

CIRCULAR DATED 28 JANUARY 2016

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt in relation to this Circular or as to the action that you should take, you should consult your stockbroker, bank manager, solicitor or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of Sinotel Technologies Ltd. represented by physical share certificate(s), you should immediately forward this Circular together with the Notice of Extraordinary General Meeting and the attached proxy form to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

This Circular, the Exit Offer Letter and the Acceptance Forms (all as defined herein) shall not be construed as, may not be used for the purpose of, and do not constitute, a notice or proposal or advertisement or an offer or invitation or solicitation in any jurisdiction or in any circumstances in which such a notice or proposal or advertisement or such offer or invitation or solicitation is unlawful or not authorised, or to any person to whom it is unlawful to make such a notice or proposal or advertisement or an offer or invitation or solicitation.

The Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.



SINOTEL TECHNOLOGIES LTD.

(Company Registration Number: 200614275R)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

PROPOSED VOLUNTARY DELISTING OF SINOTEL TECHNOLOGIES LTD. PURSUANT TO RULES 1307 AND 1309 OF THE SGX-ST LISTING MANUAL

Independent Financial Adviser to the Independent Directors of the Company



PROVENANCECAPITAL

PROVENANCE CAPITAL PTE. LTD.

(Company Registration Number: 200309056E)
(Incorporated in the Republic of Singapore)

IMPORTANT DATES AND TIMES

Last date and time for lodgment of Proxy Form	:	17 February 2016 at 9.00 a.m.
Date and time of Extraordinary General Meeting	:	19 February 2016 at 9.00 a.m.
Place of Extraordinary General Meeting	:	Conference room 1, TKP Conference Centre Singapore 55 Market Street #03-01 Singapore 048941

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DEFINITIONS

Except where the context otherwise requires, the following definitions apply throughout this Circular:

“Acceptance Forms”	:	FAA and/or FAT, as the case may be
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Shareholders issued by the Company in relation to the proposed voluntary delisting of the Company pursuant to Rules 1307 and 1309 of the Listing Manual
“Closing Date”	:	5.30 p.m. on 4 March 2016 or such later date as may be announced from time to time by or on behalf of the Offeror, being the last day for the lodgement of acceptances of the Exit Offer
“Code”	:	The Singapore Code on Take-overs and Mergers
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore
“Company”	:	Sinotel Technologies Ltd.
“Concert Parties”	:	Parties acting or deemed to be acting in concert with the Offeror in connection with the Exit Offer
“Controlling Shareholder”	:	A Shareholder (including a corporation) who: (a) holds directly or indirectly 15% or more of the total issued voting share capital of the Company; or (b) in fact exercises control over the Company
“CPF”	:	Central Provident Fund
“CPF Agent Banks”	:	The banks approved by CPF to be its agent banks
“CPFIS”	:	CPF Investment Scheme
“CPFIS Investors”	:	Investors who purchased Shares using their CPF savings under the CPFIS
“Delisting”	:	The voluntary delisting of the Company from the Official List of the SGX-ST under Rules 1307 and 1309 of the Listing Manual
“Delisting Proposal”	:	The proposal by the Offeror dated 27 November 2015 to the Directors to seek the Delisting
“Delisting Resolution”	:	The resolution to be proposed at the EGM to approve the Delisting
“Deloitte”	:	Deloitte & Touche Corporate Finance Pte Ltd
“Directors”	:	The directors of the Company (including Independent Directors) as at the date of this Circular
“EGM”	:	The extraordinary general meeting of the Company to be held on 19 February 2016, notice of which is set out on page 145 of this Circular

DEFINITIONS

“Exit Offer”	:	The delisting exit offer made (subject to the approval of the Delisting Resolution by Shareholders) by the Offeror to acquire the Offer Shares on the terms and subject to the conditions of the Exit Offer Letter (including the Acceptance Forms)
“Exit Offer Letter”	:	The letter setting out the terms of the Exit Offer (including the Acceptance Forms), despatched by the Offeror to Shareholders together with this Circular
“Exit Offer Period”	:	The period of at least 14 days from the date of announcement of Shareholders’ approval of the Delisting Resolution
“Exit Offer Price”	:	S\$0.128 in cash for each Offer Share accepted under the Exit Offer
“FAA”	:	Form of Acceptance and Authorisation
“FAT”	:	Form of Acceptance and Transfer
“FY”	:	Financial year ended or ending (as the case may be) on 31 December of a particular year as stated
“Group”	:	The Company and its subsidiaries
“IFA” or “PCPL”	:	Provenance Capital Pte. Ltd., the independent financial adviser to the Independent Directors in respect of the Exit Offer
“Independent Directors”	:	Directors who are independent for the purposes of making the recommendation(s) to Shareholders in respect of the Delisting Proposal and the Exit Offer, being Li Zhen Yu, Lo Fui Chu, Alfred Cheong Keng Chuan, Goh Chee Wee and Zhang Baicheng
“Joint Announcement”	:	The joint announcement dated 30 November 2015 issued by the Company and the Offeror on the Delisting Proposal
“Joint Announcement Date”	:	30 November 2015, being the date on which the Joint Announcement was made
“Last Trading Day”	:	27 November 2015, being the last full market day immediately prior to the Joint Announcement Date
“Latest Practicable Date”	:	21 January 2016, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	:	The listing manual of the SGX-ST
“Management”	:	The key executives and executive Directors of the Company
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“NTA”	:	Net tangible assets
“Offer Shares”	:	All the Shares in issue other than those already owned, controlled or agreed to be acquired by the Offeror and its nominees and Concert Parties
“Offeror”	:	Advance Technology Holding Ltd

DEFINITIONS

“PRC”	:	The People’s Republic of China
“Securities Account”	:	Securities account maintained by a depositor with CDP, but does not include a securities sub-account
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	Registered holders of the Shares in the register of members of the Company, except where the registered holder is CDP, the term “Shareholders” shall in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with the Shares
“Shares”	:	Issued ordinary shares in the capital of the Company
“SIC”	:	Securities Industry Council of Singapore

Currencies, Units and Others

“RMB” and “RMB cents”	:	Renminbi and Renminbi cents respectively, being the lawful currency of the PRC
“S\$” and “cents”	:	Singapore dollars and cents respectively, being the lawful currency of the Republic of Singapore
“US\$”	:	United States dollars, being the lawful currency of the United States of America
“%” or “per cent”	:	Per centum or percentage

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

The term “**related corporation**” shall have the meaning ascribed to it in Section 6 of the Companies Act.

The terms “**acting in concert**” and “**associates**” shall have the meanings ascribed to them in the Code.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders.

References to persons shall, where applicable, include corporations.

Any reference in this Circular to any enactment is a reference to the enactment as for the time being amended or re-enacted. Any word defined in the Companies Act, the Code or the Listing Manual (or any modification thereof) and used in this Circular shall have the meaning assigned to it under the Companies Act, the Code or the Listing Manual (or any modification thereof), as the case may be, unless the context otherwise requires.

Any reference to a time of the day in this Circular shall be a reference to Singapore time unless otherwise stated.

Differences may arise between amounts and the totals thereof due to rounding and figures shown as totals may not be an arithmetic aggregation of the figures that precede them.

INDICATIVE TIMETABLE

Last date and time for lodgement of proxy form for the EGM ⁽¹⁾	:	17 February 2016 at 9.00 a.m.
Date and time of the EGM	:	19 February 2016 at 9.00 a.m.
Expected commencement date of the Exit Offer	:	28 January 2016
Expected last date and time of trading in the Shares on the SGX-ST prior to the Delisting	:	26 February 2016 at 5.00 p.m. (or such later date and time as may be announced by the Company)
Expected date and time of trading suspension in the Shares by the SGX-ST	:	29 February 2016 at 9.00 a.m. (or such later date and time as may be announced by the Company)
Expected Closing Date of the Exit Offer	:	4 March 2016 at 5.30 p.m. (or such later date(s) as may be announced from time to time by or on behalf of the Offeror)
Expected date for the Delisting of the Shares	:	15 March 2016 (or such other date as may be announced by the Company)
Expected date for the payment of the Exit Offer Price, in respect of valid acceptances of the Exit Offer	:	Not later than 10 days after the later of: <ul style="list-style-type: none"> (i) the date on which the Delisting Resolution is approved at the EGM; or (ii) the date of receipt of valid acceptances of the Exit Offer

Note:

- (1) Proxy forms should be duly completed and deposited at the Company's registered office at 30 Raffles Place #19-04 Chevron House, Singapore 048622 not less than 48 hours before the time set for the EGM. Completion and return of a proxy form will not preclude a Shareholder from attending and voting in person at the EGM in place of his proxy.

Shareholders should note that, save for the last date and time for lodgement of proxy forms for the EGM and the date and time of the EGM, the above timetable is indicative only and is subject to change. For events listed above which are described as "expected", please refer to future announcement(s) by or on behalf of the Company to the SGX-ST for the exact dates and times of such events.

PLEASE NOTE THAT THE EXIT OFFER IS CONDITIONAL UPON THE DELISTING RESOLUTION BEING PASSED AT THE EGM.

PLEASE ALSO NOTE THAT APPROVING THE DELISTING RESOLUTION AT THE EGM DOES NOT AUTOMATICALLY MEAN THAT YOU HAVE ACCEPTED THE EXIT OFFER. PLEASE REFER TO APPENDIX V TO THIS CIRCULAR IF YOU WISH TO ACCEPT THE EXIT OFFER.

FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the current expectations, beliefs, hopes, intentions or strategies of the party making the statements regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders and investors should not place undue reliance on such forward-looking statements, and neither the Company nor the Offeror undertakes any obligation to update publicly or revise any forward-looking statements.

LETTER TO SHAREHOLDERS

SINOTEL TECHNOLOGIES LTD.

(Company Registration Number: 200614275R)
(Incorporated in the Republic of Singapore)

Directors:

Mr Jia Yue Ting (贾跃亭), *Executive Chairman*
Mr Li Zhen Yu (李振宇), *Executive Director and Chief Executive Officer*
Ms Lo Fui Chu, *Executive Director and Chief Financial Officer*
Mr Alfred Cheong Keng Chuan, *Independent Director*
Mr Goh Chee Wee, *Independent Director*
Mr Zhang Baicheng (张百成), *Independent Director*

Registered Office:

30 Raffles Place
#19-04 Chevron House
Singapore 048622

28 January 2016

To: The Shareholders of Sinotel Technologies Ltd.

Dear Sir / Madam

PROPOSED VOLUNTARY DELISTING OF SINOTEL TECHNOLOGIES LTD. PURSUANT TO RULES 1307 AND 1309 OF THE LISTING MANUAL

1. INTRODUCTION

On 30 November 2015, the Company and the Offeror jointly announced that the Directors had received the Delisting Proposal from the Offeror on 27 November 2015 to seek a voluntary delisting of the Company from the Official List of the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual. Under the terms of the Delisting Proposal, it was proposed that the Offeror will make the Exit Offer to acquire each Offer Share at the Exit Offer Price of S\$0.128 in cash. A copy of the aforementioned announcement is available on the website of the SGX-ST at www.sgx.com.

Having reviewed the Delisting Proposal, the Directors have resolved to convene the EGM to seek the approval of Shareholders for the Delisting Proposal and to apply to the SGX-ST for the approval of the Delisting.

The purpose of this Circular is to provide Shareholders with information pertaining to the Delisting Proposal, the Exit Offer and the Delisting Resolution to be proposed at the EGM, notice of which is set out on page 145 of this Circular.

2. THE DELISTING PROPOSAL

Under the terms of the Delisting Proposal, the Offeror is making the Exit Offer to acquire the Offer Shares. The Exit Offer is conditional on the Delisting Resolution being passed at the EGM. The Delisting Resolution, if passed by Shareholders, will result in the delisting of the Company from the Official List of the SGX-ST.

2.1 Listing Manual Requirements

Under Rule 1307 of the Listing Manual, the SGX-ST may agree to an application by the Company to delist from the Official List of the SGX-ST if:

- (a) the Company convenes an EGM to obtain the approval of its Shareholders for the Delisting Proposal;
- (b) the Delisting Resolution is approved by a majority of at least 75% of the total number of issued Shares excluding treasury shares held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM (please note that the Directors and Controlling Shareholders need not abstain from voting on the Delisting Resolution); and

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- (c) the Delisting Resolution is not voted against by 10% or more of the total number of issued Shares excluding treasury shares held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM.

In addition, Rule 1309 of the Listing Manual requires that if the Company is seeking to delist from the Official List of the SGX-ST:

- (a) a reasonable exit alternative, which should normally be in cash, should be offered to Shareholders and holders of any other classes of listed securities to be delisted; and
- (b) the Company should normally appoint an independent financial adviser to advise on the Exit Offer.

2.2 Code Requirements

An application was made by the Company to the SIC to seek certain rulings in relation to the Delisting Proposal and the Exit Offer. The SIC had on 24 November 2015 ruled that:

- (a) the Exit Offer is exempted from compliance with the following provisions of the Code:
 - (i) Rule 20.1 on keeping the Exit Offer open for 14 days after it is revised;
 - (ii) Rule 22 on the offer timetable;
 - (iii) Rule 28 on acceptances; and
 - (iv) Rule 29 on the right of acceptors to withdraw their acceptances,subject to the following conditions:
 - (I) disclosure in the Exit Offer Letter of:
 - (1) the consolidated NTA per Share of the Group based on the latest published accounts prior to the date of the Exit Offer Letter; and
 - (2) particulars of all known material changes as at the Latest Practicable Date which may affect the consolidated NTA per Share of the Group referred to in paragraph 2.2(a)(I)(1) above, or a statement that there are no such known material changes; and
 - (II) the Exit Offer being kept open for at least:
 - (1) 21 days after the date of the despatch of the Exit Offer Letter if the Exit Offer Letter is despatched after Shareholders' approval for the Delisting Resolution has been obtained; or
 - (2) 14 days after the date of the announcement of Shareholders' approval of the Delisting if the Exit Offer Letter is despatched together with this Circular; and
- (b) Jia Yue Ting, the Executive Chairman of the Company, is exempted from the requirement to make a recommendation on the Exit Offer to the Shareholders as he faces a conflict of interests in doing so being a Concert Party by virtue of his shareholding interest in the Offeror. Jia Yue Ting must, nonetheless, still assume responsibility for the accuracy of the facts stated or opinions expressed in documents and advertisements issued by, or on behalf of, the Company in connection with the Exit Offer.

LETTER TO SHAREHOLDERS

3. THE EXIT OFFER

Subject to the Delisting Resolution being approved by Shareholders at the EGM, the Offeror will make the Exit Offer to acquire all the Offer Shares on the terms and subject to the conditions set out in this Circular, the Exit Offer Letter and the Acceptance Forms, and on the following basis:

3.1 Exit Offer Price

The consideration for the Exit Offer will be:

For each Offer Share: S\$0.128 in cash

The Offeror does not intend to revise the Exit Offer Price under any circumstances.

The Exit Offer Price will be applicable to any number of Offer Shares held. Shareholders may choose to accept the Exit Offer in respect of all or part of their holdings of Offer Shares. For illustrative purposes, each Shareholder who accepts the Exit Offer will receive S\$12.80 for every 100 Offer Shares validly tendered for acceptance under the Exit Offer.

Further details on the Exit Offer are set out in the Exit Offer Letter containing, *inter alia*, the terms of the Exit Offer and the relevant Acceptance Forms.

3.2 Conditions

The Delisting and the Exit Offer will be conditional upon:

- (a) SGX-ST's approval of the Delisting;
- (b) the Delisting Resolution being passed at the EGM. Pursuant to Rule 1307 of the Listing Manual, the Delisting Resolution is considered passed if it is approved by a majority of at least 75% of the total number of issued Shares excluding treasury Shares held by the Shareholders present and voting, on a poll, either in person or by proxy at the EGM to be convened for the Shareholders to vote on the Delisting Resolution (the Directors and Controlling Shareholders need not abstain from voting on the Delisting Resolution); and
- (c) the Delisting Resolution not being voted against by 10% or more of the total number of issued Shares excluding treasury Shares held by the Shareholders present and voting, on a poll, either in person or by proxy at the EGM.

The Delisting Resolution, if approved by Shareholders at the EGM in accordance with Rule 1307 of the Listing Manual, will result in the Delisting.

Shareholders are to note that if any of the above conditions listed in this paragraph 3.2 is not met, the Delisting will not proceed and the Company will remain listed on the SGX-ST.

The Company had on 1 December 2015 made an application to the SGX-ST to delist the Company from the Official List of the SGX-ST. The SGX-ST had advised in its letter dated 11 January 2016 that it has no objection to the Delisting, subject to the approval by the Shareholders in compliance with Rule 1307 of the Listing Manual. However, the aforesaid SGX-ST's decision is not an indication of the merits of the Delisting.

Shareholders who wish to accept the Exit Offer should note that acceptances of the Exit Offer shall be irrevocable.

3.3 No Encumbrances

The Offer Shares will be acquired fully paid and free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and any other third party rights or interests of any nature whatsoever ("**Encumbrances**"), and together with all rights, benefits and entitlements attached

LETTER TO SHAREHOLDERS

thereto as at the Joint Announcement Date and thereafter attaching thereto (including the right to receive all dividends and other distributions, if any, which may be announced, declared, paid or made thereon by the Company on or after the Joint Announcement Date).

3.4 Warranty

Acceptance of the Exit Offer by a Shareholder will be deemed to constitute an unconditional and irrevocable warranty by that Shareholder that each Offer Share in respect of which the Exit Offer is accepted is sold by him as, or on behalf of, the beneficial owner(s) thereof, fully paid and free from all Encumbrances, and together with all rights, benefits and entitlements attached thereto as at the Joint Announcement Date and thereafter attaching thereto (including the right to receive all dividends and other distributions, if any, which may be announced, declared, paid or made thereon by the Company on or after the Joint Announcement Date).

3.5 Duration

If the Delisting Resolution is approved by Shareholders at the EGM, the Exit Offer will be open for acceptance by Shareholders for a period of at least 14 days after the date of announcement of Shareholders' approval of the Delisting Resolution. The Closing Date for the Exit Offer is **5.30 p.m. on 4 March 2016 or such later date(s) as may be announced from time to time by or on behalf of the Offeror**, as set out in section 2.6 of the Exit Offer Letter.

Although no extension of the Exit Offer is currently contemplated, if the Exit Offer is extended, an announcement will be made of such extension, and the Exit Offer will remain open for acceptance for such period as may be announced. If the Exit Offer is extended, Shareholders who have validly accepted the Exit Offer in respect of part of their Shares will be entitled to tender additional Offer Shares in acceptance of the Exit Offer.

4. IRREVOCABLE UNDERTAKING

Under Rule 1307(2) of the Listing Manual, all Shareholders (including the Directors and Controlling Shareholders) are entitled to vote on the Delisting Resolution.

As at the Latest Practicable Date, the interests of the Offeror and its shareholders in the capital of the Company are as follows:

	Direct Interest		Deemed Interest	
	Number of Shares	% ⁽³⁾	Number of Shares	% ⁽³⁾
Advance Technology Holding Ltd ⁽¹⁾	—	—	362,061,367	85.61
Jia Yue Ting ⁽²⁾	—	—	362,061,367	85.61
Total	—	—	362,061,367	85.61

Notes:

- (1) The Offeror is deemed to be interested in an aggregate of 362,061,367 Shares held by a nominee company.
- (2) Jia Yue Ting is deemed to be interested in an aggregate of 362,061,367 Shares held by the Offeror by virtue of Section 7 of the Companies Act.
- (3) Computed based on the issued share capital of the Company of 422,915,000 Shares with voting rights as at the date of this Circular.

Jia Yue Ting, the Executive Chairman of the Company, is a party acting in concert with the Offeror in respect of his interest in the Offeror for purposes of the Delisting.

As at the Latest Practicable Date, the Offeror and its Concert Parties own an aggregate of 362,061,367 Shares representing approximately 85.61% of the issued Shares.

LETTER TO SHAREHOLDERS

The Offeror has irrevocably and unconditionally undertaken to the Company (i) not to transfer or dispose of any of its Shares at any time prior to the completion of the Exit Offer; and (ii) it will vote in favour of the Delisting Resolution at the EGM in respect of all of its Shares (the “**Undertaking**”).

The Undertaking shall expire if the Delisting Resolution is not approved at the EGM or if the Exit Offer is withdrawn, lapses or closes.

Save as set out above, as at the Latest Practicable Date, none of the Offeror or its Concert Parties has received any irrevocable undertaking from any party to vote for or against the Delisting Resolution and/or to accept or reject the Exit Offer.

5. INFORMATION ON THE OFFEROR

The Offeror is a special purpose vehicle incorporated in the British Virgin Islands on 17 February 2015 and has not carried on any business since its incorporation. It has an issued and paid-up share capital of US\$50,000 comprising 50,000 ordinary shares with a par value of US\$1 each.

The sole director of the Offeror is Zhang Rong and the sole shareholder of the Offeror is Jia Yue Ting who is the Executive Chairman of the Company. Zhang Rong is the sister-in-law of Jia Yue Ting.

Immediately prior to the Joint Announcement Date, the Offeror owned and controlled in aggregate 340,401,067 Shares, representing approximately 80.49% of the issued share capital of the Company. Jia Yue Ting is deemed to be interested in all the Shares held by the Offeror under Section 7 of the Companies Act.

Additional information on the Offeror and its shareholding in the Company is set out in Appendix II to this Circular.

6. INFORMATION ON THE COMPANY AND THE GROUP

The Company was incorporated in Singapore on 28 September 2006 under the name of “Sinotel Technologies Pte. Ltd.”. The principal activity of the Company is that of an investment holding company. On 18 October 2007, the Company was converted into a public limited company and changed its name to “Sinotel Technologies Ltd.”. The Company is listed on the Main Board of the SGX-ST since 12 November 2007.

The Group is an integrated connectivity provider of innovative applications and solutions for the full spectrum of the wireless telecommunication value chain in the PRC.

As the Company had recorded pre-tax losses for the three most recently completed consecutive financial years (i.e. financial years ended 31 December 2012, 2013 and 2014) and an average daily market capitalisation of less than S\$40 million over the last 120 Market Days on which trading was not suspended or halted, it had been placed on the watch-list with effect from 4 March 2015. The Company will have to fulfil the requirements under Rule 1314 of the Listing Manual for its removal from the watch-list within 24 months from 4 March 2015, failing which the SGX-ST would delist the Company or suspend trading in the Shares with a view to delisting the Company. Rule 1314 of the Listing Manual states that an issuer on the watch-list may apply to the SGX-ST for its removal from the watch-list if it satisfies any one of the following requirements:

- (i) the issuer records consolidated pre-tax profit for the most recently completed financial year (based on the latest full year consolidated audited accounts, excluding exceptional or non-recurrent income and extraordinary items) and has an average daily market capitalisation of S\$40 million or more over the last 120 Market Days on which trading was not suspended or halted for a full Market Day; or

LETTER TO SHAREHOLDERS

- (ii) the issuer satisfies Rule 210(3) of the Listing Manual and either one of the following requirements:
- (a) cumulative consolidated pre-tax profit of at least S\$7.5 million for the last three years, and a minimum pre-tax profit of S\$1 million for each of those three years; or
 - (b) cumulative consolidated pre-tax profit of at least S\$10 million for the last one or two years. Rule 210(3)(a) of the Listing Manual applies to the last one year or last two years as the case may be.

As at the Latest Practicable Date, the Company:

- (a) has 422,915,000 Shares in issue; and
- (b) has not granted any options or issued any rights, warrants or other securities convertible into, exercisable for or redeemable into any Shares.

Additional information on the Company and the Group is set out in Appendix III to this Circular.

7. RATIONALE FOR THE DELISTING

The Delisting Proposal was made by the Offeror to the Company and the Directors agreed to put forth the Delisting Proposal to Shareholders after careful consideration. The rationale for the Delisting is as follows:

7.1 Low trading liquidity of Shares

The trading liquidity of the Shares on the SGX-ST has generally been thin.

The average daily trading volume and the respective percentage of the Shares for the twelve (12) month, six (6) month, three (3) month period and one (1) month prior to and including the Last Trading Day are as follows:

Prior to the Joint Announcement Date	Average daily trading volume ⁽¹⁾ ('000)	Average daily trading volume as a percentage of free float ⁽²⁾ (%)
Last one (1) year	449	0.54
Last six (6) months	113	0.14
Last three (3) months	6	0.01
Last one (1) month	8	0.01
24 November 2015 (being the trading day the Shares were last transacted prior to the release of the Joint Announcement)	23	0.03

Source: Bloomberg L.P.

Notes:

- (1) The average daily trading volume of the Shares is computed based on the total volume of Shares traded on the SGX-ST (excluding off market transactions) during the relevant periods, divided by the number of days which the SGX-ST was open for trading (excluding days with full day trading halts on the Shares) during that period.
- (2) Free float refers to the Shares other than those directly and deemed held by the Directors and substantial Shareholders of the Company. For the purpose of computing the average daily trading volume as a percentage of free float, we have used the conservative free float of approximately 82.5 million Shares based on the free float of 19.5% of the total number of issued Shares after the close of the mandatory conditional general cash offer for the Shares made by the Offeror on 12 March 2015.

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Based on the historical trading patterns, it is the Offeror's view that the low liquidity of the Shares is likely to continue and accordingly, the purpose of maintaining the Company's listing status for trading liquidity of the Shares does not appear to have been achieved.

The Exit Offer will provide a cash exit opportunity for those Shareholders who wish to realise the value of their investments in the Shares but find it difficult to do so as a result of the low trading liquidity of the Shares.

7.2 Compliance costs of maintaining a listing

In maintaining its listed status on the Official List of the SGX-ST, the Company incurs additional compliance costs and resources as well as subjecting its corporate actions to various regulatory requirements associated with a SGX-ST listed company.

The Delisting Proposal, if proceeded with, will allow the Company to dispense with expenses relating to the maintenance of a listed status and to optimise the use of its management and capital resources on its business operations.

7.3 Greater management flexibility

The Delisting will facilitate greater management flexibility in the utilisation and deployment of the resources of the Group. The Delisting will also allow the Company and the Offeror to rationalise the management, resources and cost structure of the Group's businesses for greater efficiency and competitiveness.

7.4 Difficulty in accessing the equity capital markets

A primary reason for companies to maintain a listing on the SGX-ST is to access the capital markets for fund-raising purposes. However, the Group has been loss-making for the past three consecutive financial years ended 31 December 2012, 2013 and 2014 and has been placed on the SGX-ST's watch-list with effect from 4 March 2015. Given the current financial health of the Group, it is unlikely that the Company will be able to access the equity capital market to finance its operations, and therefore, it is not meaningful for the Company to maintain its listing status.

8. OFFEROR'S INTENTIONS FOR THE GROUP

As the Group has been loss-making for the past three consecutive financial years, the Offeror intends to take steps to consider a suitable rationalisation plan with a view to streamlining the businesses and operations of the Group, including cost-saving measures, should the Offeror be successful in delisting and privatising the Company. Such rationalisation may involve potential transactions with interested persons or disposal of assets to third parties that could attract Shareholders' approval and other compliance requirements pursuant to Chapters 9 and 10 of the Listing Manual respectively, all of which will incur additional compliance costs and resources, which could be dispensed with if the Company were a private company, thus allowing the Offeror to have more flexibility and cost-saving options in implementing its rationalisation plan.

Save as aforesaid and other steps to be taken in connection with the ordinary course of business of the Group, the Offeror does not currently have any intention to: (a) propose any changes to the existing businesses of the Group, (b) discontinue the employment of employees of the Group, or (c) redeploy the fixed assets of the Group. However, the Offeror retains the flexibility at any time to consider any options or opportunities in relation to the Group which may present themselves and which it may regard to be in the best interests of the Group.

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9. FINANCIAL ASPECTS OF THE EXIT OFFER

9.1 Benchmarking of the Exit Offer

The Exit Offer Price represents the following premium over the volume weighted average price⁽¹⁾ (“VWAP”) for the Shares:

Description	VWAP ⁽¹⁾ (S\$)	Premium/(Discount) of Exit Offer Price over/(to) VWAP (%)
<u>Prior to the Joint Announcement Date</u>		
Last one (1) year	0.099	29.3
Last six (6) months	0.134	(4.5)
Last three (3) months	0.088	45.5
Last one (1) month	0.098	30.6
24 November 2015 (being the trading day the Shares were last transacted prior to the release of the Joint Announcement)	0.096	33.3
<u>After the Joint Announcement Date</u>		
From 30 November 2015 to the Latest Practicable Date	0.131	(2.3)
20 January 2016 (being the trading day the Shares were last traded prior to the Latest Practicable Date)	0.128	–

Note:

(1) The VWAP for the respective periods are calculated based on the daily VWAP turnover divided by VWAP volume as extracted from Bloomberg L.P.. Off market transactions are excluded from the calculation.

9.2 NTA

The Exit Offer Price represents a discount of approximately 21.9% over the unaudited consolidated NTA per Share of 71.5 RMB cents (equivalent to S\$0.156⁽¹⁾) as at 30 September 2015.

Note:

(1) Based on the exchange rate of S\$1 = RMB4.5789 as at the Latest Practicable Date.

10. IMPLICATIONS OF DELISTING FOR SHAREHOLDERS

Shareholders should note that if the Delisting Resolution is approved in accordance with the requirements of the Listing Manual and the conditions listed in paragraph 3.2 of this Circular are fulfilled, the Company will be delisted. Following the Delisting, Shareholders who do not accept the Exit Offer will continue to hold shares in the Company, which will then be an unlisted company.

Shareholders should note that shares of unlisted companies are generally valued at a discount to the shares of comparable listed companies due to the lack of marketability. Following the Delisting, it is likely to be difficult for Shareholders who do not accept the Exit Offer to sell their Shares in the absence of a public market for the Shares, as there is no arrangement for such Shareholders to exit. Even if such Shareholders were able to sell their Shares, they would likely receive a lower price as compared with the Exit Offer Price or the market prices of the shares of comparable listed companies.

LETTER TO SHAREHOLDERS

If the Company is delisted from the Official List of the SGX-ST, it will no longer be obliged to comply with the listing requirements of the SGX-ST, in particular, the continuing corporate disclosure requirements under Chapter 7 of the Listing Manual and Appendices 7.1 to 7.7 of the Listing Manual. Nonetheless, as a company incorporated in Singapore, the Company will still need to comply with the Companies Act and its constitution and the interests of Shareholders who do not accept the Exit Offer will be protected to the extent provided for by the Companies Act.

If the Company is delisted from the Official List of the SGX-ST, each Shareholder who holds Shares that are deposited with CDP and does not accept the Exit Offer will be entitled to one share certificate representing his unquoted Shares. The Company's share registrar, B.A.C.S. Private Limited at 8 Robinson Road #03-00 ASO Building, Singapore 048544, will arrange to forward the share certificates to such Shareholders (who are not CPFIS Investors), by ordinary post and at the Shareholders' own risk, to their respective addresses as such addresses appear in the records of CDP for their physical safe-keeping. The share certificates belonging to CPFIS Investors will be forwarded to their respective CPF Agent Banks for their safe-keeping, details of which are set out in Appendix I to the Exit Offer Letter. If a Shareholder wishes to split his share certificate into other denominations, he will be required to pay for each share certificate so required, a fee at the prevailing rate of S\$2.00 (exclusive of goods and services tax).

Shareholders who are in doubt of their position should seek independent legal advice.

11. COMPULSORY ACQUISITION

Pursuant to Section 215(1) of the Companies Act, in the event the Offeror acquires not less than 90% of the total number of the issued Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Exit Offer), the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares from the Shareholders who have not accepted the Exit Offer at a price equal to the Exit Offer Price.

The Offeror intends to make the Company its wholly-owned subsidiary. **Accordingly, when entitled, the Offeror intends to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act.**

In addition, Shareholders who have not accepted the Exit Offer will have the right under and subject to Section 215(3) of the Companies Act to require the Offeror to acquire their Shares in the event that the Offeror or its nominees acquire, pursuant to the Exit Offer, such number of Shares which, together with the Shares held by the Offeror, its related corporations and/or their respective nominees, comprise 90% or more of the total issued Shares.

Shareholders who wish to exercise their rights under Section 215(3) of the Companies Act are advised to seek their own independent professional advice.

12. POST-EGM PROCEDURES

12.1 Exit Offer Letter and Acceptance Forms

The Exit Offer Letter and the relevant Acceptance Form(s) have been despatched to Shareholders by ordinary post together with this Circular.

Shareholders should note that if the Delisting Resolution is not approved at the EGM, the condition to the Exit Offer will not be fulfilled and the Exit Offer will not be made. Accordingly, there is no need for Shareholders to take any action with respect to the Exit Offer Letter and the Acceptance Form(s) before the EGM.

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12.2 Accepting the Exit Offer

Subject to the Delisting Resolution being approved at the EGM, to accept the Exit Offer, you should complete, sign and return the relevant Acceptance Form(s) in accordance with the provisions and instructions stated in the Exit Offer Letter and the relevant Acceptance Form. Additional information on the procedures for acceptance and settlement of the Exit Offer is set out in the Exit Offer Letter and in Appendix V to this Circular.

12.3 No Acceptance

If you decide not to accept the Exit Offer, you do not need to take any action. In the event that the Delisting Resolution is approved by Shareholders and the Company is delisted from the Official List of the SGX-ST, you will continue to hold unquoted Shares of the Company (as an unlisted company).

The implications of delisting of the Company for Shareholders and the right of compulsory acquisition under Section 215 of the Companies Act are set out in paragraph 11 of this Circular.

12.4 CPFIS Investors

CPFIS Investors should refer to the separate letter from their respective CPF Agent Banks for information on how to accept or reject the Exit Offer under CPFIS. CPFIS Investors are advised to consult their respective CPF Agent Banks should they require further information. Additional information pertaining to CPFIS Investors is set out in the Exit Offer Letter.

13. CONFIRMATION OF FINANCIAL RESOURCES

Deloitte, being the financial adviser to the Offeror in connection with the Exit Offer, confirms that sufficient financial resources are available to the Offeror to satisfy in full all acceptances of the Exit Offer by Shareholders on the basis of the Exit Offer Price.

