

ACE ACHIEVE INFOCOM LIMITED

(Incorporated in Bermuda)

Financial Statements and Dividend Announcement for the half year ended October 31, 2015

PART I – INFORMATION REQUIRED FOR HALF YEAR ANNOUNCEMENT

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

UNAUDITED GROUP RESULTS FOR 6 MONTHS ENDED OCTOBER 31, 2015

	Group		Change %
	Unaudited May 15 to Oct 15 RMB'000	Unaudited May 14 to Oct 14 RMB'000	
Revenue	125,051	121,377	3.03
Cost of sales	(89,350)	(82,527)	8.27
Gross profit	35,701	38,850	-8.11
Other operating income	54	1,274	-95.76
Selling and distribution expenses	(3,694)	(4,348)	-15.04
Administrative expenses	(6,063)	(7,359)	-17.61
Other operating expenses	(2,108)	(2,334)	-9.68
Finance expenses	(5,178)	(7,796)	-33.58
Profit before income tax	18,712	18,287	2.32
Income tax expense	(2,706)	(2,646)	2.27
Net profit for the financial period	16,006	15,641	2.33
Other comprehensive income, net of tax	-	-	-
Total comprehensive income for the financial period	16,006	15,641	2.33
Attributable to:			
Equity holders of the Company	16,006	15,641	2.33

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

	Unaudited	Unaudited
	May 15 to Oct 15	May 14 to Oct 14
	RMB'000	RMB'000
Depreciation of plant and equipment	279	275
Amortisation of intangible assets	1,519	1,829
Allowance for impairment of trade receivables	2,108	2,334
Interest expenses	4,849	7,329
Provision for warranty	625	606
Interest income	(36)	(71)
Government incentives received	-	(1,187)
Foreign exchange gain	(18)	(15)

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

	The Company		The Group	
	31-Oct-15 RMB'000 Unaudited	30-Apr-15 RMB'000 Audited	31-Oct-15 RMB'000 Unaudited	30-Apr-15 RMB'000 Audited
ASSETS				
Current Assets				
Amount recoverable on contract				
work-in-progress	-	-	257,241	237,442
Trade receivables	-	-	435,680	483,251
Other receivables, deposits and				
prepayments	26	16	33,733	76,717
Due from subsidiaries (non-trade)	162,926	166,586	-	-
Due from related parties (non-trade)	39	-	39	135
Cash and bank balances	4	4	23,431	17,366
Total current assets	162,995	166,606	750,124	814,911
Non-Current Assets				
Plant and equipment	-	-	1,212	1,449
Investment in subsidiaries	15,646	15,646	-	-
Intangible assets – development				
expenditure	-	-	8,212	8,978
Total non-current assets	15,646	15,646	9,424	10,427
Total assets	178,641	182,252	759,548	825,338

	The Company		The Group	
	31-Oct-15	30-Apr-15	31-Oct-15	30-Apr-15
	RMB'000	RMB'000	RMB'000	RMB'000
	Unaudited	Audited	Unaudited	Audited
LIABILITIES AND EQUITY				
Current Liabilities				
Trade payables	-	-	112,251	127,223
Other payables and accruals	494	3,770	35,132	63,942
Due to directors (non-trade)	59	59	403	1,135
Due to related parties	-	-	1,266	6,077
Provision for project warranty	-	-	6,148	5,523
Bank borrowings	-	-	125,544	161,339
Total current liabilities	553	3,829	280,744	365,239
Non-Current Liabilities				
Bank borrowings	-	-	6,000	6,000
Deferred taxes	-	-	39,631	36,932
Total non-current liabilities	-	-	45,631	42,932
Total liabilities	553	3,829	326,375	408,171
Equity attributable to equity holder of the Company				
Share capital	92,938	92,938	92,938	92,938
Share premium	85,226	85,226	85,226	85,226
Statutory reserves	-	-	29,713	29,713
Capital reserve	-	-	3,332	3,332
Retained earnings	(76)	259	221,964	205,958
Total equity	178,088	178,423	433,173	417,167
Total liabilities and equity	178,641	182,252	759,548	825,338

