

SINOTEL TECHNOLOGIES LTD.

(Incorporated in Singapore)

(Company Registration Number: 200614275R)

RESPONSE TO SGX'S QUERY ON THE ANNUAL REPORT OF THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 ("2014 ANNUAL REPORT")

The Board of Directors (the "**Board**" or "**Directors**") of Sinotel Technologies Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce its response to the query raised by the Singapore Exchange Securities Trading Limited ("**SGX**") on the 2014 Annual Report on 25 May 2015. The Company appends the SGX's query and its corresponding response as follows:

Query

We refer to the Company's Annual Report on the emphasis of matter highlighted by auditor for the financial year ended 31 December 2014. The Independent Auditor of the Company noted "These factors indicate the existence of material uncertainties that may cast significant doubt about the Group's ability to continue as a going concern".

For the Exchange's consideration under Rule 1303(3)(c) and noting the Independent Auditor's findings on "Going concern", please provide the following information:

- (a) the Board's opinion if the Company will be able to operate as going concern and basis for the Board's view; and
- (b) the Board's confirmation that all material disclosures have been provided for trading of the Company's shares to continue.

Response

- (a) With reference to the segment on "Emphasis of Matter" in the Independent Auditor's Report for the financial year ended 31 December 2014 on page 36 of the 2014 Annual Report, the Board is of the opinion that the Company will be able to operate as a going concern after taking into consideration the following factors:
 - (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.
- (b) The Board confirms that, to the best of its knowledge, all material disclosures have been provided for trading of the Company's shares to continue.

By Order of the Board

Jia Yue Ting
Executive Chairman
26 May 2015