



# SINOTEL TECHNOLOGIES LTD.

(Incorporated in Singapore on 28 September 2006)

Company Registration No. 200614275R

## FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 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		
	1Q15	1Q14	Increase/ (Decrease)
	RMB '000	RMB '000	%
<b>Revenue</b>	156,877	44,290	254.2 %
Cost of sales	(149,147)	(39,402)	278.5 %
<b>Gross profit</b>	<b>7,730</b>	<b>4,888</b>	58.1 %
Other income	740	2,051	(63.9)%
Selling and distribution expenses	(3,688)	(5,055)	(27.0)%
General and administrative expenses	(13,010)	(26,849)	(51.5)%
Finance costs	(10)	(98)	(89.8)%
<b>Loss before tax</b>	<b>(8,238)</b>	<b>(25,063)</b>	(67.1)%
Income tax (expense)/credit	(301)	4,550	(106.6)%
<b>Loss for the period</b>	<b>(8,539)</b>	<b>(20,513)</b>	(58.4)%
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	(7)	34	
<b>Total comprehensive loss for the period</b>	<b>(8,546)</b>	<b>(20,479)</b>	

**These figures have not been audited.**



## SINOTEL TECHNOLOGIES LTD.

(Incorporated in Singapore on 28 September 2006)

Company Registration No. 200614275R

### Loss before tax

Loss before tax is determined after charging/(crediting) the following:

	THE GROUP	
	1Q15	1Q14
	RMB '000	RMB '000
Interest income	(10)	(11)
Interest expense	-	87
Allowance for doubtful trade receivables	11,206	22,025
Write-back of allowance for doubtful trade receivables	(2,971)	(119)
Foreign exchange loss/(gain)	1	(28)
Amortisation of intangible assets	33	14
Amortisation of land use right	-	56
Operating lease expenses	661	232
Depreciation of property, plant and equipment	9,385	9,438



# SINOTEL TECHNOLOGIES LTD.

(Incorporated in Singapore on 28 September 2006)  
Company Registration No. 200614275R

## 1(b)(i) STATEMENTS OF FINANCIAL POSITION

	THE GROUP		THE COMPANY	
	As at 31-Mar-15 RMB'000	As at 31-Dec-14 RMB'000	As at 31-Mar-15 RMB'000	As at 31-Dec-14 RMB'000
<b>Non-current assets</b>				
Property, plant and equipment	24,093	33,465	2	2
Intangible assets	210	243	-	-
Investment in subsidiaries	-	-	363,356	367,224
	24,303	33,708	363,358	367,226
<b>Current assets</b>				
Inventories	101,951	182,581	-	-
Trade receivables	412,660	346,990	-	-
Other receivables	26,074	23,771	1	1
Cash and cash equivalents	6,384	11,461	710	2,387
	547,069	564,803	711	2,388
<b>Total assets</b>	571,372	598,511	364,069	369,614
<b>Non-current liabilities</b>				
Deferred tax liabilities	8,202	8,390	-	-
<b>Current liabilities</b>				
Trade payables	86,680	107,342	-	-
Other payables	89,518	87,261	1,542	1,523
Tax payables	9,103	9,103	-	-
	185,301	203,706	1,542	1,523
<b>Total liabilities</b>	193,503	212,096	1,542	1,523
<b>Net assets</b>	377,869	386,415	362,527	368,091
<b>Equity attributable to equity holders of the Company</b>				
Share capital	454,325	454,325	454,325	454,325
Currency translation reserve	(4,219)	(4,212)	(47,224)	(31,759)
Accumulated losses	(72,237)	(63,698)	(44,574)	(54,475)
<b>Total equity</b>	377,869	386,415	362,527	368,091



## SINOTEL TECHNOLOGIES LTD.

(Incorporated in Singapore on 28 September 2006)  
Company Registration No. 200614275R

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 31 March 2015		As at 31 December 2014	
	Secured RMB '000	Unsecured RMB '000	Secured RMB'000	Unsecured RMB '000
Amount repayable in one year or less, or on demand	-	-	-	-

There was no bank borrowing as at 31 March 2015 and 31 December 2014.



