



SINOPIPE HOLDINGS LIMITED

(Company Registration Number: 200411382N)

Second Quarter and Half Year Financial Statements and Dividend Announcement for the Period Ended 30 June 2018

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a) A statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			Group		
	3 months ended		%	6 months ended		%
	30.6.2018	30.6.2017	Change	30.6.2018	30.6.2017	Change
	RMB'000	RMB'000	+ / (-)	RMB'000	RMB'000	+ / (-)
Revenue	-	-	n.m.	-	-	n.m.
Cost of sales	-	-	n.m.	-	-	n.m.
Gross profit	-	-	n.m.	-	-	n.m.
Other income	148	7	n.m.	148	7	n.m.
Selling and distribution expenses	-	-	n.m.	-	-	-
Administrative expenses	(513)	(740)	(30.7)	(952)	(1,711)	(44.4)
Other expenses	-	-	n.m.	-	-	n.m.
Finance costs	-	-	n.m.	-	-	n.m.
Share of results of associates	-	-	n.m.	-	-	n.m.
Loss before income tax	(365)	(733)	(50.2)	(804)	(1,704)	(52.8)
Income tax expense	-	-	n.m.	-	-	-
Income (Loss) for the period from continuing operations	(365)	(733)	(50.2)	(804)	(1,704)	(52.8)
Discontinued operations						
Income (Loss) for the period from discontinued operations ^{Note (1)}	(15)	(21,229)	(99.9)	(7,768)	(31,009)	(74.9)
Deconsolidation of subsidiaries on disposal	911,741	-	n.m.	911,741	-	n.m.
	911,726	(21,229)	n.m.	903,973	(31,009)	n.m.
Loss for the period, representing total comprehensive loss	911,361	(21,962)	n.m.	(903,169)	(32,713)	n.m.
Income (Loss) attributable to:						
Continuing operations, net of tax						
- Owners of the Company	(365)	(733)	(50.2)	(804)	(1,704)	(52.8)
Discontinuing operations, net of tax						
Owners of the Company	911,726	(19,434)	n.m.	904,473	(27,994)	n.m.
Non-controlling interests	-	(1,795)	(100.0)	(500)	(3,015)	(83.4)
	911,726	(21,229)	n.m.	903,973	(31,009)	n.m.

	Group 3 months ended		Group 6 months ended	
	30.6.2018	30.6.2017	30.6.2018	30.6.2017
	RMB'000	RMB'000	RMB'000	RMB'000
Amortisation of deferred capital grant	-	(49)	(284)	(333)
Amortisation of land use rights	-	457	878	744
Depreciation of property, plant and equipment	2	4,602	3,353	9,620
Foreign exchange (gain) loss, net	24	496	(130)	(7)
Property, plant and equipment written-off	-	121	6	121
Government grants and subsidies	(1)	(3)	(4)	(3)
Interest expense				
- Loans and borrowings	-	12,034	8,525	25,158
Interest income				
- Bank deposits	(1)	(3)	(2)	(10)
(Reversal) Write-down on inventories	-	-	(5,695)	-
Operating lease expenses	34	10	44	104
Staff costs *				
- Wages, salaries and bonuses	53	5,552	3,601	9,725
- Pension costs	10	784	579	1,744
- Other staff costs	-	225	213	457

* This amount includes directors' remuneration and remuneration of key management personnel.

Note (1):

Income (Loss) from discontinued operations:

	Group 3 months ended			Group 6 months ended		
	30.6.2018	30.6.2017	% Change	30.6.2018	30.6.2017	% Change
	RMB'000	RMB'000	+ / (-)	RMB'000	RMB'000	+ / (-)
Revenue	-	29,048	(100.0)	16,789	77,086	(78.2)
Cost of sales	-	(29,944)	(100.0)	(15,748)	(69,047)	(77.2)
Gross profit	-	(896)	(100.0)	1,041	8,039	(87.1)
Other income	-	2,322	(100.0)	6,677	3,886	71.8
Selling and distribution expenses	-	(1,845)	(100.0)	(2,010)	(4,712)	(57.3)
Administrative expenses	(15)	(8,408)	(99.8)	(4,809)	(11,990)	(59.9)
Other expenses	-	(706)	(100.0)	(323)	(832)	(61.2)
Finance costs	-	(12,034)	(100.0)	(8,525)	(25,158)	(66.1)
Share of results of associates	-	321	(100.0)	-	-	n.m.
Income (Loss) before income tax	(15)	(21,246)	(99.9)	(7,949)	(30,767)	(74.2)
Income tax expense	-	17	(100.0)	181	(242)	(174.8)
Income (Loss) for the period	(15)	(21,229)	(99.9)	(7,768)	(31,009)	(74.9)