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

Amount repayable in 1 year or less, or on demand

Group October 31, 2015 Unaudited		Group April 30, 2015 Audited	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
125,544	-	161,339	-

Amount repayable after 1 year

Group October 31, 2015 Unaudited		Group April 30, 2015 Audited	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
6,000	-	6,000	-

Details of any collateral

As at 30 April 2015 and 31 October 2015, the Group's borrowings comprised mainly bank loans and utilised trade factoring facilities. Bank borrowings are secured over certain trade receivables; guaranteed by a director of the Company; third parties; a key management personnel of the Group and third parties' financial institutions.

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

	Unaudited May 15 to Oct 15 RMB'000	Unaudited May 14 to Oct 14 RMB'000
Cash Flow from Operating Activities		
Profit before income tax	18,712	18,287
Adjustments for :		
Amortisation of intangible assets	1,519	1,829
Depreciation of plant and equipment	279	275
Finance expenses	4,849	7,796
Interest income	(36)	(71)
Operating profit before working capital changes	25,323	28,116
Amount recoverable on contract work-in-progress	(19,799)	21,518
Trade receivables	47,571	(32,085)
Other receivables	42,984	(11,359)
Trade payables	(14,972)	24,878
Other payables, accruals and provisions	(28,185)	4,152
Cash generated from operations	52,922	35,220
Income tax paid	(7)	(3)
Finance expenses	(4,849)	(7,796)
Net cash generated from operating activities	48,066	27,421
Cash Flows from Investing Activities		
Additions of plant and equipment	(42)	(276)
Additions of intangible assets	(753)	(1,661)
Interest received	36	71
(Repayment to)/Advances from related parties	(4,715)	6,171
Net cash (used in)/generated from investing activities	(5,474)	4,305

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Unaudited	Unaudited
	May 15 to Oct 15 RMB'000	May 14 to Oct 14 RMB'000
Cash Flows from Financing Activities		
Proceeds from bank borrowings	30,000	71,569
Repayment of bank borrowings	(65,795)	(180,595)
Loans from related parties, net	-	14,205
Repayment to directors	(732)	(142)
Movements in restricted cash balance	5	5,022
Net cash used in from financing activities	(36,522)	(89,941)
Net increase/(decrease) in cash and cash equivalents	6,070	(58,215)
Cash and cash equivalents at the beginning of the period	2,224	62,336
Cash and cash equivalents at the end of the period	8,294	4,121
Total cash and bank balances	23,431	4,268
Less: Restricted cash balances	(15,137)	(147)
Cash and cash equivalents for purpose of consolidated statement of cash flows	8,294	4,121

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

	Attributable to equity holders of the Company					Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Statutory reserves RMB'000	Capital reserve RMB'000	Retained earnings RMB'000	
	Group					
Balance at 01.05.2014	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)	-
Payment of dividends	-	-	-	-	(1,504)	(1,504)
Balance at 30.04.2015	92,938	85,226	29,713	3,332	205,958	417,167
Balance at 01.05.2015	92,938	85,226	29,713	3,332	205,958	417,167
Net profit for the financial period	-	-	-	-	16,006	16,006
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the financial period	-	-	-	-	16,006	16,006
Balance at 31.10.2015	92,938	85,226	29,713	3,332	221,964	433,173
	Share capital RMB'000	Share premium RMB'000	Retained earnings RMB'000	Total RMB'000		
Company						
Balance at 01.05.2014	92,938	85,226	4,691	182,855		
Net profit for the financial year	-	-	(2,928)	(2,928)		
Other comprehensive income	-	-	-	-		
Total comprehensive income for the financial year	-	-	(2,928)	(2,928)		
Payment of dividends	-	-	(1,504)	(1,504)		
Balance at 30.04.2015	92,938	85,226	259	178,423		
Balance at 01.05.2015	92,938	85,226	259	178,423		
Net profit for the financial period	-	-	(335)	(335)		
Other comprehensive income	-	-	-	-		
Total comprehensive income for the financial period	-	-	(335)	(335)		
Balance at 31.10.2015	92,938	85,226	(76)	178,088		

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

Number of ordinary shares issued and fully paid	
As at April 30, 2015	752,000,000
As at October 31, 2015	752,000,000

There were no outstanding convertibles or treasury shares as at 30 April 2015 and 31 October 2015.

