

ACE ACHIEVE INFOCOM LIMITED

(Incorporated in Bermuda)

Financial Statements and Dividend Announcement for the half year ended October 31, 2014

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, 2014 Statement of comprehensive income

	Group		
	Unaudited	Unaudited	Change
	May 14 to Oct 14	May 13 to Oct 13	
	RMB'000	RMB'000	%
Revenue	121,377	104,842	15.77
Cost of sales	(82,527)	(62,830)	31.35
Gross profit	38,850	42,012	-7.53
Other operating income	1,274	399	219.30
Selling and distribution expenses	(4,348)	(4,846)	-10.28
Administrative expenses	(7,359)	(10,016)	-26.53
Other operating expenses	(2,334)	(2,748)	-15.07
Finance expenses	(7,796)	(6,684)	16.64
Profit before income tax	18,287	18,117	0.94
Income tax expense	(2,646)	(2,637)	0.34
Net profit for the financial period	15,641	15,480	1.04
Total comprehensive income for the financial period	15,641	15,480	1.04
Attributable to:			
Equity holders of the Company	15,641	15,480	1.04

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

	Unaudited	Unaudited
	May 14 to Oct 14	May 13 to Oct 13
	RMB'000	RMB'000
Depreciation of plant and equipment	275	193
Amortisation of intangible assets	1,829	2,026
Allowance for impairment of trade receivables	2,334	2,748
Interest expenses	7,329	5,373
Provision for warranty	606	52
Interest income	(71)	(36)
Government incentives received	(1,187)	(345)
Foreign exchange gain	(15)	(8)

- (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-14	30-Apr-14	31-Oct-14	30-Apr-14
	RMB'000	RMB'000	RMB'000	RMB'000
	Unaudited	Audited	Unaudited	Audited
ASSETS				
Current Assets				
Amount recoverable on contract				
work-in-progress	-	-	168,786	190,304
Trade receivables	-	-	541,790	509,705
Other receivables, deposits and				
prepayments	15	7	81,837	70,478
Due from subsidiaries (non-trade)	168,957	169,889	-	-
Due from related parties (non-trade)	-	-	-	6,171
Cash and bank balances	131	131	4,268	67,505
Total current assets	169,103	170,027	796,681	844,163
Non-Current Assets				
Plant and equipment	-	-	1,652	1,651
Investment in subsidiaries	15,646	15,646	-	-
Intangible assets . development				
expenditure	-	-	9,325	9,493
Total non-current assets	15,646	15,646	10,977	11,144
Total assets	184,749	185,673	807,658	855,307

	The Company		The Group	
	31-Oct-14	30-Apr-14	31-Oct-14	30-Apr-14
	RMB'000	RMB'000	RMB'000	RMB'000
	Unaudited	Audited	Unaudited	Audited
LIABILITIES AND EQUITY				
Current Liabilities				
Trade payables	-	-	94,071	69,193
Other payables and accruals	2,108	2,701	25,505	21,959
Due to directors (non-trade)	117	117	187	329
Due to related parties	-	-	14,205	-
Provision for project warranty	-	-	4,952	4,346
Bank borrowings	-	-	199,018	303,044
Total current liabilities	2,225	2,818	337,938	398,871
Non-Current Liabilities				
Bank borrowings	-	-	11,000	16,000
Deferred taxes	-	-	37,449	34,806
Total non-current liabilities	-	-	48,449	50,806
Total liabilities	2,225	2,818	386,387	449,677
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	-	-	27,616	27,616
Capital reserve	-	-	3,332	3,332
Retained earnings	4,360	4,691	212,159	196,518
Total equity	182,524	182,855	421,271	405,630
Total liabilities and equity	184,749	185,673	807,658	855,307

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, 2014 Unaudited		Group April 30, 2014 Audited	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
174,018	25,000	303,044	-

Amount repayable after 1 year

Group October 31, 2014 Unaudited		Group April 30, 2014 Audited	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
11,000	-	16,000	-

Details of any collateral

As at 30 April 2014 and 31 October 2014, the Group's borrowings comprised mainly bank loans and utilised trade factoring facilities. Bank borrowings are guaranteed by third parties finance company and/or personal guarantee and properties of the director.

