of prepayments by financial years:

	RMB'000
FY2014	1,036
FY2013	211
FY2012	4,539
FY2011	2,075
FY2010 and above	3,097
	<u>10,958</u>

- (f) The equipment relating to the prepayment have been delivered and the related invoices have been received subsequent to the date of the auditors' report.
- (g) The auditors were not able to ascertain the recoverability of those other receivables as the amounts were long outstanding and there were no subsequent receipts of goods from the suppliers or refunds from the financial year end to the date of the auditors' report.

SGX Query 6:

In paragraph 7 of Disclaimer of Opinion in the Auditors Report, relating to "Recoverability of Contract Work-in-Progress", it was stated that "the Group has contract work-in-progress amounting to RMB 237,442,000 (2014: RMB 190,304,000). Management is of the view that the carrying amount of contract work-in-progress is recoverable and no write-down is necessary". However the auditors stated that they "were not able to obtain sufficient appropriate audit evidence to support the management's view in this regard."

- (a) Please provide a breakdown by the relevant financial years (e.g. FY2011, FY2012, FY2014, FY2015) when sales relating to these receivables were reported;
- (b) To disclose the corresponding gross profit amounts that were booked in from the relevant sales in each of the respective FYs;
- (c) The auditors also disclosed that they were "not able to perform alternative audit procedures to ascertain the recoverability of the contract work-in-progress". Please elaborate why the auditors were not able to obtain the audit evidence to verify the recoverability of the contract work-in-progress.

Company's response:

- (a) These are work in progress and no sales has been recognised.
- (b) Not applicable.
- (c) The auditors were not able to ascertain the recoverability of the contract work-in-progress ("WIP") as the Group has not secured the customer contracts for these WIP as at the date of the auditors' report.

SGX Query 7:

For the Exchange's consideration under Rule 1303(3)(c) and noting the Independent Auditor's findings on "Going concern", please provide the following information:-

- (a) the Board's opinion if the Company will be able to operate as going concern and basis for the Board's view.
- (b) the Board's confirmation that all material disclosures have been provided for trading of the Company's shares to continue.

Company's response:

- (a) With regards to the positioning of the Company in the market and the technology that it possesses, the Board is of the opinion that the Company will be able to operate as a going concern.
- (b) The Board confirms that all material disclosures have been provided to allow for the continuing of the trading of the Company's shares.

BY ORDER OF THE BOARD

Deng Zelin
Executive Chairman & Chief Executive Officer

10 September 2015