14. ALTERNATIVE OFFER

As at the Latest Practicable Date, there is no publicly available evidence of any alternative offer for the Shares. Further, the Directors have also confirmed that, as at the Latest Practicable Date, apart from the Delisting Proposal, they have not received any other offer from any other party.

15. OVERSEAS SHAREHOLDERS

15.1 Overseas Shareholders

This Circular does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this Circular in any jurisdiction in contravention of the applicable law. The Exit Offer will be made solely by the Exit Offer Letter and the relevant Acceptance Form(s) accompanying the Exit Offer Letter, which will contain the full terms and conditions of the Exit Offer, including details on how the Exit Offer may be accepted.

The Exit Offer is made to all Shareholders holding Offer Shares, including those to whom this Circular, the Exit Offer Letter and the Acceptance Form(s) have not been or may not be sent. However, the availability of the Exit Offer to Shareholders whose addresses are outside Singapore, as shown on the register of members of the Company or, as the case may be, in the records of CDP (each an “**Overseas Shareholder**”) may be affected by the laws of the relevant overseas jurisdictions, and Overseas Shareholders should exercise caution in relation to the Exit Offer, as this Circular, the Exit Offer Letter and the Acceptance Form(s) have not been reviewed by any regulatory authority in any overseas jurisdiction. Accordingly, Overseas Shareholders should inform themselves about and observe any applicable legal requirements in their own jurisdictions. Where there are potential restrictions on sending this Circular, the Exit Offer Letter and the Acceptance Form(s) to any overseas jurisdiction, the Company, the Offeror and CDP each reserves the right not to send these documents to such overseas jurisdictions.

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Copies of this Circular, the Exit Offer Letter, the relevant Acceptance Form(s) and any other formal documentation relating to the Exit Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Exit Offer would potentially violate the applicable law of that jurisdiction ("**Restricted Jurisdiction**") and will not be capable of acceptance by any such use, instrumentality or facility within any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.

The Exit Offer (unless otherwise determined by the Offeror and permitted by applicable laws and regulations) will not be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instruments (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction and the Exit Offer will not be capable of acceptance by any such use, means, instruments or facilities.

15.2 Copies of the Circular, Exit Offer Letter and Acceptance Forms

Overseas Shareholders may, nonetheless, obtain copies of this Circular, the Exit Offer Letter, the relevant Acceptance Form(s) and any related documents, during normal business hours, from the date of this Circular and up to the Closing Date, from the Company's share registrar, B.A.C.S. Private Limited at 8 Robinson Road #03-00 ASO Building, Singapore 048544 (if they hold Offer Shares that are represented by share certificates and are not deposited with CDP) or The Central Depository (Pte) Limited at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588 (if they are Depositors), upon production of satisfactory evidence that they are Shareholders. Alternatively, an Overseas Shareholder may write in to B.A.C.S. Private Limited or The Central Depository (Pte) Limited, as the case may be, at the address listed above to request for this Circular, the Exit Offer Letter, the relevant Acceptance Form(s) and any related documents to be sent to an address in Singapore by ordinary post at the Overseas Shareholder's own risk (the last day for despatch in respect of such request shall be a date falling five (5) Market Days prior to the Closing Date).

15.3 Overseas Jurisdiction

It is the responsibility of any Overseas Shareholder who wishes to (a) request for this Circular, the Exit Offer Letter, the relevant Acceptance Form(s) and any related documents and/or (b) accept the Exit Offer, to satisfy himself as to the full observance of the laws of the relevant jurisdictions in that connection, including the obtaining of any governmental or other consent which may be required, and compliance with all necessary formalities or legal requirements. In (a) requesting for this Circular, Exit Offer Letter, the relevant Acceptance Form(s) and any related documents and/or (b) accepting the Exit Offer, the Overseas Shareholder represents and warrants to the Company, the Offeror and CDP that he is in full observance of the laws of the relevant jurisdictions in that connection, and that he is in full compliance with all necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction.

Such Overseas Shareholder shall be liable for any such taxes, imposts, duties or other requisite payments payable and the Company, the Offeror, CDP and/or any person acting on its behalf shall be fully indemnified and held harmless by such Overseas Shareholder for any such taxes, imposts, duties or other requisite payments as the Company, the Offeror, CDP and/or any person acting on its behalf may be required to pay.

Any Overseas Shareholder who is in any doubt about his position should consult his professional adviser in the relevant jurisdiction.

15.4 Notice

The Offeror reserves the right to reject any acceptance of the Exit Offer where it believes, or has reason to believe, that such acceptance may violate the applicable laws of any jurisdiction. The Company and the Offeror reserve the right to notify any matter, including the despatch of this Circular, any formal documentation relating to the Exit Offer and the fact that the Exit Offer has been made, to any or all Shareholders (including Overseas Shareholders) by announcement on the website of the SGX-ST (www.sgx.com) and if necessary, paid advertisement in a newspaper

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published and circulated in Singapore, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder to receive or see such announcement or advertisement.

16. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The tables below set out the interests of the Directors and substantial Shareholders in the Company as the Latest Practicable Date, based on the information in the Company's register of Directors' shareholdings and register of substantial Shareholders, respectively:

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Directors				
Jia Yue Ting ⁽¹⁾	—	—	362,061,367	85.61
Li Zhen Yu	—	—	—	—
Lo Fui Chu	—	—	—	—
Alfred Cheong Keng Chuan	—	—	—	—
Goh Chee Wee	—	—	—	—
Zhang Baicheng	—	—	—	—
Substantial Shareholder				
Advance Technology Holding Ltd ⁽²⁾			362,061,367	85.61

Notes:

- (1) Jia Yue Ting is deemed to be interested in an aggregate of 362,061,367 Shares held by the Offeror by virtue of Section 7 of the Companies Act.
- (2) The Offeror is deemed to be interested in an aggregate of 362,061,367 Shares held by a nominee company.

17. EXEMPTION RELATING TO DIRECTORS' RECOMMENDATION

The SIC had on 24 November 2015 ruled that Jia Yue Ting, the Executive Chairman of the Company, is exempted from the requirement to make a recommendation on the Exit Offer to the Shareholders as he faces a conflict of interests in doing so being a Concert Party by virtue of his interest in the Offeror.

Jia Yue Ting must, nonetheless, still assume responsibility for the accuracy of the facts stated or opinions expressed in documents and advertisements issued by, or on behalf of, the Company in connection with the Exit Offer.

18. ADVICE OF IFA TO THE INDEPENDENT DIRECTORS

PCPL has been appointed as independent financial adviser to advise the Independent Directors in relation to the Exit Offer. The letter from the IFA setting out its advice to the Independent Directors is set out in Appendix I to this Circular. Shareholders are advised to read and consider carefully, in its entirety, the advice of IFA contained in the letter from IFA to the Independent Directors. An extract of IFA's advice in relation to the Exit Offer is reproduced in italics below:

“Based on our analysis and after having considered carefully the information available to us as at the Latest Practicable Date, we are of the view that the financial terms of the Exit Offer are fair and reasonable, and not prejudicial to the interests of the Shareholders. Accordingly, we advise the Independent Directors to make the following recommendations to the Shareholders:

- (A) vote in favour of the Delisting Resolution at the EGM; and***

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(B) in the event that the Delisting Resolution is passed, Shareholders who are not prepared to accept the implications and consequences of holding Shares in an unlisted company should either:

(i) ACCEPT the Exit Offer; or

(ii) SELL their Shares in the open market if they can obtain a price equal to or higher than the Exit Offer Price (after deducting transaction costs) before the Shares are suspended from trading or delisted from the SGX. Shareholders should note that there is no assurance that the market prices and trading volumes of the Shares will be maintained at current levels prevailing as at the Latest Practicable Date; or

(iii) if they are so entitled, exercise their rights to require the Offeror to acquire their Shares under Section 215(3) of the Companies Act. Shareholders who decide to exercise their rights under Section 215(3) of the Companies Act are advised to seek their own independent advice.”

19. INDEPENDENT DIRECTORS' RECOMMENDATION

The Independent Directors have reviewed the terms of the Delisting Proposal (including the Exit Offer) and have carefully considered the advice of the IFA in their letter set out in Appendix I to this Circular. The Independent Directors concur with the assessment of the IFA and their recommendation thereon. Accordingly, the Independent Directors advise Shareholders to **VOTE IN FAVOUR of the Delisting Resolution and ACCEPT THE EXIT OFFER in the event the Delisting Resolution is passed.**

The Independent Directors would like to draw the attention of Shareholders (and in particular, Shareholders who wish to retain their investments in the Shares) to the advice of the IFA with respect to certain implications which may arise in the event of the delisting of the Shares and note the various sections on the actions to be taken at this stage and on the risks in investing in unquoted shares.

In rendering the above opinion and giving the above recommendations, the Independent Directors have not had regard to the specific investment objectives, financial situation, tax position or particular needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, the Independent Directors recommend that any Shareholder who may require specific advice in relation to his investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately. Accordingly, the Independent Directors advise that the opinion and advice of the IFA should not be relied upon by any Shareholder as the sole basis for deciding whether or not to accept the Exit Offer.

20. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page 145 of this Circular, will be held on 19 February 2016 at 9.00 a.m. at Conference room 1, TKP Conference Centre Singapore, 55 Market Street #03-01, Singapore 048941 for the purpose of considering and, if thought fit, passing with or without amendments, the Delisting Resolution set out in the notice.

21. ACTION TO BE TAKEN BY SHAREHOLDERS

21.1 Voting at the EGM

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf must complete, sign and return the Proxy Form attached to this Circular in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the Company's registered office at 30 Raffles Place #19-04 Chevron House, Singapore 048622 not less than 48 hours before the time fixed for the EGM. The completion and return of a

LETTER TO SHAREHOLDERS

Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM should he subsequently decide to do so, although the appointment of the proxy shall be deemed to be revoked by such attendance.

A Depositor shall not be regarded as a Shareholder of the Company and not entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the EGM.

21.2 Acceptance of the Exit Offer

The Exit Offer Letter and the Acceptance Form(s) will be despatched together with this Circular. The Exit Offer may only be accepted by the relevant Shareholder to whom the Exit Offer Letter is addressed.

If you hold Offer Shares that are deposited with CDP, you should receive a FAA together with the Exit Offer Letter. If you have not received the FAA, you may obtain a copy of the FAA from CDP, at 9 North Buona Vista Drive #01-19/20 The Metropolis, Singapore 138588, upon production of satisfactory evidence that you are a Shareholder.

If you hold Offer Shares that are represented by share certificate(s) and are not deposited with CDP, you should receive a FAT together with the Exit Offer Letter. If you have not received a FAT, you may obtain a copy of the FAT from the office of the Company's share registrar, B.A.C.S. Private Limited, 8 Robinson Road #03-00 ASO Building, Singapore 048544, upon production of satisfactory evidence that you are a Shareholder.

- (a) **If you wish to accept the Exit Offer**, you should complete, sign and return the relevant Acceptance Form in accordance with the provisions and instructions on that Acceptance Form and in the Exit Offer Letter during the period commencing from the date of despatch of the Exit Offer Letter and ending at 5.30 p.m. on the Closing Date.

If you hold the share certificate(s) of the Offer Shares beneficially owned by you and wish to accept the Exit Offer in respect of such Offer Shares, you **should not** deposit the share certificate(s) with CDP during the period commencing from the date of the Exit Offer Letter and ending on the Closing Date (both dates inclusive) as your Securities Account may not be credited with the relevant number of Offer Shares in time for you to accept the relevant Exit Offer.

- (b) **If you choose not to accept the Exit Offer**, you do not have to take any action. In the event that the Delisting Resolution is approved by Shareholders at the EGM and the Company is delisted from the Official List of the SGX-ST, you will continue to hold unquoted Shares of the Company (as an unlisted company). If you hold Shares that are deposited with CDP, a share certificate in respect of your Shares will be delivered to your address as it appears in the records of CDP by ordinary post, and at your own risk, after the Delisting.

The detailed procedures for acceptance are set out in Appendix V to this Circular.

22. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular (other than those relating to the Offeror, and Appendix I to this Circular for which the IFA has taken responsibility respectively) and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Delisting, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

LETTER TO SHAREHOLDERS

Where information in this Circular (other than those relating to the Offeror and Appendix I to this Circular) has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

The recommendation of the Independent Directors to Shareholders set out in paragraph 19 of this Circular is the sole responsibility of the Independent Directors.

Neither the Company nor any of its Directors are aware of any information which has yet to be announced that will have a material bearing on Shareholders' decisions on the Delisting and the Exit Offer.

23. CONSENTS

23.1 Deloitte, as financial adviser to the Offeror in connection with the Exit Offer, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name in this Circular, and all references thereto in the form and context in which they appear in this Circular in such capacity in relation to this Circular.

23.2 The independent financial adviser, PCPL, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name in this Circular, its advice to the Independent Directors, the "Letter from the IFA to the Independent Directors" set out in Appendix I to this Circular and all references thereto in the form and context in which they appear in this Circular in such capacity in relation to this Circular.

24. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company at 30 Raffles Place #19-04 Chevron House, Singapore 048622 during normal business hours, from the date of this Circular until the date of the EGM:

- (a) Constitution of the Company;
- (b) Annual reports of the Company for FY2012, FY2013 and FY2014;
- (c) Unaudited financial statements for the nine months ended 30 September 2015;
- (d) Exit Offer Letter dated 28 January 2016;
- (e) Letter from the IFA to the Independent Directors set out in Appendix I to this Circular; and
- (f) Letters of consent referred to in paragraph 23 above.

25. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices which form part of this Circular.

Yours faithfully
For and on behalf of the Board of Directors of
SINOTEL TECHNOLOGIES LTD.

Li Zhen Yu
Executive Director and Chief Executive Officer

APPENDIX I

LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

PROVENANCE CAPITAL PTE. LTD.

(Company Registration Number: 200309056E)
(Incorporated in the Republic of Singapore)
96 Robinson Road #13-01 SIF Building
Singapore 068899

28 January 2016

To: The Independent Directors of Sinotel Technologies Ltd.
(deemed to be independent in respect of the Exit Offer)

Mr Li Zhen Yu	(Executive Director and Chief Executive Officer)
Ms Lo Fui Chu	(Executive Director and Chief Financial Officer)
Mr Alfred Cheong Keng Chuan	(Independent Director)
Mr Goh Chee Wee	(Independent Director)
Mr Zhang Baicheng	(Independent Director)

Dear Sirs/Madam,

THE PROPOSED VOLUNTARY DELISTING OF SINOTEL TECHNOLOGIES LTD.

*Unless otherwise defined or the context otherwise requires, all terms used herein have the same meanings as defined in the circular to the shareholders of the Company ("**Shareholders**") dated 28 January 2016 ("**Circular**"). For the purpose of our IFA Letter, where applicable, we have used the foreign exchange rate of S\$1.00 : RMB4.5233 on 27 November 2015, being the last trading day before the release of the Announcement. The above foreign exchange rate is extracted from published information by Bloomberg L.P. and is provided solely for information only.*

1. INTRODUCTION

- 1.1 On 12 March 2015, Advance Technology Holding Ltd ("**Offeror**") had, through its financial adviser, made a mandatory conditional general cash offer ("**Previous Offer**") to acquire all the issued ordinary shares ("**Shares**") in the capital of Sinotel Technologies Ltd. ("**Company**" and together with its subsidiaries, "**Group**"), other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting or deemed to be acting in concert with it at the offer price of S\$0.098 per Share ("**Previous Offer Price**"). The Previous Offer was declared to be unconditional in all respects on 7 April 2015.

As at the close of the Previous Offer on 25 May 2015, the Offeror owned and controlled, in aggregate, 340,401,067 Shares, representing approximately 80.49% of the total number of issued Shares, totalling 422,915,000 Shares.

- 1.2 Before trading hours on 30 November 2015 ("**Announcement Date**"), the Company and the Offeror jointly announced ("**Announcement**") that the Offeror had presented to the directors of the Company ("**Directors**"), a formal proposal ("**Delisting Proposal**") to seek a voluntary delisting of the Company ("**Delisting**") from the Official List of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") pursuant to Rules 1307 and 1309 of the listing manual of the SGX-ST ("**Listing Manual**").

Under the Delisting Proposal, subject to Shareholders' approval being obtained, Deloitte & Touche Corporate Finance Pte Ltd ("**Deloitte**") will, for and on behalf of the Offeror, make an exit offer ("**Exit Offer**") in cash to purchase all the issued Shares, other than those already owned, controlled or agreed to be acquired by the Offeror, its nominees and parties acting or deemed to be acting in concert with it ("**Offer Shares**").

The Directors, having considered the Delisting Proposal, have resolved that an extraordinary general meeting ("**EGM**") of the Company be convened in due course to seek the approval of Shareholders for the Delisting and that an application be made to the SGX-ST for the Delisting.

APPENDIX I

LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

- 1.3** The Offeror is a company incorporated in the British Virgin Islands on 17 February 2015 and is wholly-owned by Mr Jia Yue Ting, the Executive Chairman of the Company. The sole director of the Offeror is Ms Zhang Rong, who is the sister-in-law of Mr Jia Yue Ting.

As at the Announcement Date, the Offeror has deemed interest in 340,401,067 Shares, representing approximately 80.49% of the total number of issued Shares which has remained at 422,915,000 Shares. Since the Announcement Date and up to the Latest Practicable Date, the Offeror had purchased, in aggregate, 21,660,300 Shares in the open market at S\$0.128 per Share. As a result, as at the Latest Practicable Date, the Offeror's shareholding interest in the Company had increased to 362,061,367 Shares, representing approximately 85.61% of the total number of issued Shares.

- 1.4** In connection with the Delisting Proposal and the Exit Offer, the Company has appointed Provenance Capital Pte. Ltd. ("**Provenance Capital**") as the independent financial adviser ("**IFA**") to the Directors who are considered independent in respect of the Exit Offer ("**Independent Directors**"), for the purpose of making their recommendation to the Shareholders in relation to the Exit Offer.

- 1.5** Mr Jia Yue Ting, who is the Executive Chairman of the Company, is also the sole shareholder of the Offeror. As such, he is deemed under the Code to be a person acting in concert with the Offeror. In view of the above, the Company had made an application to the Securities Industry Council ("**SIC**") and the SIC had, on 24 November 2015, ruled, *inter alia*, that Mr Jia Yue Ting is exempted from the requirement to make a recommendation to the Shareholders on the Exit Offer as he faces an irreconcilable conflict of interest in doing so, being a concert party of the Offeror.

The Company has confirmed to us that the remaining Directors, namely, Mr Li Zhen Yu, Ms Lo Fui Chu, Mr Alfred Cheong Keng Chuan, Mr Goh Chee Wee and Mr Zhang Baicheng are considered as Independent Directors for the purpose of the Exit Offer.

- 1.6** This letter ("**Letter**") is addressed to the Independent Directors and sets out, *inter alia*, our evaluation and advice on the financial terms of the Exit Offer and our recommendation on the Exit Offer. This Letter forms part of the Circular which provides, *inter alia*, the details of the Delisting Proposal, the Exit Offer and the recommendation of the Independent Directors on the Exit Offer.

2. TERMS OF REFERENCE

Provenance Capital has been appointed as the IFA to advise the Independent Directors in respect of their recommendation to the Shareholders in relation to the Exit Offer.

We have confined our evaluation and assessment to the financial terms of the Exit Offer, and have not taken into account the commercial risks or commercial merits of the Exit Offer. In addition, we have not been requested to, and we do not, express any advice or give any opinion on the merits of the Delisting and the Exit Offer relative to any other alternative transaction. We were not involved in the negotiations pertaining to the Delisting and the Exit Offer nor were we involved in the deliberations leading up to the decision to put forth the Delisting and the Exit Offer to the Shareholders.

The scope of our appointment does not require us to express, and we do not express, any view on the future growth prospects, financial position or earnings potential of the Company or the Group. Such evaluation or comments remain the responsibility of the Directors although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion. The opinion set forth herein is based solely on publicly available information as well as information provided by the Directors, and is predicated upon the economic and market conditions prevailing as at 21 January 2016, being the Latest Practicable Date as referred to in the Circular. This Letter therefore does not reflect any projections on the future financial performance of the Group and we do not express any views as to the prices at which the Shares may trade after the completion of the Exit Offer.

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We have not been requested or authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Shares. In that regard, we have not addressed the relative merits of the Delisting and the Exit Offer in comparison with any alternative transaction that the Company may consider in the future. Therefore, we do not express any views in these areas in arriving at our recommendation.

In formulating our opinion and recommendation, we have held discussions with the Directors and the management of the Group (“**Management**”) and have relied to a considerable extent on the information set out in the Circular, other public information collated by us and the information, representations, opinions, facts and statements provided to us, whether written or verbal, by the Company and its other professional advisers. Whilst care has been exercised in reviewing the information we have relied upon, we have not independently verified the information both written and verbal and accordingly cannot and do not make any representation or warranty, expressly or impliedly, in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information. We nonetheless have made reasonable enquiries and exercised our judgement on the reasonable use of such information and have found no reason to doubt the accuracy or reliability of such information.

The Directors have confirmed, having made all reasonable enquiries and to the best of their respective knowledge, information and belief, all material information in connection with the Exit Offer, the Company and the Group has been disclosed to us, that such information is true, complete and accurate in all material respects and that there is no other material information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Company and/or the Group stated in the Circular to be inaccurate, incomplete or misleading in any material respect. The Directors have jointly and severally accepted full responsibility for such information described herein. Accordingly, no representation or warranty, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information.

We have not made an independent evaluation or appraisal of the assets and liabilities of the Company and/or the Group (including without limitation, property, plant and equipment). As such, we will be relying on the disclosures and representations made by the Company on the value of the assets and liabilities and profitability of the Company and/or the Group as well as from publicly available information. We have not been furnished with any such evaluation or appraisal. We have not relied on any financial projections or forecasts in respect of the Group for the purpose of our evaluation of the Exit Offer.

The information we had relied on in the assessment of the Exit Offer was based on market, economic, industry, monetary and other conditions prevailing as at the Latest Practicable Date, which may change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion or assumptions in light of any subsequent development after the Latest Practicable Date that may affect our opinion or assumptions contained herein. Shareholders should take note of any announcements relevant to their consideration of the Delisting and the Exit Offer, as the case may be, which may be released after the Latest Practicable Date.

In rendering our advice and giving our recommendation, we have not had regard to the general or specific investment objectives, financial situation, risk profiles, tax position or particular needs and constraints of any Shareholder. As each Shareholder may have different investment profiles and objectives, we advise the Directors to recommend that any Shareholder who may require specific advice in relation to his investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Company has been separately advised by its own professional advisers in the preparation of the Circular. We have had no role or involvement and have not and will not provide any advice (financial or otherwise) in the preparation, review and verification of the Circular. Accordingly, we take no responsibility for and express no view, whether expressed or implied, on the contents of the Circular.

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Whilst a copy of this Letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this Letter (or any part thereof) for any other purposes, except for the purpose of the Exit Offer, at any time and in any manner, without the prior written consent of Provenance Capital in each specific case.

Our opinion is addressed to the Independent Directors for their benefit and deliberation of the Exit Offer. The recommendation made to the Shareholders in relation to the Exit Offer, as the case may be, shall remain the sole responsibility of the Independent Directors.

Our recommendation to the Independent Directors in relation to the Exit Offer should be considered in the context of the entirety of this Letter and the Circular.

3. THE EXIT OFFER

The detailed terms and conditions of the Exit Offer are set out in the Offeror's letter to Shareholders ("**Exit Offer Letter**") to be despatched together with the Circular. The Exit Offer is conditional upon obtaining the requisite approval of the Shareholders to acquire all the Offer Shares at the Exit Offer Price.

The key terms of the Exit Offer are set out below for your reference:

3.1 Exit Offer Price

The consideration for each Offer Share is:

For each Offer Share: S\$0.128 in cash.

The Offeror does not intend to revise the Exit Offer Price under any circumstances.

3.2 Rights and Encumbrances

The Offer Shares will be acquired:

- (i) fully paid;
- (ii) free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and other third party rights or interests of any nature whatsoever ("**Encumbrances**"); and
- (iii) together with all rights, benefits and entitlements attached thereto as at the Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions, if any ("**Distributions**"), which may be declared, paid or made by the Company on or after the Announcement Date.

If any Distributions or return of capital is declared, made or paid by the Company on or after the Announcement Date, the Offeror reserves the right to reduce the Exit Offer Price by the amount of such Distributions or return of capital.

Since the Announcement Date and up to the Latest Practicable Date, we note that the Company has not made or declared any Distributions or return of capital.

3.3 Conditions

The Delisting Proposal and the Exit Offer will each be conditional on, *inter alia*:

- (a) the receipt of the requisite approval of the SGX-ST;

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- (b) the resolution to approve the Delisting ("**Delisting Resolution**") being approved by a majority of at least 75.0% of the total number of issued Shares held by the Shareholders present and voting, on a poll, either in person or by proxy at the EGM to be convened for the Shareholders to vote on the Delisting Resolution (the Directors and controlling Shareholders need not abstain from voting on the Delisting Resolution); and
- (c) the Delisting Resolution not being voted against by 10.0% or more of the total number of issued Shares, excluding treasury Shares, held by the Shareholders present and voting, on a poll, either in person or by proxy at the EGM;

(collectively, "**Delisting Resolution Approval Conditions**").

Shareholders are to note that if the aforesaid Delisting Resolution Approval Conditions are not fulfilled, the Delisting will not proceed and the Company will remain listed on the SGX-ST. The Exit Offer will also lapse and all acceptances of the Exit Offer will be returned.

Save for the Delisting Resolution Approval Conditions, the Delisting and Exit Offer will each be unconditional in all respects.

3.4 Acceptances

Shareholders may choose to accept the Exit Offer in respect of all or part of their holdings of the Offer Shares. For illustrative purposes, each Shareholder who accepts the Exit Offer will receive S\$12.80 for every 100 Offer Shares tendered for acceptance under the Exit Offer.

The Exit Offer is not conditional upon a minimum number of acceptances being received by the Offeror.

3.5 Duration of the Exit Offer and Closing Date

The Exit Offer will be open for acceptances from the date of despatch of the Exit Offer Letter. As the Exit Offer Letter is being despatched to Shareholders together with the Circular, the Exit Offer will remain open for at least 14 days after the date of the announcement of the Shareholders' approval for the Delisting Resolution at the EGM. If the Delisting Resolution is not approved at the EGM, the Exit Offer will lapse.

Accordingly, if the Delisting Resolution is approved by the Shareholders, the Exit Offer will close at 5.30 p.m. on 4 March 2016 or such later date(s) as may be announced from time to time by or on behalf of the Offeror ("**Closing Date**").

Although no extension of the Exit Offer is currently contemplated, if the Exit Offer is extended, an announcement will be made of such extension, and the Exit Offer will remain open for acceptance for such period as may be announced. If the Exit Offer is extended, Shareholders who validly accepted the Exit Offer in respect of part of their Shares will be entitled to tender additional Offer Shares in acceptance of the Offer.

Shareholders should take note of any announcements by the Offeror relevant to their consideration of the Exit Offer, including the closing date of the Exit Offer, which may be released after the EGM.

3.6 Further details of the Exit Offer

Further details of the Exit Offer, including details on: (a) the warranty; (b) regulatory approvals; (c) procedures for acceptances and further details of the Exit Offer; and (d) settlement of the consideration are set out in the Exit Offer Letter.

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4. IRREVOCABLE UNDERTAKING

The Offeror has irrevocably and unconditionally undertaken that it will: (i) not transfer or dispose any of its Shares at any time prior to the completion of the Exit Offer; and (ii) vote in favour of the Delisting Resolution at the EGM in respect of all its Shares (“**Irrevocable Undertaking**”). As at the Latest Practicable Date, the Offeror has shareholding interest in the Company of 362,061,367 Shares, representing approximately 85.61% of the total number of issued Shares.

The Irrevocable Undertaking shall expire if the Delisting Resolution is not approved at the EGM or if the Exit Offer is withdrawn, lapses or closes.

As at the Latest Practicable Date, neither the Offeror nor any party acting in concert with it has received any irrevocable undertaking from any party to accept or reject the Exit Offer.

Shareholders should note that under Rule 1307(2) of the SGX-ST Listing Manual, the Directors and the controlling Shareholders of the Company are not required to abstain from voting on the Delisting Resolution.

5. INFORMATION ON THE OFFEROR

Offeror

Based on disclosures by the Offeror, the Offeror is a special purpose vehicle incorporated in the British Virgin Islands on 17 February 2015 for the purpose of the Previous Offer. Save for the Previous Offer, the Offeror has not carried on any business since its incorporation. The Offeror has an issued and paid-up capital of US\$50,000 comprising 50,000 shares, which are wholly-owned by Mr Jia Yue Ting, the Executive Chairman of the Company.

The Offeror’s sole director is Ms Zhang Rong, who is the sister-in-law of Mr Jia Yue Ting. Ms Zhang Rong does not own any Shares.

As at the Announcement Date, the Offeror owns 340,401,067 Shares, representing approximately 80.49% of the total number of issued Shares. Mr Jia Yue Ting is deemed interested in all the Shares held by the Offeror by virtue of him being the sole shareholder of the Offeror.

Since the Announcement Date and up to the Latest Practicable Date, the Offeror had purchased, in aggregate, 21,660,300 Shares in the open market at S\$0.128 per Share. As a result, as at the Latest Practicable Date, the Offeror’s shareholding interest in the Company has increased to 362,061,367 Shares, representing approximately 85.61% of the total number of issued Shares.

6. INFORMATION ON THE COMPANY AND THE GROUP

The Company was incorporated in Singapore on 28 September 2006 under the name of “Sinotel Technologies Pte. Ltd.”. On 18 October 2007, the Company converted into a public limited company and changed its name to “Sinotel Technologies Ltd.”. The Company was listed on the Mainboard of the SGX-ST on 12 November 2007.

On 4 March 2015, the Company was placed on the SGX-ST Watch-List following the Company’s announcement on 1 March 2015 that: (i) it had recorded pre-tax losses for the three most recently completed consecutive financial years (based on the latest announced full year consolidated accounts, excluding exceptional or non-recurrent income and extraordinary items); and (ii) its average daily market capitalisation was less than S\$40.0 million over the last 120 market days on which trading was not suspended or halted.

The Company is an investment holding company. The Group’s key business is the provision of network infrastructure solutions to telcos which involve the design, installation and

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enhancement of indoor and outdoor wireless coverage so as to provide or enhance wireless signals for mobile users. The Group also provides network support solutions which involve the design of customised solutions for telcos according to their specification using the Group's software and hardware engineering so as to enable telcos and/or telco service providers to provide value-added data services such as ring-tone downloads and multimedia messaging service to the mobile users.

As at the Latest Practicable Date, there are no Shares held in treasury. The Company also does not have any outstanding instruments convertible into, rights to subscribe for, or options (whether pursuant to an employee share option scheme or otherwise) in respect of, securities which carry voting rights of the Company.

Based on the Exit Offer Price of S\$0.128 and the outstanding 422,915,000 Shares as at the Latest Practicable Date, the implied market capitalisation of the Company is approximately S\$54.1 million.

In comparison, during the Previous Offer, the implied market capitalisation of the Company was S\$41.4 million based on the Previous Offer Price of S\$0.098 and the then outstanding 422,915,000 Shares. As a result of the Previous Offer, the Offeror increased its shareholding interest in the Company to 80.49% of the total number of issued Shares.

Additional information on the Company and the Group is set out in Section 5 of the Exit Offer Letter, and Section 5 and Appendix 2 of the Circular.

7. RATIONALE FOR THE DELISTING AND THE OFFEROR'S INTENTIONS

The full text of the rationale for the Delisting and the Offeror's intentions with respect to the Company are set out in Sections 6 and 7 of the Exit Offer Letter.

We note that the Offeror's intention is to delist the Company from the SGX-ST and to make the Exit Offer pursuant to Rules 1307 and 1309 of the Listing Manual. In summary, the rationale for the Delisting is as follows:

- (a) Low trading liquidity of the Shares;
- (b) Compliance costs of maintaining a listing on the SGX-ST;
- (c) Greater management flexibility; and
- (d) Difficulty in accessing the equity capital markets.

As the Group has been loss-making for the past three years, the Offeror intends to take steps to consider a suitable rationalisation plan with a view to streamlining the businesses and operations of the Group, including cost-saving measures, should the Offeror be successful in delisting and privatising the Company. Save as aforesaid and other steps to be taken in connection with the ordinary course of business of the Group, the Offeror does not currently have any intention to: (a) propose any changes to the existing businesses of the Group, (b) discontinue the employment of employees of the Group, or (c) redeploy the fixed assets of the Group. However, the Offeror retains the flexibility at any time to consider any options or opportunities in relation to the Group which may present themselves and which it may regard to be in the best interests of the Group.

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8. ASSESSMENT OF THE FINANCIAL TERMS OF THE EXIT OFFER

In evaluating and assessing the financial terms of the Exit Offer, we have taken into account the pertinent factors set out below which we consider to have a significant bearing on our assessment:

- (a) Market quotation and trading activity of the Shares;
- (b) Financial performance of the Group;
- (c) Net asset value of the Group;
- (d) Comparison with recently completed delisting and privatisation of companies listed on the SGX-ST;
- (e) Comparison of valuation ratios of selected companies listed on the SGX-ST which are broadly comparable with the Group;
- (f) Dividend track record of the Company; and
- (g) Other relevant considerations in relation to the Exit Offer which may have a significant bearing on our assessment.

8.1 Market quotation and trading activity of the Shares

The Company released the Announcement before trading hours on 30 November 2015. As such, we have compared the Exit Offer Price against the historical market price performance of the Shares and considered the historical trading volume of the Shares from 28 November 2014, being the 1-year period prior to the last trading day before the release of the Announcement, and up to the Latest Practicable Date.

**Price movement and traded volume of the Shares
from 28 November 2014 to the Latest Practicable Date**



Source: Bloomberg L.P.