# SINOTEL TECHNOLOGIES LTD.

(Incorporated in Singapore on 28 September 2006)  
Company Registration No. 200614275R

## 1(c) CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>THE GROUP</b>	
	<b>1Q15</b>	<b>1Q14</b>
	<b>RMB '000</b>	<b>RMB '000</b>
<b>Cash flows from operating activities</b>		
Loss before tax	(8,238)	(25,063)
Adjustments for:		
Depreciation of property, plant and equipment	9,385	9,438
Amortisation of intangible assets	33	14
Amortisation of land use right	-	56
Interest expense	-	87
Interest income	(10)	(11)
Unrealised gain on foreign exchange	(1)	(1)
Operating profit/(loss) before working capital changes	1,169	(15,480)
Changes in working capital:		
Inventories	80,630	(9,138)
Trade receivables	(65,670)	(20,188)
Other receivables	(2,303)	11,911
Trade payables	(20,662)	23,141
Other payables	2,321	28,212
Cash (used in)/generated from operations	(4,515)	18,458
Income tax paid	(489)	(52)
Interest received	10	11
<b>Net cash (used in)/generated from operating activities</b>	<b>(4,994)</b>	<b>18,417</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(13)	(3,984)
<b>Net cash used in investing activities</b>	<b>(13)</b>	<b>(3,984)</b>
<b>Cash flows from financing activities</b>		
Interest paid	-	(87)
Repayment of bank borrowings	-	(20,000)
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(20,087)</b>
Net decrease in cash and cash equivalents	(5,007)	(5,654)
Cash and cash equivalents at beginning of the period	11,461	21,380
Effect of exchange rate changes on cash and cash equivalents	(70)	58
<b>Cash and cash equivalents at end of the period</b>	<b>6,384</b>	<b>15,784</b>
<b>Cash and cash equivalents represented by:</b>		
Cash and cash equivalents	6,384	15,810
Disposal group classified as held for sale	-	34
Less: Deposits pledged	-	(60)
	<b>6,384</b>	<b>15,784</b>



## SINOTEL TECHNOLOGIES LTD.

(Incorporated in Singapore on 28 September 2006)  
Company Registration No. 200614275R

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

	<b>The Group</b>			
	<b>Share capital</b>	<b>Currency translation reserve</b>	<b>Accumulated profits/(losses)</b>	<b>Total equity</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Balance at 1 January 2014</b>	454,325	(4,202)	394,257	844,380
Loss for the period	-	-	(20,513)	(20,513)
Other comprehensive income for the period, net of tax:				
- currency translation differences arising from consolidation	-	34	-	34
Total comprehensive income/(loss) for the period	-	34	(20,513)	(20,479)
<b>Balance at 31 March 2014</b>	454,325	(4,168)	373,744	823,901
<b>Balance at 1 January 2015</b>	454,325	(4,212)	(63,698)	386,415
Loss for the period	-	-	(8,539)	(8,539)
Other comprehensive loss for the period, net of tax:				
- currency translation differences arising from consolidation	-	(7)	-	(7)
Total comprehensive loss for the period	-	(7)	(8,539)	(8,546)
<b>Balance at 31 March 2015</b>	454,325	(4,219)	(72,237)	377,869

  

	<b>The Company</b>			
	<b>Share capital</b>	<b>Currency translation reserve</b>	<b>Accumulated losses</b>	<b>Total equity</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Balance at 1 January 2014</b>	454,325	(17,891)	(57,433)	379,001
Loss for the period	-	-	(6,360)	(6,360)
Other comprehensive income for the period, net of tax:				
- currency translation differences arising from consolidation	-	5,943	-	5,943
Total comprehensive income/(loss) for the period	-	5,943	(6,360)	(417)
<b>Balance at 31 March 2014</b>	454,325	(11,948)	(63,793)	378,584
<b>Balance at 1 January 2015</b>	454,325	(31,759)	(54,475)	368,091
Profit for the period	-	-	9,901	9,901
Other comprehensive loss for the period, net of tax:				
- currency translation differences arising from consolidation	-	(15,465)	-	(15,465)
Total comprehensive (loss)/income for the period	-	(15,465)	9,901	(5,564)
<b>Balance at 31 March 2015</b>	454,325	(47,224)	(44,574)	362,527



## **SINOTEL TECHNOLOGIES LTD.**

(Incorporated in Singapore on 28 September 2006)  
Company Registration No. 200614275R

**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 31 March 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 31 March 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.



