

ACE achieve infocom

Annual Report 2016

Ace Achieve Infocom Limited

CONTENTS

01 Contents
02 Corporate Profile
03 Corporate Data
05 Chairman's Statement
06 Directors' Profile
08 Operation And Financial Review
11 Statement of Corporate Governance
24 Directors' Statement
26 Independent Auditors' Report
28 Consolidated Statement of Comprehensive Income
29 Statements of Financial Position
30 Consolidated Statement of Changes In Equity
31 Consolidated Statement of Cash Flows
32 Notes to The Financial Statements
73 Statistics of Shareholdings
75 Notice of Annual General Meeting

CORPORATE PROFILE

Headquartered in Beijing, Ace Achieve is a telecom network infrastructure and ICT (Information & Communication Technologies) solution provider for major telecommunication operators in the People's Republic of China (PRC) namely China Mobile, China Telecom and China Unicom.

The Group has three business segments which are described below.

- Information and Communication Technology ("ICT") system integration: sales of end products purchased from suppliers which require minimal installation works.

- Business Support Solutions: provision of back-end business support systems as well as infrastructure maintenance and upgrading works.

- Maintenance & Servicing: maintenance of servers and integrated systems.

Equipped with the relevant qualification from the Ministry of Industry and Information Technology (MIIT) and proven track record, Ace Achieve is able to tender for telecommunication projects on both national and local scales in China.

CORPORATE DATA

BOARD OF DIRECTORS

Deng Zelin *(Executive Chairman & Chief Executive Officer)*
Yang Fan *(Non-Executive Director & Deputy Chairman)*
Yeung Koon Sang @ David Yeung
(Lead Independent Director)
Kang Junen *(Independent Director)*
Chung Tang Fong *(Independent Director)*

AUDIT COMMITTEE

Yeung Koon Sang @ David Yeung
(Chairman and Lead Independent Director)
Kang Junen *(Independent Director)*
Chung Tang Fong *(Independent Director)*

NOMINATING COMMITTEE

Chung Tang Fong *(Chairman and Independent Director)*
Yang Fan *(Non-Executive Director & Deputy Chairman)*
Yeung Koon Sang @ David Yeung
(Lead Independent Director)

REMUNERATION COMMITTEE

Chung Tang Fong *(Chairman and Independent Director)*
Yeung Koon Sang @ David Yeung
(Lead Independent Director)
Kang Junen *(Independent Director)*

COMPANY SECRETARIES

Shirley Lim Guat Hua
Codan Services Limited *(Assistant Company Secretary)*

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11, Bermuda
Tel No.: +1(441)295 1422 Fax No.: +1(441)292 4720

PRINCIPAL PLACE OF BUSINESS

No.11 Anxiangbeili
11th Floor, Venture Plaza Tower B
Chaoyang District
Beijing 100101
The People's Republic of China

SHARE REGISTRAR

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM 11, Bermuda

SHARE TRANSFER AGENT

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
Singapore Land Tower #32-01
Singapore 048623

AUDITORS

Moore Stephens LLP
10 Anson Road
#29-15 International Plaza
Singapore 079903
Partner-in-charge: Neo Keng Jin (Appointed on 13 April 2012)

PRINCIPAL BANKERS

China Everbright Bank, Subbranch of Asian Sport Village
Yuanda Building
5 Huizhong Avenue
Chaoyang District, Beijing
The People's Republic of China

CORPORATE DATA

PRINCIPAL BANKERS (cont'd)

Industrial and Commercial Bank of China,
Singapore Branch
6 Raffles Quay #12-01
John Hancock Tower
Singapore 048580

Bank of Beijing, Beiyuan Road Branch
1st Floor Wan Xingyuan Building
No. 172 Beiyuan Road
Chaoyang District, Bejing
The People's Republic of China

Bank of Nanjing, Hu Jialou Branch
1st Floor No. 7 Building
North of Hu Jialou Street
Chaoyang District, Beijing
The People's Republic of China

Bank of Ningbo, Zhong Guan Cun Branch
1st and 6th Floor
1 Main Street
Haidian District, Beijing
The People's Republic of China

Industrial and Commercial Bank of China,
Andingmen Branch
No. 69 Jiaodaokou Street
Dongcheng District, Beijing
The People's Republic of China

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS:

FY2016 was a fulfilling year for our business operations. With the commitment and concerted efforts of our employees, the Group achieved the business objectives that were set for 2016. We have successfully enhanced our core competencies and kept ourselves competitive amidst the rapid pace of global infocom technology development.

For the financial year ended 30 April 2016, the growth of China's economy has significantly slowed down. Despite the launching of the 4G business by the telco operators, there is a slowdown in overall investments due to the impact of macroeconomic environment and market conditions. This has also led to the increase in market competition.

With the transformation of 4G network operating environment and the changes in the macroeconomic trends in China, the Group will further align its business structure and foster new business growth in telecommunications software, hardware and service, mobile Internet and "Internet +", including investment in technology upgrading.

On behalf of the Board, I would like to express our heartfelt appreciation to our management team and employees, customers, business associates and shareholders for their ongoing support to Ace Achieve.



Chairman
Deng Zelin

DIRECTORS' PROFILE

MR DENG ZELIN, is our Executive Chairman and the founder of our Group. He is responsible for directing our Group's overall strategy and growth as well as the overall management of our Group. Mr Deng founded our Group in 2000 with the establishment of Beijing Wayout Telecom Technology Co., Ltd ("Wayout"). From 1994 to 2000, Mr Deng served as the General Manager at Wayout, where he was responsible for the overall management of the Company. At the beginning of 1992, Mr Deng was a lecturer in Tianjin University; Mr Deng then joined Shenzhen Huawei Technology Co., Ltd. in late 1992 where he was a Research and Development Engineer until 1994. Mr Deng holds a Bachelor of Telecommunications degree from Changchun University of Posts and Telecommunications and a Master of Electrical Engineering degree from Tianjin University.

MS YANG FAN, is our Non-Executive Director & Deputy Chairman. She has more than 10 years of experience in the information technology field. Previously, Ms Yang served as Business Unit General Manager and Vice President of the Company from 2011 to January 2016, where she was responsible for managing our Group's daily operations as well as our sales and marketing activities. Before that, she was the Deputy General Manager of the Company between 2005 and 2011. Ms Yang holds a Master of Business Administration from Tsinghua University.

MR KANG JUNEN, our Independent Director, served as the Finance Director of Beijing Huamei Eland Environmental Technology Ltd where he was responsible for the financial management and corporate finance functions from 2006 to 2010. Currently he is the corporation representative of Guang Shi Accounting Firm. He has more than 17 years of experience in accounting and audit. He is a registered accountant in the PRC as well as an accredited mining surveyor.

MR YEUNG KOON SANG @ DAVID YEUNG, our Independent Director, is a Director of Kreston David Yeung PAC, which he founded in 1987. He has over 20 years of experience in public accountancy and has worked previously with Deloitte & Touche, UK and Ernst & Young, Singapore. He is currently a fellow member of the Institute of Chartered Accountants of Singapore and holds a Master of Social Science (Accounting) Degree from the University of Birmingham, England. He also sits on the board of several listed companies in Singapore and was conferred the Public Service Medal by the President of the Republic of Singapore in 2001.

DR CHUNG TANG FONG, our Independent Director, was one of the founders of the NUS Business School Mandarin Alumni and served as the President between 2008 and 2012. Dr Chung holds a Bachelor of Arts from Ottawa University, Kansas, USA, a Master of Business from Curtin University of Technology, Perth, Western Australia, a Master in Public Administration & Management from Lee Kuan Yew School of Public Policy and NUS Business School, National University of Singapore, a Doctorate in Business Administration from Victoria University School of Management, Neuchatel, Switzerland. He was admitted as a Fellow of the Chartered Management Institute, UK and a Fellow of Australian Institute of Management, Victoria, Australia and a research scholar with the School of Economics at Peking University, China.

Dr Chung has recently completed an Executive Education Program at School of Public Policy, University of Maryland, USA and the Director Accreditation Program at the Thai Institute of Directors, Bangkok, Thailand.

Dr Chung is an active community leader. He is appointed as Vice Chairman of Jurong Town Council and Chairman of its Tenders and Contracts Committee. He is also a Licensed Solemnizer cum Deputy Registrar of Marriages, Adviser of Keming Primary School Advisory Committee and Honorary President of the Singapore Chung Hwa Medical Institution. In recognition of his public service, Dr. Chung was awarded the Pingat Bakti Masyarakat (Public Service Medal) in 2004 and the Bintang Bakti Masyarakat (Public Service Star) in 2008.

OPERATION & FINANCIAL REVIEW

The Group's revenue increased by approximately 1% from RMB235.30 million in FY2015 to RMB237.64 million in FY2016.

Division	May 2015 to Apr 2016		May 2014 to Apr 2015	
	Revenue RMB'000	Sales mix ratio (%)	Revenue RMB'000	Sales mix ratio (%)
ICT System Integration	127,197	53.52	150,766	64.08
Business Support Solutions	91,946	38.70	72,401	30.77
Maintenance & Servicing	18,498	7.78	12,128	5.15
Total	**237,641**	**100.00**	**235,295**	**100.00**

The Group's gross profit decreased from RMB60.11 million in FY2015 to RMB48.71 million in FY2016. It was mainly due to the decrease in the gross profit of ICT System Integration which contributed the largest percentage of the Group's revenue. Due to keen competition in the ICT System Integration in the second half of the financial year, a lower gross margin was recorded for the Group in FY2016.

The Group's other operating income increased from RMB1.41 million in last financial year to RMB4.09 million in the current financial year. This is mainly due to the reversal of provision of warranty which is no longer required in the current financial year.

The Group's selling and distribution expenses decreased by 31% from RMB10.37 million in last financial year to RMB7.13 million in the current financial year. It was mainly due to reduced headcount in FY2016 as compared to prior year.

The Group's administrative expenses decreased by 18% from RMB17.41 million in last financial year to RMB14.28 million in the current financial year. It was mainly due to reduced general office expenses, recruitment fees and reduced headcount during the current financial year.

Other operating expenses decreased from RMB2.34 million in last financial year to RMB1.91 million in the current financial year. This was mainly due to the reduced net allowance for impairment of receivables.

The Group's finance expenses decreased by 28% from RMB16.24 million in last financial

OPERATION & FINANCIAL REVIEW

year to RMB11.74 million in the current financial year. The decrease was mainly attributable to the decrease in bank interest rate and bank loans during the current financial year.

Despite a reduction in gross profit, the Group's net profit increased from RMB13.04 million in the last financial year to RMB15.18 million in the current financial year due to decrease in operating expenses.

BALANCE SHEET HIGHLIGHTS

The cash and bank balances increased from RMB17.37 million as at 30 April 2015 to RMB74.19 million as at 30 April 2016. It was mainly due to the better collection of trade receivables.

Trade receivables decreased from RMB483.25 million as at 30 April 2015 to RMB352.13 million as at 30 April 2016 as a result of better collection of long overdue receivables during the current financial year.

Other receivables increased from RMB76.72 million as at 30 April 2015 to RMB108.18 million as at 30 April 2016. It was mainly due to the increase of advances to the suppliers for projects towards end of the current financial year.

Contract work-in-progress increased from RMB237.44 million as at 30 April 2015 to RMB327.46 million as at 30 April 2016. This was mainly attributed to the increase in projects for the supply and installations of cloud computed facilities for China Unicom.

Trade payables increased from RMB97.22 million as at 30 April 2015 to RMB112.83 million as at 30 April 2016. It was mainly due to the increase in contract work-in-progress.

OPERATION & FINANCIAL REVIEW

CASH FLOW HIGHLIGHTS

Net cash inflow from operating activities were RMB34.53 million for the year ended 30 April 2016 as compared with a net cash inflow of RMB79.69 million in the last corresponding year. This was mainly due to the increase of contract work-in-progress during the current financial year.

Net cash outflow from investing activities were RMB1.99 million for the year ended 30 April 2016 as compared with a net cash inflow of RMB3.01 million in the last corresponding year. This was mainly due to the additions of intangible assets during the current financial year.

Net cash outflow from financing activities for the year ended 30 April 2016 amounted to RMB5.91 million as compared with a net cash outflow of RMB142.82 million in the last corresponding year. This was mainly due to higher repayment of bank borrowings during the last financial year.

STATEMENT OF CORPORATE GOVERNANCE

INTRODUCTION

The Directors and the Management of ACE Achieve Infocom Limited ("the Company") are committed to uphold good corporate governance. This commitment to corporate governance is seen in their continuous support of the Singapore Code of Corporate Governance 2012 (the "Code") issued by the Singapore Council on Corporate Disclosure and Governance, in their effort to observe high standards of transparency, accountability and integrity in managing the Group's business in order to create value for its shareholders and safeguard the Group's assets.

This Statement describes the practices the Company has taken with respect to each of the principles and guidelines and the extent of its compliance with the Code during the financial year ended 30 April 2016 ("FY2016").

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: *Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and the Management remains accountable to the Board.*

The Company is headed by an effective Board, comprising competent individuals with diversified background and collectively brings with them a wide range of experience, to lead and control the Company. The Board is responsible for the overall management and success of the Group. It establishes corporate strategies for the Group and sets directions and goals for the executive management, supervises them and monitors the performance of these goals to enhance shareholders' value. The Board is also responsible for the overall corporate governance of the Group.

The profile of each Director is presented in the "Directors' Profile" of this Annual Report.

To assist in the execution of its responsibilities, the Board has established an Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"). These committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis. The effectiveness of these committees is also constantly reviewed by the Board. The roles and responsibilities of these committees are provided for in the latter sections of this Statement of Corporate Governance.

The Board meets on a regular basis and as when necessary, to address any specific significant matters that may arise.

As provided for under Bye-Law 115(2) of the Company's Bye-Laws, the Directors of the Company may participate in any meeting of the Board by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously.