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Overview

As can be observed from the chart above, the Shares were trading substantially below the Previous Offer Price prior to the Previous Offer announcement. During the period of the Previous Offer, the Share prices were held up by the Previous Offer and the Shares were trading at or close to the Previous Offer Price of S\$0.098. For the couple of months following the close of the Previous Offer, the Shares were generally trading at prices substantially higher than the Previous Offer Price, to a high of S\$0.152 in June 2015.

Since August 2015 to the Announcement Date, the Share prices have declined to a low of S\$0.068 in September 2015 and rebounded to a high of S\$0.122 in November 2015. The last traded Share price before the Announcement was S\$0.085 on 24 November 2015. There were no trades done on the Shares between 25 November and 27 November 2015 prior to the Announcement Date.

Trading liquidity on the counter was generally low for the period under review except during the Previous Offer period and the couple of months following the close of the Previous Offer.

Since the Announcement Date and up to the Latest Practicable Date, we note that the Shares had generally traded at the Exit Offer Price, save for 23 December, 24 December and 28 December 2015 when the Shares had traded above the Exit Offer Price to a high of S\$0.140 on 23 December 2015.

Market Statistics

In addition to the Share price chart above, we have tabulated below selected statistical information on the Share price performance and trading liquidity of the Shares from 28 November 2014 (being the 1-year period prior to the last trading day before the release of the Announcement) and up to the Latest Practicable Date.

Reference period	Highest traded price (S\$)	Lowest traded price (S\$)	VWAP ⁽¹⁾ (S\$)	Premium/ (Discount) of Exit Offer Price over/(to) VWAP (%)	Number of traded days ⁽²⁾	Average daily trading volume ⁽³⁾ ('000)	Average daily trading volume as a percentage of free float ⁽⁴⁾ (%)
<u>Prior to the Announcement Date</u>							
Last 1 year	0.152	0.030	0.099	29.3	155	449	0.54
Last 6 months	0.152	0.068	0.134	(4.5)	70	113	0.14
Last 3 months	0.122	0.068	0.088	45.5	16	6	0.01
Last 1 month	0.122	0.078	0.098	30.6	9	8	0.01
24 November 2015 (being the trading day when the Shares were last transacted prior to the release of the Announcement)	0.098	0.085	0.096	33.3	1	23	0.03
<u>After the Announcement Date</u>							
From 30 November 2015 to the Latest Practicable Date	0.140	0.128	0.131	(2.3)	28	1,219	1.48
20 January 2016 (being the trading day when the Shares were last transacted prior to the Latest Practicable Date)	0.128	0.128	0.128	0	1	113	0.14

Source: Bloomberg L.P.

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Notes:

- (1) The volume-weighted average price (“**VWAP**”) for the respective periods are calculated based on the daily VWAP turnover divided by VWAP volume as extracted from Bloomberg L.P.. VWAP turnover is computed based on the aggregate daily turnover value of the Shares and VWAP volume is computed based on the aggregate daily trading volume of the Shares for the respective periods. Off market transactions are excluded from the calculation;
- (2) Traded days refer to the number of days on which the Shares were traded on the SGX-ST during the period;
- (3) The average daily trading volume of the Shares is computed based on the total volume of Shares traded on the SGX-ST (excluding off market transactions) during the relevant periods, divided by the number of days when the SGX-ST was open for trading (excluding days with full day trading halts on the Shares) during that period; and
- (4) Free float refers to the Shares other than those directly and deemed held by the Directors and substantial Shareholders of the Company. For the purpose of computing the average daily trading volume as a percentage of free float, we have used the conservative free float of approximately 82.5 million Shares based on the free float of 19.5% of the total number of issued Shares after the close of the Previous Offer.

We observe the following with regard to the Share price performance of the Company from 28 November 2014 (being the 1-year period prior to the last trading day before the release of the Announcement) and up to the Latest Practicable Date:

- (a) Over the 1-year period prior to the Announcement Date, the Shares had traded between a low of S\$0.030 in February 2015 and a high of S\$0.152 in June 2015. The Exit Offer Price represents a premium of S\$0.098 (or 326.7%) above the lowest transacted price and a discount of S\$0.024 (or 15.8%) to the highest transacted price of the Shares. The Share prices had reacted to the Previous Offer during the Previous Offer period and for the two months after the close of the Previous Offer, the Shares had traded to a high of S\$0.152 in June 2015. Since then, Share prices had generally declined and traded below the Exit Offer Price;
- (b) The Exit Offer Price represents a premium of approximately 29.3%, 45.5% and 30.6% above the VWAP of the Shares for the 1-year, 3-month and 1-month periods prior to the Announcement Date respectively and a discount of approximately 4.5% to the VWAP of the Shares for the 6-month period prior to the Announcement Date. We note that for the 6-month period which included June and July 2015, the Shares had traded above the Exit Offer Price as described under the caption “Overview” above. This resulted in the higher VWAP Share price of S\$0.134 for the 6-month period;
- (c) The Exit Offer Price represents a premium of approximately 50.6% above the last transacted price of S\$0.085 on 24 November 2015, being the trading day the Shares were last transacted prior to the release of the Announcement; and
- (d) Since the Announcement Date and up to the Latest Practicable Date, the Shares had generally traded at the Exit Offer Price of S\$0.128, save for 23 December, 24 December and 28 December 2015 when the Shares had traded above the Exit Offer Price to a high of S\$0.140. As at the Latest Practicable Date, the Shares were last transacted at the Exit Offer Price of S\$0.128.

We observe the following with regard to the trading liquidity of the Shares:

- (i) Over the 1-year period prior to the Announcement Date, the trading volume of the Shares was low except for the period during the Previous Offer. For the 1-year, 6-month, 3-month and 1-month periods prior to the Announcement Date, the average daily trading volume of the Shares represented only 0.54%, 0.14%, 0.01% and 0.01% of the free float of the Shares for the respective periods based on the conservative free float of 82.5 million Shares, representing 19.5% of the total number of issued Shares following the close of the Previous Offer;

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- (ii) Following the Announcement Date, the daily trading volume of the Shares had generally increased, reaching a high of 13.0 million Shares on 23 December 2015. Hence, for the period from the Announcement Date and up to the Latest Practicable Date, the average daily trading volume increased to 1.2 million Shares, representing 1.48% of the free float of the Shares; and
- (iii) Since the Announcement Date and up to the Latest Practicable Date, the Offeror had made Share purchases in the open market amounting to, in aggregate, approximately 21.7 million Shares, which accounted for 48.2% of the total trading volume of 45.0 million Shares during the period.

8.2 Financial performance of the Group

We set out below a summary of the audited profit and loss statements of the Group for the financial years ended 31 December 2012 (“FY2012”), 31 December 2013 (“FY2013”) and 31 December 2014 (“FY2014”), and the unaudited interim profit and loss statements for the nine-month period ended 30 September 2014 (“9M2014”) and 30 September 2015 (“9M2015”):

	←	Audited	→	Unaudited	
RMB 'million	FY2012	FY2013	FY2014	9M2014	9M2015
Revenue	474.6	388.4	255.6	73.7	186.7
Cost of sales	(429.6)	(358.8)	(235.9)	(62.5)	(171.2)
Gross profit	45.0	29.6	19.8 ¹	11.2	15.5
Other income	0.5	2.5	10.4	10.5	0.8
Expenses	(75.6)	(127.1)	(498.1)	(64.0)	(99.1)
Loss before income tax	(30.1)	(95.0)	(468.0) ¹	(42.4) ¹	(82.8)
Loss for the period attributable to Shareholders	(40.0)	(86.2)	(458.0)	(38.7)	(84.0)

Source: The Company's annual reports for FY2012, FY2013 and FY2014, and the Company's results announcement for 9M2015.

Note:

- (1) Does not add up due to rounding.

Review of Operating Results

FY2013 vs. FY2012

Revenue decreased by RMB86.2 million (or 18.2%) from RMB474.6 million in FY2012 to RMB388.4 million in FY2013, mainly attributable to: (i) a decrease in net revenue from the sales of equipment segment of RMB25.3 million. In FY2012, revenue from the outdoor solutions segment was RMB238.8 million and revenue from the sales of equipment segment was RMB95.0 million. In FY2013, there was no revenue from the outdoor solutions segment as China's mobile carriers have segregated the process of outdoor solutions into three segments namely procurement of equipment, design and installation services. As such, while there was no revenue from the outdoor solutions segment in FY2013, revenue from the sales of equipment segment increased to RMB308.5 million; (ii) a decrease in revenue earned from the services related projects segment of RMB28.2 million due to a decrease in sales in Shanxi Province and Tianjin; (iii) a decrease in revenue earned from the emergency mobile communication station of RMB29.4 million; and (iv) a decrease in revenue earned from the system integration segment of RMB3.3 million.

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Gross profit also declined by RMB15.4 million (or 34.3%) from RMB45.0 million to RMB29.6 million mainly due to: (i) the overall decrease in revenue; and (ii) a higher revenue contribution from sales of equipment which commanded lower profit margin.

Other income increased by RMB2.0 million (or 388%) from RMB0.5 million in FY2012 to RMB2.5 million in FY2013, mainly attributable to an increase in interest income by RMB1.4 million and a grant received from the Tianjin Eco-City Administration Committee of RMB0.6 million.

Expenses increased by RMB51.5 million (or 68.1%) for FY2013 compared to FY2012 mainly due to an increase in general and administrative expenses by RMB48.2 million (or 92.4%). The increase was primarily due to a rise in allowance for doubtful trade receivables amounting to RMB47.0 million, in accordance with the Group's accounting policy on allowance for doubtful receivables.

Accordingly, due to the decrease in gross profit and increase in expenses, the losses recorded for FY2013 amounted to RMB86.2 million, an increase of RMB46.2 million (or 115.5%) from the losses recorded in FY2012 of RMB40.0 million.

FY2014 vs. FY2013

Revenue decreased by RMB132.8 million (or 34.2%) from RMB388.4 million in FY2013 to RMB255.6 million in FY2014, mainly attributable to: (i) a decrease in revenue earned from the sales of equipment segment as sales in Beijing, Tianjin, Hebei and Henan Provinces fell by RMB108.5 million; and (ii) a decrease in revenue earned from the system integration segment as sales in Beijing fell by RMB24.9 million.

Due to the decrease in revenue, gross profit fell by RMB9.8 million (or 33.2%) from RMB29.6 million to RMB19.8 million.

Other income increased by RMB7.9 million (or 309.1%) from RMB2.5 million in FY2013 to RMB10.4 million in FY2014, mainly due to the gain of RMB8.3 million on disposal of a subsidiary, XBell (Tianjin) Investment Co., Ltd.

Expenses also saw a sharp increase of RMB371.0 million (or 291.9%) for FY2014 compared to FY2013, mainly attributable to an increase in allowance for doubtful trade receivables of RMB407.4 million from RMB51.7 million in FY2013 to RMB459.1 million in FY2014, due to slow collections from customers. Of the total trade receivables amounting to RMB862.3 million for FY2014, 99.8% (or RMB861.0 million) were subject to review for impairment. Of these RMB861.0 million trade receivables, 55.0% (or RMB474.2 million) were receivables which were more than 1 year past due. The allowance for doubtful trade receivables for FY2014 was RMB459.1 million and relates mostly to these receivables which were more than 1 year past due. As disclosed in the Company's FY2014 annual report, these trade receivables, which were individually determined to be impaired at the end of the reporting period, relate to debtors that were in significant financial difficulties or have defaulted on payments. These receivables were not secured by any collateral or credit enhancement.

The Company had explained the background to the significant impairment in trade receivables in FY2014 as follows:

Most of the customers of the Group are suppliers to the state-owned telcos in the PRC. In the event that these telcos delay or stop payment to these suppliers, the Group would likewise suffer from non-collectibility of their trade debts.

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Prior to FY2014, these telcos underwent an internal restructuring of their management teams as a result of the increased scrutiny over the operations of these telcos, which resulted in a change in the business environment of the China telco industry. Consequently, the Group's customers faced significant difficulties in collecting their trade receivables from these telcos. This in turn affected the payment ability of the Group's customers and therefore the collection of the trade receivables in FY2014 has reduced significantly. As a result, during FY2014, the Group had to provide for the significant impairment to its trade receivables.

According to the Group's accounting policy on allowance for doubtful receivables, where there are events or changes in circumstances which indicate that the balances may not be collectible, an allowance for doubtful debts will be made on these balances. For FY2014, in view of the change in the business environment in the China telco industry, the Company was more stringent in their review of the collectability of the Group's trade receivables. It reviewed all completed and certified projects where there were outstanding trade receivables as at 31 December 2014 and monitored for subsequent payments as well as commitment from customers to repay their outstanding trade receivables. In cases where there were higher risks of non-collectability, the Company will provide full impairment on all the outstanding trade receivables in relation to these specific projects. The amount of impairment provided for FY2014 of RMB459.1 million relates mainly to trade debts which are more than 1 year past due.

The decrease in gross profit coupled with the significant increase in expenses resulted in a steep increase in losses for FY2014. The losses recorded for FY2014 amounted to RMB458.0 million, an increase of RMB371.8 million (or 431.1%) from the losses recorded in FY2013 of RMB86.2 million.

9M2015 vs. 9M2014

Revenue increased by RMB113.0 million (or 153.3%) from RMB73.7 million in 9M2014 to RMB186.7 million in 9M2015, mainly attributable to: (i) an increase in revenue earned from the sales of equipment segment as sales increased in the Hebei, Henan and Shanxi Provinces which contributed RMB97.0 million; and (ii) an increase in revenue earned from the system integration segment as sales in Beijing increased by RMB15.4 million.

Despite the large impairment on trade receivables of RMB459.1 million in FY2014, the Company's revenue for 9M2015 had shown an increase over 9M2014. The Company had explained that the accounting policy on the recognition of revenue is when the projects have been certified by the telcos as completed. Typically, these projects may take between three to nine months to complete and another three to six months for the telcos to certify the completion of these projects. During 9M2015, the Group had several projects that had been certified as completed and hence, revenue was recognised accordingly.

Gross profit increased by RMB4.3 million (or 38.6%) as a result of the increase in revenue, but at a lower rate due mainly to the decrease in gross profit margin from the sales of equipment. Gross profit margin decreased from 15.2% in 9M2014 to 8.3% in 9M2015.

Other income decreased by RMB9.7 million (or 92.8%) from RMB10.5 million in 9M2014 to RMB0.8 million in 9M2015 as there was no recurrence of gain on disposal of subsidiary which occurred in 9M2014.

Expenses increased by RMB35.1 million (or 54.8%) from RMB64.0 million in 9M2014 to RMB99.1 million in 9M2015, mainly due to an increase in allowance for doubtful trade receivables of RMB36.2 million.

As a result of the above, the Group recorded higher losses for the period for 9M2015 of RMB84.0 million, an increase of RMB45.3 million (or 117.1%) from the loss of RMB38.7 million in 9M2014.

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Historical Price-earnings Ratio ("PER") implied by the Exit Offer Price

PER illustrates the valuation ratio of the current market value of a company's shares relative to its consolidated basic earnings per share as stated in its financial statements. The PER is affected by, *inter alia*, the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and intangible assets. The historical PER is commonly used for the purpose of illustrating the profitability and hence the valuation of a company as a going concern.

We note that the Group has been making losses for the last three financial years up to FY2014 and for 9M2015, it continued to report losses.

As such, evaluation of the Exit Offer Price based on the implied PER of the Group is not meaningful.

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8.3 Net asset value of the Group

8.3.1 A summary of the unaudited financial position of the Group as at 30 September 2015 is set out below:

RMB 'million	Unaudited As at 30 September 2015
<u>Current assets</u>	
Inventories	105.5
Trade receivables	353.7
Other receivables	21.5
Cash and cash equivalents	5.2
<u>Non-current assets</u>	
Property, plant and equipment	1.3
Intangible assets	0.2
Total assets	487.3⁽¹⁾
<u>Current liabilities</u>	
Trade payables	72.4
Other payables	87.7
Amount due to related party	7.5
Tax payables	9.1
<u>Non-current liabilities</u>	
Deferred tax liabilities	8.2
Total liabilities	184.9
Total equity	302.4
Net tangible asset ("NTA") (after deducting intangible assets)	302.2
Number of Shares	422,915,000
NTA per Share (RMB)	0.715
NTA per Share (S\$)	0.158

Source: The Company's announcement on the unaudited financial results of the Group for 9M2015

Note:

(1) Does not add up due to rounding.

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8.3.2 Review of the Financial Position of the Group

As at 30 September 2015, the assets of the Group of RMB487.3 million comprised mainly trade receivables (RMB353.7 million or 72.6% of assets) and inventories (RMB105.5 million or 21.6% of assets). The Group's property, plant and equipment of RMB1.3 million as at 30 September 2015 relates to the net book value of its office equipment, project and research & development equipment and motor vehicles. The Group does not have any real properties.

Of the total trade receivables amounting to RMB933.2 million as at 30 September 2015, 58.1% (or RMB542.4 million) were more than 1 year past due. After deducting the cumulative allowance for doubtful trade receivables of RMB579.5 million, the net trade receivables was RMB353.7 million. The Company had confirmed that there is no change in the Group's accounting policy on allowance for doubtful receivables for the last 3 financial years from FY2012 to FY2014 and for the 9 months period up to 30 September 2015.

As disclosed in the Company's FY2014 annual report, the Group's accounting policy on allowance for doubtful receivables is as follows:

"The Group assesses the recoverability of the trade receivables at the end of each reporting period. Allowances for doubtful debts are applied to trade receivables where there are events or changes in circumstances which indicate that the balances may not be collectible. The identification of doubtful debts requires the use of estimations in assessing the recoverability of the debts based on the past collection trends from each debtor and the ageing of the past due amounts."

If the Group assessed that there is significant doubt in its ability to collect certain long outstanding debts, an allowance for doubtful debts will be made on these balances.

The Group's total liabilities of RMB184.9 million consist of mainly trade payables (RMB72.4 million or 39.1% of total liabilities) and other payables (RMB87.7 million or 47.4% of total liabilities). The Group does not have any bank borrowings.

The Group's net asset value as at 30 September 2015 amounted to RMB302.4 million (or approximately S\$66.9 million). After deducting intangible assets of RMB0.2 million, the NTA of the Group amounted to RMB302.2 million (or approximately S\$66.8 million), representing NTA per Share of RMB0.715 (or S\$0.158).

The Exit Offer Price represents a discount of 19.0% to the NTA per Share of S\$0.158 as at 30 September 2015.

Price-to-NTA ("P/NTA") ratio of the Group implied by the Exit Offer Price

The NTA based valuation provides an estimate of the value of a company assuming the hypothetical sale of all its assets over a reasonable period of time and would be more relevant for asset-based companies or where the subject company intends to realise or convert the uses of all or most of its assets. Such a valuation approach would be particularly appropriate when applied in circumstances where the business is to cease operations or where the profitability of the business being valued is not sufficient to sustain an earnings based valuation.

In view of the losses incurred by the Group and the evaluation of the Exit Offer Price based on the earnings or PER approach being not meaningful, we have therefore made our assessment of the Exit Offer Price based on the NTA approach.

We have evaluated the implied P/NTA ratio of the Group as ascribed by the Exit Offer Price based on the Group's latest unaudited NTA as at 30 September 2015. Based on the Exit Offer Price of S\$0.128 and the 422,915,000 issued Shares as at the Latest Practicable Date, the implied market capitalisation of the Company is approximately S\$54.1 million.

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Based on the Group's unaudited NTA of RMB302.2 million (or approximately S\$66.8 million) as at 30 September 2015, the Exit Offer Price values the Group on a P/NTA ratio of approximately 0.81 times, that is, the Exit Offer Price is at a discount of 19.0% to the NTA per Share.

In our evaluation of the financial terms of the Exit Offer, we have also considered whether there is any other asset which should be valued at an amount that is materially different from that which was recorded in the statement of financial position of the Group as at 30 September 2015, and whether there are any factors which have not been otherwise disclosed in the financial statements of the Group that are likely to impact the NTA of the Group as at 30 September 2015.

In respect of the above, we have sought the following confirmation from the Directors and the Management, and they have confirmed to us that as at the Latest Practicable Date, to the best of their knowledge and belief:

- (a) there are no material differences between the realisable values of the Group's assets and their respective book values as at 30 September 2015 which would have a material impact on the NTA of the Group;
- (b) other than that already provided for or disclosed in the Group's financial statements as at 30 September 2015, there are no other contingent liabilities, bad or doubtful debts or material events which are likely to have a material impact on the NTA of the Group as at the Latest Practicable Date;
- (c) there is no litigation, claim or proceeding pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any proceedings which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole;
- (d) there are no other intangible assets which ought to be disclosed in the statement of financial position of the Group in accordance with the Singapore Financial Reporting Standards and which have not been so disclosed and where such intangible assets would have had a material impact on the overall financial position of the Group; and
- (e) there are no material acquisitions or disposals of assets by the Group between 30 September 2015 and the Latest Practicable Date and the Group does not have any plans for any such impending material acquisition or disposal of assets, conversion of the use of its material assets or material change in the nature of the Group's business.

We also note that the Group does not own any real properties which would require an assessment of the current market valuation of these assets.

Hence, a revaluation of the NTA of the Group will not be relevant and the applicable ratio to evaluate the Exit Offer Price is the above P/NTA ratio.

For the avoidance of doubt, we have not made any independent evaluation or appraisal of the assets and liabilities (including without limitation, real properties, if any) of the Group and we have not been furnished with any such evaluation or appraisal.

8.4 Comparison with recently completed delisting and privatisation of companies listed on the SGX-ST

We note that it is the intention of the Offeror to privatise and delist the Company from the Official List of the SGX-ST. In assessing the reasonableness of the Exit Offer Price, we have compared the financial terms of the Exit Offer with those of selected successful privatisation transactions announced since January 2014 and up to the Latest Practicable Date, which were carried out either by way of voluntary delisting exit offers under Rule 1307 of the Listing Manual of the SGX-ST or the Catalist Rules, offers being made by way of a scheme of arrangement under Section 210 of the Companies Act or general takeover offer under the Code where the offeror

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has stated its intention to delist the company from the SGX-ST (“**Precedent Privatisation Transactions**”).

This analysis serves as a general indication of the relevant premium/discount that the offerors had paid in order to acquire the target companies without having regard to their specific industry characteristics or other considerations, and the comparison sets out:

- (a) the premium or discount represented by each of the respective offer prices to the last transacted prices and VWAPs over the 1-month and 3-month periods prior to the announcement of the Precedent Privatisation Transactions; and
- (b) the premium or discount represented by each of the respective offer prices to the NTA of the respective target companies. We note that certain Precedent Privatisation Transactions had undertaken revaluations and/or adjustments to their assets which may have a material impact on their latest announced book values. In this respect, we have compared the offer price with the revalued NTA or adjusted NTA of the Precedent Privatisation Transactions, where applicable.

We wish to highlight that the target companies listed in the Precedent Privatisation Transactions as set out in the analysis below may not be directly comparable to the Group in terms of market capitalisation, size of operations, composition of business activities, asset base, geographical spread, track record, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria. Each transaction must be judged on its own commercial and financial merits. The premium or discount that an offeror pays in any particular privatisation transaction varies in different specific circumstances depending on, *inter alia*, factors such as the potential synergy the offeror can gain by acquiring the target, the prevailing market conditions and sentiments, attractiveness and profitability of the target's business and assets, the possibility of a significant revaluation of the assets to be acquired, the availability of substantial cash reserves, the liquidity in the trading of the target company's shares, the presence or absence of competing bids for the target company, and the existing and desired level of control in the target company. The list of the Precedent Privatisation Transactions is by no means exhaustive and as such any comparison made only serves as an illustration. Conclusions drawn from the comparisons made may not necessarily reflect the perceived or implied market valuation of the Company.

Name of company	Sector	Date of announcement	Premium/(Discount) of Offer Price over / (to):			P/NTA (times)
			Last transacted price prior to announcement	1 month VWAP prior to announcement	3 month VWAP prior to announcement	
Singapore Land Limited	Property developer and investments in hotels and retail centres	24 Feb 14	11.2	16.9	13.9	0.7 ⁽¹⁾
Chemoil Energy Limited	Physical supplier in the marine fuel industry	25 Feb 14	29.0	31.1	32.5	1.1
Asia Power Corporation Limited	Ownership, management and operation of power plants	24 Mar 14	–	1.2	1.4	0.6
China XLX Fertiliser Limited	Manufacturing and sale of urea, compound fertiliser and methanol in the PRC	31 Mar 14	23.1	28.9	24.8	0.8
CapitaMalls Asia Limited	Shopping mall developer	14 Apr 14	30.2	34.4	32.8	0.9 ⁽²⁾
ASJ Holdings Limited	Manufacturing and sale of resistors and distributors of electronic and non-electronic components	7 May 14	18.2	43.7	55.4	0.7 ⁽³⁾
Goodpack Limited	Intermediate bulk container solutions provider	27 May 14	23.2	30.8	31.3	3.1 ⁽¹⁵⁾
Lee Kim Tah Holdings Limited	Construction, property development and investments	25 Sep 14	6.4	11.8	12.3	0.9 ⁽⁴⁾
UE E&C Ltd.	Provider of integrated building solutions	3 Oct 14	(2.3)	2.7	5.0	1.2 ⁽⁵⁾

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Premium/(Discount) of Offer Price over / (to):						
Name of company	Sector	Date of announcement	Last transacted price prior to announcement	1 month VWAP prior to announcement	3 month VWAP prior to announcement	P/NTA (times)
ECS Holdings Limited	Distribution of information, communications and technology products	14 Nov 14	11.5	9.0	11.5	0.7 ⁽⁶⁾
euNetworks Group Limited	Operates high capacity fibre networks, provide high capacity communications infrastructure and networking solutions and services to large corporate companies, carriers, and service providers	17 Nov 14	32.6	58.4	69.2	1.9
STATS ChipPAC Ltd.	Provider of semiconductor packaging design, bump, probe, assembly, test, and distribution services for communications, digital consumer, and computing market applications	29 Dec 14	39.0	24.5	27.6	1.9 ⁽⁷⁾
Popular Holdings Limited	Property development, retail and distribution of publishing and e-learning	14 Jan 15	39.1	39.7	37.3	1.1 ⁽⁸⁾
Keppel Land Limited	Property developer	23 Jan 15	20.0	25.0	28.8	0.7 ⁽⁹⁾
Action Asia Limited	Manufacturing and assembling of mobile audio and video entertainment products	27 Feb 15	69.6	67.6	66.7	0.8 ⁽¹⁰⁾
Junma Tyre Cord Company Limited	Production and sale of Nylon 6 industrial yarn and Nylon 6 dipped tyre cords	10 Mar 15	222.6 ⁽¹⁵⁾	162.3 ⁽¹⁵⁾	174.7 ⁽¹⁵⁾	0.9 ⁽¹¹⁾
Lizhong Wheel Group Limited	Manufacturer of aluminium wheels	17 Aug 15	96.1	87.3	79.2	0.6 ⁽¹²⁾
Chosen Holdings Limited	Product design and development, mould design and fabrication, plastic injection moulding and secondary processes and final product assembly	1 Sep 15	21.0	26.0	27.0	0.8 ⁽¹³⁾
Eastern Holdings Ltd	Property development and publishing	22 Sep 15	41.7	67.3	34.1	0.8 ⁽¹⁴⁾
High			222.6	162.3	174.7	3.1
Low			(2.3)	1.2	1.4	0.6
Mean			28.3	33.7	32.8	0.9
Median			23.2	29.9	30.1	0.8
Company (implied by the Exit Offer Price)		30 Nov 15	50.6	30.6	45.5	0.81

Source: SGX-ST announcements and circulars to shareholders in relation to the Precedent Privatisation Transactions.

Notes:

- (1) based on the revalued NTA per share as adjusted for the net revaluation surplus on the hotel properties of Singapore Land Limited as at 31 December 2013;
- (2) based on the revalued NAV per share as adjusted for the net revaluation surplus on the properties of CapitaMalls Asia Limited as at 31 March 2014;

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- (3) based on the revalued NTA per share as adjusted for the net revaluation surplus on certain property, plant and equipment of ASJ Holdings Limited as at 30 April 2014;
- (4) based on the revalued NAV per share as adjusted for the net revaluation surplus on the properties of Lee Kim Tah Holdings Limited as at 30 June 2014;
- (5) based on the revalued NAV per share as adjusted for the change in carrying value of investments in associates and joint ventures of UE E&C Ltd. as at 30 September 2014;
- (6) based on the unaudited NTA per share after deducting for intangible assets of ECS Holdings Limited as at 30 September 2014;
- (7) based on the NTA per share (excluding the value of the perpetual securities which were issued in connection with the offer) of STATS ChipPAC Ltd. as at 29 March 2015;
- (8) based on the revalued NAV per share as adjusted for the net revaluation surplus on the properties of Popular Holdings Limited as at 31 October 2014;
- (9) based on the revalued NAV per share as adjusted for the net revaluation surplus on the properties of Keppel Land Limited as at 31 December 2014;
- (10) based on the revalued NAV per share as adjusted for the net revaluation surplus on the properties of Action Asia Limited as at 31 March 2015;
- (11) based on the revalued NTA per share as adjusted for the net revaluation surplus on the land use rights, property, plant and equipment of Junma Tyre Cord Company Limited as at 31 December 2014;
- (12) based on the revalued NTA per share as adjusted for the net revaluation surplus on the properties of Lizhong Wheel Group Limited as at 30 June 2015;
- (13) based on the revalued NAV per share as adjusted for the net revaluation surplus on certain properties of Chosen Holdings Limited as at 30 June 2015;
- (14) based on the revalued NAV per share as adjusted for the net revaluation surplus on certain properties of Eastern Holdings Ltd and the net revaluation surplus arising from the net gain of financial assets as at 30 September 2015; and
- (15) excluded as statistical outlier in the mean and median computations.

Based on the above, we note that:

- (a) The premia implied by the Exit Offer Price over the last transacted price prior to the Announcement Date, VWAP for 1-month period and 3-month period prior to the Announcement Date are within the range of the corresponding premia of the Precedent Privatisation Transactions. The premia implied by the Exit Offer Price over the last transacted price and VWAP for 3-month period are higher than both the corresponding mean and median, while the premium implied by the Exit Offer Price over the VWAP for 1-month period is close to the mean and median of the Precedent Privatisation Transactions; and
- (b) The P/NTA ratio of 0.81 times is within the range of the corresponding P/NTA ratios of the Precedent Privatisation Transactions, and close to the mean and median of the corresponding P/NTA ratios of the Precedent Privatisation Transactions.

Independent Shareholders should note that the above comparison with the Precedent Privatisation Transactions is purely for illustrative purposes only.

8.5 Comparison of valuation ratios of selected companies listed on the SGX-ST which are broadly comparable with the Group

For the purpose of assessing the Exit Offer Price, we have considered a comparison of valuation ratios of selected companies listed on the SGX-ST which are broadly comparable with the Group. In this regard, we have had discussions with Management on the business activities of the Group. We have identified listed companies that manufacture, supply and/or provide telecommunication solutions as the Group is principally engaged in the provision of wireless telecommunication network infrastructure solutions. For a more meaningful

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comparison, we have considered listed companies with a market capitalisation of S\$200.0 million and below as broad proxies to the Group ("**Comparable Companies**").

Relevant information has been extracted from Bloomberg L.P., publicly available annual reports and/or public announcements of the Comparable Companies. We make no representations or warranties, expressed or implied, as to the accuracy or completeness of such information. The accounting policies of the Comparable Companies with respect to the values for which the assets, revenue or cost are recorded may differ from that of the Group.

We wish to highlight that the Comparable Companies are not exhaustive and it should be noted that there may not be any listed company that is directly comparable to the Group in terms of location, business activities, customer base, size of operations, asset base, geographical spread of activities, geographical markets, track record, financial performance, operating and financial leverage, future prospects, liquidity, quality of earnings, accounting policies, risk profile and other relevant criteria. As such, any comparison made herein is necessarily limited and it may be difficult to place reliance on the comparison of valuation statistics for the Comparable Companies. Therefore, any comparison made serves only as an illustrative guide.

A brief description of the Comparable Companies, as extracted from Bloomberg L.P., is set out below:

Company name	Principal business
Hengxin Technology Ltd (" Hengxin ")	Hengxin manufactures radio frequency coaxial cables series for mobile communications and other telecommunications equipment.
TeleChoice International Limited (" Telechoice ")	TeleChoice provides mobile network engineering services and solutions, imports, markets, and distributes telecommunication equipment and electronic products.
8Telecom International Holdings Co Ltd (" 8Telecom ")	8Telecom manufactures and supplies telecommunications pipes, telecommunications towers and other related products and is a leading telecommunication infrastructure solution provider in China.
Captii Ltd (" Captii ")	Captii offers telecommunications, technology, and customized solutions for telecommunications operators, service providers, and enterprises; and research and development, software engineering, system integration, project management, and maintenance and support services for the telecommunications industry.
Ace Achieve Infocom Ltd (" Ace Achieve ")	Ace Achieve is a telecommunications network infrastructure and Information & Communication Technologies solution provider for major telecommunication operators in China.

Source: *Bloomberg L.P.*

For the purpose of our evaluation and for illustration, we have made comparison between the Group and the Comparable Companies using the following bases:

- (i) The historical PER is commonly used for the purpose of illustrating the profitability and hence the valuation of a company as a going concern; and
- (ii) The P/NTA ratio or NTA approach is used to show the extent the value of each share is backed by its net tangible assets. The NTA approach of valuing a group of companies is based on the aggregate value of all the assets of the group in their existing condition, after deducting the sum of all liabilities and intangible assets of the group.