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 14 to Oct 14 RMB'000	Unaudited May 13 to Oct 13 RMB'000
Cash Flow from Operating Activities		
Profit before income tax	18,287	18,117
Adjustments for :		
Amortisation of intangible assets	1,829	2,026
Depreciation of plant and equipment	275	193
Finance expenses	7,796	6,684
Interest income	(71)	(36)
Operating profit before working capital changes	28,116	26,984
Inventories	-	363
Amount recoverable on contract work-in-progress	21,518	(48,158)
Trade receivables	(32,085)	67,397
Other receivables	(11,359)	(11,474)
Trade payables	24,878	(32,391)
Other payables, accruals and provisions	4,152	(2,924)
Cash generated from/(used in) operations	35,220	(203)
Income tax paid	(3)	(9)
Finance expenses	(7,796)	(6,684)
Net cash generated from/(used in) operating activities	27,421	(6,896)
Cash Flows from Investing Activities		
Additions of plant and equipment	(276)	(140)
Additions of intangible assets	(1,661)	(1,549)
Interest received	71	36
Repayments from/(advances to) related parties	6,171	(8,670)
Net cash generated from/(used in) investing activities	4,305	(10,323)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Unaudited	Unaudited
	May 14 to Oct 14 RMB'000	May 13 to Oct 13 RMB'000
Cash Flows from Financing Activities		
Proceeds from bank borrowings	71,569	158,033
Repayment of bank borrowings	(180,595)	(168,210)
Loans from related parties, net	14,205	-
Repayment to directors	(142)	(471)
Net proceeds from rights issue	-	20,491
Movements in restricted cash balance	5,022	5,703
Net cash (used in)/generated from financing activities	(89,941)	15,546
Net decrease in cash and cash equivalents	(58,215)	(1,673)
Cash and cash equivalents at the beginning of the Period	62,336	25,555
Cash and cash equivalents at the end of the period	4,121	23,882
Total cash and bank balances		
Less:	4,268	25,429
Restricted cash balances	(147)	(1,547)
Cash and cash equivalents for purpose of consolidated statement of cash flows	4,121	23,882

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

	Attributable to equity holders of the Company					Total
	Share capital	Share premium	Statutory reserves	Capital reserve	Retained earnings	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Group						
Balance at 01.05.2013	71,438	86,235	24,507	3,332	178,697	364,209
Total comprehensive income for the financial year	-	-	-	-	20,930	20,930
Issuance of ordinary shares	21,500	-	-	-	-	21,500
Share issue expenses	-	(1,009)	-	-	-	(1,009)
Transfer to statutory reserves	-	-	3,109	-	(3,109)	-
Balance at 30.04.2014	92,938	85,226	27,616	3,332	196,518	405,630
Balance at 01.05.2014	92,938	85,226	27,616	3,332	196,518	405,630
Total comprehensive income for the financial period	-	-	-	-	15,641	15,641
Balance at 31.10.2014	92,938	85,226	27,616	3,332	212,159	421,271
	Share capital	Share premium	Retained earnings	Total		
	RMB'000	RMB'000	RMB'000	RMB'000		
Company						
Balance at 01.05.2013	71,438	86,235	6,747	164,420		
Total comprehensive income for the financial year	-	-	(2,056)	(2,056)		
Issue of ordinary shares	21,500	-	-	21,500		
Share issue expenses	-	(1,009)	-	(1,009)		
Balance at 30.04.2014	92,938	85,226	4,691	182,855		
Balance at 01.05.2014	92,938	85,226	4,691	182,855		
Total comprehensive income for the financial period	-	-	(331)	(331)		
Balance at 31.10.2014	92,938	85,226	4,360	182,524		

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, 2014	752,000,000
As at October 31, 2014	752,000,000

There were no outstanding convertibles or treasury shares as at 30 April 2014 and 31 October 2014.

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 2014	As at 30 April 2014
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 2014, 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 2014.

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 2014, 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:-**

Earnings per ordinary share for the year based on net profit attributable to shareholders	Unaudited (6 months) May 14 to Oct 14	Unaudited (6 months) May 13 to Oct 13
Based on weighted average number of ordinary shares on issue (RMB)	0.021	0.024
Weighted average number of ordinary shares on issue for basic earnings per share	752,000,000	656,347,826

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, 2014	Audited Apr 30, 2014	Unaudited Oct 31, 2014	Audited Apr 30, 2014
Net asset value per ordinary share based on the issued capital at the end of the year (RMB)	0.24	0.24	0.56	0.54
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 15.77% from RMB104.84 million in the 6 months period ended 31 October 2013 to RMB121.38 million in the 6 months period ended 31 October 2014.

The increase in revenue from the three business segments, Operation and business support solutions, Proprietary information security platform and Wireless coverage solutions have more than offset the decrease in revenue in Broadband data solutions and Telecom application solutions. This is a result of change of Group's strategy and market conditions.