The number of Board and Board Committees meetings held during the FY2016 and the attendance of each Director where relevant are as follows:-

	Board		Audit Committee		Nominating Committee		Remuneration Committee	
Name of Director	**No. of Meetings held**	**No. of Meetings attended**	**No. of Meetings held**	**No. of Meetings attended**	**No. of Meetings held**	**No. of Meetings attended**	**No. of Meetings held**	**No. of Meetings attended**
Deng Zelin[1]	2	2	2	2	1	1	1	1
Yeung Koon Sang @ David Yeung	2	2	2	2	1	1	1	1
Yang Fan	2	0	2	NA	1	0	1	NA
Kang Junen	2	0	2	0	1	NA	1	0
Chung Tang Fong	2	2	2	2	1	1	1	1

NA: Not applicable

Note: [1]Mr Deng Zelin attended the Audit Committee, Nominating Committee and Remuneration Committee meetings as an invitee.

STATEMENT OF CORPORATE GOVERNANCE

The Board has identified the following areas for which the Board has direct responsibility for decision making:-

- approving the Group's major investments and funding decisions;
- approving the Group's half-year and full-year results announcement for release to the Singapore Exchange Securities Trading Limited ("SGX-ST");
- approving Annual Report and Audited Financial Statements;
- approval of Corporate Strategies;
- approval of material acquisitions and disposal of assets;
- reviewing the adequacy and integrity of the Group's internal controls, risk management systems and financial reporting systems; and
- assuming responsibility for corporate governance.

Upon appointment, each Director will receive appropriate training to ensure that the Directors are familiar with the Group's business and governance practices. Visits to the Group's production facilities are also arranged to acquaint the Non-Executive Directors with the Group's operations. They will also be provided a formal letter setting out their duties and obligations.

Where appropriate, developments in legislation, government policies and regulations affecting the Group's businesses and operations are provided to all Directors on a timely basis. The Directors have access to the advice of the company secretary and the Management. They may also seek independent professional advice concerning the Company's affairs when necessary.

Board Composition and Guidance

Principle 2: *There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.*

The current Board consists of five (5) members comprising the Executive Chairman, a Non-Executive Director, and three (3) Independent Non-Executive Directors. The number of Independent Directors complies with the Code's requirement that at least half of the Board should be made up of Independent Directors, which brings a strong and independent element to the Board.

The Board comprises the following members:-

Mr. Deng Zelin	Executive Chairman and Chief Executive Officer ("CEO")
Ms. Yang Fan	Non-Executive Director and Deputy Chairman
Mr. Yeung Koon Sang @ David Yeung	Lead Independent Director
Mr. Kang Junen	Independent Director
Dr. Chung Tang Fong	Independent Director

The Independent Directors, namely Mr. Yeung Koon Sang @ David Yeung, Mr. Kang Junen and Dr. Chung Tang Fong, have each confirmed that they do not have any relationship with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the directors' independent judgment of the Group's affairs with a view to the best interest of the Company.

STATEMENT OF CORPORATE GOVERNANCE

On an annual basis and upon notification by an Independent Director of a change in circumstances, the NC will review the independence of each Independent Director based on the criteria for independence defined in the Code and recommends to the Board as to whether the director is to be considered independent. The NC has reviewed and determined that the said Directors are independent.

The 2012 Code states that the independence of any director who has served on the Board beyond nine years from the date of his first appointment should be subject to particularly rigorous review. In this regard, the NC noted that Mr. Yeung Koon Sang @ David Yeung was first appointed to the Board on 17 September 2004. However, the NC considered that Mr. David Yeung has demonstrated independent judgment at board and board committee meetings, and was of the firm view that he has been exercising independent judgment in the best interests of the Company in the discharge of his director's duties. The NC therefore continued to deem Mr. David Yeung as an Independent Director. The Board concurred with the reasons set forth by the NC and was of the view that Mr. David Yeung should be deemed independent.

The Board examines its size and after taking into account the scope and nature of the Company's operations as well as the diversified background and experience of the Directors that provides core competencies in areas such as finance, accounting, business management, industry knowledge and strategic planning experience, is satisfied that the Board is of an appropriate size to facilitate effective decision making.

The Non-Executive Director is also involved in reviewing the corporate strategies, business operations and practices of the Group, as well as reviewing and monitoring the performance of the Management in achieving agreed goals and objectives.

Chairman and Chief Executive Director

Principle 3: *There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.*

The Executive Chairman and CEO of the Company is Mr. Deng Zelin. Mr. Deng assumes the roles of both the Executive Chairman and the CEO as he was the founder of the Group who has extensive experience and knowledge in the telecommunication industry and has played an instrumental role in directing the Group's overall strategy and growth as well as the overall management of the Group. He also assists in ensuring compliance with the Group's guidelines on the Code.

Although the Chairman and the CEO is the same person, the Board is of the view that there is a sufficiently strong independent element on the Board to enable the independent exercise of objective judgement on corporate affairs of the Group and the process of decision making by the Board is independent with the establishment of the various Board Committees which are chaired by Independent Directors. There are sufficient safeguards in place to ensure that the Management is accountable to the Board as a whole.

The Chairman / CEO ensures that Board meetings are held when necessary, sets Board meeting agenda and reviews Board Papers in consultation with the Management, prior to presenting them to the Board. The Chairman / CEO ensures that Board members are provided with complete, adequate and timely information on a regular basis to enable them to be fully cognisant of the affairs of the Group.

In order to promote high standards of corporate governance and to ensure effective communication with its shareholders, Mr. Yeung Koon Sang @ David Yeung acts as the Group's Lead Independent Director to whom any concerns with regards to the Group may be conveyed to.

STATEMENT OF CORPORATE GOVERNANCE

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The Company had established a NC to make recommendations to the Board on all board appointments. The NC comprises the following three (3) Directors, a majority of whom including the Chairman of the NC, are Independent Non-Executive Directors. The Chairman of the NC is also not associated with any substantial shareholders of the Company:-

Dr. Chung Tang Fong	(Chairman)
Mr. Yeung Koon Sang @ David Yeung	(Member)
Ms. Yang Fan	(Member)

The NC is governed by the NC's Terms of Reference which describes the duties and functions of the NC. The duties and functions of the NC are as follows:-

- evaluate and keep under review the balance of skills, knowledge and experience of the Directors (and the likely changes to such in the future) and make recommendations to the Board in relation to the rotation and succession of the Directors;
- make recommendations to the Board relating to all matters of a Director's independence and to review annually each Director's independence including his / her actual, potential or perceived conflicts of interests and commitments in terms of time;
- make recommendations to the Board regarding the re-appointment of Directors upon their falling due for re-election by shareholders in accordance with the Company's Bye-laws or their re-appointment at the end of a specified term as set out in their letter of appointment;
- make recommendations to the Board relating to the continuation in office of any Director; and
- consider how the Board's performance may be evaluated and to propose objective performance criteria, subject to the approval of the Board, which addresses how the Board has enhanced long-term shareholders' value.

The Company's Bye-Law 86(1) provides that all the directors shall retire by rotation at least once every three (3) years and such retiring Director shall be eligible for re-election.

The NC recommended to the Board that Mr. Yeung Koon Sang @ David Yeung be nominated for re-election at the forthcoming Annual General Meeting ("AGM"). Mr. David Yeung will, upon re-election as a Director, remain as a Lead Independent Director and Chairman of AC and a member of NC and RC.

Where a vacancy arises, the NC will consider each candidate for directorship based on the selection criteria determined after consultation with the Board and after taking into consideration the qualification and experience of such candidate, his / her ability to increase the effectiveness of the Board and to add value to the Group's business in line with its strategic objectives, the NC will recommend the candidate to the Board for approval. Under the Company's Bye-Laws, a Director appointed by the Board shall retire at the AGM following his / her appointment and he / she shall be eligible for re-election at that meeting.

STATEMENT OF CORPORATE GOVERNANCE

The dates of initial appointment and last re-election of each Director are set out below:

Name of Director	Position	Date of Initial Appointment	Date of Last Re-election	Current Directorship in Listed Companies	Past Directorship in Listed Companies (preceding three years)	Principal Commitment
Deng Zelin	Executive Chairman and CEO	17/06/2004	28/08/2015	Nil	Nil	Nil
Yang Fan	Non-Executive Director and Deputy Chairman	08/08/2014	28/08/2014	Nil	Nil	Nil
Yeung Koon Sang @ David Yeung	Lead Independent Director	17/09/2004	30/08/2013	1. Mary Chia Holdings Limited 2. AEI Corporation Ltd 3. Southern Packaging Group Ltd 4. Citic Envirotech Ltd 5. CNA Group Ltd (under Judicial Management)	Nil	Kreston David Yeung PAC
Kang Junen	Independent Director	19/09/2014	28/08/2015	Nil	Nil	Nil
Chung Tang Fong	Independent Director	19/09/2014	28/08/2015	1. Southern Packaging Group Limited 2. Chewathai Public Company Limited	Nil	XI-HONG Enterprise Pte. Ltd.

Key information regarding the Directors' academic qualifications are set out in the "Directors' Profile" of this Annual Report.

The NC meets at least once a year.

Multiple Board Representation

The NC considers and is of the view that it will not set a limit on the number of directorships that a Director may hold because each Director has different capabilities, and the nature of the organizations in which they hold appointments and the kind of committees on which they serve are of different complexities. The NC will continue to monitor and assess the demands of each Director's competing directorships and obligations to ensure each Director has given sufficient time and attention to the affairs of the Company and has adequately discharge his duties to the Company. Based on its assessment, the NC will then determine, if required, the maximum number of directorship each Director can hold.

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

On an annual basis, the NC in consultation with the Chairman of the Board, will review and evaluate the performance of the Board as a whole, taking into consideration the attendance record at the meetings of the Board and Board Committees and also the contribution of each Director to the effectiveness of the Board.

STATEMENT OF CORPORATE GOVERNANCE

Other than the attendance record at meetings, the contribution of individual director is also measured by other performance criteria which the Board may propose. The criteria for assessing the Board's performance include Board composition and size, Board processes, accountability, standard of conduct and performance of its principal functions and fiduciary duties and guidance to and communication with the Management.

The NC is satisfied that despite some of the Directors having other Board representations, the Directors are able to and have adequately carried out their duties as Directors of the Company. The NC has noted that its members have contributed significantly in terms of time, effort and commitment during the financial year 2016.

Access to Information

Principle 6: *In order to fulfill their responsibilities, director should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.*

The Board has separate and independent access to the senior management of the Group at all times. Request for information are dealt with promptly by the Management. The Board is informed of all material events and transactions as and when they occur. The information made available to the Directors are in various forms such as half-year and full-year financial results, progress reports of the Group's operations, corporate development, regulatory updates, business developments and audit reports. The Management also consults with Board members regularly whenever necessary and appropriate. The Board is issued with Board papers timely prior to Board meetings.

The Directors also have separate and independent access to the company secretary. The role of the company secretary is to administer, attend and prepare minutes of Board meetings, assist the Chairman in ensuring that Board procedures are followed and reviewed so that the Board functions effectively and the Company's Bye-Laws, Listing Manual of SGX-ST and other relevant rules and regulations applicable to the Company are complied with. The company secretary and/or the corporate secretarial representative also attend(s) all Board meetings. The appointment and removal of the company secretary are decided by the Board as a whole.

The Board in fulfilling its responsibilities can as a group or individually, when deemed fit, direct the Company, at the Company's expense, to appoint an independent professional adviser, to render professional advice.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: *There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.*

The RC comprises the following three (3) Directors, all of whom are Non-Executive Directors, including the Chairman of the RC, are independent:-

Dr. Chung Tang Fong	(Chairman)
Mr. Yeung Koon Sang @ David Yeung	(Member)
Mr. Kang Junen	(Member)

The RC is governed by the RC's Terms of Reference which describes the duties and responsibilities of the RC.

STATEMENT OF CORPORATE GOVERNANCE

The RC is responsible:-

- to recommend to the Board a policy of remuneration for the Board and key executives, and to determine the terms of employment and remuneration packages for each Executive Director, which covers all aspects of remuneration including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits in kind;

- to approve any compensation packages or arrangements following the severance of any Executive Director's service contract; and

- to recommend to the Board the establishment of any employee share option plans, including all material and non-material amendments to the plan and to exercise all the powers of the Board in relation to the operation of any share and incentive plans, including the granting of awards and options, and the setting and testing of performance conditions.

The RC's recommendations are made in consultation with the Chairman of the Board and submitted to the entire Board for endorsement.

The Directors are not involved in the discussion and in deciding their own remuneration.

The RC meets at least once a year.

Level and Mix of Remuneration

Principle 8: *The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.*

In setting remuneration packages for Executive Directors, the performance related elements of remuneration form a significant portion of the total remuneration package in order to align the Executive Directors' interests with those of shareholders and to link rewards to corporate and individual performance. The RC will also take into consideration the pay and employment conditions within the industry and comparable companies. In exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss to the Company, the Group will be able to reclaim incentive components of remuneration from the Executive Director.

The remuneration of Non-Executive Director will also be reviewed to ensure that the remuneration commensurate with the contribution, effort and time spent, and the responsibilities of the Director.

The Directors' Fees paid to the Non-Independent Director and Independent Directors of the Company each year are subject to the approval of the Company's shareholders at the AGM.

Disclosure of Remuneration

Principle 9: *Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.*

The remuneration of the Directors and the key executives, who are not Directors of the Company, for FY2016, are disclosed below. The disclosure is to enable investors to understand the link between remuneration paid to Directors and key management personnel and their performance.

The breakdown (in percentage terms) of each Directors' and key executives' remuneration for FY2016 are as follows:-

STATEMENT OF CORPORATE GOVERNANCE

Directors

Name	Salary %	Bonus %	Benefits in Kind %	Directors' Fee %	Total %
Below S$250,000					
Deng Zelin	100	–	–	–	100
Yang Fan	100	–	–	–	100
Yeung Koon Sang @ David Yeung	–	–	–	100	100
Chung Tang Fong	–	–	–	100	100
Kang Junen	–	–	–	100	100

Due to confidentiality and competitive pressures in the industry and talent market and to prevent poaching of key management personnel, the Company shall not fully disclose the remuneration of individual Directors and the top five key management personnel on a named basis. Instead, the remuneration paid to each Director and the top five key management personnel for the financial year shall be presented in bands of S$250,000.

Key Management Personnel

Name	Salary %	Bonus %	Benefits in Kind %	Total %
Below S$250,000				
Sun Jin Bo	100	–	–	100
Chen Xu	100	–	–	100
Liu Guo Jun	100	–	–	100
Zhou Ai Zhen	100	–	–	100
Peng Xiao Gang	100	–	–	100

Save as disclosed above, the Company does not have any employees who are immediate family members of a Director or the CEO, and whose remuneration for FY2016 exceeds S$50,000.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is responsible to provide a balanced and understandable assessment of the Group's performance, position and prospects, to its shareholders, the public and regulators.