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Company name	Last financial year end	Market capitalisation as at 27 November 2015 (S\$'million)	Historical PER ⁽¹⁾ (times)	Historical P/NTA ratio ⁽²⁾ (times)
Hengxin	31 Dec 2014	114.5	5.22	0.42
Telechoice	31 Dec 2014	113.6	13.99	2.09 ⁽³⁾
8Telecom	31 Dec 2014	83.4	120.13 ⁽³⁾	0.71
Captii	31 Dec 2014	16.1	5.19	0.82
Ace Achieve	30 Apr 2015	12.0	4.17	0.13
High			120.13	2.09
Low			4.17	0.13
Mean			7.14	0.52
Median			5.21	0.57
The Company (implied by the Exit Offer Price)	31 Dec 2014	54.1	n.m.	0.81

Source: Bloomberg L.P., annual reports and latest publicly available financial information on the Comparable Companies

Notes:

- (1) the historical PERs of the Comparable Companies are computed based on their respective latest published full year earnings or trailing twelve months earnings, where applicable, as at 27 November 2015;
- (2) the P/NTA ratios of the Comparable Companies are computed based on their respective NTA values as set out in their latest published financial statements as at 27 November 2015;
- (3) excluded as statistical outlier in the mean and median computations; and
- (4) n.m. denotes not meaningful as the Company reported losses for FY2014 and T12M.

Based on the above, we note that:

- (a) the historical PER of the Group is not a meaningful metric for comparison with the Comparable Companies as the Group has been loss making; and
- (b) the P/NTA ratio of the Group of 0.81 times as implied by the Exit Offer Price is within the range of the historical P/NTA ratios of the Comparable Companies, and higher than the mean and median of the historical P/NTA ratios of the Comparable Companies.

As at the Latest Practicable Date, we have reassessed the valuation ratios of the Comparable Companies and we note that the P/NTA ratio of the Group of 0.81 times as implied by the Exit Offer Price is still within the range of the historical P/NTA ratios of the Comparable Companies and above the mean and median of the historical P/NTA ratios of the Comparable Companies.

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8.6 Dividend track record of the Company

We note that the Company did not pay or propose dividends for FY2012, FY2013, FY2014 and 9M2015 as the Group recorded net losses for all the relevant periods and the Management had felt that it was prudent to retain cash resources of the Company.

The Directors have confirmed that the Company does not have a fixed dividend policy and that they will recommend future dividends after taking into consideration the Company's cash and financial position, financial performance of the Group, working capital requirements, projected capital expenditure and other investment plans.

8.7 Other relevant considerations in relation to the Exit Offer which may have a significant bearing on our assessment

8.7.1 No revision in Exit Offer Price

Pursuant to the Offer Document, we note that the Offeror has stated that it **does not** intend to revise the Exit Offer Price under any circumstances.

8.7.2 Unaudited 9M2015 results announcement

We wish to highlight the following commentary on the Group's business environment made by the Company in its announcement of its latest financial results for 9M2015:

"The on-going effort of the telecommunication companies in the PRC to implement cost-saving initiatives to lower costs and boost earnings erodes the Group's margins. As such, the Group continues to experience a slowdown in its core business, compounded by the slower collection from its customers.

Barring a significant change in the overall environment of the telecommunications industry in the PRC, the Group expects the sluggish trend to persist in the coming year. As such, it will be holding back any expansion plans until the external business environment improves."

8.7.3 Likelihood of competing offers is remote

The Directors have confirmed that, as at the Latest Practicable Date, apart from the Exit Offer being made by the Offeror, no alternative offer or proposal from any third party has been received. We also note that there is no publicly available evidence of any alternative offer for the Shares from any third party.

We note that as at the Latest Practicable Date, the Offeror owns 362,061,367 Shares, representing approximately 85.61% of the total number of issued Shares. As such, the likelihood of a competing offer from any third party is remote.

8.7.4 Approval for Delisting Resolution

The Delisting Resolution needs to be approved by at least 75.0% of the total number of Shares held by Shareholders present and voting, on a poll, at the EGM and not voted against by 10.0% or more of the total number of Shares held by such Shareholders, on a poll, at the said EGM.

In view of the Irrevocable Undertaking from the Offeror, the Company would have achieved the requisite minimum 75.0% votes to approve the Delisting Resolution.

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8.7.5 Compulsory acquisition

Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror acquires 90.0% or more of the Shares (other than those already held by the Offeror, its related corporations and their respective nominees as at the date of the Exit Offer and excluding any Shares held by the Company as treasury Shares), the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares from Shareholders who have not accepted the Exit Offer at a price equal to the Exit Offer Price.

The Offeror has expressed that it intends to make the Company its wholly-owned subsidiary and also intends to, when entitled, to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act.

As at the Announcement Date, the Offeror beneficially owns 80.49% of the total number of issued Shares. In order to exercise its right of compulsory acquisition pursuant to Section 215(1) of the Companies Act, the Offeror will need to acquire at least 90% of the remaining 19.51% of the total number of issued Shares during the Exit Offer. This will mean that the Offeror will need to own at least approximately 98.05% of the total number of issued Shares by the close of the Exit Offer before it could exercise its right of compulsory acquisition.

It should be noted that Shareholders who have not accepted the Exit Offer would have a corresponding right, under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Shares at the Exit Offer Price by serving notice requiring the Offeror to do so, in the event that the Shares acquired by the Offeror pursuant to the Exit Offer, together with any other Shares held by the Offeror, its related corporations or their respective nominees, comprise 90.0% or more of the total number of issued Shares (excluding treasury Shares). The Company does not have any treasury Shares.

Shareholders who have not accepted the Exit Offer and who wish to exercise their rights under Section 215(3) of the Companies Act are advised to seek their own independent legal advice.

8.7.6 Implications to Shareholders holding on to delisted Shares

Shareholders should note that shares of unquoted companies are generally valued at a discount to the shares of comparable listed companies as a result of the lack of liquidity and marketability. **If the Company is delisted from the Official List of the SGX-ST, Shareholders who have not accepted the Exit Offer may face difficulties if they wish to sell their Shares in the absence of a public market for the Shares as there is no arrangement for Shareholders to exit. Even if such Shareholders were able to sell their Shares, they may receive a lower price as compared to the Exit Offer Price.** Further, any transfer or sale of Shares represented by share certificates will be subject to stamp duties.

Shareholders should also note that under the Code, except with the consent of the SIC, neither the Offeror nor any person acting in concert with it may, within six (6) months of the closure of the Exit Offer, make a second offer to, or acquire any Shares from, any Shareholder on terms better than those made available under the Exit Offer.

As an unquoted company, the Company will no longer be obliged to comply with the listing requirements of the SGX-ST, in particular the continuing corporate disclosure requirements under Chapter 7 and Appendices 7.1.1 to 7.5.2 of the Listing Manual. Nonetheless, as a company incorporated in Singapore, the Company will still need to comply with the Companies Act and its memorandum and articles of association and the interests of Shareholders who do not accept the Exit Offer will be protected to the extent provided for by the Companies Act and its memorandum and articles of association including, *inter alia*, the entitlement to be sent a copy of the profit and loss accounts and balance sheet at least 14 days before each annual general meeting, at which the accounts will be presented.

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If the Company is delisted from the Official List of the SGX-ST, each Shareholder who holds Shares that are deposited with CDP and has not accepted the Exit Offer will be entitled to one share certificate representing his delisted Shares. The Company's share registrar, B.A.C.S. Private Limited, will arrange to forward the share certificates to such Shareholders (who are not CPFIS Investors), by ordinary post and at the Shareholders' own risk, to their respective addresses as they appear in the records of CDP for their physical safekeeping. The share certificates belonging to CPFIS Investors who have not accepted the Exit Offer will be forwarded to their respective CPF Agent Banks for their safe keeping.

Shareholders who are in doubt of their position should seek independent professional advice.

In the event the requirements of Delisting under Rules 1307 and 1309 of the Listing Manual are met but the Offeror is not entitled to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act, the Company will be delisted, and Shareholders who have not accepted the Exit Offer will continue to hold their Shares with the Company as an unlisted company.

9. OUR RECOMMENDATION TO THE INDEPENDENT DIRECTORS ON THE EXIT OFFER

In arriving at our recommendation in respect of the Exit Offer, we have taken into account, reviewed and deliberated on the following key considerations which we consider to be pertinent in our assessment of the Exit Offer:

- (a) Market quotation and trading activity of the Shares;
- (b) Financial performance of the Group;
- (c) Net asset value of the Group;
- (d) Comparison with recently completed delisting and privatisation of companies listed on the SGX-ST;
- (e) Comparison of valuation ratios of selected companies listed on the SGX-ST which are broadly comparable with the Group;
- (f) Dividend track record of the Company; and
- (g) Other relevant considerations in relation to the Exit Offer which may have a significant bearing on our assessment.

Based on our analysis and after having considered carefully the information available to us as at the Latest Practicable Date, we are of the view that the financial terms of the Exit Offer are fair and reasonable, and not prejudicial to the interests of the Shareholders. Accordingly, we advise the Independent Directors to make the following recommendations to the Shareholders:

- (A) vote in favour of the Delisting Resolution at the EGM; and**
- (B) in the event that the Delisting Resolution is passed, Shareholders who are not prepared to accept the implications and consequences of holding Shares in an unlisted company should either:**
 - (i) ACCEPT the Exit Offer; or**

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- (ii) **SELL their Shares in the open market if they can obtain a price equal to or higher than the Exit Offer Price (after deducting transaction costs) before the Shares are suspended from trading or delisted from the SGX. Shareholders should note that there is no assurance that the market prices and trading volumes of the Shares will be maintained at current levels prevailing as at the Latest Practicable Date; or**
- (iii) **if they are so entitled, exercise their rights to require the Offeror to acquire their Shares under Section 215(3) of the Companies Act. Shareholders who decide to exercise their rights under Section 215(3) of the Companies Act are advised to seek their own independent advice.**

In rendering the above advice, we have not given regard to any general or specific investment objectives, financial situation, tax position, risk profiles or particular needs and constraints or other particular circumstances of any individual Shareholder. As each individual Shareholder would have different investment objectives and profiles, we would advise that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, accountant, legal, financial, tax or other professional adviser immediately. The Independent Directors should advise Shareholders that the opinion and advice of Provenance Capital should not be relied upon by any Shareholder as the sole basis for deciding whether or not to accept the Exit Offer, as the case may be.

Our recommendation is addressed to the Independent Directors for their benefit, in connection with and for the purposes of their consideration of the Exit Offer, as the case may be, and may not be used or relied on for any other purposes (other than for the purpose of the Exit Offer) without the prior written consent of Provenance Capital. The recommendation to be made by the Independent Directors to Shareholders in respect of the Exit Offer, as the case may be, shall remain the sole responsibility of the Independent Directors.

This Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
PROVENANCE CAPITAL PTE. LTD.

Wong Bee Eng
Chief Executive Officer

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ADDITIONAL INFORMATION ON THE OFFEROR

1. REGISTERED OFFICE

The registered office of the Offeror is P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.

2. DIRECTOR

The name, address and designation of the sole director of the Offeror, as at the Latest Practicable Date, are set out below:

Name of Director	Address	Designation
Zhang Rong	Room 1802, Block A, Guan Hu International, No. 105 Yaojiayuan Road, Chaoyang District, Beijing 100025 People's Republic of China	Director

Zhang Rong is the sister-in-law of Jia Yue Ting who is the Executive Chairman of the Company and the sole shareholder of the Offeror.

3. PRINCIPAL ACTIVITY AND SHARE CAPITAL

The Offeror is a special purpose vehicle incorporated in the British Virgin Islands on 17 February 2015 and has not carried on any business since its incorporation. It has an issued and paid-up share capital of US\$50,000 comprising 50,000 ordinary shares with a par value of US\$1 each. The Offeror is wholly owned by Jia Yue Ting, the Executive Chairman of the Company.

4. FINANCIAL INFORMATION OF THE OFFEROR

4.1 Financial Summary

As the Offeror was incorporated in British Virgin Islands, there is no requirement to prepare audited financial statements and accordingly no audited financial statements have been prepared.

4.2 Material Changes in Financial Position

To the knowledge of the Offeror, save in connection with the acquisition of the Shares currently held by the Offeror and as a result of the making and financing of the Exit Offer, there has not been any known material change in the financial position of the Offeror subsequent to its date of incorporation.

4.3 Significant Accounting Policies

As no audited financial statements of the Offeror have been prepared to date, there are no significant accounting policies to be noted.

5. DISCLOSURE OF INTERESTS

5.1 Shareholdings and Dealings of the Offeror and its Concert Parties in the Company

- (a) As at the Latest Practicable Date, save as disclosed below, none of the Offeror and its Concert Parties owns, controls or has agreed to acquire any (i) Shares, (ii) securities which carry voting rights in the Company, or (iii) instruments convertible into, rights to subscribe for or options in respect of (i) or (ii) (the “**Convertible Securities**”).

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ADDITIONAL INFORMATION ON THE OFFEROR

	Direct Interest		Deemed Interest	
	Number of Shares	% ⁽³⁾	Number of Shares	% ⁽³⁾
Advance Technology Holding Ltd ⁽¹⁾	—	—	362,061,367	85.61
Jia Yue Ting ⁽²⁾	—	—	362,061,367	85.61
Total	—	—	362,061,367	85.61

Notes:

- (1) The Offeror is deemed to be interested in an aggregate of 362,061,367 Shares held by a nominee company.
- (2) Jia Yue Ting is deemed to be interested in an aggregate of 362,061,367 Shares held by the Offeror by virtue of Section 7 of the Companies Act.
- (3) Computed based on the issued share capital of the Company of 422,915,000 Shares with voting rights as at the date of this Circular.

- (b) Save as disclosed below, none of the Offeror and its Concert Parties has dealt for value in the (i) Shares, (ii) securities which carry voting rights in the Company, or (iii) Convertible Securities during the period commencing three (3) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

Name	Date of Dealing	Number of Shares Acquired	Transaction Price per Share (\$)
Advance Technology Holding Ltd	30 November 2015	1,648,300	0.128
Advance Technology Holding Ltd	1 December 2015	676,000	0.128
Advance Technology Holding Ltd	2 December 2015	1,150,500	0.128
Advance Technology Holding Ltd	3 December 2015	1,067,000	0.128
Advance Technology Holding Ltd	4 December 2015	1,825,000	0.128
Advance Technology Holding Ltd	7 December 2015	900,000	0.128
Advance Technology Holding Ltd	8 December 2015	704,900	0.128
Advance Technology Holding Ltd	9 December 2015	675,000	0.128
Advance Technology Holding Ltd	10 December 2015	1,260,400	0.128
Advance Technology Holding Ltd	11 December 2015	515,000	0.128
Advance Technology Holding Ltd	14 December 2015	549,900	0.128
Advance Technology Holding Ltd	15 December 2015	930,000	0.128
Advance Technology Holding Ltd	16 December 2015	1,540,000	0.128
Advance Technology Holding Ltd	21 December 2015	1,860,000	0.128
Advance Technology Holding Ltd	22 December 2015	950,000	0.128
Advance Technology Holding Ltd	23 December 2015	1,350,000	0.128
Advance Technology Holding Ltd	29 December 2015	358,000	0.128
Advance Technology Holding Ltd	30 December 2015	1,305,000	0.128
Advance Technology Holding Ltd	5 January 2016	700,000	0.128
Advance Technology Holding Ltd	6 January 2016	126,500	0.128
Advance Technology Holding Ltd	11 January 2016	56,000	0.128
Advance Technology Holding Ltd	12 January 2016	113,100	0.128
Advance Technology Holding Ltd	14 January 2016	1,037,700	0.128
Advance Technology Holding Ltd	15 January 2016	122,000	0.128
Advance Technology Holding Ltd	18 January 2016	127,000	0.128
Advance Technology Holding Ltd	20 January 2016	113,000	0.128

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5.2 Irrevocable Undertaking

As at the Latest Practicable Date, save as disclosed in paragraph 4 of this Circular, neither the Offeror nor any of its Concert Parties has received any irrevocable undertaking from any person to vote for or against the Delisting Resolution and/or to accept or reject the Exit Offer.

5.3 Indemnity and Other Arrangements

As at the Latest Practicable Date, neither the Offeror nor any of its Concert Parties has entered into with any person any arrangement of the kind referred to in Note 7 on Rule 12 of the Code, including indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to the Offer Shares which may be an inducement to deal or refrain from dealing in the Offer Shares.

5.4 Disclosures of Special Arrangements

- (a) As at the Latest Practicable Date, there is no agreement, arrangement or understanding, including an irrevocable undertaking, between (i) the Offeror or any of its Concert Parties and (ii) any of the present or current directors of the Company or the present or recent Shareholders that has any connection with or dependence upon the Exit Offer.
- (b) As at the Latest Practicable Date, there is no agreement, arrangement or understanding, including an irrevocable undertaking, whereby any of the Offer Shares acquired pursuant to the Exit Offer will or may be transferred to any other person. However, the Offeror reserves the right to transfer any of the Offer Shares to any of its related corporations (within the meaning of Section 6 of the Companies Act). Save as disclosed in this Circular, to the best knowledge of the director of the Offeror, as at the Latest Practicable Date, there is no agreement, arrangement or understanding whereby any Offer Shares will or may be transferred to any other person.
- (c) As at the Latest Practicable Date, there is no agreement or arrangement for any payment or other benefit to be made or given to any Director or to any director of any other corporation which is by virtue of Section 6 of the Companies Act deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Exit Offer.
- (d) As at the Latest Practicable Date, there is no agreement or arrangement between the Offeror and any of the Directors or any other person in connection with or conditional upon the outcome of the Exit Offer or is otherwise connected to the Exit Offer.
- (e) The constitution of the Company does not contain any restriction on the right to transfer the Shares, which has the effect of requiring holders of such Shares, before transferring them, to offer them for purchase to members of the Company or to any person.

6. DIRECTOR'S RESPONSIBILITY STATEMENT

- 6.1 The director of the Offeror has taken all reasonable care to ensure that the facts stated and opinions expressed in this Circular in so far as they relate solely to the Offeror and the Exit Offer are fair and accurate and that no material facts relating solely to the Offeror and the Exit Offer have been omitted from this Circular, the omission of which would make any statement in this Circular relating to the Offeror and the Exit Offer misleading in any material respect. The director of the Offeror accepts responsibility accordingly.
- 6.2 Where any information relating to the Offeror and the Exit Offer in this Circular has been extracted from published or publicly available sources, the sole responsibility of the director of the Offeror has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Circular.

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ADDITIONAL INFORMATION ON THE COMPANY AND THE GROUP

1. REGISTERED OFFICE

The registered office of the Company is 30 Raffles Place #19-04 Chevron House, Singapore 048622.

2. DIRECTORS

The names, addresses and designations of all the Directors, as at the Latest Practicable Date, are as follows:

Name of Director	Address	Designation
Jia Yue Ting	Room 1000, Tong Gang Building, No. 2 Huayuan North Street, Beijing 100032, People's Republic of China	Executive Chairman
Li Zhen Yu	Room 1003, Unit 7, No. 16 Chaonei Nanxiaojie, Chaoyang District, Beijing, People's Republic of China	Executive Director and Chief Executive Officer
Lo Fui Chu	107 Spottiswoode Park Road #08-120 Spottiswoode Park Singapore 080107	Executive Director and Chief Financial Officer
Alfred Cheong Keng Chuan	9A Swanage Road Singapore 437199	Independent Director
Goh Chee Wee	28 Kew Walk Singapore 465976	Independent Director
Zhang Baicheng	Room 31, Unit 3, Building 2, No. 25, Beixiaoqiang, Xinghualing District, Taiyuan, Shanxi, People's Republic of China	Independent Director

3. PRINCIPAL ACTIVITIES OF THE COMPANY AND THE GROUP

The Company was incorporated in Singapore on 28 September 2006 under the name of "Sinotel Technologies Pte. Ltd.". The principal activity of the Company is that of an investment holding company. On 18 October 2007, the Company was converted into a public limited company and changed its name to "Sinotel Technologies Ltd.". The Company is listed on the Main Board of the SGX-ST since 12 November 2007.

The Group is an integrated connectivity provider of innovative applications and solutions for the full spectrum of the wireless telecommunication value chain in the PRC.

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As the Company had recorded pre-tax losses for the three most recently completed consecutive financial years (i.e. financial years ended 31 December 2012, 2013 and 2014) and an average daily market capitalisation of less than S\$40 million over the last 120 Market Days on which trading was not suspended or halted, it had been placed on the watch-list with effect from 4 March 2015. The Company will have to fulfil the requirements under Rule 1314 of the Listing Manual for its removal from the watch-list within 24 months from 4 March 2015, failing which the SGX-ST would delist the Company or suspend trading in the Shares with a view to delisting the Company. Rule 1314 of the Listing Manual states that an issuer on the watch-list may apply to the SGX-ST for its removal from the watch-list if it satisfies any one of the following requirements:

- (i) the issuer records consolidated pre-tax profit for the most recently completed financial year (based on the latest full year consolidated audited accounts, excluding exceptional or non-recurrent income and extraordinary items) and has an average daily market capitalisation of S\$40 million or more over the last 120 Market Days on which trading was not suspended or halted for a full Market Day; or
- (ii) the issuer satisfies Rule 210(3) of the Listing Manual and either one of the following requirements:
 - (a) cumulative consolidated pre-tax profit of at least S\$7.5 million for the last three years, and a minimum pre-tax profit of S\$1 million for each of those three years; or
 - (b) cumulative consolidated pre-tax profit of at least S\$10 million for the last one or two years. Rule 210(3)(a) of the Listing Manual applies to the last one year or last two years as the case may be.

4. SHARE CAPITAL

4.1 Issued and Paid-up Share Capital

There is only one class of shares in the capital of the Company, which is ordinary shares, each with equal rights in respect of capital, dividends and voting. As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S\$95,782,021.50 comprising 422,915,000 ordinary shares. The Shares are quoted and listed on the Official List of the SGX-ST.

4.2 Rights attached to the Shares

The rights of Shareholders in respect of capital, dividends and voting are set out in the constitution of the Company. The relevant provisions in the constitution of the Company relating to the rights of Shareholders in respect of capital, dividends and voting are set out in Appendix IV to this Circular.

4.3 Issued Shares since 31 December 2015

The Company has not issued any new Shares since 31 December 2015, being the end of the last financial year and up to the Latest Practicable Date.

4.4 Outstanding Options

As at the Latest Practicable Date, the Company has no outstanding instruments convertible into, rights to subscribe for, and options in respect of, securities being offered for or which carry voting rights affecting Shares.

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ADDITIONAL INFORMATION ON THE COMPANY AND THE GROUP

5. FINANCIAL INFORMATION OF THE GROUP

5.1 Profit and Loss Statements

A summary of the audited consolidated profit and loss statements of the Group for the past three financial years ended FY2012, FY2013 and FY2014, and the unaudited consolidated profit and loss statements of the Group for the nine months ended 30 September 2015 ("9M2015") is set out below:

	Audited FY2012 (RMB'000)	Audited FY2013 (RMB'000)	Audited FY2014 (RMB'000)	Unaudited 9M2015 (RMB'000)
Revenue	474,583	388,398	255,645	186,746
Net profit/(loss) before tax and minority interests	(30,135)	(95,015)	(467,993)	(82,846)
Net profit/(loss) after tax and minority interests	(40,027)	(86,230)	(457,955)	(83,987)
Earnings/(Loss) per share	(9.46)	(20.39)	(108.29)	(19.86)
Net Dividend per Share	—	—	—	—

The summarised financial information should be read together with the audited consolidated financial statements of the Group for the relevant years and announced unaudited interim results for the relevant financial period and the related notes thereto.

5.2 Statement of Assets and Liabilities

A summary of the audited consolidated balance sheet of the Group as at 31 December 2014 and unaudited consolidated balance sheet of the Group as at 30 September 2015 is set out below:

	Audited as at 31 December 2014 (RMB'000)	Unaudited as at 30 September 2015 (RMB'000)
ASSETS		
Non-current assets		
Property, plant and equipment	33,465	1,317
Intangible assets	243	154
	33,708	1,471
Current assets		
Inventories	182,581	105,469
Trade receivables	346,989	353,685
Other receivables	23,771	21,452
Cash and cash equivalents	11,461	5,199
	564,802	485,805
Total assets	598,510	487,276

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ADDITIONAL INFORMATION ON THE COMPANY AND THE GROUP

	Audited as at 31 December 2014 (RMB'000)	Unaudited as at 30 September 2015 (RMB'000)
Non-current liabilities		
Deferred tax liabilities	8,390	8,185
Current liabilities		
Trade payables	107,342	72,390
Other payables	87,260	87,736
Borrowing	–	7,500
Tax payables	9,103	9,103
	203,705	176,729
Total liabilities	212,095	184,914
Net assets	386,415	302,362
Equity attributable to equity holders of the Company		
Share capital	454,325	454,325
Currency translation reserve	(4,212)	(4,278)
Accumulated profits	(63,698)	(147,685)
Total equity	386,415	302,362

Based on the unaudited consolidated balance sheet as at 30 September 2015, the NTA was approximately 71.5 RMB cents per Share. As at the Latest Practicable Date, there has been, within the knowledge of the Directors, no material change in the unaudited consolidated NTA per Share since 30 September 2015.

The summarised financial information should be read together with the audited consolidated financial statements of the Group for FY2014 and announced unaudited interim results for the relevant financial period and the related notes thereto.

5.3 Material Changes in Financial Position

Save as disclosed in this Circular, the audited consolidated financial statements of the Group for FY2014, the announcement by the Company on 11 November 2015 of the Group's unaudited financial results for 9M2015 as well as any other information on the Group which is publicly available (including without limitation the announcements released by the Company on the SGXNET), there has been no known material changes to the financial position of the Company since 31 December 2014, being the date of the last published audited financial statements of the Company.

5.4 Significant Accounting Policies

Save as disclosed in the notes to the audited consolidated financial statements, there were no significant accounting policies nor any point from the notes of the financial statements of the Group which are of any major relevance for the interpretation of the last published audited financial statements of the Group.

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ADDITIONAL INFORMATION ON THE COMPANY AND THE GROUP

5.5 Changes in Accounting Policies

Save as disclosed in this Circular, the audited consolidated financial statements of the Group for FY2014, the announcement by the Company on 11 November 2015 of the Group's unaudited financial results for 9M2015 as well as any other information on the Group which is publicly available (including without limitation the announcements released by the Company on the SGXNET), there were no changes in the accounting policies of the Company and its consolidated subsidiaries which will cause the figures disclosed in this Circular to be not comparable to a material extent.

6. DISCLOSURE OF INTERESTS

6.1 Shareholdings and dealings

(a) *Interest of the Company in shares of the Offeror*

The Company does not have any direct or deemed interest in the (i) shares of the Offeror or (ii) instruments convertible into, rights to subscribe for or options in respect of (i) (collectively, "**Offeror Convertible Securities**") as at the Latest Practicable Date.

(b) *Dealings in shares of the Offeror by the Company*

The Company has not dealt for value in the (i) shares of the Offeror or (ii) Offeror Convertible Securities during the period commencing six (6) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

(c) *Interests of the Directors in shares of the Offeror*

Save as disclosed in paragraph 5 of this Circular, none of the Directors has any direct or indirect interest in the (i) shares of the Offeror or (ii) Offeror Convertible Securities as at the Latest Practicable Date.

(d) *Dealings in shares of the Offeror by the Directors*

None of the Directors has dealt for value in the (i) shares of the Offeror or (ii) Offeror Convertible Securities during the period commencing six (6) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

(e) *Interest of the Directors in Shares*

Save as disclosed in paragraph 16 of this Circular, none of the Directors has any interest, whether direct or indirect, in the Shares as at the Latest Practicable Date.

(f) *Dealing in Shares by Directors*

Save as disclosed below, none of the Directors has dealt for value in the (i) Shares, (ii) securities which carry voting rights in the Company, or (iii) Convertible Securities during the period commencing six (6) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

Name	Date of Dealing	No. of Shares Acquired	Transaction Price per Share (S\$)
Advance Technology Holding Ltd	30 November 2015	1,648,300	0.128
Advance Technology Holding Ltd	1 December 2015	676,000	0.128
Advance Technology Holding Ltd	2 December 2015	1,150,500	0.128
Advance Technology Holding Ltd	3 December 2015	1,067,000	0.128
Advance Technology Holding Ltd	4 December 2015	1,825,000	0.128
Advance Technology Holding Ltd	7 December 2015	900,000	0.128
Advance Technology Holding Ltd	8 December 2015	704,900	0.128

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Name	Date of Dealing	No. of Shares Acquired	Transaction Price per Share (S\$)
Advance Technology Holding Ltd	9 December 2015	675,000	0.128
Advance Technology Holding Ltd	10 December 2015	1,260,400	0.128
Advance Technology Holding Ltd	11 December 2015	515,000	0.128
Advance Technology Holding Ltd	14 December 2015	549,900	0.128
Advance Technology Holding Ltd	15 December 2015	930,000	0.128
Advance Technology Holding Ltd	16 December 2015	1,540,000	0.128
Advance Technology Holding Ltd	21 December 2015	1,860,000	0.128
Advance Technology Holding Ltd	22 December 2015	950,000	0.128
Advance Technology Holding Ltd	23 December 2015	1,350,000	0.128
Advance Technology Holding Ltd	29 December 2015	358,000	0.128
Advance Technology Holding Ltd	30 December 2015	1,305,000	0.128
Advance Technology Holding Ltd	5 January 2016	700,000	0.128
Advance Technology Holding Ltd	6 January 2016	126,500	0.128
Advance Technology Holding Ltd	11 January 2016	56,000	0.128
Advance Technology Holding Ltd	12 January 2016	113,100	0.128
Advance Technology Holding Ltd	14 January 2016	1,037,700	0.128
Advance Technology Holding Ltd	15 January 2016	122,000	0.128
Advance Technology Holding Ltd	18 January 2016	127,000	0.128
Advance Technology Holding Ltd	20 January 2016	113,000	0.128

Note:

(1) Advance Technology Holding Ltd is wholly-owned by Jia Yue Ting, the Executive Chairman of the Company.

(g) Shares owned or controlled by the IFA

Neither the IFA nor any funds whose investments are managed by the IFA on a discretionary basis owns, controls or has agreed to acquire any (i) Shares, (ii) securities which carry voting rights in the Company, or (iii) Convertible Securities as at the Latest Practicable Date.

(h) Dealings in Shares by the IFA

Neither the IFA nor any funds whose investments are managed by the IFA on a discretionary basis has dealt for value in the (i) Shares, (ii) securities which carry voting rights in the Company, or (iii) Convertible Securities during the period commencing six (6) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

7. GENERAL DISCLOSURES

7.1 Directors' Service Contracts

There is no service contract between any Directors with the Company or any of its subsidiaries which has more than twelve (12) months to run and which the employing company cannot, within the next twelve (12) months, terminate without payment of compensation. There is also no such service contract entered into or amended between any Directors with the Company or any of its subsidiaries during the period commencing six (6) months prior to the beginning of the Exit Offer Period and ending on the Latest Practicable Date.

7.2 No Payment or Benefit to Directors

No payment or other benefit is proposed to be made or given to any Director or to any director of any other corporation which is, by virtue of Section 6 of the Companies Act, deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Exit Offer.

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7.3 No Agreement Conditional upon Outcome of Offer

There are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Exit Offer.

7.4 Material Contracts entered into by Offeror

Jia Yue Ting is the Executive Chairman of the Company and the sole shareholder of the Offeror. Save for the Undertaking given by Jia Yue Ting (as mentioned in paragraph 4 of this Circular), there are no material contracts entered into by the Offeror in which any Director has a material personal interest, whether direct or indirect.

8. MATERIAL CONTRACTS WITH INTERESTED PERSONS

Save as disclosed below, neither the Company nor any of its subsidiaries has entered into material contracts (other than those entered into in the ordinary course of business) with persons who are Interested Persons (as defined in the Note on Rule 23.12 of the Code) during the period beginning three (3) years before the Joint Announcement Date and up to the Latest Practicable Date:

- (i) Shanxi XBell Communication Co., Ltd (“**Shanxi XBell**”), a wholly-owned indirect subsidiary of the Company had on 4 January 2013, entered into a lease agreement with Shanxi XBell Communications Technology Co., Ltd (“**Shanxi Technology**”) for the lease of office premises at Level 4 and 5, Yanfa Building, Gaoxin District, Taiyuan, Shanxi Province, PRC from 4 January 2013 to 31 December 2014 at an annual rental of RMB625,536. Shanxi Technology is wholly-owned by Jia Yue Ting, who is the Executive Chairman and a Controlling Shareholder;
- (ii) Shanxi XBell had on 20 June 2013, entered into a lease agreement with Shanxi Technology for the lease of office premises at Level 3, Yanfa Building, Gaoxin District, Taiyuan, Shanxi Province, PRC from 20 June 2013 to 19 December 2013 at a total rental of RMB146,000;
- (iii) XBell Union Communication (Tianjin) Co., Ltd (“**XBell Union**”), a wholly-owned indirect subsidiary of the Company had on 15 January 2014, entered into a sale and purchase agreement (the “**SPA**”) with Leshi Holdings (Beijing) Co., Ltd (“**Leshi**”) for the sale by XBell Union of the entire 100% equity interest in XBell (Tianjin) Investment Co., Ltd to Leshi at a consideration of RMB25,122,307. As at the date of the SPA, Leshi was controlled by Jia Yue Ting; and
- (iv) Shanxi XBell had on 4 January 2015, entered into a lease agreement with Shanxi Technology for the lease of office premises at Level 4 and 5, Yanfa Building, Gaoxin District, Taiyuan, Shanxi Province, PRC from 1 January 2015 to 31 December 2016 at an annual rental of RMB625,536.

“Interested Person” is defined in Rule 23.12 of the Code as:

- (a) *a director, chief executive officer or substantial shareholder of the Company;*
- (b) *the immediate family of a director, the chief executive officer or a substantial shareholder (being an individual) of the Company;*
- (c) *the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer or a substantial shareholder (being an individual) and his immediate family is a beneficiary;*
- (d) *any company in which a director, the chief executive officer or a substantial shareholder (being an individual) and his immediate family together (directly or indirectly) have an interest of 30% or more;*

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- (e) any company that is the subsidiary, holding company or fellow subsidiary of the substantial shareholder (being a company); or
- (f) any company in which a substantial shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more.

9. MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries are engaged in any material litigation as plaintiff or defendant which might materially and adversely affect the financial position of the Group as a whole, and the Directors are not aware of any proceedings pending or threatened against the Company or any of its subsidiaries which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole or of any facts likely to give rise to any such proceedings.