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30.6.2018	31.12.2017	30.6.2018	31.12.2017
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	20	24	20	24
	<u>20</u>	<u>24</u>	<u>20</u>	<u>24</u>
Current assets				
Trade and other receivables	3,164	15	3,164	15
Cash and bank balances	2,668	3	2,668	3
	5,832	18	5,832	18
Assets of disposal group classified as held-for-sale	-	365,194	-	-
Total current assets	<u>5,852</u>	<u>365,212</u>	<u>5,832</u>	<u>18</u>
Total assets	<u>5,852</u>	<u>365,236</u>	<u>5,852</u>	<u>42</u>
EQUITY AND LIABILITIES				
Equity				
Share capital	313,344	313,344	313,344	313,344
Other reserves	5,316	(12,063)	5,316	5,316
Accumulated losses	(320,824)	(1,224,493)	(320,756)	(329,939)
Equity attributable to owners of the Company	<u>(2,164)</u>	<u>(923,212)</u>	<u>(2,096)</u>	<u>(11,279)</u>
Non-controlling interests	-	(6,574)	-	-
Capital deficiency	<u>(2,164)</u>	<u>(929,786)</u>	<u>(2,096)</u>	<u>(11,279)</u>
Current liabilities				
Trade and other payables	8,010	11,389	7,946	11,321
Liabilities of disposal group classified as held-for-sale	-	1,283,633	-	-
Current liabilities and total liabilities	<u>8,016</u>	<u>1,295,022</u>	<u>7,946</u>	<u>11,321</u>
Total equity and liabilities	<u>5,852</u>	<u>365,236</u>	<u>5,850</u>	<u>42</u>

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

Group As at 30.6.2018		Group As at 31.12.2017	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
-	-	505,678	121,742

Amount repayable after one year

Group As at 30.6.2018		Group As at 31.12.2017	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
-	-	34,600	7,875

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group 3 months ended		Group 6 months ended	
	30.6.2018 RMB'000	30.6.2017 RMB'000	30.6.2018 RMB'000	30.6.2017 RMB'000
Operating activities				
Income (Loss) before income tax	911,361	(21,979)	902,990	(32,471)
Adjustments:				
Amortisation of deferred capital grant	-	(49)	(284)	(333)
Amortisation of land use rights	-	457	878	744
Depreciation of property, plant and equipment	2	4,602	3,353	9,620
Interest expense	-	12,034	8,525	25,158
Interest income	(1)	(3)	(2)	(10)
Property, plant and equipment written-off	-	121	6	121
(Reversal) Write-down of inventories	-	-	(5,695)	-
Deconsolidation of subsidiaries on disposal	(911,741)	-	(911,741)	-
Share of results of associates	-	(321)	-	-
Operating cash flows before movements in working capital	(379)	(5,138)	(1,970)	2,829
Movements in working capital:				
Inventories	3,148	25,626	5,728	19,258
Trade and other receivables	(3,149)	(16,943)	(2,085)	(49,227)
Prepayments	-	-	696	2,402
Trade and other payables	(3,811)	15,929	(1,436)	41,738
Cash (used in) generated from operations	(4,191)	19,474	933	17,000
Income taxes paid	-	-	-	(164)
Net cash (used in) generated from operating activities	(4,191)	19,474	933	16,836

	Group 3 months ended		Group 6 months ended	
	30.6.2018	30.6.2017	30.6.2018	30.6.2017
	RMB'000	RMB'000	RMB'000	RMB'000
Investing activities				
Net cash outflow on disposal of subsidiaries	(2,895)	-	(2,895)	-
Acquisition of property, plant and equipment	-	(233)	(289)	(233)
Interest received	1	3	2	10
Net cash used in investing activities	<u>(2,894)</u>	<u>(230)</u>	<u>(3,182)</u>	<u>(223)</u>
Financing activities				
Interest paid	-	(20,101)	-	(25,158)
Proceeds from borrowings	-	-	-	8
Repayment of borrowings	-	(2,203)	(6,781)	(2,203)
Pledged bank balances	-	1,777	-	1,730
Net cash used in financing activities	<u>-</u>	<u>(20,527)</u>	<u>(6,781)</u>	<u>(25,623)</u>
Net decrease in cash and bank balances	(7,085)	(1,283)	(9,030)	(9,010)
Cash and bank balances at beginning of financial period	9,753	5,160	11,698	12,887
Cash and bank balances at end of financial period	<u>2,668</u>	<u>3,877</u>	<u>2,668</u>	<u>3,877</u>

Note to Consolidated Cash Flow Statement

(1) For the purpose of consolidated statement of cash flows, cash and bank balances comprises the following:

	Group	
	30.6.2018	30.6.2017
	RMB'000	RMB'000
Cash and bank balances	2,688	10,127
Less: Pledged bank balances *	-	(6,250)
	<u>2,688</u>	<u>3,877</u>

* Pledged bank balances relate to amounts pledged to banks as security for banking facilities (including bills payable) extended to the Group.