The Board is accountable to its shareholders and is mindful of its obligations to furnish timely information and to ensure full disclosure of material information to its shareholders in compliance with the statutory requirements and the Listing Manual of SGX-ST.

Price sensitive information will be publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports are announced and issued within the statutory prescribed periods.

STATEMENT OF CORPORATE GOVERNANCE

The auditors of the Company's subsidiaries are disclosed in note 13 to the financial statements in this Annual Report. The Company confirms that Rules 712 and 715 of the Listing Manual of SGX-ST is complied with.

Risk Management and Internal Controls

Principle 11: *The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interest and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.*

The Company does not have a Risk Management Committee. However, the Management regularly reviews the Company's businesses and operational activities to identify areas of significant business risks and takes appropriate measures to minimize these risks. Notwithstanding the long outstanding trade receivables which is peculiar to the telecommunication solutions and products industry in China, Management is confident of collecting all trade receivables and has set up a task force to monitor and ensure all trade receivables are collected within a reasonable timeframe. The Company reviews all significant control policies and procedures and highlights all significant matters to the AC and Board. The Management and Directors have also considered the various financial risks, details of which are disclosed in the notes to the accompanying audited financial statements.

The AC will ensure that a review of the effectiveness of the Group's material internal controls, including financial, operational, compliance controls and risk management is conducted annually. The AC will review the audit plans, and the findings of the external auditors and will ensure that the Group follows up on the external auditors' recommendations raised, if any, during the audit process.

As at to-date, the Company has not engaged a Chief Financial Officer and therefore, in FY2016, 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 FY2016 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.

Based on the internal controls established and maintained by the Group, work performed by the external auditors and reviews performed by the Management, the AC and the Board is of the opinion that, the Group's system of internal controls addressing financial, operational, compliance and information technology risks, were adequate as at 30 April 2016.

Audit Committee

Principle 12: *The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.*

The AC comprises the following three (3) Directors, all of whom including the Chairman of the AC are Independent Non-Executive Directors:-

Mr. Yeung Koon Sang @ David Yeung	(Chairman)
Dr. Chung Tang Fong	(Member)
Mr. Kang Junen	(Member)

The Board ensures that the members of the AC are appropriately qualified to discharge their responsibilities. The Chairman of the AC, Mr. Yeung Koon Sang @ David Yeung and Mr. Kang Junen are qualified Accountants and they possess the requisite accounting and financial management expertise and experience.

STATEMENT OF CORPORATE GOVERNANCE

The AC is governed by its Terms of Reference which highlights its duties and functions as follows:-

- to consider the appointment, dismissal or resignation of the external auditors and to oversee the process for selecting the auditors and to make appropriate recommendations, through the Board, to shareholders to consider at the AGMs concerning the re-appointment of the auditors;
- to assess the independence and objectivity of the external auditors. To approve and monitor the application of and to ensure that the nature and amount of non-audit work does not impair the auditor's independence and objectivity;
- to recommend the audit fee of the external auditors to the Board;
- to discuss with the external auditors the nature, scope and effectiveness of the annual audit process taking into account relevant professional and regulatory requirements and to review the auditors' quality control procedures and the steps taken by the auditors to respond to changes in regulatory and other requirements;
- to approve the auditors' engagement letter and any amendments thereto and to review the auditors' management letter and management's response thereto;
- to review the co-ordination between the external auditors and the Management, the assistance given by the Management to the auditors and addressing any issues arising from the audits, and any matters raised by the auditors (in the absence of the Management where necessary);
- to review and assess the appropriateness of the Company's procedures for handling concerns raised by staff or others about possible improprieties in financial reporting or other matters;
- to review internal control and procedures, including review of the internal auditor's internal audit plan and internal audit findings;
- to review interested person transactions of the Group;
- to review and challenge, where necessary, the actions and judgments of the Management, in relation to the interim and annual financial statements, and any formal announcements relating to the Company's financial performance paying particular attention to critical accounting policies and practices, decisions requiring a major element of judgment, unusual transactions during the year, clarity of disclosures, significant audit adjustments, compliance with accounting standards and other legal requirements, and to recommend the financial statements and / or announcements to the Board for their approval; and
- to note any significant pending legal actions against or by a Group company and to note any material breaches of compliance, regulations or legislation.

The AC has the power to conduct and authorise investigations into matters within the AC's scope of responsibility and to retain professional advisers at the Company's expense. The AC also has full access to and co-operation of the Company's Management and has full discretion to invite any Director or executive officer to attend the AC meetings, and has been given reasonable resources to enable it to discharge its functions.

During the year under review, the AC has:-

- reviewed the scope of work of both internal and external auditors;
- reviewed the audit plans and discuss the results of the respective findings and their evaluation of the Group's system of internal accounting controls;
- reviewed the financial statements of the Group for the financial year ended 30 April 2016 as well as the audit report, the half year and full year financial results announcements, before they are recommended to the Board for approval;

STATEMENT OF CORPORATE GOVERNANCE

- reviewed the interested person transactions of the Group;
- met with the Company's external and internal auditors without the presence of the Management at least once a year; and
- reviewed the external auditors independence and objectivity.

Messrs Moore Stephens LLP was appointed as the Company's external auditors via the Company's Special General Meeting held on 13 April 2012. Mr. Neo Keng Jin is the audit engagement partner in charge of the audit of the Company.

In respect of the audit for FY2016, the audit fees of the external auditors to the Company, is disclosed in Note 8 of the financial statements in this Annual Report. There are no non-audit services provided by the external auditors in FY2016. 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.

The AC is also 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.

The AC has recommended to the Board the nomination of Messrs Moore Stephens LLP for re-appointment as auditors of the Company at the forthcoming AGM.

The Company has in place a Whistle Blowing Policy ("Policy") to enable persons employed by the Group a channel to report any suspicions of non-compliance with regulations, policies and fraud, etc, to the appropriate authority for resolution, without any prejudicial implications for these employees. The Policy also serves to ensure that any issues or complaints raised will be dealt with swiftly and effectively. The AC has been vested with the power and authority to receive, investigate and enforce appropriate action when any such non-compliance matter is brought to its attention.

The AC had recommended that the Company's Policy to be disseminated to each new employee.

Internal Audit

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Board recognizes the importance of maintaining an internal audit function, independent of the activities it audits, to maintain a sound system of internal control within the Group to safeguard shareholders' interests, the Group's assets and to manage risk.

The size of the operations of the Group does not warrant the Group to have an in-house internal audit function.

The Company recognises that it is impossible to fully eliminate risk and has adopted the approach to determine and achieve the right balance between mitigating the downside of risks to an acceptable level whilst taking advantage of opportunities.

The internal audit function is outsourced to a professional consultancy firm, Beijing AnZheng CPA Limited. They assist the Group in reviewing the adequacy and effectiveness of the Group's internal controls based on an annual internal audit plan that covers work performed by the Group, operational and financial management systems. As part of the internal audit, they also provide findings and recommendations to the AC to address any weaknesses in its internal controls.

The internal auditors have a direct and primary reporting line to the Audit Committee and assist the Board in monitoring and managing risks and internal controls of the Group.

The AC will review the adequacy of the internal audit function annually and ensure that the internal audit function is adequately resourced and has appropriate standing within the Company.

STATEMENT OF CORPORATE GOVERNANCE

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Communication with Shareholders

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Conduct of Shareholder Meetings

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company does not practice selective disclosure. In line with continuous obligations of the Company pursuant to the Listing Manual of SGX-ST, the Board's policy is that all shareholders should be equally informed of all major developments impacting the Group.

Information is disseminated to shareholders on a timely basis through:-

- SGXNET announcements and press releases; and
- Annual Reports prepared and issued to all shareholders.

All shareholders of the Company will receive the notice of the AGM and the notice will also be advertised in the newspaper. At the Company's Annual General Meeting ("AGM"), shareholders are given the opportunity to voice their views and ask Directors or the Management questions regarding the Company.

The Chairmen of the AC, RC and NC will normally be present at AGMs to answer any questions relating to the work of these committees. The external auditors are also present at the AGM to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

There are separate resolutions at the shareholders' meetings to address each distinct issue. The Company's Bye-Laws allow a member of the Company to appoint not more than two (2) proxies to attend and vote on behalf of the member, provided that if the member is The Central Depository (Pte) Limited (the "Depository"), the Depository appoint more than two (2) proxies to attend and vote at the same meeting.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate that are beneficial to the Company. Notwithstanding the above, any declaration of dividends is clearly communicated to the shareholders via SGXNET.

MATERIAL CONTRACTS

There were no material contracts or loans entered into between the Company and any of its subsidiaries involving interests of the CEO, any Director or controlling shareholder during FY2016.

STATEMENT OF CORPORATE GOVERNANCE

INTERESTED PERSON TRANSACTIONS ("IPTs")

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and these interested persons transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders.

The Group does not have a general mandate for IPTs.

DEALING IN SECURITIES

In line with Rule 1207 (19) of the Listing Manual of SGX-ST, the Company has in place a policy prohibiting share dealings by Directors and officers of the Group when in possession of price sensitive information and for the period of one (1) month before the announcement of the Company's half-year or full-year financial results. Directors and officers of the Company should not deal in the Company's securities on short term considerations.

The Directors and officers of the Group are required to observe the insider trading laws at all times even when dealing in securities within permitted trading period.

CORPORATE SOCIAL RESPONSIBILITY

We believe that environmentally-friendly practices complement business efficiency. Our staff are encouraged to reduce, recycle and reuse and we advocate corporate social responsibility towards the environment by incorporating these processes in our daily operations. We encourage the use of recycled paper in the office and other activities to reduce the pollution to earth and water.

DIRECTORS' STATEMENT

For the Financial Year Ended 30 April 2016

The directors are pleased to present their statement to the members together with the consolidated financial statements of Ace Achieve Infocom Limited (the "Company") and its subsidiaries (the "Group") for the financial year ended 30 April 2016 and the statement of financial position of the Company as at 30 April 2016.

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position of the Company as set out on pages 28 to 72 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 April 2016 and the financial performance, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

1 Directors

The directors of the Company in office at the date of this statement are as follows:

Mr Deng Zelin
Ms Yang Fan
Mr Yeung Koon Sang @ David Yeung
Mr Kang Junen
Dr Chung Tang Fong

2 Arrangements to Enable Directors to Acquire Shares or Debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

3 Directors' Interest in Shares and Debentures

According to the register of the directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or related corporations, except as follows:

Name of Directors	Shareholdings in which director is deemed to have an interest	
	At 1 May 2015	At 30 April 2016
The Company		
No. of Ordinary Shares @ US$0.015 each		
Mr Deng Zelin	225,449,600	225,449,600

The director's interest in the ordinary shares of the Company as at 21 May 2016 were the same as those as at 30 April 2016.

DIRECTORS' STATEMENT

For the Financial Year Ended 30 April 2016

4 Share Options

During the financial year, no options to take up unissued shares of the Company or its subsidiaries were granted and no shares were issued by virtue of the exercise of options to take up unissued shares of the Company or any subsidiaries.

The Ace Achieve Employee Share Option Scheme (the "Scheme") of the Company was approved and adopted by shareholders on 28 September 2004. Share options granted under the Scheme have a life span of up to 10 years. The Scheme is administered by the Remuneration Committee whose members comprise of Dr Chung Tang Fong, Mr Yeung Koon Sang @ David Yeung and Mr Kang Junen.

The share options granted under the Scheme may have exercise prices that were, at the discretion of the Remuneration Committee, set at a price equal to the average of the last dealt prices for the shares on the Singapore Securities Exchange Trading Limited ("SGX-ST") over the five consecutive trading days immediately preceding the date of grant of that share option (the "Market Price"); or at a discount to the Market Price (subject to a maximum discount of 20%). Share options which are fixed at the Market Price ("Market Price Options") shall only be exercisable, in whole or in part, after the first anniversary of the date of grant of that Market Price Options while share options fixed at a discount to the Market Price ("Incentive Options") shall only be exercisable after the second anniversary of the date of grant of that Incentive Options.

The aggregate number of shares over which options may be granted on any date, when added to the number of shares issued and issuable in respect of all options granted under the Scheme, shall not exceed 15% of the issued share capital of the Company on the day preceding that date.

Since the commencement of the Scheme till the end of the financial year, no options have been granted to the controlling shareholders of the Company and their associates (as defined in the SGX Trading Listing Manual). No options have been granted to the directors and employees of the holding company and its subsidiaries.

5 Audit Committee

The members of the Audit Committee at the date of this report are as follows:

Mr Yeung Koon Sang @ David Yeung	(Chairman)
Mr Kang Junen	(Member)
Dr Chung Tang Fong	(Member)

All members of the Audit Committee (including the Chairman) are non-executive and independent directors. The Audit Committee performs the functions specified by the Listing Manual of the SGX-ST and the Code of Corporate Governance.

The nature and extent of the functions performed by the Audit Committee are detailed in the Statement of Corporate Governance set out in the Annual Report of the Company.

On behalf of the Board of Directors

Deng Zelin
Director

Yang Fan
Director

5 August 2016

INDEPENDENT AUDITORS' REPORT

To the Members of Ace Achieve Infocom Limited

Report on the Financial Statements

1. We were engaged to audit the accompanying financial statements of Ace Achieve Infocom Limited (the "Company") and its subsidiaries (the "Group"), as set out on pages 28 to 72, which comprise the consolidated statements of financial position of the Group and the statement of financial position of the Company as at 30 April 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2 Management is responsible for the preparation and fair presentation of these financial statements in accordance with Singapore Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3 Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with Singapore Standards on Auditing. Because of the matters described in the Basis for Disclaimer of Opinion paragraphs, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

4 Our independent auditors' report dated 5 August 2015 for the financial statements for the year ended 30 April 2015 expressed a disclaimer of opinion as we were not able to obtain sufficient appropriate audit evidence, nor were we able to perform alternative audit procedures, to ascertain the recoverability of the Group's trade receivables, other receivables and contract work-in-progress; the Company's investment in subsidiaries and amounts due from subsidiaries; and the appropriateness of the going concern assumption in the preparation of the financial statements. Consequently, we were unable to determine whether any adjustments to the financial statements as of 30 April 2015 were necessary. An update of the matters that gave rise to the disclaimer opinion in respect of the financial statements for the year ended 30 April 2015 is set out below.