10. MARKET QUOTATIONS

10.1 Closing Prices

The following table sets out the highest, lowest and last closing prices of the Shares on the SGX-ST on a monthly basis from June 2015 (being six (6) calendar months preceding the Joint Announcement Date) to the Latest Practicable Date:

Month	Highest closing price of the month (S\$)	Lowest closing price of the month (S\$)	Closing price as at the last Market Day of the month (S\$)
June 2015	0.144	0.101	0.116
July 2015	0.148	0.116	0.148
August 2015	0.140	0.073	0.090
September 2015	0.090	0.068	0.083
October 2015	0.102	0.083	0.102
November 2015	0.129	0.078	0.129
December 2015	0.138	0.128	0.128
1 January 2016 to the Latest Practicable Date	0.128	0.128	0.128

Source: Bloomberg L.P.

10.2 Highest and Lowest Prices

The highest and lowest closing prices of the Shares on the SGX-ST during the period commencing six (6) calendar months prior to the Joint Announcement Date and ending on the Latest Practicable Date are as follows:

	Prices (S\$)	Dates
Highest Closing Price	0.148	31 July 2015
Lowest Closing Price	0.068	9 September 2015

Source: Bloomberg L.P.

The closing price of the Shares on the SGX-ST on (a) 24 November 2015, being the trading day the Shares were last transacted prior to the release of the Joint Announcement was S\$0.085 per Share; and (b) 20 January 2016, being the trading day the Shares were last transacted prior to the Latest Practicable Date was S\$0.128 per Share.

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RELEVANT PROVISIONS IN THE CONSTITUTION OF THE COMPANY

The provisions in the Constitution of the Company relating to the rights of Shareholders in respect of capital, dividends and voting have been reproduced below:

SHARES

5. Subject to the Statutes, no shares may be issued without the prior approval of the Company in General Meeting but subject thereto and to these Articles relating to new shares and to any special right attached to any share for the time being issued, the Directors may allot (with or without conferring any right of renunciation), grant options over or otherwise dispose of the same to such persons on such terms and conditions (including such consideration) at such time as the Directors determine.
- 6.1 Subject to the limits referred to in Article 58, the Company in General Meeting may by Ordinary Resolution authorise the Directors to exercise any power of the Company to issue shares, such authority being confined to a particular exercise of that power or generally. Any such authority may be unconditional or subject to conditions and shall continue in force until the conclusion of the Annual General Meeting commencing next after the date on which the approval was given or the expiration of the period within which the next Annual General Meeting after that date is required by law to be held whichever is the earlier but may be previously revoked or varied by the Company in General Meeting.
- 6.2 Subject to the terms and conditions of any application for shares, the Directors shall allot shares applied for within ten Market Days of the closing date (or such other period as may be approved by the Exchange) of any such application. The Directors may, at any time after the allotment of any share but before any person has been entered in the Register as the holder thereof or before such share is entered against the name of a Depositor in the Depository Register, as the case may be, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of such share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit.
7. Any share in the Company may be issued with such preferred, qualified, deferred or other special rights, privileges and conditions or such restrictions, whether in regard to dividend, return of capital, voting or otherwise, as the Company may from time to time by Ordinary Resolution determine, and subject to the Statutes, the Company may issue preference shares which are or, at the option of the Company, are liable to be redeemed on such terms and in such manner as the Company before the issue thereof may by Ordinary Resolution determine. Provided Always that the total number of issued preference shares shall not at any time exceed the total number of the issued ordinary shares for the time being.
8. The Company shall have the power to issue further preference capital ranking equally with or in priority to the preference capital then already issued.
9. Subject to the provisions of the Statutes, all or any of the special rights or privileges for the time being attached to any preference share for the time being issued may from time to time (whether or not the Company is being wound up) be modified, affected, altered or abrogated and preference capital other than redeemable preference shares may be repaid if authorised by a Special Resolution passed by holders of such preference shares at a special meeting called for the purpose. To any such special meeting, all provisions of these Articles as to General Meetings of the Company shall mutatis mutandis apply but so that the necessary quorum shall be two persons at least holding or representing by proxy not less than one third of the issued preference shares concerned and that every holder of the preference shares concerned shall be entitled on a poll to one vote for every such share held by him and that any holder of the preference shares concerned present either in person or by proxy may demand a poll Provided Always that where the necessary majority for such a Special Resolution is not obtained at the meeting, consent in writing if obtained from holders of three-fourths of the preference shares concerned within two months of the meeting shall be as valid and effectual as a Special Resolution carried at the meeting.

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10. Preference shareholders shall have the same rights as ordinary Members as regards the receiving of notices, reports and balance sheets and the attending of General Meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital of the Company or winding up or sanctioning the sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six months in arrears.
11. If by the conditions of allotment of any share, the whole or part of the amount or issue price thereof shall be payable by instalments, every such instalment shall, when due, be paid to the Company by the holder for the time being of the share or his legal personal representative.
12. The Company may pay commissions or brokerage on any issue of shares at such rate or amount and in such manner as the Directors may deem fit. Any such commission or brokerage may be paid in whole or in part in cash or fully or partly paid shares of the Company as may be arranged, and the Company may, in addition to, or in lieu of, such commission, in consideration of any person so subscribing or agreeing to subscribe, or of his procuring or agreeing to procure subscriptions, whether absolute or conditional, for any share in the Company, confer on any such person an option call within a specified time for a specified number of shares in the Company at a specified price. The payment or agreement to pay a commission or the conferring of an option shall be in the discretion of the Directors on behalf of the Company. The requirements of the Statutes shall be observed, so far as applicable.
- 13.1 The Company shall not be bound to register more than three persons as the joint holders of any share except in the case of executors, administrators or trustees of the estate of a deceased Member.
- 13.2 Subject to Article 13.1, any two or more persons may be registered as joint holders of any share and the joint holders of a share shall be severally as well as jointly liable for the payment of all instalments and calls and interest (if any) due in respect of such share.
- 13.3 The joint holder first named in the Register or the Depository Register, as the case may be, shall as regards voting, proxy, service of notices and delivery of certificates and dividend warrants, be deemed to be the sole owner of such share.
14. No person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or be required in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any other rights in respect of any share other than an absolute right to the entirety thereof in the registered holder or in the person whose name is entered in the Depository Register in respect of that share, as the case may be, except only where these Articles otherwise provide or as required by the Statutes or pursuant to any order of Court.
15. No person shall exercise any rights of a Member in respect of a share until his name shall have been entered in the Register as the registered holder thereof or in the Depository Register in respect of such share, as the case may be, and, unless the Directors otherwise determine, such person shall have paid all calls and other moneys for the time being due and payable on any share held by him.
16. The Company may, subject to and in accordance with the Act and any other relevant legislation, rules or regulations enacted or prescribed by any relevant authority from time to time, purchase or otherwise acquire ordinary shares in the issued share capital of the Company on such terms and in such manner as the Company may from time to time think fit. All shares purchased by the Company shall, unless held in treasury shares in accordance with the Act, be deemed cancelled immediately on purchase or acquisition by the Company. The Company shall not exercise any right in respect of treasury shares other than as provided by the Act. Subject thereto, the Company may hold or deal with its treasury shares in the manner authorised by, or prescribed pursuant to, the Act.

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SHARE CERTIFICATE

17. Every certificate for shares shall be under the Seal.
18. Every share certificate shall be issued under the Seal and shall specify the number and class of shares to which it relates and the amount paid and amount (if any) unpaid thereon and shall bear the autographic or facsimile signatures of one Director and the Secretary or a second Director or some other person appointed by the Directors. The facsimile signatures may be reproduced by mechanical, electronic or other method approved by the Directors. No share certificate shall be issued representing shares of more than one class.
19. Every person whose name is entered as a registered holder in the Register shall be entitled without payment to receive within ten Market Days (or such other period as may be approved by the Exchange) after the closing date for applications to subscribe for a new issue of shares and within ten Market Days (or such other period as may be approved by the Exchange) after lodgement of a registrable transfer one certificate under the Seal in respect of each class of shares held by him for all his shares in that class or several certificates in reasonable denominations each for one or more of his shares in any one class subject to such person's prior payment of two Singapore Dollars (or such other sum as the Directors shall from time to time determine having regard to any limitation thereof as the Statutes or Exchange may prescribe) for every certificate after the first certificate unless otherwise directed by the Directors; Provided Always that in the case of joint registered holders, the Company shall not be bound to issue more than one certificate and delivery of such certificate to any one of them shall be sufficient delivery to all such holders.
- 20.1 Where only some of the shares comprised in any share certificate are transferred, the old certificate shall be cancelled and a new certificate for the balance of such shares shall be issued in lieu thereof without charge.
- 20.2 Any two or more certificates representing shares of any one class held by any person whose name is entered in the Register may be cancelled at his request and a single new certificate for such shares issued in lieu thereof without charge.
- 20.3 Any share certificate representing shares of any class held by any person whose name is entered in the Register may be surrendered by such person for cancellation and at his request the Company may issue in lieu thereof two or more share certificates representing such shares in such proportions as such person may specify, and the Directors may comply with such request if they think fit. Such person shall pay a maximum of two Singapore Dollars for each share certificate issued in lieu of a share certificate surrendered for cancellation or such other fee as the Directors may from time to time determine, taking into consideration any limitation thereof as may be prescribed by the Exchange.
- 20.4 Subject to the Statutes, if any share certificate shall be defaced, worn out, destroyed, stolen or lost, it may be renewed on such evidence being produced and a letter of indemnity or undertaking (if required) being given by the purchaser, registered holder, transferee, person entitled or member company of the Exchange or on its behalf or their client or clients as the Directors shall require and in the case of defacement or wearing out on delivery up of the old certificate and in any case on payment of such sum not exceeding two Singapore Dollar as the Directors may from time to time require (or such other amount as may be permitted under the Statutes). In the case of theft, destruction or loss the registered holder or the person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such theft, destruction or loss.
- 20.5 Where shares are registered jointly in the names of several persons, any such request may be made by any one of the registered joint holders.
21. The certificates of shares registered in the names of two or more persons may be delivered to the joint holder first named in the Register.

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LIEN ON SHARES

22. The Company shall have a first and paramount lien on every share (not being a fully-paid share) and all dividends from time to time declared in respect thereof. Such lien shall be restricted to unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid, and to such amounts as the Company may be called upon by law to pay in respect of the shares of the Member or deceased Member. The Directors may however waive any lien which has arisen and may resolve that any share shall for any limited period be exempt wholly or partially from the provisions of this Article 22 upon such terms as they may deem fit in the best interest of the Company.
23. For the purpose of enforcing such lien the Directors may sell all or any of the shares subject thereto in such manner as they think fit, and no sale shall be made until such time as the moneys are presently payable, and until a notice in writing stating the amount due and demanding payment, and giving notice of intention to sell in default, shall have been served in such a manner as the Directors shall think fit on the holder for the time being of the shares or the person (if any) entitled by transmission to the shares, and default in payment shall have been made by him or them for seven days after such notice.
24. The net proceeds of any such sale shall be applied in or towards the satisfaction of the unpaid calls and accrued interest and expenses of such sale, and the residue (if any) shall be paid to the person whose shares have been sold, his executors, administrators, trustees or assignees or as he shall direct.
25. To give effect to any such sale the Directors may authorise some person to transfer or to effect the transfer, as the case may be of the shares sold to the purchaser.

CALLS ON SHARES

26. The Directors may from time to time make calls upon the Members in respect of any money unpaid on their shares or on any class of shares and not by the conditions of allotment thereof made payable at fixed times, and each Member shall (subject to his having been given at least fourteen days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be made payable by instalments. A call may be revoked or postponed as the Directors may determine. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed.
27. The joint holders of a share shall be jointly and severally liable to pay all calls and interest (if any) in respect thereof.
28. If before or on the day appointed for payment thereof a call payable in respect of a share is not paid, the person from whom the amount of the call is due shall pay interest on such amount at the rate of eight per cent per annum from the day appointed for payment thereof to the time of actual payment, but the Directors shall have power to waive payment of such interest or any part thereof.
29. Any sum which by the terms of allotment of a share is made payable upon issue or at any fixed date and any instalment of a call shall for all purposes of these Articles be deemed to be a call duly made and payable on the date fixed for payment, and in case of non-payment the provisions of these Articles as to payment of interest and expenses, forfeiture and the like, and all the other relevant provisions of these Articles or the Statutes shall apply as if such sum were a call duly made and notified as hereby provided.
30. The Directors may from time to time make arrangements on the issue of shares for a difference between the holders of such shares in the amount of calls to be paid and in the time of payment of such calls.

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31. The Directors may, if they think fit, receive from any Member willing to advance the same all or any part of the moneys uncalled and unpaid upon any share held by him, and upon all or any part of the moneys so advanced may (until the same would, but for the advance, become payable) pay interest at such rate not exceeding (unless the Company in General Meeting shall otherwise direct) eight per cent per annum as may be agreed upon between the Directors and the Member paying the sum in advance. Capital paid on shares in advance of calls shall not, whilst carrying interest, confer a right to participate in profits.

FORFEITURE OF SHARES

32. If any Member fails to pay the whole or any part of any call or instalment of a call on or before the day appointed for the payment of the same or any interest thereon, the Directors may **at** any time thereafter during such time as the call or instalment or interest remains unpaid serve a notice on such Member requiring him to pay the same, together with any interest (including interest upon interest) and expenses that may have been incurred by the Company by reason of such non-payment.
33. The notice shall name a further day (not being less than fourteen days from the date of service of the notice) and a place on and at which such call or instalment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which the call was made or instalment or interest is payable shall be liable to be forfeited.
34. If the requirements of any notice as aforesaid are not complied with, any share in respect of which the notice has been given, may at any time thereafter, before payment of all such calls or instalments, interests and expenses due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture. The Directors may accept a surrender of any share liable to be forfeited hereunder.
35. Any share so forfeited or surrendered shall be deemed to be the property of the Company, and the Directors may sell, re-allot, or otherwise dispose of the same in such manner as they think fit. The Company may receive the consideration, if any, given for the share on any sale or disposition thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed.
36. The Directors may at any time before any share so forfeited or surrendered shall have been sold, re-allotted, or otherwise disposed of, annul the forfeiture or surrender thereof upon such condition as they think fit.
37. For the purpose of giving effect to any sale of forfeited or surrendered shares, the Directors may authorise some person to transfer or to effect the transfer of, as the case may be, the shares sold to the purchaser.
38. Any Member whose shares shall have been forfeited or surrendered shall cease to be a Member in respect of the forfeited or surrendered shares but shall, notwithstanding such forfeiture or surrender, be liable to pay, and shall forthwith pay to the Company all calls, instalments, interest and expenses owing upon or in respect of such shares at the time of forfeiture or surrender, together with interest thereon from the time of forfeiture or surrender until payment, at the rate of eight per cent per annum and the Directors may enforce the payment of such moneys or any part thereof if they think fit, but shall not be under any obligation so to do. Any residue after the satisfaction of the unpaid calls, accrued interest and expenses shall be paid to the person whose shares have been forfeited or surrendered, his executors, administrators, trustees or assignees or as he shall direct.

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- 39.1 A statutory declaration in writing that the declarant is a Director or the Secretary, and that a share has been duly forfeited, surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. Such declaration and the receipt by the Company of the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together with the share certificate, where the same be required, delivered to a purchaser or (where the purchaser is a Depositor) to the Depository or the allottee thereof, as the case may be, shall (subject to the execution of a transfer if the same be required) constitute a good title to the share.
- 39.2 (a) In the event of such sale, re-allotment or disposal, where the person (the "Relevant Person") to whom the share is sold, re-allotted or disposed of is not a Depositor, the share shall be registered in the Register in the name of the Relevant Person and, where the Relevant Person is a Depositor, the Company shall procure that his name be entered in the Depository Register in respect of the share so sold, re-allotted or disposed of.
- (b) The Relevant Person shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or disposal of the share.

TRANSFER OF SHARES

40. Save as provided by these Articles, there shall be no restriction on the transfer of fully paid shares (except where required by law or by the rules, bye-laws or listing rules of the Exchange). All transfers of shares may be effected by way of book-entry in the Depository Register Provided Always that the legal title in the shares may be transferred by the registered holders thereof by an instrument of transfer in the form approved by the Directors and the Exchange. The instrument of transfer shall be left at the Office accompanied by the certificate of the shares to be transferred and such other evidence (if any) as the Directors may reasonably require to show the right of the transferor to make the transfer. The transferor shall be deemed to remain the registered holder of the shares until the name of the transferee is entered in the Register in respect thereof.
41. The instrument of transfer shall be signed both by the transferor and by the transferee, and it shall be witnessed Provided Always that an instrument of transfer in respect of which the transferee is the Depository shall be effective although not signed or witnessed by or on behalf of the Depository.
42. Shares of different classes shall not be comprised in the same instrument of transfer.
43. No share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.
44. All instruments of transfer which are registered shall be retained by the Company, but any instrument of transfer which the Directors may refuse to register shall (except in any case of fraud) be returned to the party presenting the same.
45. The Directors may decline to accept any instrument of transfer unless:-
- 45.1 all or any part of the stamp duty (if any) payable on each share transfer is paid to the Company; and
- 45.2 such fee not exceeding two Singapore Dollars as the Directors may from time to time determine or such other sum as may from time to time be prescribed by the Exchange is paid to the Company in respect of the registration of any instrument of transfer, probate, letters of administration, certificate of marriage or death, power of attorney or any document relating to or affecting the title to the shares.

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46. The Directors may refuse to register the transfer of shares or allow the entry of or against a person's name in the Depository Register in respect of shares transferred or to be transferred to such person:-
- 46.1 which are not fully paid up; or
- 46.2 on which the Company has a lien.
47. If the Directors refuse to register any transfer of any share they shall, where required by the Statutes, serve on the transferor and transferee, within one month beginning with the day on which the transfer was lodged with the Company, a notice in writing informing each of them of such refusal and of the facts which are considered to justify the refusal.
48. The Register may be closed at such times and for such periods as the Directors may from time to time determine Provided Always that the Register shall not be closed for more than thirty days in any year Provided Always that the Company shall give prior notice of such closure as may be required to the Exchange stating the period and purpose or purposes for which such closure is to be made.

TRANSMISSION OF SHARES

- 49.1 In the case of the death of a Member the survivor where the deceased was a joint holder, and the legal personal representative of the deceased who was a sole or only surviving holder, or where such legal representative is entered in the Depository Register in respect of the shares of the deceased Member who was a Depositor, shall be the only person recognised by the Company as having any title to his shares.
- 49.2 Nothing herein contained shall release the estate of a deceased Member from any liability in respect of any share solely or jointly held by him.
50. Any person becoming entitled to the legal title in a share in consequence of the death or bankruptcy of a person whose name is entered in the Register may upon producing such evidence of his title as the Directors may require, have the right either to be registered himself as the holder of the share, upon giving to the Company notice in writing of such intent, or to make such transfer thereof as such deceased or bankrupt person could have made, but the Directors shall in either case have the same right to refuse or suspend registration as they would have had in the case of such transfer by such deceased or bankrupt person before the death or bankruptcy, as the case may be.
51. Save as otherwise provided in these Articles, a person becoming entitled to a share pursuant to Articles 49.1 and 50, shall have the right to receive and give a discharge for any dividends or other moneys payable in respect of the share, but he shall have no right to receive notice or to attend or vote at meetings of the Company, or (save as aforesaid) to any of the rights or privileges of a Member until he shall have been registered as a Member in the Register or his name shall have been entered in the Depository Register, as the case may be Provided Always that the Directors may at any time give notice requiring any such person to elect either to be registered himself or transfer the share, and if the notice is not complied with within ninety days of the date of such notice, the Directors may thereafter withhold payment of all dividends or other moneys payable in respect of the share until the requirements of the notice have been complied with.

STOCK

52. The Company in General Meeting may by Ordinary Resolution convert any paid-up shares into stock and may from time to time reconvert such stock into paid-up shares.

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53. When any shares have been converted into stock the several holders of such stock may transfer their respective interests therein or any part of such interests in such manner as the Company in General Meeting shall direct, but in default of any direction then in the same manner and subject to the same regulations as and subject to which the shares from which the stock arose might previously to conversion have been transferred or as near thereto as circumstances will admit. But the Directors may if they think fit from time to time fix the minimum number of stock transferable.
54. The several holders of stock shall be entitled to participate in the dividends and profits of the Company according to the number of their respective interests in such stock units and such interests shall, in proportion to the number of stock units thereof, confer on the holders thereof respectively the same rights, privileges and advantages for the purposes of voting at meetings of the Company and for other purposes as if they held the shares from which the stock arose, but so that none of such rights, privileges or advantages, except the participation in the dividends, profits and assets of the Company, shall be conferred by any such aliquot part of consolidated stock as would not, if existing in shares, have conferred such rights, privileges or advantages.
55. All such provisions of these Articles as are applicable to paid up shares shall apply to stock and in all such provisions the words "shares" shall include "stock", and "Depositor", "Member" and "shareholder" shall include "stockholder".
56. The Company in General Meeting may from time to time by Ordinary Resolution, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued have been fully paid up or not, increase its capital by the creation and issue of new shares, such aggregate increase as the Company by the resolution authorising such increase shall direct.
- 57.1 Unless otherwise determined by the Company in General Meeting or except as permitted by the listing rules of the Exchange, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of General Meetings, in proportion, as nearly as the circumstances admit, to the number of the existing shares to which they are entitled.
- 57.2 The offer shall be made by notice specifying the number of shares offered and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered in the manner hereinbefore provided.
58. Notwithstanding Article 56 above, the Company may pursuant to Section 161 of the Act by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to issue shares whether by way of rights, bonus or otherwise, and 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) warrants, debentures or other instruments convertible into shares, and (notwithstanding the authority conferred by the Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any instrument made or granted by the Directors while the Ordinary Resolution was in force, provided that:
- 58.1 the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) does not exceed fifty per cent (or such other limit as may be prescribed by the Exchange) of the issued share capital of the Company (as calculated in accordance with subparagraph 58.2 below), of which the aggregate number of shares to be issued other than on a

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pro-rata basis to the Members of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) does not exceed twenty per cent (or such other limit as may be prescribed by the Exchange) of the issued share capital of the Company (as calculated in accordance with sub-paragraph 58.2 below);

- 58.2 (subject to such manner of calculation as may be prescribed by the Exchange) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph 58.1 above, the percentage of issued share capital shall be based on the issued share capital of the Company at the time that the Ordinary Resolution is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or employee share options on issue at the time that the Ordinary Resolution is passed, and any subsequent consolidation or subdivision of shares provided that if a general mandate is obtained before the listing of the Company on the Exchange, the percentage of issued share capital shall be based on the post-invitation issued share capital of the Company after adjusting for new shares arising from the conversion or exercise of any convertible securities or employee share options on issue at the time such authority is given, and for any consolidation or subdivision of shares; and
- 58.3 unless previously revoked or varied by the Company in General Meeting, such authority conferred by the Ordinary Resolution shall not continue beyond the conclusion of the Annual General Meeting of the Company next following the passing of the Ordinary Resolution or the date by which such Annual General Meeting is required by law to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest).
59. Subject to any directions that may be given in accordance with the powers contained in the Memorandum of Association or these Articles, any capital raised by creation of new shares shall be considered as part of the original capital and all new shares shall be subject to the same provisions with reference to the payment of calls, transfer, transmission, forfeiture, lien and otherwise as if it had been part of the original capital.

ALTERATION OF CAPITAL

- 60.1 The Company may by Ordinary Resolution:
- (a) consolidate and divide all or any its share capital; or
 - (b) cancel the number of shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; or
 - (c) by subdivision of its shares or any of them. The resolution by which the subdivision is effected may determine that, as between the holders of the resulting shares, one or more of such shares may have any such preferred, deferred or other special rights or be subject to any restriction as the Company has power to attach to unissued or new shares; or
 - (d) subject to the Statutes, convert any class of shares into any other class of shares.
- 60.2 The Company may by Special Resolution reduce its share capital in any manner and with and subject to any requirement authorised and consent required by law.

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MODIFICATION OF CLASS RIGHTS

61. Subject to the Statutes and save as provided by these Articles, all or any of the special rights or privileges attached to any class of shares in the capital of the Company for the time being issued may, at any time, as well before as during liquidation, be modified, affected, altered or abrogated, either with the consent in writing of the holders of not less than three-fourths of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting, but so that the quorum thereof shall be not less than two persons personally present and holding or representing by proxy one-third of issued shares of the class, and that any holder of shares of the class, present in person or by proxy, shall on a poll be entitled to one vote for each share of the class held or represented by him, and if at any adjourned meeting of such holders such quorum as aforesaid is not present, any two holders of shares of the class who are personally present shall be a quorum. The Directors shall comply with the provisions of Section 186 of the Act as to forwarding a copy of any such consent or Resolution to the Registrar of Companies.

GENERAL MEETINGS

66. In addition to any other meetings, a General Meeting shall be held at least once in every calendar year, at such time and place as may be determined by the Directors, but so that no more than fifteen months shall be allowed to elapse between any two such General Meetings.
67. The abovementioned General Meetings shall be called Annual General Meetings. All other General Meetings shall be called Extraordinary General Meetings.
68. The First Annual General Meeting of the Company shall be held at such time within a period of not more than eighteen months from the date of incorporation of the Company and at such time and place as the Directors may determine.
69. The Directors may call an Extraordinary General Meeting of the Company whenever they think fit in accordance with the Statutes.
70. The Directors shall, on the requisition of the holders of not less than one-tenth of the issued capital of the Company upon which all calls or other sums then due have been paid, forthwith proceed to convene an Extraordinary General Meeting of the Company, and in the case of such requisition the following provisions shall have effect:
- 70.1 The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the Office, and may consist of several documents in like form each signed by one or more requisitionists.
- 70.2 If the Directors of the Company do not proceed to cause a meeting to be held within twenty-one days from the date of the requisition being so deposited, the requisitionists or any of them representing more than one-half of the voting rights of all of them may themselves convene the meeting, but any meeting so convened shall not be held after three months from the date of the deposit.
- 70.3 In the case of a meeting at which a resolution is to be proposed as a Special Resolution the Directors shall be deemed not to have duly convened the meeting if they do not give such notice as is required by the Statutes.
- 70.4 Any meeting convened under this Article by the requisitionists shall be convened in the same manner as nearly as possible as that in which meetings are to be convened by Directors.

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71. Subject to the Statutes relating to the convening of meetings to pass Special Resolutions, at least fourteen days' notice specifying the place, day and hour of the meeting, and in case of special business, a notice setting out the general nature of such special business, accompanied by a statement regarding the effect of any proposed resolution in respect of such special business, shall be given to all Members other than such as are not entitled under these Articles to receive such notices from the Company. At least fourteen days' notice in writing of any General Meeting shall be given and at least twenty-one days' notice in writing in the case of a Meeting to pass Special Resolution shall be given to the Exchange. Every such notice shall be published in at least one English Language daily newspaper circulating in Singapore at least fourteen days before the meeting. Whenever any meeting is adjourned for fourteen days or more, at least seven days' notice of the place and hour of such adjourned meeting shall be given in like manner Provided Always that when a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.
72. Any Member entitled to be present and vote at a meeting or his proxy may submit any resolution to any General Meeting, provided that at least for the prescribed time before the day appointed for the meeting he shall have served upon the Company a notice in writing by him containing the proposed resolution, and stating his intention to submit the same. The prescribed time abovementioned shall be such that, between the date that the notice is served and the day appointed for the meeting, there shall be not less than three nor more than fourteen intervening days.
73. Upon receipt of any such notice as in the last preceding Article mentioned, the Secretary shall include in the notice of the meeting in any case where the notice of intention is received before the notice of the meeting is issued, and shall in any other case issue as quickly as possible to the Members notice that such resolution will be proposed.
74. The accidental omission to give any notice to or non-receipt of any notice by any Member shall not invalidate the meeting or any resolution passed or proceedings at any such meeting.

PROCEEDINGS AT GENERAL MEETING

75. All business shall be deemed special that is transacted at an Extraordinary General Meeting and also all business that is transacted at an Annual General Meeting with the exception of the consideration of the accounts, balance sheets and reports (if any) of the Directors and Auditors, the fixing of the remuneration of Directors, the election of Directors in the place of those retiring, the declaration of dividends and the appointment of and the fixing of the remuneration of the Auditors.
76. Save as is herein otherwise provided, two Members present in person or by proxy shall be a quorum for a General Meeting and no business shall be transacted at any General Meeting unless the quorum is present at the commencement of the business. A corporation or a limited liability partnership being a Member shall be deemed to be personally present if represented in accordance with the provisions of Article 91.
77. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week, at the same time and place. At the adjourned meeting, any two or more Members present in person or by proxy shall be a quorum.
78. The Chairman (if any) of the Board of Directors shall preside as Chairman at every General Meeting, but if there be no such Chairman, or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding the same, or shall be unwilling to act as Chairman, the Members present shall choose some Director or, if no Director be present or if all the Directors present decline to take the chair, one of themselves to be Chairman of the meeting.

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79. The Chairman may with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
80. At every General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands by the Members present in person and entitled to vote, unless before or upon the declaration of the result of the show of hands a poll be demanded by:
- 80.1 the Chairman of the meeting; or
- 80.2 not less than two Members present in person or by proxy and entitled to vote; or
- 80.3 a Member or Members present in person or by proxy, holding or representing, as the case may be:
- (a) not less than one-tenth of the total voting rights of all Members entitled to vote at the meeting; or
- (b) shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.
- 81.1 If a poll is duly demanded it shall be taken in such manner as the Chairman directs, and the results of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
- 81.2 No poll shall be demanded on the election of a Chairman of a meeting or on a question of adjournment. A poll demanded on any other question shall be taken at such time as the Chairman of the meeting directs.
82. Unless a poll be so demanded, a declaration by the Chairman of the meeting that a resolution has been carried, or has been carried by a particular majority, or lost, or not carried by a particular majority shall be conclusive, and an entry to that effect in the minute book of the Company shall be conclusive evidence thereof, without proof of the number or proportion of the votes recorded in favour of or against such resolution.
- 83.1 No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting, as the case may be, at which the vote objected to is or may be given, tendered or cast, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the Chairman of the meeting whose decision shall be final and conclusive.
- 83.2 If any votes shall be counted which ought not to have been counted, or might have been rejected, the error shall not vitiate the result of the voting unless it be pointed out at the same meeting, or at any adjournment thereof, and unless in the opinion of the Chairman at the meeting or at any adjournment thereof as the case may be, it shall be of sufficient importance to vitiate the result of the voting.
84. In case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded, as the case may be, shall have a second or casting vote.

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VOTES OF MEMBERS

- 85.1 Subject to and without prejudice to any special privileges or restriction as to voting for the time being attached to any special class of shares for the time being forming part of the capital of Company:
- (a) every Member who is present in person or by proxy shall have one vote on a show of hands, the Chairman shall be entitled to treat the first named proxy as the authorised representative to vote where a Member is represented by two proxies; and
 - (b) every Member who is present in person or by proxy, in case of a poll, shall have one vote for every share which he holds or represents and upon which all calls or other sums due thereon to the Company have been paid.
- 85.2 For the purpose of determining the number of votes which a Member, being a Depositor, or his proxy may cast at any General Meeting upon a poll being called, the number of shares held or represented shall, in relation to the shares of that Depositor, be the number of shares entered against his name in the Depository Register as at the Cut-Off Time as certified by the Depository to the Company.
86. In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the Register or the Depository Register, as the case may be.
87. Unless the Directors otherwise determine, no person other than a Member who shall have paid everything for the time being due from him and payable to the Company in respect of his shares, shall be entitled to be present or to vote on any question either personally or by proxy at any General Meeting.
88. A Member of unsound mind, or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by the committee, curator bonis, or other person in the nature of committee or curator bonis appointed by that Court, and any such committee, curator bonis, or other person may, on a poll, vote by proxy.
89. On a poll, votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.
- 90.1 A proxy need not be a Member.
- 90.2 A Member shall not be entitled to appoint more than two proxies to attend and vote at the same General Meeting Provided Always that where the Member is a Depositor, the Company shall be entitled and bound:
- (a) to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered against his name in the Depository Register as at the Cut-Off Time as certified by the Depository to the Company;
 - (b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at the Cut-Off Time as certified by the Depository to the Company, whether that number be greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor; and
 - (c) in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.

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- 90.3 In any case where a form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named or at the Company's option to treat the instrument of proxy as invalid
91. Any corporation which is a Member may, by resolution of its directors or other governing body, authorise any person to act as its representative at any meetings of the Company or any class of Members of the Company, and such representative shall be entitled to exercise the same powers on behalf of the corporation which he represents as if he had been an individual shareholder.
92. An instrument appointing a proxy shall be in writing in any usual or common form (including the form approved from time to time by the Depository) or in any other form which the Directors may approve and:
- 92.1 in the case of an individual shall be signed by the appointer or his attorney;
- 92.2 in the case of a corporation or limited liability partnership shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.
93. Where an instrument appointing a proxy is signed on behalf of the appointer by an attorney, the letter or the power of attorney or other authority, if any, or a duly certified copy thereof shall (failing previous registration with the Company) if required by law, be duly stamped and be deposited at the Office, not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.
94. The signature on an instrument of proxy need not be witnessed.
95. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy or transfer of the share in respect of which the vote is given Provided Always that no notice in writing of the death or revocation or transfer shall have been received at the Office one hour at least before the time fixed for holding the meeting.
96. An instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll and to speak at the meeting.
97. Where the capital of the Company consists of shares of different monetary denominations, voting rights shall be prescribed in such manner that a unit of capital in each class, when reduced to a common denominator, shall carry the same voting power when such right is exercisable.

DIVIDENDS

135. The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these Articles and subject to the provisions of these Articles as to the reserve fund shall be divisible among the Members in proportion to the amount of capital paid up on the shares held by them respectively.
136. The Company in General Meeting may by Ordinary Resolution declare a dividend on or in respect of any share to the Members according to their rights and interest in the profits and may fix the time for payment. No larger dividend shall be declared than is recommended by the Directors but the Company in General Meeting may declare a smaller dividend.