## SINOTEL TECHNOLOGIES LTD.

(Incorporated in Singapore on 28 September 2006)  
Company Registration No. 200614275R

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	
	1Q15	1Q14
	RMB '000	RMB '000
Loss for the period	<u>(8,539)</u>	<u>(20,513)</u>
Loss per share (in RMB cents):		
Basic and diluted	(2.0)	(4.9)

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 31-Mar-15	As at 31-Dec-14	As at 31-Mar-15	As at 31-Dec-14
Net assets (RMB'000):	<u>377,869</u>	<u>386,415</u>	<u>362,527</u>	<u>368,091</u>
Net asset value per share (in RMB cents)	<u>89.3</u>	<u>91.4</u>	<u>85.7</u>	<u>87.0</u>





## SINOTEL TECHNOLOGIES LTD.

(Incorporated in Singapore on 28 September 2006)  
Company Registration No. 200614275R

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 (1Q15 vs 1Q14)

	The Group			
	1Q15	1Q14	Variance	Increase/ (Decrease)
	RMB '000	RMB '000	RMB '000	%
Sales of equipment	128,897	31,904	96,993	304.0 %
Services related projects	16,265	12,385	3,880	31.3 %
System integration	11,715	1	11,714	>100.0%
	<u>156,877</u>	<u>44,290</u>	112,587	254.2 %

*Note : Services related projects include design services, installation services, maintenance services and base station monitoring and diagnostics services.*

#### (i) Revenue

Revenue for 1Q15 increased by RMB112.6 million (254.2%) compared to 1Q14 mainly due to:

- (a) Increase in sales of equipment of RMB97.0 million arising from increase in sales in Hebei Province, Shanxi Province and Henan Province;
- (b) Increase in system integration of RMB11.7 million arising from increase in sales in Beijing; and
- (c) Increase in services related projects of RMB3.9 million arising from increase in sales in Beijing.



## **SINOTEL TECHNOLOGIES LTD.**

(Incorporated in Singapore on 28 September 2006)  
Company Registration No. 200614275R

### **Cost of Sales and Gross Profit**

Gross profit for 1Q15 increased by RMB2.8 million (58.1%) compared to 1Q14 mainly due to increase in sales of equipment and system integration. The increase was offset by the decrease in gross profit margin from 11% in 1Q14 to 4.9% in 1Q15 due to decrease in gross profit margin from service related projects.

### **(ii) Other Income**

Other income in 1Q15 decreased by RMB1.3 million (63.9%) compared to 1Q14 mainly due to the reversal of the unclaimed liabilities of RMB1.2 million relating to distribution of handsets business prior to 2007 in 1Q14.

### **(iii) Operating Expenses**

#### **Selling and distribution expenses**

Selling and distribution expenses for 1Q15 decreased by RMB1.4 million (27.0%) compared to 1Q14. The decrease was mainly due to:

- (a) Decrease in entertainment expenses of RMB1.3 million;
- (b) Decrease in marketing expenses of RMB0.8 million; and
- (c) Decrease in staff costs of RMB0.2 million.

The decrease was offset by the increase in general expenses of RMB 0.9 million.

#### **General and administrative expenses**

General and administrative expenses for 1Q15 decreased by RMB13.8 million (51.5 %) compared to 1Q14. The decrease was mainly due to:

- (a) Decrease in allowance for doubtful trade receivables of RMB10.8 million;
- (b) Increase in write-back of allowance for doubtful trade receivables of RMB2.9 million;
- (c) Decrease in staff costs of RMB0.3 million;
- (d) Decrease in general expenses of RMB0.1 million; and
- (e) Decrease in other expenses, including consultation fee and traveling expenses of RMB0.1 million.

The decrease was offset by the increase in operating lease expense of RMB0.4 million.



## **SINOTEL TECHNOLOGIES LTD.**

(Incorporated in Singapore on 28 September 2006)  
Company Registration No. 200614275R

**(iv) Finance Costs**

Finance costs for 1Q15 decreased by RMB0.1 million (89.8%) compared to 1Q14 mainly due to borrowing has been fully repaid in FY2014.

**(v) Income Tax**

Income tax expense for 1Q15 mainly arising from increase in taxable profit and taxable temporary differences.

**(vi) Net Loss**

As a result of the above, the loss for 1Q15 decreased by RMB12.0 million (58.4%) compared to 1Q14.