Recoverability of Trade Receivables

5 As set out in Note 33(a) to the financial statements, the Group has net billed trade receivables which are past due but not impaired amounting to RMB 45,633,000 (2015: RMB 36,618,000) and unbilled trade receivables which are outstanding for more than 1 year amounting to RMB 278,412,000 (2015: RMB 346,799,000) as at 30 April 2016. Subsequent to the reporting date, and up to the date of this report, the Group has recovered RMB 1,199,000 (2015: RMB 2,255,000) and RMB 40,170,000 (2015: RMB 1,058,000) of these long outstanding billed and unbilled trade receivables respectively. Management is of the view that no allowance for impairment is necessary. However, we were not able to obtain sufficient appropriate audit evidence to support management's view in this regard. We were not able to perform alternative audit procedures to ascertain the recoverability of the remaining long outstanding billed and unbilled trade receivables of RMB 44,434,000 (2015: RMB 34,363,000) and RMB 238,242,000 (2015: RMB 345,741,000) respectively. Consequently, we were unable to determine whether any adjustments to the remaining amount totalling RMB 282,676,000 (2015: RMB 380,104,000) as at 30 April 2016 were necessary.

Recoverability of Other Receivables

6 As set out in Note 33(a) to the financial statements, the Group has net other receivables which are outstanding for more than 1 year amounting to RMB 16,216,000 (2015: RMB 16,994,000) as at 30 April 2016. Subsequent to the reporting date, and up to the date of this report, the Group has recovered RMB 853,000 (2015: Nil) of the long outstanding other receivables. Management is of the view that no allowance for impairment is necessary. However, we were not able to obtain sufficient appropriate audit evidence to support management's view in this regard. We were not able to perform alternative audit procedures to ascertain the recoverability of the remaining long outstanding other receivables of RMB 15,363,000 (2015: RMB 16,994,000). Consequently, we were unable to determine whether any adjustments to the other receivables of RMB 15,363,000 (2015: RMB 16,994,000) as at 30 April 2016 were necessary.

INDEPENDENT AUDITORS' REPORT

To the Members of Ace Achieve Infocom Limited

Report on the Financial Statements (cont'd)

Basis for Disclaimer of Opinion (cont'd)

Recoverability of Contract Work-in-Progress

7 As set out in Note 16 to the financial statements, the Group has contract work-in-progress amounting to RMB 327,463,000 (2015: RMB 237,442,000). Management is of the view that the carrying amounts of contract work-in-progress are recoverable and no write-down is necessary. However, we were not able to obtain sufficient appropriate audit evidence to support management's view in this regard. We were not able to perform alternative audit procedures to ascertain the recoverability of the contract work-in-progress. Consequently, we were unable to determine whether any adjustments to the contract work-in-progress amount of RMB 327,463,000 (2015: RMB 237,442,000) as at 30 April 2016 were necessary.

Recoverability of Investment in Subsidiaries and Amounts Due From Subsidiaries

8 As set out in Notes 13 and 15 to the financial statements, the Company has investment in subsidiaries and amounts due from subsidiaries of RMB 15,646,000 (2015: RMB 15,646,000) and RMB 162,215,000 (2015: RMB 166,586,000) respectively as at 30 April 2016. Management is of the view that no allowance for impairment is necessary. However, we were not able to obtain sufficient appropriate audit evidence to support management's view in this regard. We were not able to perform alternative audit procedures to ascertain the recoverability of the investment in subsidiaries and amounts due from subsidiaries. Consequently, we were unable to determine whether any adjustments to the investment in subsidiaries and amounts due from subsidiaries as at 30 April 2016 were necessary.

9 Appropriateness of Going Concern Assumption

Management has prepared the financial statements on a going concern basis on the assumption that the Group and the Company will be able to generate sufficient cash flows from future operations and the trade receivables, other receivables, contract work-in-progress, investment in subsidiaries and amounts due from subsidiaries referred to in paragraphs 5 to 8 above are fully recoverable. However, because of the matters referred to in paragraphs 5 to 8 above, we were unable to satisfy ourselves as to the appropriateness of the use of the going concern assumption in the preparation of these financial statements.

10 In the event the Group and the Company are unable to continue as going concerns, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. No such adjustments have been made to these financial statements.

Disclaimer of Opinion

11 Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs 5 to 10 above, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

Moore Stephens LLP
Public Accountants and
Chartered Accountants

Singapore
5 August 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 30 April 2016
(Amounts in Thousands of Chinese Renminbi ("RMB"))

	Note	Group 2016 RMB'000	Group 2015 RMB'000
Revenue	4	237,641	235,295
Cost of sales		(188,930)	(175,188)
Gross profit		48,711	60,107
Other operating income	5	4,088	1,411
Selling and distribution expenses		(7,132)	(10,367)
Administrative expenses		(14,280)	(17,405)
Other operating expenses	6	(1,912)	(2,339)
Finance expenses	7	(11,735)	(16,240)
Profit before income tax	8	17,740	15,167
Income tax expense	10	(2,557)	(2,126)
Net profit for the financial year		15,183	13,041
Other comprehensive income		–	–
Total comprehensive income for the financial year attributable to equity holders of the Company		15,183	13,041
Earnings per share (RMB cents)	11		
- Basic		2.02	1.73
- Diluted		2.02	1.73

The accompanying notes form an integral part of these financial statements

STATEMENTS OF FINANCIAL POSITION

As at 30 April 2016
(Amounts in Thousands of Chinese Renminbi ("RMB"))

	Note	Group		Company	
		2016	2015	2016	2015
		RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Non-current assets					
Plant and equipment	12	839	1,449	–	–
Investment in subsidiaries	13	–	–	15,646	15,646
Intangible assets	14	8,073	8,978	–	–
		8,912	10,427	15,646	15,646
Current assets					
Due from subsidiaries	15	–	–	162,215	166,586
Contract work-in-progress	16	327,463	237,442	–	–
Trade receivables	17	352,129	483,251	–	–
Other receivables	18	108,175	76,717	64	16
Due from a related party	19	–	135	–	–
Cash and bank balances	20	74,186	17,366	4	4
		861,953	814,911	162,283	166,606
TOTAL ASSETS		870,865	825,338	177,929	182,252
EQUITY AND LIABILITIES					
Capital and reserves attributable to equity holders of the Company					
Share capital	21	92,938	92,938	92,938	92,938
Share premium	21	85,226	85,226	85,226	85,226
Reserves	22	254,186	239,003	(1,816)	259
TOTAL EQUITY		432,350	417,167	176,348	178,423
LIABILITIES					
Current liabilities					
Trade payables	23	112,831	97,223	–	–
Other payables and accruals	24	48,932	63,942	1,522	3,770
Due to directors	25	1,134	1,135	59	59
Due to related parties	19	2,208	6,077	–	–
Provision for warranty	26	3,554	5,523	–	–
Borrowings	27	211,390	191,339	–	–
Provision for income tax		13,060	–	–	–
		393,109	365,239	1,581	3,829
Non-current liabilities					
Borrowings	27	19,000	6,000	–	–
Deferred tax liabilities	28	26,406	36,932	–	–
		45,406	42,932	–	–
TOTAL LIABILITIES		438,515	408,171	1,581	3,829
TOTAL EQUITY AND LIABILITIES		870,865	825,338	177,929	182,252

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 30 April 2016
(Amounts in Thousands of Chinese Renminbi ("RMB"))

	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**
Balance at 1 May 2015	92,938	85,226	29,713	3,332	205,958	417,167
Net profit for the financial year	–	–	–	–	15,183	15,183
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income for the financial year	–	–	–	–	15,183	15,183
Transfer to statutory reserves	–	–	2,286	–	(2,286)	–
Balance at 30 April 2016	92,938	85,226	31,999	3,332	218,885	432,350
Balance at 1 May 2014	92,938	85,226	27,616	3,332	196,518	405,630
Net profit for the financial year	–	–	–	–	13,041	13,041
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income for the financial year	–	–	–	–	13,041	13,041
Transfer to statutory reserves	–	–	2,097	–	(2,097)	–
Dividends (Note 29)	–	–	–	–	(1,504)	(1,504)
Balance at 30 April 2015	92,938	85,226	29,713	3,332	205,958	417,167

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 30 April 2016
(Amounts in Thousands of Chinese Renminbi ("RMB"))

	Group	
	2016	2015
	RMB'000	RMB'000
Cash Flows from Operating Activities		
Profit before income tax	17,740	15,167
Adjustments for:		
Amortisation of intangible assets	3,035	3,288
Depreciation of plant and equipment	463	542
Plant and equipment written off	203	–
Finance expenses	11,735	16,240
Interest income	(66)	(89)
Operating cash flow before working capital changes	33,110	35,148
Contract work-in-progress	(90,021)	(47,138)
Trade receivables	131,122	26,454
Other receivables	(31,458)	(9,884)
Trade payables	15,608	53,030
Other payables, accruals and provision	(12,077)	34,678
Cash from operations	46,284	92,288
Income tax paid	(23)	–
Finance expenses	(11,735)	(12,595)
Net cash generated from operating activities	34,526	79,693
Cash Flows from Investing Activities		
Additions of plant and equipment	(56)	(340)
Additions of intangible assets	(2,130)	(2,773)
Interest received	66	89
Repayments from related parties	135	6,036
Net cash (used in)/generated from investing activities	(1,985)	3,012
Cash Flows from Financing Activities		
Proceeds from borrowings	175,910	197,913
Repayments of borrowings	(142,859)	(344,618)
Advances from related parties	–	20,197
Repayments to a related party	(3,869)	(15,120)
Loans from third parties	66,051	42,619
Repayments to third parties	(70,953)	(33,137)
(Repayments to)/Advances from directors	(1)	806
Dividends paid	–	(1,504)
Movements in restricted bank balances	(30,186)	(9,973)
Net cash used in financing activities	(5,907)	(142,817)
Net increase/(decrease) in cash and cash equivalents	26,634	(60,112)
Cash and cash equivalents at the beginning of the financial year	2,224	62,336
Cash and cash equivalents at the end of the financial year (Note 20)	28,858	2,224

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016
(Amounts in Thousands of Chinese Renminbi ("RMB"))

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 General Information

Ace Achieve Infocom Limited (the "Company") was incorporated in Bermuda on 11 June 2004 as an exempt company with limited liability under the Companies Act 1981 of Bermuda. The address of the Company's registered office is at Clarendon House, 2 Church Street Hamilton HM 11, Bermuda. The principal place of business is at No. 11 Anxiangbeili, 11th floor, Venture Plaza Tower B, Chaoyang District, Beijing 100101, the People's Republic of China ("PRC"). The shares of the Company are listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are described in Note 13.

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of the Company on the date of the Directors' Statement.

2 Significant Accounting Policies

(a) Basis of Preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Chinese Renminbi ("RMB") and the financial information have been rounded to the nearest thousands (RMB'000) as indicated.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the reporting date, and the reported amounts of revenue and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Critical accounting estimates and assumptions used that are significant to the financial statements and areas involving a higher degree of judgement or complexity, are disclosed in Note 3.

Adoption of New and Revised FRS

For the financial year ended 30 April 2016, the Group has adopted the following new and revised FRS which are relevant to the Group and mandatory for application:

Improvements to January FRSs 2014 - FRS 24 *Related Party Disclosures*

The amendment clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. In addition, an entity that uses a management entity is required to disclose the expense incurred for management services. The adoption of this standard did not have any impact on the financial performance or financial position of the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016
(Amounts in Thousands of Chinese Renminbi ("RMB"))

2 Significant Accounting Policies (cont'd)

(a) Basis of Preparation (cont'd)

Improvements to January FRSs 2014 - FRS108 *Operating Segments*

The amendment requires an entity to disclose the judgement made by management in applying the aggregation criteria to operating segments and clarifies that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly. The adoption of this standard did not have any impact on the financial performance or financial position of the Group.

New and Revised FRS Issued But Not Yet Effective

As at the date of authorisation of these financial statements, the Group has not adopted the following standards that have been issued but are not yet effective:

Amendments to FRS 1 *Disclosure Initiative*

These amendments to FRS 1 are designed to further encourage companies to apply professional judgment in determining what information to disclose in their financial statements. The standard is effective for accounting periods beginning on or after 1 January 2016. As this is a disclosure standard, it will not have any impact on the financial performance or financial position of the Group upon implementation.

Amendments to FRS 7 *Statement of Cash Flows*

The amendments require new disclosure about changes in liabilities arising from financing activities in respect of:

(a) changes from financing cash flows;

(b) changes arising from obtaining or losing control of subsidiaries or other businesses;

(c) the effect of changes in foreign exchange rates;

(d) changes in fair values; and

(e) other changes.

The above disclosure also applies to changes in financial assets if cash flows from those financial assets are included in cash flows from financing activities. The amendments are effective for annual periods beginning on or after 1 January 2017. As this is a disclosure standard, it will not have any impact on the financial performance or financial position of the Group upon implementation.

Amendments to FRS 27 *Equity Method in Separate Financial Statements*

The amendment will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in the entities' separate financial statements. This is in addition to the accounting policy choice to account for such investments at cost less impairment, or fair value (in accordance with FRS 39), which currently exists and will continue to be available. The standard is effective for accounting periods beginning on or after 1 January 2016. The adoption of this standard will not have any material impact on the financial performance or financial position of the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016
(Amounts in Thousands of Chinese Renminbi ("RMB"))

2 Significant Accounting Policies (cont'd)

(a) Basis of Preparation (cont'd)

New and Revised FRS Issued But Not Yet Effective (cont'd)

Amendments to FRS 107 *Financial Instruments Disclosures*

The amendments to FRS 107 provide additional guidance to clarify whether an entity has continuing involvement in a transferred financial asset as a result of a servicing contract for the purpose of the disclosures requirements. The standard is effective for accounting periods beginning on or after 1 January 2016. As this is a disclosure standard, it does not have any impact on the financial performance or financial position of the Group upon implementation.