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

	As at 31 October 2015	As at 30 April 2015
Total number of issued shares	752,000,000	752,000,000
Number of issued shares excluding treasury shares	752,000,000	752,000,000

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

Not applicable.

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

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

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

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

Not applicable.

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

The Group and the Company has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared to the audited financial statements for the financial year 30 April 2015, except for the adoption of the new and revised Financial Reporting Standards ("FRS"), Interpretations of FRS ("INT FRS") and amendments to FRSs that are relevant to its operations and effective for annual periods beginning on or after 1 May 2015.

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

The adoption of the new and revised FRS, INT FRSs and amendments to FRSs effective from 1 May 2015, as mentioned in Paragraph 4 above, has no material financial impact on the financial statements of the Group and Company for the financial year reported on.

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

	Unaudited (6 months) May 15 to Oct 15	Unaudited (6 months) May 14 to Oct 14
Earnings per ordinary share for the year based on net profit attributable to shareholders		
Based on weighted average number of ordinary shares on issue (RMB)	0.021	0.021
Weighted average number of ordinary shares on issue for basic earnings per share	752,000,000	752,000,000

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

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

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

	Company		Group	
	Unaudited Oct 31, 2015	Audited Apr 30, 2015	Unaudited Oct 31, 2015	Audited Apr 30, 2015
Net asset value per ordinary share based on the issued capital at the end of the year (RMB)	0.24	0.24	0.58	0.55
Number of shares used in calculating net asset value	752,000,000	752,000,000	752,000,000	752,000,000

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

Income statement

Turnover, costs and earnings (based on Actual Group basis)

Revenue

The Group's revenue increased by approximately 3.03% from RMB121.38 million for the 6 months period ended 31 October 2014 to RMB125.05 million for the 6 months period ended 31 October 2015.

The increase in revenue from the two business segments, ICT system integration and Maintenance & servicing have more than offset the decrease in revenue in Broadband Support Solutions. This is a result of change of Group's strategy and market conditions.

Division	May 15 to Oct 15		May 14 to Oct 14	
	Revenue RMB'000	Sales mix ratio (%)	Revenue RMB'000	Sales mix ratio (%)
ICT System Integration	53,806	64.08	50,122	41.29
Business Support Solutions	59,453	30.77	68,199	56.19
Maintenance & Servicing	11,792	5.15	3,056	2.52
Total	125,051	100.00	121,377	100.00

Gross profit and Gross profit margin

The Group's gross profit decreased by 8.11% from RMB38.85 million for the period ended 31 October 2014 to RMB35.70 million for the current period ended 31 October 2015. Gross profit margin decreased from 32.01% for the period ended 31 October 2014 to 28.55% for the period ended 31 October 2015. The drop in gross profit is mainly due to the decrease in sale of

Business support solutions division which commends a higher gross profit margin.

Other operating income

The Group's other operating income decreased from RMB1.27 million for the period ended 31 October 2014 to RMB0.05 million for the current period ended 31 October 2015. It was mainly due to no government incentives received during the current period as compared to prior period.

Other operating expenses

Other operating expenses decreased from RMB2.33 million for the period ended 31 October 2014 to RMB2.11 million for the current period ended 31 October 2015. It was mainly due to the lesser allowance for impairment of trade receivables.

Selling and distribution expenses

The Group's selling and distribution expenses decreased by 15.04% from RMB4.35 million for the period ended 31 October 2014 to RMB3.69 million for the period ended 31 October 2015. It was mainly due to reduction of staff to improve productivity and efficiency.

Administrative expenses

The Group's administrative expenses decreased by 17.61% from RMB7.36 million for the period ended 31 October 2014 to RMB6.06 million for the period ended 31 October 2015. It was mainly due to the lower headcount and decrease in third party guarantee fees paid resulted from a decrease in bank borrowings noted during the current period.