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137. No dividend shall be payable except out of the profits of the Company. No dividend shall carry interest.
138. The declaration of the Directors as to the net profits of the Company shall be conclusive.
139. The Directors may from time to time pay to the Members such interim dividends as in their judgment the position of the Company justifies provided no such dividends shall be declared more than once in six months.
140. The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities, or engagements in respect of which the lien exists.
141. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer or the entry of the shares against the Depositor's name in the Depository Register, as the case may be.
142. Any General Meeting declaring a dividend may direct payment of such dividend wholly or in part by the distribution of specific assets, and in particular of wholly or partly paid-up shares, debentures, or debenture stock of the Company, or wholly or partly paid-up shares, debentures or debenture stock of any other company, or in any one or more of such ways, and the Directors shall give effect to such resolution; and where any difficulty arises in regard to the distribution, they may settle the same as they think expedient, and in particular may issue fractional certificates, and may fix the value for distribution of such specific assets, or any part thereof and may determine that cash payment shall be made to any Member upon the footing of the value so fixed, in order to adjust the rights of all parties, and may vest any such specific assets in trustees upon such trusts for the persons entitled to the dividends as may seem expedient to the Directors. Where requisite, a proper contract shall be filed in accordance with Section 63 of the Act, and the Directors may appoint any person to sign such contract on behalf of the persons entitled to the dividend, and such appointment shall be effective.
143. The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmissions of shares hereinbefore contained entitled to become a Member, or which any person under those provisions is entitled to transfer until such person shall become a Member in respect of such shares or shall duly transfer the same.
144. In case several persons are registered in the Register or entered in the Depository Register, as the case may be, as the holders of any share, any resolution of the Directors or the Company in General Meeting declaring a dividend on shares of any class may specify that the dividend shall be payable to such persons at the close of business on a particular date and thereupon the dividend shall be payable in accordance with their respective holdings so registered. Any person registered in the Register or in the Depository Register, as the case may be, as the holder or joint holder of any share or is entitled jointly to a share in consequence of the death or bankruptcy of the holder may give effectual receipts for dividends, bonuses, other moneys payable or properties distributable and payment on account of dividends on or in respect of such shares.
145. Notice of declaration of any dividend, whether interim or otherwise, may be given by advertisement.
146. Unless otherwise directed, any dividend may be paid by cheque, Payment by post. dividend warrant or Post Office Order, sent through the post to the registered address appearing in the Register or the Depository Register, as the case may be, of the Member or person entitled, or where two or more persons are registered in the Register or entered in the Depository Register, as the case may be, as joint holders or are entitled to the dividend as a result of the death or bankruptcy of the holder, to that one whose name shall stand first on the Register or the

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Depository Register, as the case may be, in respect thereof and every cheque, dividend warrant or Post Office Order so sent shall be made payable to the order of the person to whom it is sent or to any person and address as such Member(s) or person(s) may direct in writing. The Company shall not be responsible for the loss of any cheque, dividend warrant or Post Office Order, which shall be sent by post duly addressed to and at the sole risk of the Member or person for whom it is intended. Payment of the cheque, dividend warrant or Post Office Order by the bank upon which they are respectively drawn shall be a full and valid discharge to the Company. Notwithstanding the provisions of these Articles, payment by the Company to the Depository of any dividend payable to a Depositor shall also be a full and valid discharge of the Company from liability to the Depositor in respect of that payment to the extent of the payment made to the Depository.

147. The Depository will hold all dividends unclaimed for six years after having been declared and paid before release to the Directors, and the Directors may invest or otherwise make use of the unclaimed dividends for the benefit of the Company until claimed.

CAPITALISATION OF PROFITS AND RESERVES

- 148.1 The Directors may, with the sanction of an Ordinary Resolution of the Company in General Meeting (including any Ordinary Resolution passed pursuant to Article 6.1 or Article 58), capitalise any part of the amount for the time being standing to the credit of the Company's reserve funds or to the credit of the profit and loss account or otherwise available for distribution; and accordingly that such sum be set free for distribution amongst the holders of shares in the Register or in the Depository Register, as the case may be, who would have been entitled thereto if distributed by way of dividends and in the same proportions on condition that the same be not paid in cash but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by such Members respectively or paying up on full new shares or debentures of the Company to be allotted and distributed credited as fully paid up to and amongst such holders or in their nominees in the proportion aforesaid or partly in the one way and partly in the other unless otherwise permitted by the provisions of the Act.
- 148.2 Whenever such Ordinary Resolution as aforesaid shall have been passed, the Directors shall make all appropriations and applications of the amounts resolved to be capitalised thereby and all allotments and issues of fully paid shares or debentures, if any, and generally shall do all acts and things required to give effect thereto with full power to the Directors to make such provision for the satisfaction of the right of the holders of such shares in the Register or in the Depository Register, as the case may be, under such resolution to a fractional part of a share by the issue of fractional certificates or by payment in cash or otherwise as they think fit and also to authorise any persons to enter on behalf of such holders entitled thereto or their nominees into an agreement with the Company providing for the allotment to them respectively credited as fully paid up of any further shares to which they may be entitled upon such capitalisation; and any agreement made under such authority shall be effective and binding on all such holders and their nominees.

RESERVE FUND

149. The Directors may, before declaring any dividend or bonus in respect of any class of shares out of or in respect of the earnings or profits of the Company for any yearly or other period, cause to be reserved or retained and set aside out of such sums as they may determine to form a Reserve Fund to meet contingencies or depreciation in the value of the property of the Company, or for equalising dividends or for special dividends or for distribution of bonuses or for repairing, improving and maintaining any of the property of the Company, or for such other purposes the Directors shall, in their absolute discretion, think conducive to the interest of the Company.

APPENDIX V

PROCEDURES FOR ACCEPTANCE OF THE EXIT OFFER

1. POSTING OF ACCEPTANCE FORMS

The Exit Offer Letter (including the relevant Acceptance Form(s) and any related documents) have been despatched, along with this Circular, by ordinary post to Shareholders with Singapore addresses as shown on the register of members of the Company or, as the case may be, in the records of CDP.

Shareholders should note that if the Delisting Resolution is not approved at the EGM, the conditions to the Exit Offer will not be fulfilled and the Exit Offer will not be made. Accordingly, there is no need for Shareholders to take any action with respect to the Exit Offer Letter and the relevant Acceptance Form(s) before the EGM.

Depositors whose Securities Accounts are credited with Offer Shares can also collect the FAA during normal business hours within the Exit Offer Period from The Central Depository (Pte) Limited, 9 North Buona Vista Drive #01-19/20 The Metropolis, Singapore 138588. Shareholders who hold Offer Shares represented by share certificate(s) can collect the FAT during normal business hours within the Exit Offer Period from the office of the Company's share registrar, B.A.C.S. Private Limited at 8 Robinson Road #03-00 ASO Building, Singapore 048544.

The Exit Offer may only be accepted by the relevant Shareholder to whom the Exit Offer Letter is addressed. This Circular, the Exit Offer Letter and the Acceptance Form(s) shall not be construed as, may not be used for the purpose of, and do not constitute, a notice or proposal or advertisement or an offer or invitation or solicitation in any jurisdiction or in any circumstances in which such a notice or proposal or advertisement or an offer or invitation or solicitation is unlawful or not authorised, or to any person to whom it is unlawful to make such a notice or proposal or advertisement or an offer or invitation or solicitation. Accordingly, persons receiving such documents (including, without limitation, custodians, nominees and trustees) should not distribute, send or mail them in or into any such overseas jurisdiction. The Offeror reserves the right to reject any acceptance of the Exit Offer where it believes, or has reason to believe, that such acceptance may violate the applicable laws of any jurisdiction.

2. PROCEDURES FOR ACCEPTANCE

To accept the Exit Offer, Shareholders should complete, sign and return:

- (a) the FAA in respect of Offer Shares that are deposited with CDP; and/or
- (b) the FAT in respect of Offer Shares that are not deposited with CDP,

as the case may be, in accordance with the instructions contained in the Exit Offer Letter, the FAA and/or the FAT, during the Exit Offer Period. The provisions and instructions contained in the Exit Offer Letter, the FAA and/or the FAT shall be deemed to form part of the terms of the Exit Offer.

(i) Depositors whose Securities Accounts are credited with Offer Shares

If you have Offer Shares standing to the credit of the "Free Balance" of your Securities Account, you will be entitled to receive the FAA. If you wish to accept the Exit Offer, you should complete and sign the FAA in accordance with the provisions and instructions in the Exit Offer Letter, including the provisions and instructions printed on the FAA (which provisions and instructions shall be deemed to form part of the terms of the Exit Offer) and forward the completed and executed FAA in the enclosed pre-addressed envelope **either by hand**, to:

Advance Technology Holding Ltd
c/o The Central Depository (Pte) Limited
9 North Buona Vista Drive,
#01-19/20 The Metropolis,
Singapore 138588

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or **by post**, at your own risk, to:

Advance Technology Holding Ltd
c/o The Central Depository (Pte) Limited
Robinson Road Post Office
P.O. Box 1984
Singapore 903934

so as in either case to arrive not later than 5.30 p.m. on the Closing Date.

No acknowledgement will be given for any submission of a FAA.

It is your responsibility to ensure that the FAA is properly completed in all respects. The Offeror, CDP and the Company will be entitled to reject any acceptance that does not comply with the provisions and instructions contained in the Exit Offer Letter and in the FAA. Any decision to reject the FAA on the grounds that it has been incorrectly or incompletely signed, completed or submitted will be final and binding, and neither CDP, the Company nor the Offeror accepts any responsibility or liability in relation to such a decision, including the consequences thereof.

We understand that CDP will, upon receipt on behalf of the Offeror of the FAA and all other relevant documents, transfer the Offer Shares in respect of which you have accepted the Exit Offer from the "Free Balance" of your Securities Account to a suspense account pending your receipt of the consideration for the Offer Shares.

For reasons of confidentiality, CDP will not entertain telephone enquiries relating to the number of Offer Shares credited to your Securities Account. You may verify such number through (i) CDP Online if you have registered for CDP Internet Access Service or (ii) CDP Phone Service if you have a T-Pin. Alternatively, you may proceed to CDP in person with your identity card or passport to verify the number of Offer Shares credited to your Securities Account.

All communications, notices, documents and remittances to be delivered or sent to you will be sent by ordinary post to your address as it appears in the records of CDP, at your own risk.

(ii) Shareholders who hold Offer Shares which are not deposited with CDP

If you hold Offer Shares which are not deposited with CDP, you will be entitled to receive the FAT. If you wish to accept the Exit Offer, you should complete and sign the FAT in accordance with the provisions and instructions in the Exit Offer Letter, including the provisions and instructions printed on the FAT (which provisions and instructions shall be deemed to form part of the terms of the Exit Offer) and forward either by hand or by post, at your own risk, the duly completed and signed FAT, together with the relevant share certificate(s), other document(s) of title and/or any other relevant document(s) required by the Offeror, in the enclosed pre-addressed envelope either by hand or by post to:

Advance Technology Holding Ltd
c/o B.A.C.S. Private Limited
8 Robinson Road,
#03-00 ASO Building,
Singapore 048544

so as to arrive not later than 5.30 p.m. on the Closing Date.

APPENDIX V

PROCEDURES FOR ACCEPTANCE OF THE EXIT OFFER

No acknowledgement of receipt of any FAT, share certificate(s), other document(s) of title, transfer form(s) and/or any other relevant document(s) required by the Offeror will be given.

It is your responsibility to ensure that the FAT is properly completed in all respects. The Offeror will be entitled to reject any acceptance which does not comply with the provisions and instructions contained in the Exit Offer Letter and in the FAT, or which is not accompanied by the relevant share certificate(s) and/or other document(s) of title and/or any other relevant document(s) required by the Offeror, or which is otherwise incomplete, incorrect or invalid in any respect. Any decision to reject the FAT on the grounds that it has been incorrectly or incompletely signed, completed or submitted will be final and binding, and neither the Company nor the Offeror accepts any responsibility or liability in relation to such a decision, including the consequences thereof.

All communications, notices, certificates, documents and remittances to be delivered or sent to you will be sent to you (or your designated agent or, in the case of joint accepting Shareholders who have not designated any agent, to the one first named in the Register of Members of the Company) by ordinary post to your address as it appears in the Register of Members of the Company at your own risk (or, for the purpose of remittances only, to such different name and address as may be specified by you in the FAT and at your own risk).

(iii) Other relevant information relating to procedures for acceptance

If you hold share certificate(s) in respect of some of the Offer Shares beneficially owned by you and if you have deposited the rest of the Offer Shares beneficially owned by you with CDP, you will be required to complete an FAT in respect of the Offer Shares represented by share certificate(s) and an FAA in respect of the Offer Shares which are deposited with CDP, if you wish to accept the Exit Offer in respect of all such Offer Shares. Both the FAT and the FAA must be completed and accompanied by the relevant documents and sent to the Offeror in accordance with the respective procedures for acceptance set out in the Exit Offer Letter, the FAT and the FAA.

If you hold the share certificate(s) of the Offer Shares beneficially owned by you and you wish to accept the Exit Offer in respect of such Offer Shares, you **should not** deposit the share certificate(s) with CDP during the period commencing on the date of the Exit Offer Letter and ending on the Closing Date (both dates inclusive), as your Securities Account may not be credited with the relevant number of Offer Shares in time for you to accept the Exit Offer.

Delivery of the duly completed and signed FAA and/or FAT to the Offeror and/or CDP shall be conclusive evidence in favour of the Offeror and CDP of the right and title of the person signing it to deal with the same and with the Offer Shares to which it relates.

3. SETTLEMENT

(a) Depositors whose Securities Accounts are credited with Offer Shares

Subject to the Delisting Resolution being passed at the EGM and the receipt by the Offeror from accepting Shareholders of all relevant documents required by the Offeror which are complete in all respects and in accordance with the instructions given in the Exit Offer Letter and the FAA (including, without limitation, confirmation satisfactory to the Offeror that the relevant number of Offer Shares tendered by the accepting Shareholders in acceptance of the Exit Offer are standing to the credit of the "Free Balance" of their respective Securities Accounts at the relevant time), the Offeror will arrange for remittances for the appropriate amounts to be sent to CDP.

CDP will debit the respective Securities Accounts of the accepting Shareholders with the number of Offer Shares tendered by them in acceptance of the Exit Offer and will (i) in the case of accepting Shareholders who have registered for CDP's direct crediting service, credit

APPENDIX V

PROCEDURES FOR ACCEPTANCE OF THE EXIT OFFER

such remittances to the designated bank account of such accepting Shareholders; and (ii) in the case of accepting Shareholders who have not registered for CDP's direct crediting service, despatch such remittances in the form of cheques made out in favour to such accepting Shareholders by ordinary post to such accepting Shareholders at their own risk as soon as practicable and in any event:

- (i) in respect of acceptances of the Exit Offer which are complete in all respects and are received on or before the date on which the Delisting Resolution is passed at the EGM, within 10 days after the date of EGM; or
- (ii) in respect of acceptances which are complete in all respects and are received after the Delisting Resolution is passed at the EGM, but before the Exit Offer closes, within 10 days after the date of such receipt.

CDP will also send by ordinary post to the accepting Shareholders at their respective addresses as they appear in the records of CDP, and at their own risk, notification letters showing the number of Shares which have been debited against their respective Securities Accounts.

(b) Shareholders who hold Offer Shares which are not deposited with CDP

Subject to the Delisting Resolution being passed at the EGM and the receipt by the Offeror from accepting Shareholders of all relevant documents required by the Offeror which are complete in all respects and in accordance with the instructions given in the Exit Offer Letter and the FAT (including, without limitation, the share certificates relating to the Offer Shares tendered by accepting Shareholders in acceptance of the Exit Offer), remittances for the appropriate amounts will be despatched to the accepting Shareholders (or their designated agents, as they may direct) by ordinary post and at their own risk, at their respective addresses as they appear in the Register of Members of the Company (or to such names and addresses as may be specified by the accepting Shareholders in the FAT), as soon as practicable and in any event:

- (i) in respect of acceptances of the Exit Offer which are complete in all respects and are received on or before the date on which the Delisting Resolution is passed at the EGM, within 10 days after the date of EGM; or
- (ii) in respect of acceptances which are complete in all respects and are received after the Delisting Resolution is passed at the EGM, but on or before the Exit Offer closes, within 10 days after the date of such receipt.

4. NO RIGHT OF WITHDRAWAL

All acceptances of the Exit Offer shall be irrevocable.

5. INFORMATION PERTAINING TO CPFIS INVESTORS

CPFIS Investors should refer to the separate letter from their respective CPF Agent Banks for information on how to accept or reject the Exit Offer under CPFIS. CPFIS Investors are advised to consult their respective CPF Agent Banks should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors should seek independent professional advice.

CPFIS Investors who accept the Exit Offer will receive the cash consideration paid to their CPF investment accounts. CPFIS Investors who reject the Exit Offer can continue to hold the unquoted Shares in their CPF investment accounts, and the relevant provisions in the CPFIS on investment in securities by CPF members will continue to apply to the unquoted Shares in their CPF investment accounts.

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PROCEDURES FOR ACCEPTANCE OF THE EXIT OFFER

CPFIS Investors will not be allowed to use funds from their CPF accounts for further purchases of unquoted Shares because under the CPFIS, CPF funds may only be invested in the shares of companies incorporated in Singapore that are listed on the SGX-ST and which are traded in Singapore dollars. In addition, the shares of such companies must be included under the CPFIS.

The implications of holding Shares following the delisting of the Company are set out in paragraph 10 of the Letter to Shareholders set out in this Circular. In addition, the following will be applicable if the Company is delisted from the Official List of the SGX-ST:

Safe-keeping of share certificates

Shares that are quoted on SGX-ST and held by CPFIS Investors are deposited with CDP through their respective CPF Agent Banks. However, unquoted shares cannot be deposited with CDP. If the Company is delisted from the Official List of the SGX-ST, the Company's share registrar, B.A.C.S. Private Limited at 8 Robinson Road #03-00 ASO Building, Singapore 048544, will arrange to forward the individual share certificates, representing the Shares held by individual CPFIS Investors who do not accept the Exit Offer, to their respective CPF Agent Banks for safe-keeping.

CPF Agent Banks may levy a service fee to administer each share counter held on behalf of each CPFIS Investor. In addition to the existing fees, CPF Agent Banks may impose, *inter alia*, additional charges for the safe-keeping of share certificates and administrative charges for the splitting, withdrawal or depositing of such share certificates. CPFIS Investors who do not accept the Exit Offer should consult their respective CPF Agent Banks on the additional charges that may be imposed.

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AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2014

SINOTEL TECHNOLOGIES LTD.
AND ITS SUBSIDIARIES
(Co. Reg. No. 200614275R)

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2014



BAKER TILLY
TFW

Baker Tilly TFW LLP
Chartered Accountants of Singapore

An independent member of Baker Tilly International

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AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

DIRECTORS' REPORT

The directors hereby present their report to the members together with the audited consolidated financial statements of Sinotel Technologies Ltd. (the "Company") and its subsidiaries (the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2014.

Directors

The directors of the Company in office at the date of this report are:

Jia Yue Ting	(Executive Chairman)
Li Zhen Yu	(Executive Director and Chief Executive Officer)
Pan Liang	(Executive Director - Strategic Development)
Lo Fui Chu	(Executive Director and Chief Financial Officer)
Alfred Cheong Keng Chuan	(Independent Director)
Goh Chee Wee	(Independent Director)
Zhang Baicheng	(Independent Director)

Arrangements to enable directors to acquire benefits

Except as disclosed under "Performance Share Scheme", neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, 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.

Directors' interests in shares or debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act (the "Act") except as follows:

Name of directors and companies in which interest are held	Number of ordinary shares					
	Shareholdings registered in their own names			Shareholdings in which a director is deemed to have interest		
	At 1 January 2014	At 31 December 2014	At 21 January 2015	At 1 January 2014	At 31 December 2014	At 21 January 2015
The Company						
Jia Yue Ting	—	—	—	113,606,856	113,606,856	113,606,856
Li Zhen Yu	—	—	—	3,150,000	3,150,000	3,150,000
Pan Liang	—	—	—	1,459,000	1,459,000	1,459,000
Lo Fui Chu	50,000	50,000	50,000	2,500,000	2,500,000	2,500,000
Alfred Cheong Keng Chuan	50,000	50,000	50,000	—	—	—
Goh Chee Wee	50,000	50,000	50,000	—	—	—

The director, Jia Yue Ting, by virtue of Section 7 of the Act, is deemed to have an interest in the shares held by the Company in its wholly-owned subsidiaries.

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AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2014

DIRECTORS' REPORT (cont'd)

Directors' contractual benefits

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than disclosed in the consolidated financial statements and this report) by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest. Certain directors received remuneration from related corporations in their capacity as directors and/or executives of these related corporations.

Performance Share Scheme

The Company's Performance Share Scheme (the "Scheme") was approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on 27 April 2009, and shall continue to be in operation at the discretion of the committee administering the Scheme, subject to a maximum period of 10 years commencing on the date the Scheme is adopted, provided always that the Scheme may continue beyond the above stipulated period with the approval of shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The Scheme is intended to attract, retain and incentivise participants to higher standards of performance and encourage greater dedication and loyalty by enabling the Company to give recognition to past contributions and services; as well as motivating participants to contribute to the long-term prosperity of the Group. Participants are not required to pay for the grant of any awards to them under the Scheme. Under the rules of the Scheme, all confirmed full-time employees of the Group who have attained the age of 21 years and above, and directors of the Group are eligible to participate in the Scheme. However, participation in the Scheme by directors who are also controlling shareholders and their associates are subject to the approval by independent shareholders of the Company.

The Scheme is administered by a committee comprising Jia Yue Ting, Goh Chee Wee, Alfred Cheong Keng Chuan and Zhang Baicheng.

	Performance shares granted during financial year	Aggregate performance shares granted since commencement of the Scheme to end of financial year	Aggregate performance shares released since commencement of the Scheme to end of financial year	Aggregate performance shares not released as at end of financial year
Directors of the Company				
Lo Fui Chu	—	50,000	(50,000)	—
Alfred Cheong Keng Chuan	—	50,000	(50,000)	—
Goh Chee Wee	—	50,000	(50,000)	—
Former director				
Cao Gui Xing	—	50,000	(50,000)	—
Key executive of the Group				
Li Rui	—	2,365,000	(2,365,000)	—
	—	2,565,000	(2,565,000)	—

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AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

Share options

No option to take up unissued shares of the Company or its subsidiaries was granted during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries whether granted before or during the financial year.

There were no unissued shares of the Company or its subsidiaries under option at the end of the financial year.

Audit Committee

The Audit Committee comprises three independent and non-executive directors during the financial year and at the date of this report are as follows:

Alfred Cheong Keng Chuan (Chairman)
Goh Chee Wee
Zhang Baicheng

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Act and the Listing Manual of Singapore Exchange Securities Trading Limited ("SGX-ST"). Their functions are detailed in the Report of Corporate Governance in the Group's Annual Report.

In performing its functions, the Audit Committee met with the Company's independent and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and independent auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the Listing Manual of SGX-ST).

The Audit Committee is satisfied with the independence and objectivity of the independent auditor and has nominated Baker Tilly TFW LLP for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.

Independent auditor's remuneration

The directors have reviewed the quantum and nature of fees, expenses and emoluments paid to the independent auditor for non-audit services under Section 206 (1A) of the Act and are satisfied that the provision of such services does not affect their independence.

Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Jia Yue Ting
Director

Li Zhen Yu
Director

7 April 2015

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AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2014

STATEMENT BY DIRECTORS

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company set out on pages 8 to 45 are properly drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards; and
- (ii) at the date of this statement, after considering the measures taken by the Group with respect to the Group's ability to continue as a going concern as described in Note 2(a) to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

Jia Yue Ting
Director

Li Zhen Yu
Director

7 April 2015

APPENDIX VI
AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2014

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SINOTEL TECHNOLOGIES LTD.**

Report on the Financial Statements

We have audited the accompanying financial statements of Sinotel Technologies Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 8 to 45, which comprise the statements of financial position of the Group and the Company as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

APPENDIX VI
AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2014

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SINOTEL TECHNOLOGIES LTD. (cont'd)**

Report on the Financial Statements (cont'd)

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date.

Emphasis of Matter

Allowance for doubtful receivables

We draw attention to the significant disclosure in Note 3 to the financial statements which describes the material estimation uncertainty surrounding the management's assessment for allowance for doubtful receivables. As at 31 December 2014, the total amount of allowance made for doubtful trade receivables was RMB515,360,404 (2013: RMB56,259,874). This involves significant assumptions on the future collection from the long outstanding debtors and there is a significant risk that a material adjustment to the allowance made on the Group's trade receivables as at 31 December 2014 may be required in the future financial periods.

Going concern

We draw attention to Note 2(a) to the financial statements which states that the financial statements have been prepared on a going concern basis notwithstanding the Group continuing to incur net losses and generate net cash outflows from operating activities. During the financial year, the Group reported a net loss of RMB457,954,999 (2013: RMB86,230,344) and net cash outflows from operating activities of RMB25,110,861 (2013: RMB22,991,919). These factors indicate the existence of material uncertainties that may cast significant doubt about the Group's ability to continue as a going concern.

The ability of the Group to remain as a going concern is dependent on the assumptions by the directors of the Company as disclosed in Note 2(a) to the financial statements, which are premised on future events and market conditions, and the outcome of which is inherently uncertain. The financial statements did not include any adjustments that may result in the event that the Group is unable to continue as a going concern. In the event that the Group is unable to continue as a going concern, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the amounts at which they are currently recorded in the consolidated statement of financial position. In addition, the Group may have to provide for further liabilities that might arise and to reclassify non-current assets and liabilities as current assets and liabilities.

Our opinion is not modified in respect of the matters mentioned above.

APPENDIX VI
AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2014

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SINOTEL TECHNOLOGIES LTD.**

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

7 April 2015

APPENDIX VI
AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
For the financial year ended 31 December 2014

		Group	
	Note	2014 RMB	2013 RMB
Revenue	4	255,644,501	388,398,008
Cost of sales		(235,890,225)	(358,836,649)
Gross profit		19,754,276	29,561,359
Other income	5	10,401,066	2,542,308
Selling and distribution expenses		(17,683,694)	(22,920,686)
General and administrative expenses		(480,341,075)	(100,324,205)
Finance costs	6	(123,416)	(3,874,220)
Loss before tax	7	(467,992,843)	(95,015,444)
Tax credit	9	10,037,844	8,785,100
Loss for the financial year		(457,954,999)	(86,230,344)
Other comprehensive loss for the financial year, net of tax:			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising on consolidation		(10,446)	(732,701)
Total comprehensive loss for the financial year		(457,965,445)	(86,963,045)
Loss per share for loss for the financial year attributable to equity holders of the Company (in RMB cents per share)			
Basic and diluted	10	(108.29)	(20.39)

The accompanying notes form an integral part of these financial statements.

APPENDIX VI
AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2014

STATEMENTS OF FINANCIAL POSITION
At 31 December 2014

		Group		Company	
	Note	2014 RMB	2013 RMB	2014 RMB	2013 RMB
Non-current assets					
Property, plant and equipment	11	33,465,055	71,079,481	1,713	2,976
Intangible assets	12	243,053	67,480	—	—
Subsidiaries	13	—	—	367,224,109	375,160,470
		33,708,108	71,146,961	367,225,822	375,163,446
Current assets					
Inventories	14	182,580,616	310,955,471	—	—
Trade receivables	15	346,989,459	580,097,687	—	—
Other receivables	16	23,770,878	24,334,802	927	943
Cash and cash equivalents	17	11,461,007	21,363,935	2,387,126	5,903,655
		564,801,960	936,751,895	2,388,053	5,904,598
Disposal group assets classified as held for sale	18	—	27,554,712	—	—
		564,801,960	964,306,607	2,388,053	5,904,598
Total assets		598,510,068	1,035,453,568	369,613,875	381,068,044
Non-current liabilities					
Deferred tax liabilities	19	8,389,914	18,837,766	—	—
Current liabilities					
Trade payables		107,342,370	91,739,087	—	—
Other payables	20	87,259,573	51,275,148	1,523,089	2,067,382
Borrowing	21	—	20,000,000	—	—
Tax payables		9,103,346	9,155,369	—	—
		203,705,289	172,169,604	1,523,089	2,067,382
Liabilities directly associated with disposal group classified as held for sale	18	—	65,888	—	—
		203,705,289	172,235,492	1,523,089	2,067,382
Total liabilities		212,095,203	191,073,258	1,523,089	2,067,382
Net assets		386,414,865	844,380,310	368,090,786	379,000,662
Equity attributable to equity holders of the Company					
Share capital	22	454,324,943	454,324,943	454,324,943	454,324,943
Currency translation reserve	23	(4,211,988)	(4,201,542)	(31,758,766)	(17,891,433)
Accumulated (losses)/profits		(63,698,090)	394,256,909	(54,475,391)	(57,432,848)
Total equity		386,414,865	844,380,310	368,090,786	379,000,662

The accompanying notes form an integral part of these financial statements.

APPENDIX VI
AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2014

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2014

	Share capital RMB	Currency translation reserve RMB	Accumulated profits/(losses) RMB	Total equity RMB
Group				
Balance at 1 January 2013	454,324,943	(3,468,841)	480,487,253	931,343,355
Loss for the financial year	—	—	(86,230,344)	(86,230,344)
Other comprehensive loss for the financial year, net of tax				
- Currency translation differences arising on consolidation	—	(732,701)	—	(732,701)
Total comprehensive loss for the financial year	—	(732,701)	(86,230,344)	(86,963,045)
Balance at 31 December 2013	454,324,943	(4,201,542)	394,256,909	844,380,310
Loss for the financial year	—	—	(457,954,999)	(457,954,999)
Other comprehensive loss for the financial year, net of tax				
- Currency translation differences arising on consolidation	—	(10,446)	—	(10,446)
Total comprehensive loss for the financial year	—	(10,446)	(457,954,999)	(457,965,445)
Balance at 31 December 2014	454,324,943	(4,211,988)	(63,698,090)	386,414,865

The accompanying notes form an integral part of these financial statements.

APPENDIX VI
AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2014

STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2014

	Share capital RMB	Currency translation reserve RMB	Accumulated losses RMB	Total equity RMB
Company				
Balance at 1 January 2013	454,324,943	7,905,300	(67,789,035)	394,441,208
Profit for the financial year	–	–	10,356,187	10,356,187
Other comprehensive loss for the financial year, net of tax - Currency translation differences arising from translation to presentation currency	–	(25,796,733)	–	(25,796,733)
Total comprehensive (loss)/income for the financial year	–	(25,796,733)	10,356,187	(15,440,546)
Balance at 31 December 2013	454,324,943	(17,891,433)	(57,432,848)	379,000,662
Profit for the financial year	–	–	2,957,457	2,957,457
Other comprehensive loss for the financial year, net of tax - Currency translation differences arising from translation to presentation currency	–	(13,867,333)	–	(13,867,333)
Total comprehensive (loss)/income for the financial year	–	(13,867,333)	2,957,457	(10,909,876)
Balance at 31 December 2014	454,324,943	(31,758,766)	(54,475,391)	368,090,786

The accompanying notes form an integral part of these financial statements.

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AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2014

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2014

	Group	
	2014 RMB	2013 RMB
Cash flows from operating activities		
Loss before tax	(467,992,843)	(95,015,444)
Adjustments for:		
Amortisation of land use right	–	223,847
Amortisation of intangible assets	109,606	1,979,441
Depreciation of property, plant and equipment	37,651,799	41,339,087
Gain on disposal of a subsidiary	(8,285,131)	–
Impairment loss of property, plant and equipment	–	18,796,222
Loss on disposal of property, plant and equipment	–	17,526
Property, plant and equipment written off	25,538	2,153,551
Interest expense	86,534	3,785,422
Interest income	(76,571)	(1,691,855)
Unrealised loss on foreign exchange	2,707	2,501
Operating cash flows before working capital changes	(438,478,361)	(28,409,702)
Changes in operating assets and liabilities, net of effects from disposal of a subsidiary:		
Inventories	128,374,855	49,107,823
Trade receivables	233,108,228	(33,724,281)
Other receivables	584,709	30,052,313
Trade payables	15,603,283	(42,422,222)
Other payables	36,081,885	(28,431,252)
Cash used in operations	(24,725,401)	(53,827,321)
Unauthorised purchase amounts recovered	–	31,278,835
Income tax paid	(462,031)	(2,135,288)
Interest received	76,571	1,691,855
Net cash used in operating activities	(25,110,861)	(22,991,919)
Cash flows from investing activities		
Purchase of property, plant and equipment	(62,968)	(5,989,591)
Purchase of intangible assets	(285,179)	–
Proceeds from disposal of property, plant and equipment	–	269,021
Net cash inflow from disposal of a subsidiary (Note 13(b))	35,637,225	–
Net cash from/(used in) investing activities	35,289,078	(5,720,570)

The accompanying notes form an integral part of these financial statements.

APPENDIX VI
AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
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CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
For the financial year ended 31 December 2014

	2014 RMB	Group 2013 RMB
Cash flows from financing activities		
Repayment of borrowings	(20,000,000)	(155,931,157)
Drawdown of borrowings	—	104,200,000
Uplift of deposits pledged	60,439	74,116,976
Interest paid	(86,534)	(3,785,422)
Net cash (used in)/from financing activities	(20,026,095)	18,600,397
Net decrease in cash and cash equivalents	(9,847,878)	(10,112,092)
Effect of exchange rate changes on cash and cash equivalents	(71,211)	(727,037)
Cash and cash equivalents at beginning of financial year	21,380,096	32,219,225
Cash and cash equivalents at end of financial year	11,461,007	21,380,096

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

Cash and cash equivalents on statement of financial position	11,461,007	21,363,935
Disposal group classified as held for sale (Note 18)	—	76,600
Less: deposits pledged (Note 17)	—	(60,439)
	11,461,007	21,380,096

The accompanying notes form an integral part of these financial statements.