FRS 109 *Financial Instruments*

FRS 109 was introduced to replace FRS 39 *Financial Instruments: Recognition and Measurement*. FRS 109 changes the classification and measurement requirements for financial assets and liabilities, and also introduces a three-stage impairment model that will impair financial assets based on expected losses regardless of whether objective indicators of impairment have occurred. This standard also provides a simplified hedge accounting model that will align more closely with the entity's risk management strategies. The standard is effective for accounting periods beginning on or after 1 January 2018. The Group is in the process of assessing the impact on the financial statements.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 changes the revenue recognition model under FRS. The core principle of FRS 115 is to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard is effective for accounting periods beginning on or after 1 January 2018. The Group is in the process of assessing the impact on the financial statements.

FRS 116 *Lease*

FRS 116 requires lessees to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, except where the underlying asset is of low value. The right-of-use asset is depreciated and interest expense is recognised on the lease liability. The accounting requirements for lessors have not been changed substantially, and continue to be based on classification as operating and finance leases. Disclosure requirements have been enhanced for both lessors and lessees. The standard is effective for accounting periods beginning on or after 1 January 2019. The group is in the process of assessing the impact on the financial statements.

(b) Currency Translation

Functional and Presentation Currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Renminbi ("RMB"), which is the functional and presentation currency of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016
(Amounts in Thousands of Chinese Renminbi ("RMB"))

2 Significant Accounting Policies (cont'd)

(b) Currency Translation (cont'd)

Transactions and Balances

Transactions in a currency other than the functional currency ("foreign currency") are recognised at the rates of exchange prevailing at the dates of transactions. At the reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss, unless they arise from borrowings in foreign currencies, and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations.

Those currency translation differences are recognised in the foreign currency translation reserve in the consolidated financial statements and transferred to profit or loss as part of the gain or loss on disposal of the foreign operation.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Translation of Group Entities' Financial Statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rate at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve within equity. These currency translation differences are reclassified to profit or loss on disposal or partial disposal (i.e. loss of control) of the entity giving rise to such reserve.

(c) Subsidiaries

Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016
(Amounts in Thousands of Chinese Renminbi ("RMB"))

2 Significant Accounting Policies (cont'd)

(c) Subsidiaries (cont'd)

Consolidation (cont'd)

In preparing the consolidated financial statements, balances, transactions and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Acquisition of a Business

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill.

Disposals of Subsidiaries or Businesses

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

(d) Investment in Subsidiaries

Investment in subsidiaries are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of investment in subsidiaries, the differences between the net disposal proceeds and the carrying amount of the investments are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016
(Amounts in Thousands of Chinese Renminbi ("RMB"))

2 Significant Accounting Policies (cont'd)

(e) Plant and Equipment

Plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of plant and equipment includes its purchase price and any cost that is directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The projected cost of dismantlement, removal or restoration is also included as part of the cost of plant and equipment if the obligation for the dismantlement, removal and restoration is incurred as a consequence of acquiring or using the asset.

Subsequent expenditure related to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the subsequent expenditure will flow to the Group and the cost of the subsequent expenditure can be measured reliably. Other subsequent expenditure that does not meet these requirements is recognised as repair and maintenance expenses in profit or loss during the period in which it is incurred.

Depreciation is calculated on the straight-line basis to write-off the cost (net of residual value) of the plant and equipment over their estimated useful lives. The estimated useful lives and residual values are as follows:

	Useful lives (Years)	Estimated residual value as a percentage of cost
Telecommunication integration equipment	3	5%
Motor vehicles	4	5%
Furniture and fittings	3	5%

Fully depreciated assets are retained in the financial statements until they are no longer in use.

The residual value, useful life and depreciation method of plant and equipment are reviewed, and adjusted as appropriate, at each reporting date.

On disposal or retirement of an item of plant and equipment, the difference between the net disposal proceeds and its carrying amounts is recognised in profit or loss.

(f) Intangible Assets

Expenditure on research activities are expensed in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if and only if, when the Group can demonstrate the following: the technical feasibility of completing the intangible asset so that it will be available for use or sale; the intention to complete and its ability to use or sell it; how the intangible asset will generate future economic benefits; the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and the ability to measure reliably the expenditure attributable to the intangible asset during the development.

Development costs are amortised from the date of commercial production of the product or from the date the process is put into use. The development costs are amortised over the estimated useful life of 5 years on a straight-line basis.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016
(Amounts in Thousands of Chinese Renminbi ("RMB"))

2 Significant Accounting Policies (cont'd)

(f) Intangible Assets (cont'd)

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

(g) Impairment of Non-Financial Assets

Non-financial assets are reviewed for impairment whenever there is indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less costs of disposal and value in use) of the asset is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, the recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss for an asset is recognised in profit or loss, unless the asset is carried at revalued amount in which case the reversal of the impairment loss is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also credited to profit or loss.

(h) Financial Assets

Classification

The Group classifies its financial assets as loans and receivables. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every financial reporting date.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than twelve months after the end of the financial reporting date which are presented as non-current assets. Loans and receivables are presented as "trade receivables", "other receivables", "due from related parties", "due from subsidiaries" and "cash and bank balances" on the statements of financial position. Trade receivables included billed and unbilled receivables. Unbilled trade receivables refer to revenue recognised but has not yet been billed to customers.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016
(Amounts in Thousands of Chinese Renminbi ("RMB"))

2 Significant Accounting Policies (cont'd)

(h) Financial Assets (cont'd)

Recognition and De-recognition

Regular way purchases and sales of financial assets are recognised on the trade-date - the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the net sales proceeds is recognised in profit or loss.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

Initial Measurement and Subsequent Measurement

Loans and receivables are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method.

Impairment

The Group assesses at the financial reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered indicators that the receivable is impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised in profit or loss.

The impairment allowance account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior years.

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(i) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, bank balances and deposits with financial institutions, which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents are shown net of restricted bank deposits.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016
(Amounts in Thousands of Chinese Renminbi ("RMB"))

2 Significant Accounting Policies (cont'd)

(j) Contract Work-in-Progress

Where the outcome of a contract work-in-progress can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer, if any.

Where the outcome of a contract work-in-progress cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable, will be recoverable and contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, expected loss is recognised as an expense immediately.

(k) Financial Liabilities

Financial liabilities include borrowings, trade payables, other payables, due to related parties and due to directors. They are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

All financial liabilities, except for financial liabilities at fair value through profit or loss, are recognised initially at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, they are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process. For financial liabilities at fair value through profit or loss, they are subsequently measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expired.

(l) Trade and Other Payables

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

(m) Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least twelve months after the reporting date.

Borrowings are initially recognised at fair value, net of transaction costs and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditure and borrowing costs are being incurred. Borrowing costs are capitalised until the assets are ready for intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

Other borrowing costs are recognised on a time-proportion basis in profit or loss using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016
(Amounts in Thousands of Chinese Renminbi ("RMB"))

2 Significant Accounting Policies (cont'd)

(n) Provisions

Provisions are recognised when the Group has a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed regularly and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of provision is the present value of the expenditures expected to be required to settle the obligation.

Provision for warranty is recognised in respect of the estimated expenses to be incurred for the provision of after sales services to customers on the products sold, based on experience of the level of service required.

(o) Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue is presented, net of value added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue to the extent that it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured and when the specific criteria for each of the Group's activities are met.

Revenue from telecommunication integration and solution contracts is recognised in accordance with the Group's accounting policy on contract work-in-progress (see Note 2(j)).

Revenue from the sale of equipment is recognised when the significant risks and rewards of ownership of the goods have been transferred to the customer, which generally coincides with the time when the goods are delivered to the customer and title has been passed.

Revenue from maintenance and services that is short-term in nature is recognised when the services are completed.

Interest income is recognised on a time proportion basis, using the effective interest method.

Dividend income is recognised when the right to receive payment is established.

(p) Operating Leases

Leases of offices where substantially the risks and rewards of ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(q) Employees' Benefits

The Group is required to provide certain retirement plan contribution to their employees under the existing PRC regulations. Contributions are provided at rates stipulated by the PRC regulations and are managed by government agencies, which are responsible for administering these amounts for the employees. The Group has no future obligations once the contribution has been paid.

Obligations for contributions to defined contribution retirement plans are recognised as an expense in profit or loss as and when they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016
(Amounts in Thousands of Chinese Renminbi ("RMB"))

2 Significant Accounting Policies (cont'd)

(r) Government Grants

Grants from the government are recognised as a receivable at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

(s) Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax are recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax liabilities are recognised on temporary differences arising on investment in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and

(ii) based on the tax consequence that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss for the financial period, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred taxes arising from a business combination is adjusted against goodwill on acquisition.

(t) Financial Guarantees

The Group has issued corporate guarantees to banks for bank borrowings of third parties. These guarantees are financial guarantee as they require the Group to reimburse the banks if the parties fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Group's statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016
(Amounts in Thousands of Chinese Renminbi ("RMB"))

2 Significant Accounting Policies (cont'd)

(t) Financial Guarantees (cont'd)

Financial guarantees are subsequently amortised to the profit or loss over the period of the third parties' borrowings, unless it is probable that the Group will reimburse the banks for amounts higher than the unamortised amounts. In this case, the financial guarantees shall be carried at the expected amounts payable to the banks in the Group's statement of financial position.

(u) Dividends to Company's Shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payments.

(v) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

(w) Statutory Reserves

Subsidiaries which are incorporated in the PRC are required to appropriate 10% of the profit arrived at in accordance with PRC regulations for each financial year to statutory reserves. The appropriation to statutory reserves, after offsetting against any accumulated losses, must be made before the distribution of dividends to shareholders. The appropriation is required until the statutory reserves reach 50% of the registered share capital. The statutory reserves are not distributable in the form of cash dividends.

(x) Segment Reporting

A business segment is a distinguishable component of the Group engaged in providing products that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the Group engaged in providing products within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

3 Critical Accounting Estimates, Assumptions and Judgements

Estimates, assumptions and judgements, concerning the future are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical Accounting Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016
(Amounts in Thousands of Chinese Renminbi ("RMB"))

3 Critical Accounting Estimates, Assumptions and Judgements (cont'd)

(a) Critical Accounting Estimates and Assumptions (cont'd)

(i) Estimated Useful Lives of Intangible Assets

Intangible assets are amortised on a straight-line basis over their estimated useful lives. Management estimates the useful lives of the intangible assets to be 5 years. As at 30 April 2016, the carrying amount of the intangible assets was RMB 8,073,000 (2015: RMB 8,978,000) (Note 14).

The Group assesses annually the useful lives of the intangible assets and if expectations differ from the original estimates due to the changes in the economic environment and the business outlook of the assets' economic benefits to be consumed by the Group, such differences will impact the amortisation charges in the period in which such estimates are changed.

If the useful lives of the intangible assets increase/decrease by 20% from management's estimates, the Group's profit before income tax will increase/decrease by RMB 506,000 and RMB 758,000 respectively (2015: RMB 571,000 and RMB 788,000).

(ii) Provision for Warranty

The Group recognised a provision for warranty in respect of the estimated expenses to be incurred for the provision of after sales services to customers on the products sold, based on experience of the level of service required and industry averages. In determining the amount of the provision, assumptions and estimates were made based on management's best estimate of the future outflow of economic benefits that will be required under the Group's obligation for the warranties.

As at 30 April 2016, the carrying amount of the provision for warranty was RMB 3,554,000 (2015: RMB 5,523,000) (Note 26). If there is a change in management's estimates, and the provision for warranty increases/decreases by 20%, the Group's profit before income tax will increase/decrease by approximately RMB 711,000 (2015: RMB 686,000).

(b) Critical Judgements made in Applying Accounting Policies

In the process of applying the Group's accounting policies, the applications of judgements that are expected to have a significant effect on the amounts recognised in the financial statements are discussed below.

(i) Impairment of Receivables

Management reviews its receivables for objective evidence of impairment at least annually. To determine whether there is objective evidence of impairment, the Group considers factors such as significant financial difficulties of the debtor, the probability that the debtor will enter into bankruptcy, and default or significant delay in payments. Management makes judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with an adverse effect in the technological, market, economic, or legal environment in which the debtor operates in. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016
(Amounts in Thousands of Chinese Renminbi ("RMB"))

3 Critical Accounting Estimates, Assumptions and Judgements (cont'd)

(b) Critical Judgements made in Applying Accounting Policies (cont'd)

(i) Impairment of Receivables (cont'd)

Trade Receivables

As disclosed in Notes 17 and 33(a), trade receivables comprise billed trade receivables of RMB 65,121,000 (2015: RMB 69,114,000) and unbilled trade receivables of RMB 287,008,000 (2015: RMB 414,137,000).

These unbilled trade receivables represent revenue that has been recognised but not yet billed to customers due to the nature of services rendered to various entities of these customers which include large telecommunication companies in the PRC. Approvals and instructions from such customers are necessary before billings are made.

In considering whether the unbilled trade receivables are recoverable, management has considered the credit terms and age analysis of the unbilled trade receivables as disclosed in Note 33(a) and made judgements based on their prior experiences and the current economic environment. Management is also of the view that it is an industry norm to have a high proportion of unbilled trade receivables for such services rendered.

Management is of the view that these unbilled trade receivables remain billable and collectible from the relevant customers, which include large telecommunications companies in the PRC, and no further allowance for impairment loss is required.

The Group has charged impairment losses on trade receivables of RMB 4,548,000 (2015: RMB 2,334,000) and wrote back impairment losses of RMB 1,021,000 to profit or loss for the financial year ended 30 April 2016. As at 30 April 2016, the carrying amount of trade receivables was RMB 352,129,000 (2015: RMB 483,251,000) (Note 17).

Other Receivables

Other receivables which are neither past due nor impaired, are due from companies/parties with a good collection track record with the Group. During the financial year ended 30 April 2016, the Group wrote back impairment losses of RMB 1,805,000 (2015: Nil) to profit or loss. As at 30 April 2016, the carrying amount of other receivables was RMB 108,175,000 (2015: RMB 76,717,000) (Note 18).

Due from Subsidiaries

The amounts due from subsidiaries are repayable on demand and management has considered the relevant factors whether there is any objective evidence of impairment. Based on management's assessment, no allowance for impairment loss is required for the amounts due from subsidiaries. As at 30 April 2016, the carrying amount of amounts due from subsidiaries was RMB 162,215,000 (2015: RMB 166,586,000) (Note 15).