## SINOTEL TECHNOLOGIES LTD.

(Incorporated in Singapore on 28 September 2006)  
Company Registration No. 200614275R

### B Statements of Financial Position (31 March 2015 vs 31 December 2014)

#### Non-current Assets

Non-current assets as at 31 March 2015 were RMB24.3 million (31 December 2014: RMB33.7 million). The decrease was mainly due to depreciation charge of RMB9.4 million.

#### Current Assets

Current assets as at 31 March 2015 were RMB547.1 million (31 December 2014: RMB564.8 million). The decrease was mainly due to decrease in inventories of RMB80.6 million and cash and cash equivalent of RMB5.1 million. The decrease was offset by the below:

- (a) Increase in trade receivables of RMB65.7 million; and

Trade receivables as at 31 March 2015 were RMB412.7 million (31 December 2014: RMB347.0 million). The trade receivables increased by 18.9%. The increase was mainly due to increase in revenue.

The ageing analysis of trade receivables as at 31 March 2015 is as below:

	31 March 2015	31 December 2014
	RMB'000	RMB'000
Not past due	89,679	140,398
1 to 90 days	191,696	102,170
91 to 270 days	122,012	36,418
271 to 365 days	30,758	108,644
More than 365 days	502,110	474,720
	<b>936,255</b>	<b>862,350</b>
Less: Allowance for doubtful trade receivables	<u>(523,595)</u>	<u>(515,360)</u>
	<b>412,660</b>	<b>346,990</b>

The Directors of the Company have reviewed the collectability of trade receivables and allowance for trade receivables was made accordingly.

- (b) Increase in other receivables of RMB2.3 million.

#### Non-current Liabilities

Non-current liabilities as at 31 March 2015 consisted of deferred tax liabilities of RMB8.2 million (31 December 2014: RMB8.4 million).



## **SINOTEL TECHNOLOGIES LTD.**

(Incorporated in Singapore on 28 September 2006)  
Company Registration No. 200614275R

### **Current Liabilities**

Current liabilities as at 31 March 2015 amounted to RMB185.3 million (31 December 2014: RMB203.7 million). The decrease was mainly due to decrease in trade payables of RMB20.7 million.

The decrease was offset by the increase in other payables of RMB2.3 million.

### **Shareholders' Equity**

Shareholders' equity of the Group decreased by approximately RMB8.5 million mainly due to the loss from operations.



## **SINOTEL TECHNOLOGIES LTD.**

(Incorporated in Singapore on 28 September 2006)  
Company Registration No. 200614275R

### **C. Consolidated Statement of Cash Flows (1Q15 vs 1Q14)**

In 1Q15, net cash of RMB5.0 million was used in operating activities mainly due to:

- (a) Increase in trade receivables of RMB65.7 million;
- (b) Increase in other receivables of RMB2.3 million;
- (c) Decrease in trade payables of RMB20.7 million; and
- (d) Income tax paid of RMB0.4 million.

However, the cash outflow above was offset by the cash inflow as below:

- (a) Operating profit before working capital changes of RMB1.2 million;
- (b) Decrease in inventories of RMB80.6 million; and
- (c) Increase in other payables of RMB 2.3 million.



## **SINOTEL TECHNOLOGIES LTD.**

(Incorporated in Singapore on 28 September 2006)  
Company Registration No. 200614275R

**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 telecommunication industry of the People's Republic of China (the "PRC") remains under downward pressure as a result of intense competition from various industrial players, as well as rising costs caused by inflation. Concurrently, 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.

The Group expects the sluggish trend to persist in the coming year. As such, it will be holding back any aggressive expansion plans until the external business environment improves.

Barring a significant change in the overall environment of the telecommunications industry in the PRC, this trend is likely to persist in the coming year.

**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.



## **SINOTEL TECHNOLOGIES LTD.**

(Incorporated in Singapore on 28 September 2006)  
Company Registration No. 200614275R

- (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.





## **SINOTEL TECHNOLOGIES LTD.**

(Incorporated in Singapore on 28 September 2006)  
Company Registration No. 200614275R

**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).



## **SINOTEL TECHNOLOGIES LTD.**

(Incorporated in Singapore on 28 September 2006)  
Company Registration No. 200614275R

### **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  
29 April 2015**



## **SINOTEL TECHNOLOGIES LTD.**

(Incorporated in Singapore on 28 September 2006)  
Company Registration No. 200614275R

### **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 three-month period ended 31 March 2015 of the Company and of the Group to be false or misleading in any material respect.

---

Jia Yue Ting

---

Li Zhen Yu