Finance expenses

The Group's net finance expenses decreased by 33.58% from RMB7.80 million for the period ended 31 October 2014 to RMB5.18 million for the period ended 31 October 2015. The decrease was mainly attributable to lower bank borrowings during the current period.

Balance sheet

Cash and bank balances

Cash and bank balances increased from RMB17.37 million as at 30 April 2015 to RMB23.43 million as at 31 October 2015. It was mainly due to better collection of trade and other receivable which was offset against the decrease in trade and other payables during the current period.

Trade receivables

Trade receivables decreased from RMB483.25 million as at 30 April 2015 to RMB435.68 million as at 31 October 2015. It was mainly due to improved collections from trade receivables in the current period.

Other receivables, deposits and prepayments

Other receivables, deposits and prepayments decreased from RMB76.72 million as at 30 April 2015 to RMB33.73 million as at 31 October 2015. It was mainly due to repayments from third parties and the decreased in prepayments from the delivery of goods from suppliers.

Amount recoverable on contract work-in-progress

Contract work-in-progress increased from RMB237.44 million as at 30 April 2015 to RMB257.24 million as at 31 October 2015. This was mainly attributed to increase in projects in supply and installations of cloud computed facilities for China Unicom.

Trade payables

Trade payables decreased from RMB127.22 million as at 30 April 2015 to RMB112.25 million as at 31 October 2015. It was mainly due to more prompt payment to suppliers during the current period.

Other payables and accruals

Other payables and accruals decreased from RMB63.94 million as at 30 April 2015 to RMB35.13 million as at 31 October 2015. It was mainly due to repayment to third parties.

Due to related parties

The amount due to related parties decreased from RMB6.08 million as at 30 April 2015 to RMB1.27 million as at 31 October 2015. This relates to repayment of advances from related parties.

Bank borrowings

Bank borrowings decreased from RMB167.34 million as at 30 April 2015 to RMB132.54 million as at 31 October 2015. It was mainly due to repayments of bank borrowings during the current period which was offset against new loans drawn down during the current period.

Cash flow

Net cash generated from operating activities

Cash inflow from operating activities were RMB48.07 million for the period ended 31 October 2015 as compared with a net cash inflow of RMB27.42 million in the last corresponding period. The net cash inflow was mainly due to improvement in collections from trade and other receivables which was offset by more prompt payments to suppliers.

Net cash (used in)/generated from investing activities

Cash outflow from investing activities were RMB5.47 million for the period ended 31 October 2015 as compared with a net cash inflow of RMB4.31 million in the last corresponding period. This was mainly due to the repayment of advances from related parties during the current period.

Net cash used in financing activities

Net cash outflow from financing activities for the period ended 31 October 2015 amounted to RMB36.52 million as compared with a net cash outflow of RMB89.94 million in the last corresponding period. This was mainly due to lower repayment of bank borrowings during the current period.

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

Not applicable.

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

As mentioned in our previous announcement dated 26 June 2015, the growth of China's economy has significantly slowed down. And 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.

Facing with such challenging environment, the Group will continue to streamline its operation with a view to improve efficiency and productivity. At the same time, the Group will seek new business opportunity and to stay ahead of competition through research and development, and product innovation.

- 11. Dividend**

- (a) Current financial period reported on**

Any dividend declared for the current financial period reported on?

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

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

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

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

- (c) Total Annual Dividend**

Not applicable.

(d) Date payable

Not applicable.

(e) Books closure date

Not applicable

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

No dividend is recommended for the period under review.

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

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

14. Negative confirmation pursuant to Rule 705(5)

We, Deng Zelin and Yang Fan, being two of the Directors of Ace Achieve Infocom Ltd (the "Company"), do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the interim financial statements for the half year ended 31 October 2015 set out above to be false or misleading in any material aspect.

On behalf of the Board

Deng Zelin
Executive Chairman/
Chief Executive Officer

Yang Fan
Deputy Chairman/
Executive Director

BY ORDER OF THE BOARD

Deng Zelin
Executive Chairman
8 December 2015