(ii) Contract Work-in-Progress

Management reviews its contract work-in-progress and is of the view that the amount is recoverable and no write-down is necessary. In determining the recoverability of the contract work-in-progress, management has considered the stage of completion, the extent of the contract costs incurred, the total contract revenue and contract costs. In making this judgement, management has relied on past experiences. As at 30 April 2016, the carrying amount of the contract work-in-progress was RMB 327,463,000 (2015: RMB 237,442,000) (Note 16).

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016
(Amounts in Thousands of Chinese Renminbi ("RMB"))

3 Critical Accounting Estimates, Assumptions and Judgements (cont'd)

(b) Critical Judgements made in Applying Accounting Policies (cont'd)

(iii) Investment in Subsidiaries

Investment in subsidiaries is tested for impairment whenever there is an indication that such investment may be impaired. Based on management's assessment, no allowance of impairment loss is required for the investment in subsidiaries. As at 30 April 2016 and 30 April 2015, the carrying amount of investment in subsidiaries was RMB 15,646,000 (Note 13).

(iv) Income Taxes

The Group has exposure to income taxes where it operates. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 30 April 2016, the carrying amount of the Group's provision for income tax and deferred tax liabilities was RMB 13,060,000 (2015: Nil) and RMB 26,406,000 (2015: RMB 36,932,000) (Note 28) respectively.

4 Revenue

	Group	
	2016	2015
	RMB'000	RMB'000
Telecommunication integration and solution contracts	211,346	214,891
Sale of equipment	7,797	8,276
Maintenance and services	18,498	12,128
	237,641	235,295

5 Other Operating Income

	Group	
	2016	2015
	RMB'000	RMB'000
Government incentives received	2,038	1,303
Interest income	66	89
Reversal of provision for warranty, net (Note 26)	1,969	–
Others	15	19
	4,088	1,411

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016
(Amounts in Thousands of Chinese Renminbi ("RMB"))

6 Other Operating Expenses

	Group	
	2016	2015
	RMB'000	RMB'000
Allowance for impairment of trade receivables	4,548	2,334
Write back of impairment of trade receivables	(1,021)	–
Write back of impairment of other receivables	(1,805)	–
Plant and equipment written off	203	–
Foreign exchange (gain)/loss	(27)	5
Others	14	–
	1,912	2,339

7 Finance Expenses

	Group	
	2016	2015
	RMB'000	RMB'000
Bank and guarantee charges	2,089	1,341
Interest expense on bank borrowings	9,646	14,899
	11,735	16,240

8 Profit before Income Tax

	Group	
	2016	2015
	RMB'000	RMB'000
This is arrived at after charging the following items:		
Cost of inventories (recognised as cost of sales)	188,930	175,188
Amortisation of intangible assets	3,035	3,288
(Reversal of)/Provision for warranty	(1,969)	1,177
Operating lease expenses	1,562	1,869
Fees on audit services payable to		
- auditors of the Company	960	1,057
- other auditors	46	258
Directors' fees	329	314
Depreciation of plant and equipment	463	542

No non-audit fees were paid to the external auditors for the financial years ended 30 April 2016 and 30 April 2015.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016
(Amounts in Thousands of Chinese Renminbi ("RMB"))

9 Staff Costs (including directors' remuneration)

	Group	
	2016	2015
	RMB'000	RMB'000
Salaries and related costs	11,255	13,207
Contribution to defined contribution plans	2,306	2,577
	13,561	15,784
Charged to/Capitalised in:		
- Profit or loss	11,431	13,011
- Intangible assets	2,130	2,773
	13,561	15,784

10 Income Tax Expense

	Group	
	2016	2015
	RMB'000	RMB'000
Income tax		
- Current year	13,083	–
Deferred tax (Note 28)		
- Current year	(10,526)	2,226
- Prior year over provision	–	(100)
	(10,526)	2,126
Total income tax expense	2,557	2,126

A reconciliation of income tax expense calculated at the applicable corporate tax rate in the PRC is as follows:

	Group	
	2016	2015
	RMB'000	RMB'000
Profit before income tax	17,740	15,167
Tax calculated at PRC applicable tax rate of 15% (2015: 15%)	2,661	2,275
Tax effect of expenses that are not deductible in determining taxable profit	202	146
Tax effect of non-taxable income	(306)	(195)
Over provision in prior years	–	(100)
	2,557	2,126

Under the current Bermuda law, the Company is not required to pay taxes in Bermuda on either income or capital gains. The Company has received an undertaking from the Bermuda government that in the event of income or capital gains being imposed, the Company will be exempted from such taxes until year 2016.

Aceway Telecom Technology Co., Ltd has been granted a certificate of high technology enterprise by the local tax authority and a concessionary tax rate of 15% from 14 September 2011 for a period of 3 years. This has been extended on 30 October 2014 for a period of another 3 years.

As at 30 April 2016, deferred income tax liabilities of approximately RMB 22,808,300 (2015: RMB 21,512,800) have not been recognised for the withholding and other taxes that will be payable on the earnings of an overseas subsidiary when remitted as dividends to the Company. These unremitted earnings amounted to RMB 228,083,000 (2015: RMB 215,128,000) at the end of the financial reporting date and the related deferred tax liabilities have not been recognised in the financial statements as the Group is able to control the timing of the remittance of the earnings.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016
(Amounts in Thousands of Chinese Renminbi ("RMB"))

11 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year as follows:

	Group	
	2016	**2015**
Net profit attributable to equity holders of the Company (RMB'000)	15,183	13,041
Weighted average number of ordinary shares outstanding during the year ('000)	752,000	752,000
Basic earnings per share (RMB, cents per share)	2.02	1.73

The diluted earnings per share is the same as the basic earnings per share for the financial years ended 30 April 2016 and 30 April 2015 as the Group did not have any dilutive potential ordinary shares outstanding as at 30 April 2016 and 30 April 2015.

12 Plant and Equipment

	Tele-communication integration equipment	Motor vehicles	Furniture and fittings	Total
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Group				
2016				
Cost				
As at 1 May 2015	5,678	2,761	2,341	10,780
Additions	–	–	56	56
Write-off	(4,052)	–	–	(4,052)
As at 30 April 2016	1,626	2,761	2,397	6,784
Accumulated depreciation				
As at 1 May 2015	5,395	2,089	1,847	9,331
Charge for the year	1	245	217	463
Write-off	(3,849)	–	–	(3,849)
As at 30 April 2016	1,547	2,334	2,064	5,945
Net book value				
As at 30 April 2016	79	427	333	839

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016
(Amounts in Thousands of Chinese Renminbi ("RMB"))

12 Plant and Equipment (cont'd)

	Tele-communication integration equipment	Motor vehicles	Furniture and fittings	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Group				
2015				
Cost				
As at 1 May 2014	5,678	2,761	2,001	10,440
Additions	–	–	340	340
As at 30 April 2015	5,678	2,761	2,341	10,780
Accumulated depreciation				
As at 1 May 2014	5,394	1,812	1,583	8,789
Charge for the year	1	277	264	542
As at 30 April 2015	5,395	2,089	1,847	9,331
Net book value				
As at 30 April 2015	283	672	494	1,449

13 Investment in Subsidiaries

	Company	
	2016	2015
	RMB'000	RMB'000
Unquoted equity shares, at cost	415	415
Discount implicit in the interest free loan granted to a subsidiary (Note 15)	15,231	15,231
	15,646	15,646

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016
(Amounts in Thousands of Chinese Renminbi ("RMB"))

13 Investment in Subsidiaries (cont'd)

Name	Principal activities	Country of incorporation and place of business	Effective equity interest held by the Group		Cost of investment by the Company	
			2016	2015	2016	2015
			%	%	RMB'000	RMB'000
Held by the Company						
Success Highway Global Limited	Investment holding	British Virgin Islands	100	100	415	415
Ming Win Technology Pte Ltd *	Providing other information technology and business management consultancy services	Singapore	100	100	–	–
Wisdom Universal Technology Ltd. #	Struck off	Hong Kong	–	100	–	–
Held by the Subsidiary - Success Highway Global Limited						
Aceway Telecom Technology Co., Ltd	Providing telecommunication services and products	PRC	100	100	–	–
					415	415

* Dormant during the financial year and was struck off subsequent to the financial year.

\# Dormant during the financial year and was struck off during the financial year.

All the subsidiaries are audited by Moore Stephens LLP, Singapore, for the purpose of the consolidated financial statements of the Company and its subsidiaries for the financial years ended 30 April 2016 and 30 April 2015.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016
(Amounts in Thousands of Chinese Renminbi ("RMB"))

14 Intangible Assets

	Information and Communication Technology	Business Support Solutions	Maintenance and Servicing	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Group				
2016				
Cost				
As at 1 May 2015	10,650	10,555	16,672	37,877
Additions	–	2,130	–	2,130
As at 30 April 2016	10,650	12,685	16,672	40,007
Accumulated amortisation				
As at 1 May 2015	9,298	6,091	13,510	28,899
Amortisation for the year	501	1,744	790	3,035
As at 30 April 2016	9,799	7,835	14,300	31,934
Net book value				
As at 30 April 2016	851	4,850	2,372	8,073
2015				
Cost				
As at 1 May 2014	12,104	14,195	21,131	47,430
Additions	–	2,773	–	2,773
Write-off	(1,454)	(6,413)	(4,459)	(12,326)
As at 30 April 2015	10,650	10,555	16,672	37,877
Accumulated amortisation				
As at 1 May 2014	9,510	11,248	17,179	37,937
Amortisation for the year	1,242	1,256	790	3,288
Write-off	(1,454)	(6,413)	(4,459)	(12,326)
As at 30 April 2015	9,298	6,091	13,510	28,899
Net book value				
As at 30 April 2015	1,352	4,464	3,162	8,978

15 Due from Subsidiaries

	Company	
	2016	2015
	RMB'000	RMB'000
Loan	70,362	70,362
Advances to a subsidiary	91,853	96,224
Total current loan and advances	162,215	166,586

The total current loan and advances to subsidiaries are non-trade in nature, interest-free, unsecured and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016
(Amounts in Thousands of Chinese Renminbi ("RMB"))

16 Contract Work-in-Progress

	Group	
	2016	2015
	RMB'000	RMB'000
Contract work-in-progress, at cost	327,463	237,442

17 Trade Receivables

	Billed	Unbilled	Total
	RMB'000	RMB'000	RMB'000
Group			
2016			
Trade receivables			
- Due from third parties	77,042	312,771	389,813
- Due from a related party	–	3,140	3,140
Less: Allowance for impairment	(11,921)	(28,903)	(40,824)
	65,121	287,008	352,129
2015			
Trade receivables			
- Due from third parties	82,055	433,613	515,668
- Due from a related party	–	4,880	4,880
Less: Allowance for impairment	(12,941)	(24,356)	(37,297)
	69,114	414,137	483,251

Unbilled trade receivables refer to the revenue that has been recognised but not yet billed to customers.

During the previous financial year ended 30 April 2015, the Group through a subsidiary, had factored trade receivables with carrying amounts of RMB 99,528,000 to certain financial institutions in exchange for cash. These transactions had been accounted for as collateralised borrowings as the financial institutions had full recourse against the subsidiary in the event of default of the factored trade receivables (Note 27). Accordingly, the Group continued to recognise the full carrying amount of the trade receivables and had recognised the cash received as a secured borrowing (Note 27). As at 30 April 2015, the carrying amounts of the factored trade receivables and the associated borrowings were RMB 99,528,000 and RMB 79,939,000 respectively.

The financial institutions had recourse only on those factored trade receivables. The fair values of the factored trade receivables and the associated liabilities were as follows:

	2015
	RMB'000
Group	
Transferred trade receivables - at fair value	99,528
Secured borrowings (Note 27) - at fair value	(79,939)
Net position	19,589

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016
(Amounts in Thousands of Chinese Renminbi ("RMB"))

18 Other Receivables

	Group	
	2016	2015
	RMB'000	RMB'000
Other receivables:		
- Third parties	14,140	17,325
Deposits	510	2,792
Loans/Advances to staff/sales representatives	4,667	6,670
Advances to suppliers	88,858	53,949
	108,175	80,736
Less: Allowance for impairment	–	(4,019)
	108,175	76,717

As at 30 April 2015, deposits of RMB 55,000 and advances to suppliers of RMB 788,000 were due from certain entities. The shareholdings of these entities were held by certain directors/former directors of the Company in trust for third parties. Management was of the view that the Group did not have control or significant influence on these entities, and accordingly, the transactions and balances with these entities were not disclosed as related party transactions and balances in the financial statements.

The loans/advances to staff/sales representatives are non-trade in nature, unsecured, interest-free and repayable on demand.

As at 30 April 2016, the Company has other receivables due from third parties amounted to RMB 64,000 (2015: RMB 16,000).

19 Due from a Related Party and Due to Related Parties

	Group	
	2016	2015
	RMB'000	RMB'000
Due from a related party	–	135
Due to related parties	2,208	6,077

The amounts due from/to related parties are non-trade in nature, unsecured, interest-free and repayable on demand.

20 Cash and Bank Balances

	Group		Company	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	74,186	17,366	4	4

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016
(Amounts in Thousands of Chinese Renminbi ("RMB"))

20 Cash and Bank Balances (cont'd)

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2016	2015
	RMB'000	RMB'000
Cash and bank balances	74,186	17,366
Less: Restricted bank balances	(45,328)	(15,142)
Cash and cash equivalents	28,858	2,224

Restricted bank balances are placed as securities to financial institutions for banking facilities granted to the Group (Note 27).

21 Share Capital and Share Premium

	Group and Company			
	2016		2015	
	No. of ordinary shares of US$0.015 each	RMB'000	No. of ordinary shares of US$0.015 each	RMB'000
Authorised share capital:				
As at beginning and end of the year	2,000,000,000	347,090	2,000,000,000	347,090
Issued and fully paid:				
As at beginning and end of the year	752,000,000	92,938	752,000,000	92,938

	Group and Company	
	2016	2015
	RMB'000	RMB'000
Share Premium		
As at beginning and end of the year	85,226	85,226

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share at meetings of the Company. Ordinary shares have a par value of US$0.015 per share.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016
(Amounts in Thousands of Chinese Renminbi ("RMB"))

22 Reserves

	Group	
	2016	2015
	RMB'000	RMB'000
Statutory reserves:		
- Statutory reserve fund	21,882	20,358
- Staff welfare reserve fund	10,117	9,355
Capital reserve	3,332	3,332
Retained earnings	218,855	205,958
	254,186	239,003

Movements in reserves for the Group are set out in the consolidated statement of changes in equity.