Division	May 14 to Oct 14		May 13 to Oct 13	
	Revenue RMB'000	Sales mix ratio (%)	Revenue RMB'000	Sales mix ratio (%)
Operation and business support solutions	52,318	43.10	44,770	42.70
Broadband data solutions	33,990	28.00	37,805	36.06
Proprietary information security platform	23,546	19.41	12,031	11.47
Telecom application solutions	3,864	3.18	5,637	5.38
Wireless coverage solutions	7,659	6.31	4,599	4.39
Total	121,377	100.00	104,842	100.00

Gross profit and Gross profit margin

The Group's gross profit decreased by 7.53% from RMB42.01 million in the period ended 31 October 2013 to RMB38.85 million in the current period ended 31 October 2014. Gross profit margin decreased from 40.07% in the period ended 31 October 2013 to 32.00% in the period ended 31 October 2014. The drop in gross profit is mainly due to lower selling prices of certain products as a result of bulk purchases from major customers.

Other operating income

The Group's other operating income increased from RMB0.40 million in the period ended 31 October 2013 to RMB1.27 million in the current period ended 31 October 2014. It was mainly due to the increased in government incentives received.

Other operating expenses

Other operating expenses increased from RMB2.75 million in the period ended 31 October 2013 to RMB2.33 million in the current period ended 31 October 2014. It was mainly due to the lower allowance for impairment of trade receivables.

Selling and Distribution expenses

The Group's selling and distribution expenses decreased by 10.28% from RMB4.85 million in the period ended 31 October 2013 to RMB4.35 million in the period ended 31 October 2014. The sales expenses decreased in current period is due to lower manpower costs as a result of reorganization and streamlining of the marketing department to meet the changing market conditions.

Administrative expenses

The Group's administrative expenses decreased by 26.52% from RMB10.02 million in the period ended 31 October 2013 to RMB7.36 million in the period ended 31 October 2014. It was mainly due to the reduction of third party guarantee fees as a result of reduction of certain bank borrowing during the period.

Finance expenses

The Group's net finance expenses increased 16.64% from RMB6.68 million in the period ended 31 October 2013 to RMB7.80 million in the period ended 31 October 2014. Even the loan balance is reduced by the end of the period, the actual bank loan undertaken during the period is higher than the same period last year. Hence there is an increase in the finance charges.

Balance sheet

Cash and bank balances

Cash and bank balances decreased from RMB67.51 million as at 30 April 2014 to RMB4.27 million as at 31 October 2014. It was mainly due to the repayment of bank borrowings.

Trade receivables

Trade receivables increased from RMB509.71 million as at 30 April 2014 to RMB541.79 million as at 31 October 2014. It was mainly due to sales derived and slower collections from trade receivables in the current period.

Other receivables, deposits and prepayments

Other receivables, deposits and prepayments increased from RMB70.48 million as at 30 April 2014 to RMB81.84 million as at 31 October 2014. It was mainly due to advance payments for new projects.

Amount recoverable on contract work-in-progress

Work-in-progress billings decreased from RMB190.30 million as at 30 April 2014 to RMB168.79 million as at 31 October 2014. With progressive payment received for the ongoing and completed contracts, the work-in-progress have decreased by 11.3% during the current financial period.

Trade payable

Trade payable increased from RMB69.19 million as at 30 April 2014 to RMB94.07 million as at 31 October 2014. It was mainly due to more credit terms from suppliers and extended payment period.

Other payables and accruals

Other payables and accruals increased from RMB21.96 million as at 30 April 2014 to RMB25.51 million as at 31 October 2014.

Due to related parties

The amount due to related parties is RMB14.21 million as at 30 April 2014. This is loans from related parties.

Cash flow

Net cash generated from operating activities

Cash inflow from operating activities were RMB27.42 million for the period ended 31 October 2014 as compared with a net cash outflow of RMB6.90 million in the last corresponding period. The net cash inflow was mainly due to completion of projects which was being offset against the slower collections from trade receivables.

Net cash generated from investing activities

Cash inflow from investing activities were RMB4.31 million for the period ended at 31 October 2014 as compared with a net cash outflow of RMB10.32 million in the last corresponding period. This was mainly due to the repayment of advances made to related parties.

Net cash used in financing activities

Net cash outflow from financing activities for the period ended 31 October 2014 amounted to RMB89.94 million as compared with a net cash inflow of RMB 15.55 million in the last corresponding period. This was mainly due to the repayment of bank borrowings (net) being offset against loan from related parties.

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

Overall industry outlook remains positive due to the increasing popularity of the 4G network and the resulting capital expenditure triggering higher demand in the industry. Competition is expected to be keen and may continue to impact our business performance. The Group will continue to focus on account receivables management as well as growing new revenue streams.

Barring any unforeseen circumstances, the Group expects to remain profitable for Financial Year 2015.

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 Limited (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 2014 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
12 December 2014