Issuer: Ace Achieve Infocom Limited
Security: Ace Achieve Infocom Limited

Meeting details:
Date: 29 August 2016
Time: 10:00AM
Venue: Galangal Room, Level 4, Village Hotel Katong, 25 Marine Parade, Singapore 449536

Company Description

Ace Achieve Infocom Limited, an investment holding company, operates as a telecom network infrastructure, and information and communication technologies (ICT) solution provider for telecommunication operators in the People's Republic of China. It operates through three segments: ICT System Integration, Business Support Solutions, and Maintenance & Servicing. The company offers back-end business support systems, as well as infrastructure maintenance and upgrading works; maintenance services for servers and integrated systems; and other information technology and business management consultancy services. Ace Achieve Infocom Limited was founded in 2000 and is headquartered in Beijing, the People's Republic of China.

Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=A75

1. In the “Operation & Financial Review” (page 9 of the annual report), it was noted that “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”. On page 63, in the section on “Credit risk”, the age analysis of trade receivables and other receivables is shown. If one were to look at the amounts unbilled for 2-3 years and for 3 years and above in FY2015, it would have been RMB 125.48 million and RMB 121.65 million, a total of RMB247.12 million. In FY2016, these amounts would fall under “3 years and above” had it remained unbilled. For FY2016, the unbilled trade receivable aged “3 years and above” was RMB192.27 million. This suggests that RMB 55 million or about 20% was billed. The amounts unbilled for “within 1 year” showed a healthy reduction. In FY2015, the unbilled amount was RMB67.34 million and in FY2016, this was reduced to RMB12.71 million. This suggests that billing/collection is much healthier for new projects than that of older projects. In the “Response to SGX Queries” dated 4 Aug 2016, it was noted that the delay in billing “was due to re-organisation within the customer’s project department and resignation of previous personnel in charge of the projects”. **As such, what is the basis the long overdue unbilled trade receivables remain billable and collectible from the relevant customers? Should the board take a more conservative approach and make provisions/impairment for such long overdue receivables?**

2. The group is operating in the growing sector of telecom network infrastructure and ICT (Information & Communication Technologies) solution and has the big names telecommunication operators in the People’s Republic of China (PRC) as key customers. Given the long working relationships and the group’s proven track record, **can the group negotiate for better payment terms to ensure that the services and products delivered to the customers are paid for in a fair and timely manner?** This would ensure that the group’s balance sheet is strengthened and rely less on external financing for working capital needs. This would in turn provide greater assurance to the customers that the group is in a strong position to start and complete the projects for them.

3. Mr Kang Junen is an independent director and according to his profile in the annual report (page 6 of the annual report), Mr Kang has “more than 17 years of experience in accounting and audit” and is a registered accountant in the PRC. Since his appointment to the board on 19 September 2014, it would appear that Mr Kang has not been able to attend the board meetings nor the audit committee meetings. Given that the group’s external auditor has noted an emphasis of matter in August 2012 and subsequently issued disclaimers of opinion in each of the annual reports for FY2013, FY2014, FY2015 and FY2016, Mr Kang’s experience and expertise would be critical in addressing the issues raised by the auditors. **Could Mr Kang explain in detail his role on the board and how he could help the company address the issues raised by the external auditors?**