Reserves of the Company relate to retained earnings.

Statutory Reserves

In accordance with the PRC's Company Law, the subsidiary incorporated in PRC is required to transfer 10% of their profit after income tax to statutory reserves (Note 2(w)).

The PRC subsidiary has also appropriated a portion (5%) of its profit after income tax to the staff welfare fund on a voluntary basis as allowed by its respective Articles of Association. The staff welfare fund would be used for the collective welfare of the employees.

Capital Reserve

Capital reserve relates to certain government grants received in prior years. Pursuant to the terms and conditions of the grants, these amounts have been designated for the purpose of development of technological know-how and are non-distributable as dividends. Accordingly, these grants were then transferred from retained earnings to capital reserve.

23 Trade Payables

	Group	
	2016	2015
	RMB'000	RMB'000
Trade payables:		
- Due to third parties	112,548	96,940
- Due to a related party	283	283
	112,831	97,223

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016
(Amounts in Thousands of Chinese Renminbi ("RMB"))

24 Other Payables and Accruals

	Group		Company	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Other payables	10,689	15,755	–	–
Advances from customers	27,876	41,401	–	–
Accrued expenses	3,517	4,964	1,522	3,770
Value added tax payable and other tax payable	6,850	1,822	–	–
	48,932	63,942	1,522	3,770

Other payables include loans received from third parties amounting to RMB 6,548,000 (2015: RMB 11,450,000) which are non-trade in nature, unsecured, interest-free and repayable on demand.

25 Due to Directors

	Group		Company	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Due to directors	1,134	1,135	59	59

The amounts due to directors are non-trade in nature, unsecured, interest-free and repayable on demand.

26 Provision for Warranty

	Group	
	2016	2015
	RMB'000	RMB'000
As at beginning of the year	5,523	4,346
Provision made during the year	1,188	1,177
Less: Reversal during the year	(3,157)	–
As at end of the year	3,554	5,523

The warranty provision represents management's best estimate of the Group's liability for 2-3 years (2015: 2-3 years) warranty granted on products and solutions projects. The amount of the provision is based on past experiences and industry averages.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016
(Amounts in Thousands of Chinese Renminbi ("RMB"))

27 Borrowings

	Group	
	2016	2015
	RMB'000	RMB'000
Bank borrowings	100,410	167,339
Notes payables	29,980	30,000
Letter of credit	100,000	–
	230,390	197,339
Classified as:		
Non-current	19,000	6,000
Current	211,390	191,339
	230,390	197,339
Average effective rates of interest at the reporting date:		
- bank borrowings	5.87%	6.72%
- letter of credit	3.92%	–

The borrowings (including notes payables and letter of credit) drawn down by a subsidiary company are secured over certain trade receivables (Note 17) and intangible assets; guaranteed by a director of the Company; third parties; a key management personnel of the Group and third parties' financial institutions; and certain restricted bank balances.

The non-current bank borrowings as at 30 April 2016 are repayable by March 2018.

28 Deferred Tax Liabilities

	Group	
	2016	2015
	RMB'000	RMB'000
Deferred tax liabilities to be settled after one year:		
As at beginning of the year	36,932	34,806
(Credited)/Charged to profit or loss (Note 10)	(10,526)	2,126
As at end of the year	26,406	36,932

The Group recognised deferred tax liabilities as a result of the taxable temporary differences arising from the accounting and taxable profits mainly arising from the unbilled trade receivables. These revenue earned will be taxable only when billed. The deferred tax liabilities are computed based on the applicable concessionary tax rate of 15% in the PRC.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016
(Amounts in Thousands of Chinese Renminbi ("RMB"))

29 Dividends

	Group	
	2016	2015
	RMB'000	RMB'000
Ordinary dividends paid:		
Final dividend paid for financial year ended 30 April 2014 of RMB 0.002 cents per ordinary share	–	1,504

30 Related Party Transactions

A related party is a person or entity that is related to the entity that is preparing its financial statements ("reporting entity").

Parties are considered to be related if (a) a person or a close member of that person's family is related to a reporting entity, if that person (i) has control or joint control over the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity. (b) An entity is related to a reporting entity if (i) the entity and the reporting entity are members of the same group; (ii) one entity is an associate or joint venture of the other entity; (iii) both entities are joint ventures of the same third party; (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity; (v) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity; (vi) the entity is controlled or jointly controlled by a person identified in (a); (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity; (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Some of the Group's transactions and arrangements are between related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. In addition to the related parties' information disclosed elsewhere in the financial statements, the following transactions took place during the financial year between the Group and related parties at terms agreed between the parties:

	Group	
	2016	2015
	RMB'000	RMB'000
With a company in which a director has an interest		
Expenses paid on behalf by related parties	–	213
Expenses paid on behalf of related parties	37	88
Transactions with related parties		
Purchase from a related party	–	283

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016
(Amounts in Thousands of Chinese Renminbi ("RMB"))

30 Related Party Transactions (cont'd)

Remuneration of Key Management Personnel

The remuneration of the directors of the Company and senior personnel, who are the key management personnel of the Group, are as follows:

	Group	
	2016	2015
	RMB'000	RMB'000
Salaries and related costs	2,298	2,644
Contribution to defined contribution plans	363	421
	2,661	3,065
Comprised amounts paid/payable to:		
Directors of the Company*	705	860
Other key management personnel	1,956	2,205
	2,661	3,065

* Include directors' fee of RMB 329,000 (2015: RMB 314,000).

31 Commitments

(a) Guarantees

	Group	
	2016	2015
	RMB'000	RMB'000
Unsecured guarantees provided by the Group for third parties (Note 33(b))	50,300	60,000

(b) Operating Lease Commitments

The future minimum lease payable under non-cancellable operating leases in respect of the office premises with varying terms and renewal rights contracted for at the reporting date but not recognised as payables in the financial statements. There are no contingent rent and escalation clauses included in the contracts. The commitments are as follows:

	Group	
	2016	2015
	RMB'000	RMB'000
Payable:		
- Within 1 year	766	1,843
- Between 1 to 5 years	–	343
	766	2,186

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016
(Amounts in Thousands of Chinese Renminbi ("RMB"))

32 Segment Information

Management has determined the operating segments based on the reports reviewed by the Executive Committee that are used to make strategic decisions. 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.

Information and Communication Technology ("ICT") system integration segment pertains to the sales of end products purchased from suppliers which require minimal installation works.

Business support solutions segment pertains to the provision of back-end business support systems as well as infrastructure maintenance and upgrading works.

Maintenance and servicing segment pertains to the maintenance of servers and integrated systems.

Revenue of approximately RMB 136,002,000 (2015: RMB 133,176,000) are derived from 3 external customers (2015: 3 external customers) which are mainly from the ICT system integration and business support solutions segment located in the PRC. Assets of the Group are mainly located in the PRC. The Group's reportable business segments are as follows:

Business Segments

	ICT System Integration	Business Support Solutions	Maintenance and Servicing	Total
	RMB'000	RMB'000	RMB'000	RMB'000
2016				
Revenue	127,197	91,946	18,498	237,641
Cost of sales	(119,932)	(53,393)	(15,605)	(188,930)
Segment result	7,265	38,553	2,893	48,711
Unallocated other income				4,022
Unallocated costs				(23,324)
Finance income				66
Finance expenses				(11,735)
Profit before income tax				17,740
Income tax expense				(2,557)
Net profit after income tax				15,183
Assets and Liabilities				
Unallocated assets and total assets				870,865
Unallocated liabilities and total liabilities				438,515

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016
(Amounts in Thousands of Chinese Renminbi ("RMB"))

32 Segment Information (cont'd)

Business Segments (cont'd)

	ICT System Integration	Business Support Solutions	Maintenance and Servicing	Total
	RMB'000	RMB'000	RMB'000	RMB'000
2015				
Revenue	150,766	72,401	12,128	235,295
Cost of sales	(121,895)	(44,928)	(8,365)	(175,188)
Segment result	28,871	27,473	3,763	60,107
Unallocated other income				1,322
Unallocated costs				(30,111)
Finance income				89
Finance expenses				(16,240)
Profit before income tax				15,167
Income tax expense				(2,126)
Net profit after income tax				13,041
Assets and Liabilities				
Unallocated assets and total assets				825,338
Unallocated liabilities and total liabilities				408,171

Unallocated Other Income and Expenses

There is no reasonable basis to allocate other operating income, selling and distribution expenses, administrative expenses, other operating expenses, finance expenses and income tax expense to the different segments, and accordingly, these items have been disclosed as unallocated for segment information.

Unallocated Assets and Liabilities

There is no reasonable basis to allocate assets and liabilities of the Group between the different segments, and accordingly, these items have been disclosed as unallocated for segment information.

33 Financial Risk Management

The Group and the Company are exposed to financial risks, including the effects of credit risk, liquidity risk, interest rate risk and foreign currency risk arising from the normal course of the Group's and the Company's operations. The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

The Group's trade receivables comprise 5 major debtors (2015: 5 major debtors) that represented 69% (2015: 60%) of total trade receivables as at reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016
(Amounts in Thousands of Chinese Renminbi ("RMB"))

33 Financial Risk Management (cont'd)

(a) Credit Risk (cont'd)

The credit periods for the billed trade receivables range from 3 to 6 months (2015: 3 to 6 months). No interest is imposed on overdue trade receivables.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position, except as disclosed in the financial statements Note 31(a).

The Group's major classes of financial assets include cash and bank balances, trade receivables and other receivables. No other financial assets carries a significant exposure to credit risk.

Financial assets that are neither past due nor impaired include cash and bank balances which are placed with reputable local financial institutions. Trade and other receivables that are neither past due nor impaired are substantially companies/parties with a good credit record with the Group. There is no other class of financial assets that is past due and/or impaired except for trade and other receivables. The amounts presented in the statements of financial position are net of allowances for impairment of receivables, estimated by management based on prior experience and the current economic environment.

The age analysis of trade receivables and other receivables are as follows:

Trade Receivables

	Group	
	2016	2015
	RMB'000	RMB'000
Billed trade receivables:		
Not past due and not impaired	19,488	32,496
Past due but not impaired:		
- Past due 0 - 3 months	850	5,222
- Past due 3 - 6 months	18,847	68
- Past due 6 - 18 months	2,506	3,602
- Past due 18 - 30 months	1,015	5,979
- Past due over 30 months	22,415	21,747
	45,633	36,618
Billed trade receivables as at 30 April	65,121	69,114
Unbilled trade receivables:		
- Within 1 year	8,596	67,338
- 1 - 2 years	12,707	99,672
- 2 - 3 years	73,439	125,481
- 3 years and above	192,266	121,646
	278,412	346,799
Unbilled trade receivables as at 30 April	287,008	414,137
Total balances as at 30 April (Note 17)	352,129	483,251

The aging of the unbilled trade receivables is determined from the point in time when the revenue was recognised but it has not yet been billed.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016
(Amounts in Thousands of Chinese Renminbi ("RMB"))

33 Financial Risk Management (cont'd)

(a) Credit Risk (cont'd)

Other Receivables

	Group	
	2016	2015
	RMB'000	RMB'000
Within 1 year	91,959	59,723
1 year and above	16,216	16,994
Total balances as at 30 April (Note 18)	108,175	76,717

The aging of the other receivables is determined from the point in time when the receivables were recognised.

The carrying amount of trade receivables and other receivables individually determined to be impaired and the movement in the related allowance for impairment loss on trade receivables and other receivables are as follows:

Trade Receivables

	Group	
	2016	2015
	RMB'000	RMB'000
Billed trade receivables:		
- Past due 3 - 6 months	–	–
- Past due 6 - 18 months	–	–
- Past due 18 - 30 months	–	42
- Past due over 30 months	11,921	12,899
Less: Allowance for impairment loss	(11,921)	(12,941)
	–	–
Unbilled trade receivables:		
- Within 1 year	–	–
- 1 - 2 years	–	–
- 2 - 3 years	–	182
- 3 years and above	28,903	24,174
Less: Allowance for impairment loss	(28,903)	(24,356)
	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016
(Amounts in Thousands of Chinese Renminbi ("RMB"))

33 Financial Risk Management (cont'd)

(a) Credit Risk (cont'd)

Trade Receivables (cont'd)

Allowance for impairment loss

	Group	
	2016	2015
	RMB'000	RMB'000
As at beginning of the year	37,297	34,963
Allowance for impairment during the year	4,548	2,334
Write back of impairment to profit or loss	(1,021)	–
As at end of the year (Note 17)	40,824	37,297

Other Receivables

	Group	
	2016	2015
	RMB'000	RMB'000
Deposits	–	1,589
Loans/Advances to staff/sales representatives	–	2,430
Less: Allowance for impairment loss	–	(4,019)
	–	–

Allowance for impairment loss

	Group	
	2016	2015
	RMB'000	RMB'000
As at beginning of the year	4,019	4,019
Write back of impairment to profit or loss	(1,805)	–
Impairment written off	(2,214)	–
As at end of the year (Note 18)	–	4,019

The Group has provided an allowance for impairment loss on trade receivables and other receivables based on estimated irrecoverable amounts, determined by reference to past default experiences.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016
(Amounts in Thousands of Chinese Renminbi ("RMB"))

33 Financial Risk Management (cont'd)

(b) Liquidity Risk

Liquidity risk refers to the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. In the management of its liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The table below analyses the maturity profile of the Group's and Company's financial liabilities based on contractual undiscounted cash flows:

		Cash Flow		
	Carrying amount	Contractual cash flow	Within 1 year	1 to 5 years
	RMB'000	RMB'000	RMB'000	RMB'000
2016				
Group				
Trade payables	112,831	112,831	112,831	–
Other payables and accruals	14,206	14,206	14,206	–
Due to directors	1,134	1,134	1,134	–
Due to related parties	2,208	2,208	2,208	–
Borrowings	230,390	234,118	214,356	19,762
Corporate guarantee	50,300	50,300	50,300	–
	411,069	414,797	395,035	19,762
Company				
Other payables and accruals	1,522	1,522	1,522	–
Due to directors	59	59	59	–
	1,581	1,581	1,581	–
2015				
Group				
Trade payables	97,223	97,223	97,223	–
Other payables and accruals	20,719	20,719	20,719	–
Due to directors	1,135	1,135	1,135	–
Due to a related party	6,077	6,077	6,077	–
Borrowings	197,339	203,929	197,863	6,066
Corporate guarantee	60,000	60,000	60,000	–
	382,493	389,083	383,017	6,066
Company				
Other payables and accruals	3,770	3,770	3,770	–
Due to directors	59	59	59	–
	3,829	3,829	3,829	–

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016
(Amounts in Thousands of Chinese Renminbi ("RMB"))

33 Financial Risk Management (cont'd)

(b) Liquidity Risk (cont'd)

As at 30 April 2016, the Group through its subsidiaries, had provided corporate guarantee of RMB 50,300,000 (2015: RMB 60,000,000) to third parties. The amount included for financial guarantee contracts is the maximum amount the Group could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations as at the reporting date, the Group considers that it is unlikely that such an amount will be payable under the arrangement. However, this estimate is subjected to change depending on the probability of the counterparty claiming under the guarantee.