APPENDIX VI
AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
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NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2014

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

1. Corporate information

Sinotel Technologies Pte Ltd (the “Company”) (Registration No. 200614275R) is domiciled and incorporated in Singapore on 28 September 2006 under the Singapore Companies Act. On 18 October 2007, the Company converted into a public limited company and changed its name to Sinotel Technologies Ltd.. The Company was admitted to the Official List of the Singapore Exchange Securities Trading Limited on 12 November 2007.

The principal place of business of the Group is at Room 1802, Guanhu International Tower 1, No. 105 Yaojiayuan Road, Chaoyang District, Beijing, People’s Republic of China (“PRC”) and the Company’s registered address is at 30 Raffles Place, #19-04 Chevron House, Singapore 048622.

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

2. Summary of significant accounting policies

(a) Going concern

The financial statements have been prepared on a going concern basis notwithstanding the Group continuing to incur net losses and generate net cash outflows from operating activities. During the financial year, the Group reported a net loss of RMB457,954,999 (2013: RMB86,230,344) and net cash outflows from operating activities of RMB25,110,861 (2013: RMB22,991,919). These factors indicate the existence of material uncertainties that may cast significant doubt about the Group’s ability to continue as a going concern.

At 31 December 2014, the Group has net current assets of RMB361,096,671 (2013: RMB792,071,115). The current assets of the Group consisted mostly of inventories of RMB182,580,616 (2013: RMB310,955,471) (Note 14) and trade receivables of RMB346,989,459 (2013: RMB580,097,687) (Note 15).

The directors of the Company, having considered the following, believe that the going concern basis of preparation is appropriate:

- (i) The Group will be able to realise inventories of RMB182,580,616 and trade receivables of RMB346,989,459 into cash in the normal course of business;
- (ii) The Group will be able to secure new contracts with better margin and positive cash flows; and
- (iii) The Group will be able to generate sufficient cash flows from its operations in the next twelve months to meet its current and future obligations.

The ability of the Group to remain as a going concern is therefore dependent on the above assumptions, which are premised on future events and market conditions, the outcome of which is inherently uncertain. The financial statements did not include any adjustments that may result in the event that the Group is unable to continue as a going concern. In the event that the Group is unable to continue as a going concern, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the amounts at which they are currently recorded in the consolidated statement of financial position. In addition, the Group may have to provide for further liabilities that might arise and to reclassify non-current assets and liabilities as current assets and liabilities.

APPENDIX VI
AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
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2. Summary of significant accounting policies (cont'd)

(b) Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are expressed in Chinese Renminbi (“RMB”), which is the presentation currency of the Group (Note 2(w)).

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards (“FRS”) under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management’s best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgment in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3.

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables approximate their respective fair values due to the relatively short-term to maturity of these financial instruments.

In the current financial year, the Group has adopted all the new and revised FRS and Interpretations of FRS (“INT FRS”) that are relevant to its operations and effective for the current financial year. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new and revised FRS and INT FRS did not have any material effect on the financial results or position of the Group and the Company except as disclosed below:

FRS 110 Consolidated Financial Statements

As a result of FRS 110 *Consolidated Financial Statements*, the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. FRS 110 introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. This change had no significant impact on the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company.

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AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
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2. Summary of significant accounting policies (cont'd)

(b) Basis of preparation (cont'd)

New standards, amendments to standards and interpretations that have been issued at the end of the reporting period but are not yet effective for the financial year ended 31 December 2014 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company except as disclosed below:

FRS 109 Financial Instruments

FRS 109 includes guidance on the classification and measurement of financial assets and financial liabilities and de-recognition of financial instruments. FRS 109, when effective will replace FRS 39 *Financial Instruments: Recognition and Measurement*. This standard is effective for annual periods beginning on or after 1 January 2018. The Group will review the requirements of FRS 109 and re-assess the classification and measurement of its financial assets and financial liabilities in accordance with this standard.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries at the end of the reporting period. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value 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 recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 2(e). In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain from bargain purchase in profit or loss on the date of acquisition.

APPENDIX VI
AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2014

2. Summary of significant accounting policies (cont'd)

(c) Basis of consolidation (cont'd)

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners) and therefore, no gain or loss is recognised in profit or loss.

When a change in the Company'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, non-controlling interest and other components of equity related to the subsidiary 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 FRS.

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

Consolidation of the subsidiaries in PRC are based on the subsidiary's financial statements prepared in accordance with FRS. Profits reflected in the financial statements prepared in accordance with FRS may differ from those reflected in the PRC statutory financial statements of the subsidiary, prepared for PRC reporting purposes. In accordance with the relevant laws and regulations, profits available for distribution by the PRC subsidiary are based on the amounts stated in the PRC statutory financial statements.

(d) Subsidiaries

Subsidiaries are entities controlled by the Group. 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.

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less accumulated impairment losses. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

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AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
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2. Summary of significant accounting policies (cont'd)

(e) Goodwill

Goodwill is initially measured at cost and is subsequently measured at cost less any accumulated impairment losses.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(f) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any impairment in value.

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised.

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

Depreciation is calculated on a straight-line basis to write off the cost of property, plant and equipment, less any estimated residual value over their estimated useful lives. The estimated useful lives are as follows:

	Years
Office equipment	4 to 8
Project and research & development equipment	5 to 8
Motor vehicles	8
Renovation	5

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

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

Construction work-in-progress represents a property under construction, stated at cost less any accumulated impairment loss and are not depreciated. Construction work-in-progress are reclassified to the appropriate category of property, plant and equipment when completed and ready for intended use.

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AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
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2. Summary of significant accounting policies (cont'd)

(g) Land use rights

Land use rights are initially recognised at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment losses, if any. The land use rights are amortised on a straight-line basis over the lease term.

(h) Intangible assets

Intangible assets are initially recognised at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets with finite lives are amortised using straight line method over the estimated useful lives. Where indication of impairment exists, an impairment loss is recognised immediately in profit or loss.

Purchased computer software are stated at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised using straight line method over their estimated useful lives of 3 to 5 years.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

(i) Impairment of non-financial assets excluding goodwill

At the end of each reporting period, the Group assesses the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is recognised in other comprehensive income up to the amount of any previous revaluation.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for the asset other than goodwill is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss.

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AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
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2. Summary of significant accounting policies (cont'd)

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis. The cost of work-in-progress comprises direct materials, direct labour, other direct costs and related overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

(k) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, bank overdrafts that form an integral part of the Group's cash management, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and excludes pledged deposits.

(l) Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use.

The assets are not depreciated or amortised while they are classified as held for sale.

(m) Financial assets

The Group classifies its financial assets according to the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition. The Group's only financial assets are 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 included in current assets, except those maturing later than 12 months after the end of the reporting period which are classified as non-current assets. Loans and receivables are presented as "trade receivables", "other receivables" (excluding advance payment to suppliers and value added tax receivable) and "cash and cash equivalents" on the statements of financial position.

Loans and receivables are recognised initially at fair value, plus directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

A financial asset is derecognised where the contractual right to receive cash flows from the financial asset has expired or has been transferred and the Group has transferred substantially all risks and rewards of ownership. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

The Group assesses at the end of each reporting period 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.

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AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2014

2. Summary of significant accounting policies (cont'd)

(m) Financial assets (cont'd)

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset's is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(n) Financial liabilities

Financial liabilities include trade payables, other payables (excluding advances from customers and sales tax, value added tax and other tax payables) and borrowings. Financial liabilities are recognised on the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

(o) Provisions for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

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AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
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2. Summary of significant accounting policies (cont'd)

(p) Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

(q) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sales of goods and rendering of services, net of sales related taxes, rebates and discounts, and after eliminating sales within the Group. Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group, and the amount of revenue and related cost can be reliably measured.

Wireless network solutions relate to sales of goods and rendering of services associated with goods sold. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyers, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

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

(r) Government grants

Government grants are recognised at their fair values where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, it is deducted against the related asset value in arriving at the carrying amount of the asset.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the related costs that it is intended to compensate.

(s) Operating leases

Leases where a significant portion of the risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period expires, 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.

(t) Employee benefits

Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

Such state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

APPENDIX VI
AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2014

2. Summary of significant accounting policies (cont'd)

(t) Employee benefits (cont'd)

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

(u) Borrowing costs

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are recognised in profit or loss using the effective interest method.

(v) Income taxes

Income tax on the profit or loss for the financial year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable or recoverable in respect of previous years.

Deferred income tax is provided using the liability method, on all temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where 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 at the time of the transaction, affects neither the accounting nor taxable profit or loss.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the end of the reporting period.

Deferred income tax is charged or credited to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

(w) Foreign currencies

Functional and presentation currency

The individual 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 functional currency of the Company is Singapore dollars. The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in RMB, which is the functional currency of the subsidiaries in PRC, and the presentation currency for the consolidated financial statements.

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AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
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2. Summary of significant accounting policies (cont'd)

(w) Foreign currencies (cont'd)

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for currency translation differences on net investment in foreign operations and borrowings and other currency instruments qualifying as net investment hedges for foreign operations, which are recognised in other comprehensive income and accumulated in currency translation reserve within equity in the consolidated financial statements. The currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

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 rates at the end of the reporting period;
- (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 date of the transactions); and
- (iii) All resulting exchange differences are recognised in other comprehensive income and accumulated in currency translation reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

On disposal of a foreign group entity, the cumulative amount of the currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

(x) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

APPENDIX VI

AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

3. Critical accounting judgments and key sources of estimation uncertainty

Estimates and assumptions concerning the future and judgments 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 disclosure 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.

Critical judgments made in applying accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, management has made the following judgments that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below):

Functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgment is required by management to determine the primary economic environment in which the entities operate, the entities' process of determining sales prices and the currency of the country whose competitive forces and regulations mainly influences the prices of its goods and services. Management has assessed that prices are mainly denominated and settled in the respective local currency of the entities of the Group. In addition, most of the entities' cost base is mainly denominated in their respective local currency. Therefore, management concluded that the functional currency of the entities of the Group is their respective local currency.

Withholding taxes arising from PRC subsidiaries' undistributed profits

The Group's determination as to whether to recognise deferred tax for withholding taxes that would be payable on the undistributed profits of certain PRC subsidiaries that are subject to withholding taxes according to the relevant tax jurisdictions is subject to judgment on the timing of the payment of the dividend. The Group assessed that no more than 10% of the PRC subsidiaries' undistributable profits will be declared as dividends in the foreseeable future and accordingly the related deferred tax expense was recognised in profit or loss.

The related carrying amounts included in the Group's deferred tax liabilities at 31 December 2014 were RMB1,720,000 (2013: RMB2,042,000) (Note 19).

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, 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:

Allowances for inventories

Management reviews the inventory listing on a periodic basis to determine whether an allowance is required for any shortfall in net realisable value of inventories. The review involves a comparison of the carrying value of the inventory items with the respective net realisable value. Following the review, management sets up the necessary allowance for any shortfall in the net realisable value of the inventories.

An allowance for work-in-progress of RMB2,955,032 is recognised in profit or loss during the financial year. The carrying amounts of the Group's inventories at the end of the reporting period are disclosed in Note 14.

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AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
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3. Critical accounting judgments and key sources of estimation uncertainty (cont'd)

Key sources of estimation uncertainty (cont'd)

Property, plant and equipment

Property, plant and equipment are depreciated on a straight line basis over their estimated useful lives, after taking into account their estimated residual values.

The Group reviews the useful lives and residual values of property, plant and equipment at the end of each reporting period in accordance with the accounting policy in Note 2(f). The estimation of the useful lives and residual values involves assumptions concerning the future and estimation of the assets common life expectancies and expected level of usage. The net carrying amount of the Group's and the Company's property, plant and equipment at 31 December 2014 and 31 December 2013 are disclosed in Note 11 and Note 18.

Any changes in the expected useful lives and residual values of these assets would affect the net carrying amount of property, plant and equipment, and the depreciation changes for the financial year.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Property, plant and equipment and intangible assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amounts of the Group's and the Company's property, plant and equipment at 31 December 2014 and 31 December 2013 are disclosed in Note 11 and Note 18.

The carrying amounts of the Group's intangible assets at 31 December 2014 and 31 December 2013 are disclosed in Note 12 and Note 18.

Allowance for doubtful receivables

The Group assesses the recoverability of the trade receivables at the end of each reporting period. Allowances for doubtful debts are applied to trade receivables where there are events or changes in circumstances which indicate that the balances may not be collectible. The identification of doubtful debts requires the use of estimations in assessing the recoverability of the debts based on the past collection trends from each debtor and the ageing of the past due amounts. The Group assessed that there is significant doubt in its ability to collect certain long outstanding debts and accordingly, an allowance for doubtful debts was made on these balances.

Since the Group cannot predict with certainty the collection of the long outstanding debts from the debtors, where the expectation is different from the original estimate, such difference will impact the carrying value of trade receivables and doubtful debts expenses in the period in which such estimate has been changed.

The carrying amounts of the Group's trade receivables at the end of the reporting period and allowance for doubtful receivables charged to profit or loss during the financial year are disclosed in Note 15.

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AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2014

3. Critical accounting judgments and key sources of estimation uncertainty (cont'd)

Key sources of estimation uncertainty (cont'd)

Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, the amount and timing of future taxable income and deductibility of certain expenditure. Given the nature or existing contractual agreements, differences arising between the actual results the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions already recorded. The Group establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

The carrying amount of the Group's tax payables at 31 December 2014 is RMB9,103,346 (2013: RMB9,155,369).

The carrying amount of the Group's deferred tax liabilities at 31 December 2014 is RMB8,389,914 (2013: RMB18,837,766).

4. Revenue

	Group
	2014 RMB
	2013 RMB
Sales of goods and services rendered	
- Wireless network solutions	255,644,501
	388,398,008

5. Other income

	Group
	2014 RMB
	2013 RMB
Interest income	76,571
Gain on disposal of a subsidiary (Note13(b))	1,691,855
Sundry income	8,285,131
	—
	2,039,364
	850,453
	10,401,066
	2,542,308

6. Finance costs

	Group
	2014 RMB
	2013 RMB
Interest expense on bank borrowings	86,534
Bank charges	3,785,422
	36,882
	88,798
	123,416
	3,874,220

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7. Loss before tax

	2014	Group
	RMB	2013
		RMB
Loss before tax is arrived at after charging/(crediting):		
Allowance for doubtful trade receivables (Note 15)	459,100,530	51,656,374
Allowance for work-in-progress (Note 14)	2,955,032	–
Amortisation of intangible assets (Note 12)	109,606	1,979,441
Amortisation of land use right	–	223,847
Depreciation of property, plant and equipment (Note 11)	37,651,799	41,339,087
Directors' fees	836,612	694,469
Fees for audit services paid to independent auditor of the Company	794,851	740,734
Fees for non-audit services paid to independent auditor of the Company	10,462	9,632
(Gain)/loss on foreign exchange	(21,036)	51,458
Impairment loss of property, plant and equipment (Note 11)	–	18,796,222
Loss on disposal of property, plant and equipment	–	17,526
Operating lease expenses	2,532,007	2,741,290
Professional fees paid to Special Auditors	–	649,643
Property, plant and equipment written off (Note 11)	25,538	2,153,551
Staff costs (Note 8)	19,085,726	20,809,758

8. Staff costs

	2014	Group
	RMB	2013
		RMB
Short-term employee benefits	13,871,822	15,508,900
Contribution to defined contribution plans	5,213,904	5,300,858
	19,085,726	20,809,758

Staff costs include key management personnel compensation as disclosed in Note 25.

9. Tax credit

	2014	Group
	RMB	2013
		RMB
Income tax on the loss for the financial year		
- current income tax	380,436	120,151
- deferred income tax	(10,447,852)	(8,905,251)
	(10,067,416)	(8,785,100)
Underprovision in respect of previous financial year		
- current income tax	29,572	–
	(10,037,844)	(8,785,100)

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AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
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9. Tax credit (cont'd)

The income tax credit on the results of the financial year differs from the amount of income tax determined by applying the domestic rates applicable to profit/loss in the countries where the Group operates due to the following factors:

	Group	
	2014	2013
	RMB	RMB
Loss before tax	(467,992,843)	(95,015,444)
Tax at domestic rates applicable to profit/loss in the countries where the Group operates	(104,384,033)	(17,966,701)
Income tax exemption	–	(1,302,111)
Expenses not deductible for tax purposes	4,751,632	241,094
Income not taxable for tax purpose	(2,576,280)	(200,294)
Underprovision in respect of previous financial year	29,572	–
Deferred tax assets not recognised	93,974,656	15,733,527
Utilisation of deferred tax assets previously not recognised	–	(2,117,145)
Others	(1,833,391)	(3,173,470)
	(10,037,844)	(8,785,100)

The above tax reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

The potential deferred tax assets on the following temporary differences have not been recognised in the financial statements at the end of the reporting period:

	Group	
	2014	2013
	RMB	RMB
Allowance for doubtful receivables	474,235,000	56,260,000
Accelerated accounting depreciation	35,451,000	35,451,000
Others	4,850,000	1,914,000
	514,536,000	93,625,000

The potential deferred tax assets have not been recognised in the financial statements as it is not probable that the future taxable income in these companies will be available and sufficient to allow these temporary differences to be realised in the foreseeable future.

The Company

The Company has no taxable income during the financial year. The statutory income tax rate applicable to the Company is 17% (2013: 17%).

PRC subsidiaries

In accordance with New-Tech Enterprise's Exempting from Enterprise Income Tax issued by local tax bureau of Haidian District of Beijing, Xbell Union Communication (Beijing) Co., Ltd is exempted from enterprise income tax from 2007 to 2009, and will be taxed at a preferential tax rate of 7.5% from 2011 to 2013 and 15% after 2013.

The statutory income tax rate applicable to other PRC subsidiaries is 25% (2013: 25%).

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10. Loss per share

Basic loss per share is calculated based on the Group's loss for the financial year attributable to equity holders of the Company divided by the weighted average number of ordinary shares in issue during the financial year.

	Group
	2014
	2013
Loss for the financial year (RMB)	(457,954,999)
	(86,230,344)
Weighted average number of ordinary shares for basic loss per share	422,915,000
	422,915,000

Diluted loss per share is same as basic loss per share as there was no potential dilutive ordinary shares for the financial years ended 31 December 2014 and 31 December 2013.

11. Property, plant and equipment

	Office equipment RMB	Project and research & development equipment RMB	Motor vehicles RMB	Total RMB
Group				
2014				
Cost				
At 1 January 2014	1,029,401	233,983,726	6,486,284	241,499,411
Additions	62,968	—	—	62,968
Write-off	(541,730)	(309,450)	—	(851,180)
Currency translation difference	(2,191)	—	—	(2,191)
At 31 December 2014	548,448	233,674,276	6,486,284	240,709,008
Accumulated depreciation and impairment losses				
At 1 January 2014	801,502	165,608,815	4,009,613	170,419,930
Depreciation charge	146,185	36,585,055	920,559	37,651,799
Write-off	(525,472)	(300,170)	—	(825,642)
Currency translation difference	(2,134)	—	—	(2,134)
At 31 December 2014	420,081	201,893,700	4,930,172	207,243,953
Representing:				
Accumulated depreciation	420,081	166,442,478	4,930,172	171,792,731
Accumulated impairment losses	—	35,451,222	—	35,451,222
	420,081	201,893,700	4,930,172	207,243,953
Net carrying value				
At 31 December 2014	128,367	31,780,576	1,556,112	33,465,055

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AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
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11. Property, plant and equipment (cont'd)

	Office equipment RMB	Project and research & development equipment RMB	Motor vehicles RMB	Renovation RMB	Construction work-in- progress RMB	Total RMB
Group 2013						
Cost						
At 1 January 2013	1,468,668	234,028,976	6,579,683	3,697,941	11,205,345	256,980,613
Additions	40,104	—	—	—	5,949,487	5,989,591
Disposals	(75,941)	(45,250)	—	—	—	(121,191)
Write-off	(345,996)	—	(93,399)	(3,697,941)	—	(4,137,336)
Reclassified to disposal group classified as held for sale (Note 18)	(53,349)	—	—	—	(17,154,832)	(17,208,181)
Currency translation difference	(4,085)	—	—	—	—	(4,085)
At 31 December 2013	1,029,401	233,983,726	6,486,284	—	—	241,499,411
Accumulated depreciation and impairment losses						
At 1 January 2013	939,263	107,443,246	3,172,021	838,693	—	112,393,223
Depreciation charge	289,806	39,402,213	928,188	718,880	—	41,339,087
Disposals	(64,088)	(32,866)	—	—	—	(96,954)
Write-off	(335,616)	—	(90,596)	(1,557,573)	—	(1,983,785)
Impairment loss	—	18,796,222	—	—	—	18,796,222
Reclassified to disposal group classified as held for sale (Note 18)	(24,593)	—	—	—	—	(24,593)
Currency translation difference	(3,270)	—	—	—	—	(3,270)
At 31 December 2013	801,502	165,608,815	4,009,613	—	—	170,419,930
Representing:						
Accumulated depreciation	801,502	130,157,593	4,009,613	—	—	134,968,708
Accumulated impairment losses	—	35,451,222	—	—	—	35,451,222
	801,502	165,608,815	4,009,613	—	—	170,419,930
Net carrying value						
At 31 December 2013	227,899	68,374,911	2,476,671	—	—	71,079,481

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AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
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11. Property, plant and equipment (cont'd)

	Office equipment RMB
Company	
Cost	
At 1 January 2013	63,365
Currency translation difference	(4,085)
	<hr/>
At 31 December 2013	59,280
Currency translation difference	(2,191)
	<hr/>
At 31 December 2014	57,089
	<hr/>
Accumulated depreciation	
At 1 January 2013	44,144
Depreciation charge	15,430
Currency translation difference	(3,270)
	<hr/>
At 31 December 2013	56,304
Depreciation charge	1,206
Currency translation difference	(2,134)
	<hr/>
At 31 December 2014	55,376
	<hr/>
Net carrying value	
At 31 December 2013	2,976
	<hr/>
At 31 December 2014	1,713
	<hr/>

In 2013, the Group carried out a review of the recoverable amount of the project and research & development equipment relating to Emergency Mobile Base Station as there was no income generated from these assets during the financial year and also there was no future order. As a result of the review, an impairment loss of RMB18,796,222 was recognised in profit or loss under “general and administrative expenses” to provide full impairment loss on the remaining net carrying amount of such assets.

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12. Intangible assets

	2014	Group	2013
	RMB		RMB
<i>Computer software</i>			
Cost			
At 1 January	27,885,392		27,911,192
Additions	285,179		–
Reclassified to disposal group classified as held for sale (Note 18)	–		(25,800)
At 31 December	28,170,571		27,885,392
Accumulated amortisation and impairment losses			
At 1 January	27,817,912		25,854,238
Amortisation charge	109,606		1,979,441
Reclassified to disposal group classified as held for sale (Note 18)	–		(15,767)
At 31 December	27,927,518		27,817,912
Representing:			
Accumulated amortisation	26,127,766		26,018,160
Accumulated impairment losses	1,799,752		1,799,752
	27,927,518		27,817,912
Net carrying value			
At 31 December	243,053		67,480

13. Subsidiaries

	2014	Company	2013
	RMB		RMB
Unquoted equity shares at cost	91,515,344		95,027,652
Amounts due from subsidiaries	275,708,765		280,132,818
	367,224,109		375,160,470

Management determined that owing to the nature of the activities of the subsidiaries, the amounts due from subsidiaries are quasi-equity in nature and non-interest bearing. Therefore, it is included in investment in subsidiaries. The quasi-equity amounts have no repayment terms and are repayable only when cash flows of the subsidiaries permit. Accordingly, the amounts are stated at cost.

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AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
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13. Subsidiaries (cont'd)

(a) The subsidiaries as at 31 December 2014 are as follows:

Name of subsidiary	Country of incorporation and place of incorporation	Principal activities	Ownership held	
			2014	2013
<i>Subsidiary held by the Company</i>				
Xbell Union Communication Technology Limited**	British Virgin Islands	Investment holding	100%	100%
<i>Subsidiary held by Xbell Union Communication Technology Limited</i>				
Xbell Union Communication (Beijing) Co., Ltd**	PRC	Provision of wireless telecommunication network infrastructure solutions, hardware and software supports and distribution of telecommunication devices	100%	100%
<i>Subsidiaries held by Xbell Union Communication (Beijing) Co., Ltd</i>				
Xbell Union Communication (Tianjin) Co., Ltd** ("Xbell Union")	PRC	Provision of wireless telecommunication network infrastructure solutions, hardware and software supports and distribution of telecommunication devices	100%	100%
Shanxi Xbell Communication Co., Ltd**	PRC	Provision of customised applications and solutions across the telecommunication value chain in PRC	100%	100%
<i>Subsidiary held by Xbell Union</i>				
Xbell (Tianjin) Investment Co., Ltd ("Xbell Investment")	PRC	Investment company engaging in property investment, development of wireless technology and provision of new infrastructure solutions	—	100%

** Audited by Baker Tilly TFW LLP for the purpose of preparation of the consolidated financial statements of the Group.

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AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
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13. Subsidiaries (cont'd)

(b) Disposal of a subsidiary

On 15 January 2014, Xbell Union entered into a sale and purchase agreement with Leshi Holdings (Beijing) Co., Ltd (“Leshi”), a related party to dispose 100% equity interest in its wholly-owned subsidiary, Xbell Investment. The disposal transaction was completed on 12 June 2014.

The following summarises the effects of the disposal of Xbell Investment:

	Group 2014 RMB
Property, plant and equipment	21,164,965
Intangible assets	10,033
Land use right	10,244,301
Other receivables	19,364
Cash and cash equivalents	19,881
Other payables	(4,086,569)
	<hr/>
Total identifiable net assets	27,371,975
Gain on disposal of a subsidiary (Note 5)	8,285,131
	<hr/>
Total cash considerations*	35,657,106
Cash and cash equivalents in a subsidiary disposed of	(19,881)
	<hr/>
Net cash inflow from disposal of a subsidiary	35,637,225
	<hr/>

* Total cash considerations include an amount of RMB10,534,800 received for settlements of the debts due from Xbell Investment to other subsidiaries within the Group.

14. Inventories

	2014 RMB	Group 2013 RMB
<i>Statement of Financial Position</i>		
Raw materials at net realisable value	—	—
Work-in-progress at cost or net realisable value	182,580,616	310,955,471
	<hr/>	<hr/>
	182,580,616	310,955,471
	<hr/>	<hr/>
<i>Statement of Profit or Loss and Other Comprehensive Income</i>		
Inventories recognised as an expense in cost of sales	235,763,957	356,657,775
Inclusive of allowance for work-in-progress	2,955,032	—
	<hr/>	<hr/>

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15. Trade receivables

	Group	
	2014	2013
	RMB	RMB
Third party trade receivables	862,349,863	635,907,561
Notes receivable	–	450,000
	862,349,863	636,357,561
Less: allowance for doubtful receivables	(515,360,404)	(56,259,874)
	346,989,459	580,097,687

Movement in allowance for doubtful receivables during the financial year are as follows:

	Group	
	2014	2013
	RMB	RMB
At 1 January	56,259,874	4,603,500
Allowance made (Note 7)	459,100,530	51,656,374
At 31 December	515,360,404	56,259,874

Trade receivables are non-interest bearing and has no fixed credit term. The credit period varies from customers to customers after taking into consideration their payment track record, financial background, length of business relationship and size of transactions.

The table below is an ageing analysis of trade receivables at the end of the reporting period:

	Group	
	2014	2013
	RMB	RMB
Not past due and not impaired	858,550	117,714,295
Past due but not impaired (i)	510,000	425,221,028
	1,368,550	542,935,323
Impaired receivables - individually assessed (ii)	860,981,313	93,422,238
Less: allowance for doubtful receivables	(515,360,404)	(56,259,874)
	345,620,909	37,162,364
Total trade receivables, net	346,989,459	580,097,687

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15. Trade receivables (cont'd)

(i) Ageing of trade receivables that are past due but not impaired are as follows:

	2014	Group	2013
	RMB		RMB
Past due < 90 days	–		99,058,102
Past due 91 to 270 days	–		22,223,772
Past due 271 to 365 days	–		100,235,636
Past due above 365 days	510,000		203,703,518
	510,000		425,221,028

(ii) These amounts are stated before any deduction for impairment losses. Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties or have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

Ageing of impaired receivables are as follows:

	2014	Group	2013
	RMB		RMB
Not past due	139,539,261		–
Past due < 90 days	102,169,883		–
Past due 91 to 270 days	36,417,704		15,137,791
Past due 271 to 365 days	108,644,550		22,024,573
Past due above 365 days	474,209,915		56,259,874
	860,981,313		93,422,238

16. Other receivables

	2014	Group	2013	2014	Company	2013
	RMB		RMB	RMB		RMB
Advance payment to suppliers	15,460,000	12,581,700		–		–
Other receivables	4,379,547	1,824,162		927		943
Value added tax receivable	3,931,331	9,928,940		–		–
	23,770,878	24,334,802		927		943

17. Cash and cash equivalents

	2014	Group	2013	2014	Company	2013
	RMB		RMB	RMB		RMB
Cash on hand	109,608	89,746		2,050		2,129
Cash at banks	11,158,899	14,942,337		2,385,076		588,654
Deposits	192,500	6,331,852		–		5,312,872
	11,461,007	21,363,935		2,387,126		5,903,655

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17. Cash and cash equivalents (cont'd)

In 2013, deposits included amount of RMB60,439 that was pledged as security for letter of guarantee granted.

At 31 December 2014, the Group's cash and cash equivalents deposited with banks in PRC denominated in RMB amounting to RMB8,983,086 (2013: RMB12,161,346). RMB is not freely convertible into other currencies. However, under the PRC Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks that are authorised to conduct foreign exchange business.

18. Disposal group classified as held for sale

At the board meeting held on 29 April 2013, the management proposed to dispose of Xbell Investment to Leshi.

On 15 January 2014, Xbell Union entered into a sale and purchase agreement with Leshi to dispose of 100% equity interest in Xbell Investment. The disposal transaction was completed on 12 June 2014.

In 2013, the assets and liabilities related to Xbell Investment have been presented in the statement of financial position as "Disposal group assets classified as held for sale" and "Liabilities directly associated with disposal group classified as held for sale".

Statement of financial position disclosures

The major classes of assets and liabilities of Xbell Investment classified as held for sale as at 31 December 2013 are as follows:

	Group 2013 RMB
Assets:	
Property, plant and equipment	17,183,588
Intangible assets	10,033
Land use right	10,244,301
Other receivables	40,190
Cash and cash equivalents	76,600
Disposal group assets classified as held for sale	<u>27,554,712</u>
Liabilities:	
Other payables	65,888
Liabilities directly associated with disposal group classified as held for sale	<u>65,888</u>
Net assets directly associated with disposal group classified as held for sale	<u>27,488,824</u>

Statement of cash flows disclosures

The cash flows attributed to Xbell Investment are as follows:

	Group 2013 RMB
Cash flows from operating activities	5,845,385
Cash flows from investing activities	(5,958,987)
Net cash outflows	<u>(113,602)</u>

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19. Deferred tax liabilities

The movements in deferred tax liabilities are as follows:

	Group	
	2014	2013
	RMB	RMB
At 1 January	18,837,766	27,743,017
Tax credit to profit or loss	(10,447,852)	(8,905,251)
At 31 December	8,389,914	18,837,766

The deferred tax liabilities on temporary differences recognised in the financial statements are in respect of tax effects arising from the following:

	Group	
	2014	2013
	RMB	RMB
Withholding taxes arising from PRC subsidiaries' undistributed profits	1,720,000	2,042,000
Accrued revenue	6,669,914	16,795,766
	8,389,914	18,837,766

Withholding taxes arising from PRC subsidiaries' undistributed profits

The distributable profits generated from those PRC subsidiaries with effect from 1 January 2008 will be subjected to withholding tax when these PRC subsidiaries declare dividend to its foreign investor. Management expects that no more than 10% of these PRC subsidiaries' undistributable profits will be distributed to the Company in the foreseeable future and accordingly, the deferred tax liabilities is provided on this amount.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed profits of PRC subsidiaries for which deferred tax liabilities have not been recognised is RMB310,433,000 (2013: RMB426,890,000). No liability has been recognised in respect of these temporary differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such temporary differences will not reverse in the foreseeable future.

Accrued revenue

Income tax submission is based on sales invoices issued, hence deferred tax liability is provided on those accrued revenue at the end of the reporting period.

20. Other payables

	Group		Company	
	2014	2013	2014	2013
	RMB	RMB	RMB	RMB
Advances from customers	38,446,292	25,677,361	—	—
Accrued operating expenses	10,707,860	9,467,414	1,016,811	1,062,536
Other payables	7,241,887	4,973,198	506,278	1,004,846
Unpaid consideration for acquisition of property, plant and equipment	1,500,000	1,500,000	—	—
Sales tax, value added tax and other tax payables	29,363,534	9,657,175	—	—
	87,259,573	51,275,148	1,523,089	2,067,382

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21. Borrowing

	Group
	2014
	RMB
	2013
	RMB
Short term loan	– 20,000,000

The short term loan was secured by corporate guarantee from an affiliated company and was fully settled during the financial year.

The short term loan bore effective interest rate of 7.80% per annum.

The carrying amount of the short term loan approximates its fair value at the end of the reporting period.

22. Share capital

	Group and Company			
	2014		2013	
	No. of		No. of	
	ordinary shares	RMB	ordinary shares	RMB
Issued and paid up capital: At 1 January/31 December	422,915,000	454,324,943	422,915,000	454,324,943

All issued shares are fully paid ordinary shares with no par value.

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 without restriction.

Performance Share Scheme

The Company's Performance Share Scheme (the "Scheme") was approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on 27 April 2009, and shall continue to be in operation at the discretion of the committee administering the Scheme, subject to a maximum period of 10 years commencing on the date the Scheme is adopted, provided always that the Scheme may continue beyond the above stipulated period with the approval of shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

Under the rules of the Scheme, all confirmed full-time employees of the Group who have attained the age of 21 years and above, and directors of the Group are eligible to participate in the Scheme. However, participation in the Scheme by directors who are also controlling shareholders and their associates are subject to the approval by independent shareholders of the Company. Participants are not required to pay for the grant of any awards to them under the Scheme.