(c) Interest Rate Risk

Cash flow interest rate risk refers to the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

As at 30 April 2016 and 30 April 2015, the Group has no significant interest-bearing assets and the interest rate risk mainly arose from the Group's borrowings as set out in the table below. The Group did not use derivative financial instruments to hedge its borrowings. The Group's exposure to interest rate risk is monitored on a regular basis.

	Within 1 year	1 to 5 years	Total
	RMB'000	RMB'000	RMB'000
Group			
2016			
Variable rate			
Borrowings	211,390	19,000	230,390
2015			
Variable rate			
Borrowings	161,339	6,000	167,339

Sensitivity Analysis

The Group's borrowings at variable rates on which effective hedges have not been entered into, are denominated mainly in RMB. If the RMB interest rates increase/decrease by 1% (2015: 1%) with all other variables including the income tax rate being held constant, the Group's profit for the year ended 30 April 2016 will be lower/higher by approximately RMB 1,703,000 (2015: RMB 1,422,000) as a result of higher/lower interest expense on these borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016
(Amounts in Thousands of Chinese Renminbi ("RMB"))

33 Financial Risk Management (cont'd)

(d) Foreign Exchange Risk

The Group has transactional currency exposures arising from its ordinary course of business that are denominated in a currency other than the functional currency of the Group's entities, which is RMB. The foreign currencies in which these transactions are denominated are mainly United States Dollars ("USD") and Singapore Dollars ("SGD").

As at 30 April 2016 and 30 April 2015, the Group's and the Company's financial assets and financial liabilities are denominated in RMB and have no foreign currency risk exposure except for the following:

	USD	SGD	Total
	RMB'000	RMB'000	RMB'000
Group			
2016			
Financial assets			
Cash and bank balances	576	4	580
Other receivables	–	64	64
	576	68	644
Financial liabilities			
Other payables and accruals	–	1,522	1,522
Other financial liabilities	–	59	59
	–	1,581	1,581
Net financial assets/(liabilities)	576	(1,513)	(937)
2015			
Financial assets			
Cash and bank balances	544	4	548
Other receivables	–	15	15
	544	19	563
Financial liabilities			
Other payables and accruals	–	3,770	3,770
Other financial liabilities	–	59	59
	–	3,829	3,829
Net financial assets/(liabilities)	544	(3,810)	(3,266)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016
(Amounts in Thousands of Chinese Renminbi ("RMB"))

33 Financial Risk Management (cont'd)

(d) Foreign Exchange Risk (cont'd)

	USD	SGD	Total
	RMB'000	RMB'000	RMB'000
Company			
2016			
Financial assets			
Cash and bank balances	–	4	4
Other receivables	–	64	64
	–	68	68
Financial liabilities			
Other payables and accruals	–	1,522	1,522
Other financial liabilities	–	59	59
	–	1,581	1,581
Net financial liabilities	–	(1,513)	(1,513)
2015			
Financial assets			
Cash and bank balances	–	4	4
Other receivables	–	15	15
	–	19	19
Financial liabilities			
Other payables and accruals	–	3,770	3,770
Other financial liabilities	–	59	59
	–	3,829	3,829
Net financial liabilities	–	(3,810)	(3,810)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016
(Amounts in Thousands of Chinese Renminbi ("RMB"))

33 Financial Risk Management (cont'd)

(d) Foreign Exchange Risk (cont'd)

Sensitivity Analysis

If the USD and SGD change against the RMB by 5% (2015: 5%) respectively with all other variables including the income tax rate being held constant, the effects arising from the net financial asset/liability position on net profit after tax and equity will increase/(decrease) as follows:

	2016	2015
	RMB'000	RMB'000
Group		
USD against RMB		
- strengthened	25	23
- weakened	(25)	(23)
SGD against RMB		
- strengthened	(65)	(162)
- weakened	65	162
Company		
SGD against RMB		
- strengthened	(65)	(162)
- weakened	65	162

(e) Capital Risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value through the optimisation of the debt and equity balance. The Group funds its operations and growth through a mix of equity and debts. These includes the maintenance of adequate lines of credit and assessing the need to raise additional equity where required.

As disclosed in Note 22, the PRC subsidiary of the Group is required by the Foreign Enterprise Law of the PRC to contribute and maintain a statutory reserve fund. This externally imposed capital requirement has been complied with by the relevant subsidiary for the financial years ended 30 April 2016 and 30 April 2015. The Group is not subject to any other externally imposed capital requirements.

In the management of capital risk, management takes into consideration the net debt to equity ratio as well as the Group's working capital requirements. The net debt to equity ratio is calculated as net debt divided by total capital. Net debt is calculated as total liabilities less total provision for warranty, deferred tax liabilities, provision for income tax and cash and bank balances.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016
(Amounts in Thousands of Chinese Renminbi ("RMB"))

33 Financial Risk Management (cont'd)

(e) Capital Risk (cont'd)

	Group		Company	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Net debt	321,309	348,350	1,577	3,825
Total equity	432,350	417,167	176,348	178,423
Net debt to equity ratio	74%	83%	1%	2%

There were no changes in the Group's approach to capital management during the financial year ended 30 April 2016.

(f) Financial Instruments by Category

The carrying amounts of the different categories of financial instruments are as follows:

	Group		Company	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Loans and receivables	445,632	523,520	162,283	166,606
Financial liabilities at amortised cost	360,769	322,493	1,581	3,829

34 Fair Values of Assets and Liabilities

Assets and liabilities measured and carried at fair value and classified by level of the following fair value measurement hierarchy:

(a) Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities

(b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

(c) Level 3: inputs for the asset or liability that are not based on observable market data (observable inputs).

The carrying amounts of financial assets and financial liabilities with a maturity of less than one year, which include trade and other receivables, cash and cash equivalents, trade and other payables, bank borrowings and amounts from/to related parties, are assumed to approximate their fair values due to their short-term maturities.

The fair value of long term bank borrowing is calculated based on discounted expected future principal and interest cash flows. The discount rate used is based on market rate for similar instruments at the end of the reporting period ("Level 2"). As at 30 April 2016 and 30 April 2015, the carrying amount of the long term bank borrowing approximate its fair value.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 April 2016
(Amounts in Thousands of Chinese Renminbi ("RMB"))

35 Comparative Figures

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements. As a result, certain line items have been amended on the face of the statement of financial position and statement of cash flows of the Group as summarised below:

	Before Reclassification	Reclassification	After Reclassification
	RMB'000	RMB'000	RMB'000
2015			
Statement of Financial Position			
Trade payables	127,223	(30,000)	97,223
Borrowings	161,339	30,000	191,339
Statement of Cash Flows			
Net cash generated from operating activities	84,693	(5,000)	79,693
Net cash used in financing activities	(147,817)	5,000	(142,817)

The net amount of RMB 30,000,000 representing notes payables have been reclassified from trade payables to borrowings in the Statement of Financial Position.

The net amount of RMB 5,000,000 representing net proceeds and repayments of bank borrowings have been reclassified from net cash generated from operating activities to net cash used in financing activities in the Statement of Cash Flows.

36 Subsequent Events

Subsequent to the financial year ended 30 April 2016 to the date of this report, the Group has obtained new loans amounting to RMB 30,000,000 and made scheduled repayment of bank loans amounting to RMB 160,980,000.

STATISTICS OF SHAREHOLDINGS

As at 29 July 2016

No. of Issued and Fully Paid-Up Shares	:	752,000,000
Class of Equity Shares	:	Ordinary Shares of US$0.015 each
Number of Holders	:	1,401
Number of Treasury Shares	:	Nil
Voting Rights	:	On show of hands: 1 vote for each member
On a Poll	:	1 vote for each ordinary share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	41	2.93	597	0.00
100 - 1,000	44	3.14	33,818	0.00
1,001 - 10,000	245	17.49	1,840,000	0.25
10,001 - 1,000,000	1,028	73.37	121,440,615	16.15
1,000,001 AND ABOVE	43	3.07	628,684,970	83.60
TOTAL	**1,401**	**100.00**	**752,000,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	CIMB SECURITIES (SINGAPORE) PTE. LTD.	323,625,300	43.04
2	UOB KAY HIAN PRIVATE LIMITED	144,286,800	19.19
3	LIM & TAN SECURITIES PTE LTD	46,575,955	6.19
4	ZHU BOCHUN	23,691,000	3.15
5	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	11,195,000	1.49
6	OCBC SECURITIES PRIVATE LIMITED	5,838,000	0.78
7	LEE HOE NHUNG OR LEE YOKE MEI	5,000,000	0.66
8	PHILLIP SECURITIES PTE LTD	4,292,000	0.57
9	NG KHEE JOON	3,688,000	0.49
10	TEO CHOR KOK	3,596,000	0.48
11	NG LEE CHOO	3,530,000	0.47
12	RAFFLES NOMINEES (PTE) LIMITED	3,409,100	0.45
13	DBS NOMINEES (PRIVATE) LIMITED	3,153,215	0.42
14	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,588,000	0.34
15	LIANG HENG YONG	2,470,000	0.33
16	CHONG KEOW NGEE	2,255,500	0.30
17	TAN TONG MUI	2,209,000	0.29
18	TAN CHEE WEE	2,001,800	0.27
19	LIN GUODONG	2,000,000	0.27
20	IWAN KONIMAN KHOUW	1,857,000	0.25
	TOTAL	**597,261,670**	**79.43**

STATISTICS OF SHAREHOLDINGS

As at 29 July 2016

Substantial Shareholders

	Direct Interest		Indirect Interest	
Name of Substantial Shareholder	**No. of shares**	**%**	**No. of shares**	**%**
Full Achieve Investments Limited	97,905,200	13.02		
Ace Victory Holdings Limited	165,262,200	21.98		
Deng Zelin (1)			225,449,600	29.98
Feng Haitao (2)			165,262,200	21.98

Note:

(1) Mr Deng Zelin is deemed to have an interest in (a) 100,000,000 shares registered in the name of UOB Kay Hian Private Limited; (b) 97,905,220 shares through Full Achieve Investments Limited, which Mr Deng holds shares representing 100% of the issued share capital of Full Achieve Investments Limited; and (c) 27,544,400 shares through New Excellent Investments Limited, which Mr Deng holds shares representing 100% of the issued share capital of New Excellent Investments Limited.

(2) Deemed interest by virtue of his entire interest in Ace Victory Holdings Limited.

Based on the information provided to the Company as at 29 July 2016, approximately 70.02% of the issued ordinary shares of the Company are held by the public and therefore, Rule 723 of the Listing Manual of the SGX-ST is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of Ace Achieve Infocom Limited (the "**Company**") will be held at Galangal Room, Level 4, Village Hotel Katong, 25 Marine Parade, Singapore 449536 on Monday, 29 August 2016 at 10.00 a.m. to transact the following businesses:

AS ORDINARY BUSINESS:

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 30 April 2016 together with the Auditors' Report thereon. **Resolution 1**

2. To approve the payment of Directors' fees of S$68,000.00 for the financial year ended 30 April 2016 (2015: S$68,000.00). **Resolution 2**

3. To re-elect Mr Yeung Koon Sang @ David Yeung, a Director of the Company retiring pursuant to Bye-Law 86(1) of the Company's Bye-Laws. **Resolution 3**

   [Mr Yeung Koon Sang @ David Yeung will, upon re-election as a Director of the Company, remain as a Lead Independent Director and Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee and he will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.]

4. To re-appoint Messrs Moore Stephens LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **Resolution 4**

5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary Resolution, with or without any modifications:-

6. **Authority to allot and issue shares**

   "That pursuant to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST") ("Listing Rules"), the Directors of the Company be empowered to:

   (a) (i) issue shares in the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

   (b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force,

   provided that:

   (1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution), to be issued pursuant to this Resolution shall not exceed fifty per cent. (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number

NOTICE OF ANNUAL GENERAL MEETING

of Shares to be issued other than on a pro-rata basis to shareholders of the Company shall not exceed twenty per cent. (20%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:-

(i) new Shares arising from the conversion or exercise of any convertible securities;

(ii) new Shares arising from exercising of share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(iii) any subsequent bonus issue, consolidation or sub-division of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Bye-Laws of the Company; and

(4) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law and the Listing Rules to be held, whichever is the earlier.

[See Explanatory Note 1] **Resolution 5**

BY ORDER OF THE BOARD

Shirley Lim Guat Hua
Company Secretary

Singapore: 12 August 2016

Explanatory Notes:

1. Special Business – Item 6 of the Notice of AGM

The Ordinary Resolution 5 proposed in item no. 6, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company, of which up to twenty per cent. (20%) may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A member of the Company entitled to attend and vote at the AGM may appoint not more than two proxies to attend and vote instead of him. A proxy need not be a member of the Company.

2. Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies.

3. The instrument appointing a proxy or proxies, shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same or, in the case of the Depository, signed by its duly authorised officer by some method or system of mechanical signature as the Depository may deem fit.

4. The instrument appointing a proxy or proxies and the power of attorney or other authority (if any) under which it is signed on behalf of the appointor, or a certified true copy of such power of authority, must be deposited at the office the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte Ltd at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

Personal Data Privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.



Ace Achieve Infocom Limited