The Scheme is administered by a committee comprising Jia Yue Ting, Goh Chee Wee, Alfred Cheong Keng Chuan and Zhang Baicheng.

The Company has not granted any Performance Shares during the financial year.

23. Currency translation reserve

Currency translation reserve arises from the translation of the financial statements of entities within the Group whose functional currencies are different from the Group's presentation currency.

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24. Commitments

Capital commitments

	Group
	2014
	RMB
	2013
	RMB
Capital commitments contracted for but not provided for:	
- the design and consultation for building construction	
in relation to Xbell Investment	6,174,700
	—

Operating lease commitments

The Group leases various premises from related and non-related parties under non-cancellable operating lease arrangements. The leases have rights to renew by the lessee.

Commitments in relation to non-cancellable operating leases contracted for at the end of the reporting period, but not recognised as liabilities, are payable as follows:

	Group
	2014
	RMB
	2013
	RMB
Not later than one financial year	756,361
	660,725

Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

25. Related party transactions

In addition to information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties, who are not members of the Group during the financial year on terms agreed by the parties concerned:

	Group
	2014
	RMB
	2013
	RMB
With companies in which a director has controlling interest	
- Lease of premises	917,536
- Gift purchase	364,214
	625,536
	562,468

Key management personnel compensation

Key management personnel compensation is as follows:

	Group
	2014
	RMB
	2013
	RMB
Directors of the Company:	
- short-term employee benefits	3,617,453
- contribution to defined contribution plans	154,102
- directors' fees	694,469
	836,612
	4,893,942
Other key management personnel:	
- short-term employee benefits	888,000
- contribution to defined contribution plans	71,064
	69,459
	959,615
	1,029,074
	5,923,016
	5,425,088

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26. Financial instruments

(a) Categories of financial instruments

Financial instruments at their carrying amounts at the end of the reporting period are as follows:

	Group		Company	
	2014	2013	2014	2013
	RMB	RMB	RMB	RMB
<i>Financial assets</i>				
Loans and receivables	362,830,013	603,402,574	2,388,053	5,904,598
<i>Financial liabilities</i>				
Financial liabilities at amortised cost	126,792,117	127,745,587	1,523,089	2,067,382

(b) Financial risk management objectives and policies

The Group's and the Company's overall risk management policy is to ensure adequate financial resources are available for the development of the Group's and the Company's businesses whilst managing its foreign currency, credit, interest rate and liquidity risks. The Group's and the Company's overall risks management are determined and carried out by the Board of Directors. The policies for managing each of these risks are summarised as follows:

Foreign currency risk

The Group and the Company have minimal dealings in foreign currencies and as such, have minimal exposure to foreign currency risk.

The Company and its subsidiaries maintain their respective books and accounts in their functional currencies. As a result, the Group is subjected to transaction and translation exposures resulting from currency exchange rate fluctuations. However, to minimise such foreign currency exposures, the Group uses borrowings denominated in the relevant local currency and natural hedges. It is not the Group's policy to take speculative positions in foreign currencies.

At the end of the reporting period, the Group and the Company have the following financial assets denominated in foreign currencies based on information provided to key management:

	2014		2013	
	Singapore	United States	Singapore	United States
	dollars	dollars	dollars	dollars
	RMB	RMB	RMB	RMB
Group				
Cash and cash equivalents	90,795	64,225	3,298,933	63,926
Company				
Cash and cash equivalents	–	64,225	–	63,926

The sensitivity analysis for foreign currency risk is not disclosed as the effect on the profit or loss and other comprehensive income is considered not significant.

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26. Financial instruments (cont'd)

(b) Financial risk management objectives and policies (cont'd)

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, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with low risk credit quality counterparties.

Included in the Group's trade receivables at the end of the reporting period, RMB345,620,909 or 99% (2013: RMB570,856,154 or 98%) of the Group's trade receivables were due from 7 (2013: 7) major debtors, of which 6 (2013: 3) debtors are individually represented at least 10% of the trade receivables.

As the Group and the Company does 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.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy receivables with good payment record with the Group. Cash and cash equivalents that are neither past due nor impaired are placed with reputable financial institutions which are regulated and have good credit standings.

Financial assets that are either past due and/or impaired

Information regarding financial assets that are either past due and/or impaired is disclosed in Note 15.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their borrowings and deposits placed with the reputable financial institutions.

The Group's policy is to manage interest cost using mix of fixed and floating rate debts, which depends on the interest rates market and economic conditions. At the end of the reporting period, all the Group's borrowings are at a fixed interest rate. For interest income from deposits, the Group managed the interest rate risks by placing deposits with reputable financial institutions on varying maturities and interest rate terms.

The sensitivity analysis for interest rate risk is not disclosed as the effect on the profit or loss is considered not significant.

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group and the Company maintain sufficient cash and cash equivalents, and internally generated cash flows to finance its activities.

The financial liabilities of the Group and the Company as presented in the statements of financial position are due within twelve months from the end of the reporting period and approximate the contracted undiscounted repayment obligations.

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26. Financial instruments (cont'd)

(c) Fair value

The carrying amounts of the financial assets and financial liabilities recorded in the statements of the financial position of the Group and the Company approximate their fair values due to the relatively short-term maturity of these financial instruments.

27. Capital management

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 shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares and obtain new borrowings.

There were no changes in the objectives, policies or processes during the financial years ended 31 December 2014 and 31 December 2013.

The Group and the Company monitor capital using a gearing ratio, which is net debts divided by total capital plus net debts. The Group and the Company include within net debts, borrowings, trade payables and other payables, less cash and cash equivalents. Capital represents equity attributable to the equity holders of the Company.

The Group's and the Company's policy is to keep the gearing ratio below 100% as shown below:

	Group		Company	
	2014	2013	2014	2013
	RMB	RMB	RMB	RMB
Borrowings	–	20,000,000	–	–
Trade payables	107,342,370	91,739,087	–	–
Other payables	87,259,573	51,275,148	1,523,089	2,067,382
Less: Cash and cash equivalents	(11,461,007)	(21,363,935)	(2,387,126)	(5,903,655)
Net debts	183,140,936	141,650,300	(864,037)	(3,836,273)
Equity attributable to the equity holders of the Company	386,414,865	844,380,310	368,090,786	379,000,662
Total capital and net debts	569,555,801	986,030,610	367,226,749	375,164,389
Gearing ratio (%)	32	14	*	*

* In net cash position.

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28. Segment information

The Group is principally engaged in the provision of wireless telecommunication network infrastructure solutions, hardware and software supports and distribution of telecommunication devices. All provisions are of a similar nature and subject to similar risks and returns. Accordingly, the Group's operating activities are mainly attributable to a single reportable operating segment.

Geographical information

The Group's revenue, expenses, results, assets and liabilities and capital expenditures are predominantly attributable to a single geographical region, the PRC, which is the Group's principal place of business and operations. Therefore, no analysis by geographical region is presented.

Information about major customer

Customers with revenue more than 10% of the Group's total revenue are as follows:

	Group	
	2014	2013
	RMB	RMB
Customer 1	56,294,487	62,868,718
Customer 2	42,285,283	42,285,283
Customer 3	37,573,226	58,959,727
Customer 4	32,673,932	43,962,008
Customer 5	29,110,644	38,373,508
Customer 6	25,326,653	54,424,951
	223,264,225	300,874,195

29. Events after the end of the reporting period

- (i) On 3 March 2015, the Company announced that following 3 Consecutive Years' Losses suffered by the Group, the Company will be placed on the watch-list on the Singapore Exchange Securities Trading Limited with effect from 4 March 2015.
- (ii) On 12 March 2015, the Company announced that Religare Capital Markets Corporate Finance Pte Limited, for and on behalf of Advance Technology Holding Ltd (the "Offeror") has made a mandatory conditional general offer to acquire all of the issued and paid-up ordinary shares in the capital of the Company not already owned, controlled or agreed to be acquired by the Offeror and parties acting or deemed to be acting in concert with it.

30. Authorisation of financial statements

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors dated 7 April 2015.

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FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2015

PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, & Q3) HALF-YEAR AND FULL YEAR RESULTS

1(a) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	THE GROUP			THE GROUP		
	3Q15	3Q14	Increase/ (Decrease)	9-mth 15	9-mth 14	Increase/ (Decrease)
	RMB '000	RMB '000	%	RMB '000	RMB '000	%
Revenue	7,311	13,468	(45.7)	186,746	73,717	153.3
Cost of sales	(3,526)	(10,799)	(67.3)	(171,203)	(62,500)	173.9
Gross profit	3,785	2,669	41.8	15,543	11,217	38.6
Other income	9	10	(10.0)	755	10,474	(92.8)
Selling and distribution expenses	(2,548)	(3,272)	(22.1)	(9,415)	(14,568)	(35.4)
General and administrative expenses	(17,241)	(4,785)	260.3	(89,683)	(49,363)	81.7
Finance costs	(28)	(7)	300.0	(46)	(113)	(59.3)
Loss before tax	(16,023)	(5,385)	197.5	(82,846)	(42,353)	95.6
Income tax credit/(expense)	1,267	1,964	(35.5)	(1,141)	3,691	(130.9)
Loss for the period	(14,756)	(3,421)	331.3	(83,987)	(38,662)	117.2
Other comprehensive (loss)/income for the period, net of tax:						
<i>Items that are or may be reclassified subsequently to profit or loss:</i>						
- Currency translation differences arising from consolidation	(12)	26		(66)	71	
Total comprehensive loss for the period	(14,768)	(3,395)		(84,053)	(38,591)	

These figures have not been audited.

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Loss before tax

Loss before tax is determined after charging/(crediting) the following:

	THE GROUP		THE GROUP	
	3Q15	3Q14	9-mth 15	9-mth 14
	RMB '000	RMB '000	RMB '000	RMB '000
Interest income	(9)	(10)	(25)	(44)
Interest expense	-	-	-	87
Allowance for doubtful trade receivables	3,187	-	71,214	35,054
Write-back of allowance for doubtful trade receivables	(800)	-	(7,101)	(119)
Foreign exchange (gain)/loss	(2)	7	(2)	(22)
Amortisation of intangible assets	26	36	89	78
Amortisation of land use right	-	-	-	93
Gain on disposal of a subsidiary	-	-	-	(8,391)
Allowance for stock obsolescence	-	-	980	-
Operating lease expenses	499	456	1,777	1,592
Plant and equipment written off	-	7	6	7
Impairment of property, plant and equipment	10,519	-	10,519	-
Depreciation of property, plant and equipment	3,617	9,410	21,649	28,270

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1(b)(i) STATEMENTS OF FINANCIAL POSITION

	THE GROUP		THE COMPANY	
	As at 30-Sep-15 RMB'000	As at 31-Dec-14 RMB'000	As at 30-Sep-15 RMB'000	As at 31-Dec-14 RMB'000
Non-current assets				
Property, plant and equipment	1,317	33,465	2	2
Intangible assets	154	243	-	-
Investment in subsidiaries	-	-	301,984	367,224
	1,471	33,708	301,986	367,226
Current assets				
Inventories	105,469	182,581	-	-
Trade receivables	353,685	346,990	-	-
Other receivables	21,452	23,771	-	1
Cash and cash equivalents	5,199	11,461	614	2,387
	485,805	564,803	614	2,388
Total assets	487,276	598,511	302,600	369,614
Non-current liabilities				
Deferred tax liabilities	8,185	8,390	-	-
Current liabilities				
Trade payables	72,390	107,342	-	-
Other payables	87,736	87,261	1,733	1,523
Amount due to related party	7,500	-	-	-
Tax payables	9,103	9,103	-	-
	176,729	203,706	1,733	1,523
Total liabilities	184,914	212,096	1,733	1,523
Net assets	302,362	386,415	300,867	368,091
Equity attributable to equity holders of the Company				
Share capital	454,325	454,325	454,325	454,325
Currency translation reserve	(4,278)	(4,212)	(46,656)	(31,759)
Accumulated losses	(147,685)	(63,698)	(106,802)	(54,475)
Total equity	302,362	386,415	300,867	368,091

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1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:

	THE GROUP			
	As at 30 September 2015		As at 31 December 2014	
	Secured	Unsecured	Secured	Unsecured
	RMB '000	RMB '000	RMB'000	RMB '000
Amount repayable in one year or less, or on demand	-	-	-	-

There was no bank borrowing as at 30 September 2015 and 31 December 2014.

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1(c) CONSOLIDATED STATEMENT OF CASH FLOWS

	THE GROUP		THE GROUP	
	3Q15	3Q14	9-mth 15	9-mth 14
	RMB'000	RMB '000	RMB '000	RMB '000
Cash flows from operating activities				
Loss before tax	(16,023)	(5,385)	(82,846)	(42,353)
Adjustments for:				
Gain on disposal of subsidiary	-	-	-	(8,391)
Depreciation of property, plant and equipment	3,617	9,410	21,649	28,270
Amortisation of intangible assets	26	36	89	78
Amortisation of land use right	-	-	-	93
Plant and equipment written off	-	7	6	7
Impairment of property, plant and equipment	10,519	-	10,519	-
Interest expense	-	-	-	87
Interest income	(9)	(10)	(25)	(44)
Unrealised (gain)/loss on foreign exchange	(21)	1	(71)	-
Operating (loss)/profit before working capital changes	(1,891)	4,059	(50,679)	(22,253)
Changes in working capital:				
Inventories	(1,193)	(172)	77,112	(9,108)
Trade receivables	(1,783)	(10,484)	(6,695)	(28,758)
Other receivables	(613)	(733)	2,319	10,441
Trade payables	(3,974)	(2,005)	(34,952)	16,126
Other payables	3,746	364	532	28,822
Cash generated from/(used in) operations	(5,708)	(8,971)	(12,363)	(4,730)
Income tax paid	(95)	(380)	(1,345)	(462)
Interest received	9	10	25	44
Net cash generated from/(used in) operating activities	(5,794)	(9,341)	(13,683)	(5,148)
Cash flows from investing activities				
Purchase of property, plant and equipment	-	(21)	(25)	(4,014)
Purchase of intangible assets	-	-	-	(285)
Net cash inflow from disposal of a subsidiary	-	-	-	25,102
Net cash (used in)/generated from investing activities	-	(21)	(25)	20,803
Cash flows from financing activities				
Interest paid	-	-	-	(87)
Repayment of bank borrowings	-	-	-	(20,000)
Advances from related party	7,500	-	7,500	-
Uplift of pledged deposits	-	-	-	60
Net cash from/(used in) financing activities	7,500	-	7,500	(20,027)
Net increase/(decrease) in cash and cash equivalents	1,706	(9,362)	(6,208)	(4,372)
Cash and cash equivalents at beginning of the period	3,504	26,448	11,461	21,380
Effect of exchange rate changes on cash and cash equivalents	(11)	(4)	(54)	74
Cash and cash equivalents at end of the period	5,199	17,082	5,199	17,082

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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 capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

STATEMENTS OF CHANGES IN EQUITY

	The Group			
	Share capital	Currency translation reserve	Accumulated profits/(losses)	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2014	454,325	(4,202)	394,257	844,380
Loss for the period	-	-	(38,662)	(38,662)
Other comprehensive income for the period, net of tax:				
- currency translation differences arising from consolidation	-	71	-	71
Total comprehensive income/(loss) for the period	-	71	(38,662)	(38,591)
Balance at 30 September 2014	454,325	(4,131)	355,595	805,789
Balance at 1 January 2015	454,325	(4,212)	(63,698)	386,415
Loss for the period	-	-	(83,987)	(83,987)
Other comprehensive loss for the period, net of tax:				
- currency translation differences arising from consolidation	-	(66)	-	(66)
Total comprehensive loss for the period	-	(66)	(83,987)	(84,053)
Balance at 30 September 2015	454,325	(4,278)	(147,685)	302,362

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	The Company			
	Share capital	Currency translation reserve	Accumulated losses	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2014	454,325	(17,891)	(57,433)	379,001
Loss for the period	-	-	(6,035)	(6,035)
Other comprehensive income for the period, net of tax:				
- currency translation differences arising from consolidation	-	924	-	924
Total comprehensive income/(loss) for the period	-	924	(6,035)	(5,111)
Balance at 30 September 2014	454,325	(16,967)	(63,468)	373,890
Balance at 1 January 2015	454,325	(31,759)	(54,475)	368,091
Loss for the period			(52,327)	(52,327)
Other comprehensive loss for the period, net of tax:				-
- currency translation differences arising from consolidation		(14,897)		(14,897)
Total comprehensive loss for the period	-	(14,897)	(52,327)	(67,224)
Balance at 30 September 2015	454,325	(46,656)	(106,802)	300,867

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- 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.**

Not applicable.

- 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.**

The total number of issued shares excluding treasury shares as at 30 September 2015 is 422,915,000 shares (31 December 2014: 422,915,000 shares).

- 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.**

There was no sale, transfer, disposal, cancellation and/or use of treasury shares during the period and as at 30 September 2015.

- 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 auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of 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 has applied the same accounting policies and method of computation in the financial statements for the current financial period, which are consistent with those described in the audited financial statements for the financial year ended 31 December 2014, except as disclosed in paragraph 5 below.

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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.

In the current financial period, the Group and the Company have adopted all the new and revised Financial Reporting Standards (FRSs) and Interpretations of FRSs (INT FRSs) that are relevant to its operations and are effective for annual periods beginning on 1 January 2015. The adoption of the new and revised FRSs and INT FRSs does not result in any significant changes to the accounting policies of the Group and the Company and has no material effect on the amounts reported for the current and prior years.

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.

	THE GROUP		THE GROUP	
	3Q15	3Q14	9-mth 15	9-mth 14
	RMB '000	RMB '000	RMB '000	RMB '000
Loss for the period	(14,756)	(3,421)	(83,987)	(38,662)
Loss per share (in RMB cents):				
Basic and diluted	(3.5)	(0.8)	(19.9)	(9.1)

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.

	THE GROUP		THE COMPANY	
	As at 30-Sep-15	As at 31-Dec-14	As at 30-Sep-15	As at 31-Dec-14
Net assets (RMB'000):	302,362	386,415	300,867	368,091
Net asset value per share (in RMB cents)	71.5	91.4	71.1	87.0

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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.

REVIEW OF PERFORMANCE

A Consolidated Statement of Comprehensive Income (3Q15 vs 3Q14 and 9-mth 15 vs 9-mth 14)

	THE GROUP							
	3Q15	3Q14	Variance	Increase/ (Decrease)	9-mth 15	9-mth 14	Variance	Increase/ (Decrease)
	RMB '000	RMB '000	RMB '000	%	RMB '000	RMB '000	RMB '000	%
Sales of equipment	-	-	-	-	128,897	31,904	96,993	304.0
Services related projects	7,311	12,583	(5,272)	(41.9)	38,862	38,220	642	1.7
System integration	-	885	(885)	(100.0)	18,987	3,593	15,394	428.4
	<u>7,311</u>	<u>13,468</u>	<u>(6,157)</u>	<u>(45.7)</u>	<u>186,746</u>	<u>73,717</u>	<u>113,029</u>	<u>153.3</u>

Note : Services related projects include design services, installation services, maintenance services and base station monitoring and diagnostics services.

(i) Revenue

Revenue for 3Q15 decreased by RMB6.2 million (45.7%) compared to 3Q14 mainly due to:

- (a) Decrease in system integration of RMB0.9 million arising from decrease in sales in Beijing; and
- (b) Decrease in services related projects of RMB5.3 million arising from decrease in sales in Beijing.

Revenue for 9-mth 15 increased by RMB113.0 million (153.3%) compared to 9-mth 14. The increase was mainly due to:

- (a) Increase in sales of equipment of RMB97.0 million (304.0%) arising from increase in sales in Hebei, Henan and Shanxi Provinces;
- (b) Increase in system integration of RMB15.4 million arising from increase in sales in Beijing; and
- (c) Increase in services related projects of RMB0.6 million arising from increase in sales in Beijing.

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Cost of Sales and Gross Profit

Gross profit for 3Q15 increased by RMB1.1 million (41.8%) compared to 3Q14 mainly due to increase in gross profit margin from 19.8% in 3Q14 to 51.8% in 3Q15 arising from increase in gross profit margin of services related projects. The increase was offset by the decrease in revenue.

The gross profit for 9-mth 15 increased by RMB4.3 million (38.6%) compared to 9-mth 14 mainly due to increase in sales of equipment and system integration. The increase was offset by the decrease in gross profit margin from 15.2% in 9-mth 14 to 8.3% in 9-mth 15 due to decrease in gross profit margin contribution from sales of equipment.

(ii) Other Income

Other income for 3Q15 had no material changes compared to 3Q14.

The other income for 9-mth 15 decreased by RMB9.7 million (92.8%) compared to 9-mth 14. The decrease was mainly due to gain on disposal of a subsidiary of RMB8.4 million in 9-mth 14 and the reversal of unclaimed liabilities of RMB1.2 million relating to distribution of handsets business prior to 2007 in 9-mth 14.

(iii) Operating Expenses

Selling and distribution expenses

Selling and distribution expenses for 3Q15 decreased by RMB0.7 million (22.1%) compared to 3Q14. The decrease was mainly due to:

- (a) Decrease in entertainment expenses of RMB0.3 million;
- (b) Decrease in traveling expenses of RMB0.3 million; and
- (c) Decrease in staff costs of RMB0.2 million.

The decrease was offset by the increase in general expenses of RMB 0.1 million.

Selling and distribution expenses for 9-mth15 decreased by RMB5.2 million (35.4%) compared to 9-mth 14 .The decrease was mainly due to:

- (a) Decrease in general expenses of RMB1.5 million;
- (b) Decrease in entertainment expenses of RMB2.0 million;
- (c) Decrease in staff costs of RMB0.8 million;
- (d) Decrease in marketing expenses of RMB0.7 million; and
- (e) Decrease in traveling expenses of RMB0.2 million.

General and administrative expenses

General and administrative expenses for 3Q15 increased by RMB12.5 million (260.3%) compared to 3Q14. The increase was mainly due to:

- (a) Increase in allowance for doubtful trade receivables of RMB3.2 million; and
- (b) Increase in impairment of property, plant and equipment of RMB10.5 million.

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The increase was offset by:

- (a) Increase in written back of allowance for doubtful trade receivables of RMB0.8 million;
- (b) Decrease in staff costs of RMB0.2 million; and
- (c) Decrease in entertainment expenses and general expenses of RMB0.1 million and RMB0.1 million respectively.

General and administrative expenses for 9-mth 15 increased by RMB40.3 million (81.7%) compared to 9-mth 14. The increase was mainly due to:

- (a) Increase in allowance for doubtful trade receivables of RMB36.2 million;
- (b) Increase in allowance for stock obsolescence of RMB1.0 million;
- (c) Increase in professional fee of RMB0.3 million;
- (d) Increase in operating lease expense of RMB0.2 million; and
- (e) Increase in impairment of property, plant and equipment of RMB10.5 million.

The increase was offset by:

- (a) Increase in written back of allowance for doubtful trade receivables of RMB7.0 million;
- (b) Decrease in staff costs of RMB0.7 million;
- (c) Decrease in depreciation of property, plant and equipment of RMB0.1 million; and
- (d) Decrease in traveling expenses of RMB0.1 million.

(iv) Finance Costs

Finance costs for 3Q15 had no material changes compared to 3Q14.

Finance costs for 9-mth 15 decreased by RMB0.1 million (59.3%) compared to 9-mth 14 mainly due to decrease in borrowings.

(v) Income Tax

Income tax credit for 3Q15 decreased by RMB0.7 million (35.5%) compared to 3Q14 mainly due to changes in taxable temporary differences.

Income tax expense for 9-mth15 increased by RMB4.8 million (130.9%) compared to 9-mth14 mainly arising from increase in taxable profit for one of the subsidiaries.

(vi) Net Loss

As a result of the above, the loss for 3Q15 and 9-mth 15 were RMB14.8 million (3Q14: RMB3.4 million) and RMB84.1 million (9-mth 14: RMB38.6 million) respectively.

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B Statements of Financial Position (30 September 2015 vs 31 December 2014)

Non-current Assets

Non-current assets as at 30 September 2015 were RMB1.5 million (31 December 2014: RMB33.7 million). The decrease was mainly due to depreciation charge of RMB21.6 million and impairment of property, plant and equipment of RMB10.5 million.

Current Assets

Current assets as at 30 September 2015 were RMB485.8 million (31 December 2014: RMB564.8 million). The decrease was mainly due to:

- (a) Decrease in inventories of RMB77.1 million;
- (b) Decrease in other receivables of RMB2.3 million; and
- (c) Decrease in cash and cash equivalent of RMB6.3 million.

The decrease was offset by the below:

- (a) Increase in trade receivables of RMB6.7 million.

Trade receivables as at 30 September 2015 were RMB353.7 million (31 December 2014: RMB347.0 million). The trade receivables increased by 1.9%. The increase was mainly due to increase in revenue of 153.3%.

The ageing analysis of trade receivables as at 30 September 2015 is as below:

	30 September 2015	31 December 2014
	RMB'000	RMB'000
Not past due	59,086	140,398
Past due:		
1 to 90 days	27,195	102,170
91 to 270 days	150,471	36,418
271 to 365 days	154,020	108,644
More than 365 days	<u>542,386</u>	<u>474,720</u>
	933,158	862,350
Less: Allowance for doubtful trade receivables	<u>(579,473)</u>	<u>(515,360)</u>
	<u>353,685</u>	<u>346,990</u>

The Directors of the Company have reviewed the collectability of trade receivables and allowance for trade receivables was made accordingly.

Non-current Liabilities

Non-current liabilities as at 30 September 2015 consisted of deferred tax liabilities of RMB8.2 million (31 December 2014: RMB8.4 million).

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Current Liabilities

Current liabilities as at 30 September 2015 amounted to RMB176.7 million (31 December 2014: RMB203.7 million). The decrease was mainly due to decrease in trade payables of RMB35.0 million. The decrease was offset by increase in amount due to related party of RMB7.5 million and other payables of RMB0.5 million.

Shareholders' Equity

Shareholders' equity of the Group decreased by approximately RMB84.1 million mainly due to the loss from operations.

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C. Consolidated Statement of Cash Flows (3Q15 vs 3Q14 and 9-mth 15 vs 9-mth 14)

In 3Q15, net cash of RMB5.8 million was used in operating activities mainly due to:

- (a) Increase in inventories of RMB1.2 million;
- (b) Decrease in trade payables of RMB4.0 million;
- (c) Increase in trade receivables of RMB1.8 million;
- (d) Increase in other receivables of RMB0.6 million; and
- (e) Operating loss before working capital changes of RMB1.9 million.

However, the cash outflow above was offset by the cash inflow as below:

- (a) Increase in other payables of RMB3.7 million.

In 3Q15, the cash flows from financing activities increased by RMB7.5 million mainly due to advances received from a related company.

In 9-mth 15, net cash of RMB13.7 million was used in operating activities mainly due to:

- (a) Increase in trade receivables of RMB6.7 million;
- (b) Decrease in trade payables of RMB35.0 million;
- (c) Income tax paid of RMB1.3 million; and
- (d) Operating loss before working capital changes of RMB50.7 million.

However, the cash outflow above was offset by the cash inflow as below:

- (a) Decrease in inventories of RMB77.1 million;
- (b) Decrease in other receivables of RMB2.3 million; and
- (c) Increase in other payables of RMB0.5 million.

In 9-mth 15, the cash flows from financing activities increased by RMB7.5 million mainly due to the reason stated as above.

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

No forecast or prospect statement has been previously disclosed to shareholders.

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.**

The on-going effort of the telecommunication companies in the PRC to implement cost-saving initiatives to lower costs and boost earnings erodes the Group's margins. As such, the Group continues to experience a slowdown in its core business, compounded by the slower collection from its customers.

Barring a significant change in the overall environment of the telecommunications industry in the PRC, the Group expects the sluggish trend to persist in the coming year. As such, it will be holding back any expansion plans until the external business environment improves.

11. **If a decision regarding dividend has been made:**

- (a) **Whether an interim (final) ordinary dividend has been declared (recommended)**

None.

- (b)(i) **Amount per share**

Not applicable.

- (ii) **Previous corresponding period**

Not applicable.

- (c) **Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable.

- (d) **The date the dividend is payable**

Not applicable.

- (e) **The date on which Registrable Transfers received by the company (up to 5.00 p.m.) will be registered before entitlements to the dividend are determined.**

Not applicable.

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- 12. If no dividend has been declared/recommended, a statement to that effect.**

No dividend is recommended for the financial period reported on.

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

The Company did not seek and does not have any general mandate from shareholders pursuant to Rule 920(1)(a)(ii).

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PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

Not applicable.

BY ORDER OF THE BOARD

Jia Yue Ting
Executive Chairman
11 November 2015

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Negative assurance confirmation on interim financial results under Rule 705(5) of the Listing Manual

On behalf of the Board of Directors of the Company, we, Jia Yue Ting and Li Zhen Yu, being two Directors of the Company, do hereby confirm 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 results for the nine-month period ended 30 September 2015 of the Company and of the Group to be false or misleading in any material respect.

Jia Yue Ting

Li Zhen Yu

NOTICE OF EXTRAORDINARY GENERAL MEETING

SINOTEL TECHNOLOGIES LTD.

(Company Registration Number: 200614275R)
(Incorporated in the Republic of Singapore)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“EGM”) of **Sinotel Technologies Ltd.** (the “**Company**”) will be held at Conference room 1, TKP Conference Centre Singapore, 55 Market Street #03-01, Singapore 048941 on 19 February 2016 at 9.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the resolutions as set out below:

DELISTING RESOLUTION

APPROVAL FOR THE VOLUNTARY DELISTING OF THE COMPANY

THAT:

1. The voluntary delisting of the Company from the Official List of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) under Rules 1307 and 1309 of the Listing Manual of the SGX-ST (the “**Delisting Proposal**”), pursuant to which Advance Technology Holding Ltd will make the Exit Offer (as defined in the circular dated 28 January 2016 (the “**Circular**”)) to shareholders of the Company on the terms and conditions set out in the Circular, be and is hereby approved; and
2. The directors of the Company and each of them be and are hereby authorised and empowered to complete and to do all such acts and things as they may consider necessary or expedient to give effect to the Delisting Proposal and/or this Resolution, with such modification thereto (if any) as they shall deem fit in the interests of the Company.

By Order of the Board
Sinotel Technologies Ltd.

Li Zhen Yu
Executive Director and Chief Executive Officer
28 January 2016

Notes:

- (1) A shareholder of the Company entitled to attend and vote at the EGM of the Company may appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a shareholder of the Company.
- (2) Intermediaries such as banks and capital markets services licence holders which provide custodial services and are members of the Company may appoint more than two proxies provided that each proxy is appointed to exercise the rights attached to different shares held by the member.
- (3) If a proxy is to be appointed, the instrument appointing a proxy must be duly deposited at the registered office of the Company at 30 Raffles Place #19-04 Chevron House, Singapore 048622 not later than 48 hours before the time appointed for the holding of the EGM.
- (4) The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.
- (5) A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the EGM in order for the Depositor to be entitled to attend and vote at the EGM.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Personal Data Privacy:

“Personal data” in this notice of EGM has the same meaning as “personal data” in the Personal Data Protection Act 2012, which includes your name and your proxy’s and/or representative’s name, address and NRIC/Passport number. By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s and its proxy(ies)’s or representative(s)’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 EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (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 member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior express 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; (iii) undertakes that the member will only use the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iv) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty. Your personal data and your proxy’s and/or representative’s personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the Purposes, and retained for such period as may be necessary for the Company’s verification and record purposes.

SINOTEL TECHNOLOGIES LTD.

(Company Registration Number: 200614275R)
(Incorporated in the Republic of Singapore)

Important:

1. For investors who have used their CPF monies to buy shares in the capital of Sinotel Technologies Ltd., this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

I/We* _____ (Name) NRIC/Passport number* _____

of _____

(Address) being a shareholder/shareholders* of Sinotel Technologies Ltd. (the “**Company**”) hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

and/or*

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

or failing him/her, the Chairman of the Extraordinary General Meeting (the “**EGM**”) of the Company as my/our* proxy/proxies* to attend and to vote for me/us* on my/our* behalf at the EGM of the Company to be held at Conference room 1, TKP Conference Centre Singapore, 55 Market Street #03-01, Singapore 048941 on 19 February 2016 at 9.00 a.m., and at any adjournment thereof.

☐ Please tick here if more than two proxies will be appointed (Please refer to note 3). This is only applicable for intermediaries such as banks and capital markets services licence holders which provide custodial services.

Delisting Resolution	Number of Votes For**	Number of Votes Against**
To approve the voluntary delisting of the Company		

* Delete accordingly

** If you wish to exercise all your votes “For” or “Against”, please indicate an “X” within the box provided. Alternatively, please indicate the number of votes as appropriate. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the EGM

Dated this _____ day of _____ 2016

Total Number of Shares Held

Signature(s) of Shareholder(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF



Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number of Shares. If you have Shares registered in your name in the register of members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and registered in your name in the register of members of the Company, you should insert the aggregate number of Shares. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by you.
2. A shareholder entitled to attend and vote at the EGM is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a shareholder of the Company.
3. Intermediaries such as banks and capital markets services licence holders which provide custodial services and are members of the Company may appoint more than two proxies provided that each proxy is appointed to exercise the rights attached to different shares held by the member. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.
4. The instrument appointing a proxy or proxies, duly executed, must be deposited at the registered office of the Company at 30 Raffles Place #19-04 Chevron House, Singapore 048622 not less than 48 hours before the time appointed for the EGM.
5. Where a shareholder appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy and, if no percentage is specified, the first named proxy shall be deemed to represent 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. A corporation which is a shareholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act, Chapter 50.
9. The submission of an instrument or form appointing a proxy by a shareholder does not preclude him from attending and voting in person at the EGM if he so wishes.
10. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument of proxy if the shareholder, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member is deemed to have accepted and agreed to the personal data privacy terms set out in the notice of EGM dated 28 January 2016.