Cash flow notes on disposal of subsidiaries:

	Group 3 months ended		Group 6 months ended	
	30.6.2018	30.6.2017	30.6.2018	30.6.2017
	RMB'000	RMB'000	RMB'000	RMB'000
Land use rights	56,637	-	56,637	-
Property, plant and equipment	146,704	-	146,704	-
Goodwill	3,117	-	3,117	-
Inventories	7,469	-	7,469	-
Trade and other receivables	136,197	-	136,197	-
Prepayments	789	-	789	-
Cash and bank balances	9,746	-	9,746	-
Deferred capital grants	(11,543)	-	(11,543)	-
Deferred tax liabilities	(7,175)	-	(7,175)	-
Borrowings	(663,114)	-	(663,114)	-
Trade and other payables	(596,973)	-	(596,973)	-
Income tax liabilities	(8,046)	-	(8,046)	-
Net liabilities disposed of	(926,192)	-	(926,192)	-
Other reserves relating to disposal group	17,378	-	17,378	-
Non-controlling interests	7,073	-	7,073	-
Deconsolidation of subsidiaries on disposal	911,741	-	911,741	-
Disposal consideration	10,000	-	10,000	-
Less:				
Consideration receivable	(3,149)	-	(3,149)	-
Consideration received	6,851	-	6,851	-
Cash and bank balances of subsidiaries disposed of	(9,746)	-	(9,746)	-
Net cash outflow on disposal of subsidiaries	(2,895)	-	(2,895)	-

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.

GROUP

	Share capital	Other reserves	Accumulated losses	Non- controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2018	313,344	(12,063)	(1,224,493)	(6,574)	(929,786)
Total comprehensive loss for the period	-	-	(7,692)	(500)	(8,192)
Balance at 31 March 2018	313,344	(12,063)	(1,232,185)	(7,074)	(937,978)
Total comprehensive income for the period	-	17,379	911,361	7,074	935,814
Balance at 30 June 2018	313,344	5,316	(320,824)	-	(2,164)
Balance at 1 January 2017	313,344	(12,063)	(1,187,294)	(5,499)	(891,512)
Total comprehensive loss for the period	-	-	(9,531)	(1,220)	(10,751)
Balance at 31 March 2017	313,344	(12,063)	(1,196,825)	(6,719)	(902,263)
Total comprehensive loss for the period	-	-	(20,167)	(1,795)	(21,962)
Balance at 30 June 2017	313,344	(12,063)	(1,216,992)	(8,514)	(924,225)

COMPANY	Share capital RMB'000	Reserves RMB'000	Accumulated losses RMB'000	Total equity RMB'000
Balance at 1 January 2018	313,344	5,316	(329,939)	(11,279)
Total comprehensive loss for the period	-	-	(444)	(444)
Balance at 31 March 2018	313,344	5,316	(330,383)	(11,723)
Total comprehensive income for the period	-	-	9,627	9,627
Balance at 30 June 2018	313,344	5,316	(320,756)	(2,096)

	Share capital RMB'000	Reserves RMB'000	Accumulated losses RMB'000	Total equity RMB'000
Balance at 1 January 2017	313,344	5,316	(416,304)	(97,644)
Total comprehensive loss for the period	-	-	(272)	(272)
Balance at 31 March 2017	313,344	5,316	(416,576)	(97,916)
Total comprehensive income for the period	-	-	1,000	1,000
Balance at 30 June 2017	313,344	5,316	(415,576)	(96,916)

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.

Share Capital

Ordinary shares issued and fully paid-up

	Number of shares	RMB'000
Balance at 30 June 2018	287,594,900	313,344

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.

	Company	
	30.6.2018	31.12.2017
Total number of issued shares excluding treasury shares	287,594,900	287,594,900

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 report on.

Not applicable.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group's financial statements for the year ending 31 December 2018 is prepared in accordance with the Singapore Financial Standards (International) ("SFRS(I)"). The Group has performed a detailed analysis of the transition options and other requirements of SFRS(I) and has determined that there is no change to the Group's current accounting policies under the financial reporting standards in Singapore or material adjustment on the initial transition of the new framework. Other than the adoption of the new SFRS(I)s, amendments and interpretations of SFRS(I)s which took effect the current financial year, there were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited financial statements.

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.

None.

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.

	Group		Group	
	3 months ended		6 months ended	
	30.6.2018	30.6.2017	30.6.2018	30.6.2017
Loss per ordinary share for the period:				
	RMB'000	RMB'000	RMB'000	RMB'000
Loss attributable to shareholders (basic and diluted):				
Continuing operations	(365)	(733)	(804)	(1,704)
Discontinued operations	911,726	(19,434)	904,473	(27,994)
	'000	'000	'000	'000
Weighted average number of ordinary shares (basic and diluted)	287,595	287,595	287,595	287,595
Basic and Diluted Loss per Share (RMB cents):				
Continuing operations	(0.13)	(0.25)	(0.28)	(0.59)
Discontinued operations	317.02	(6.76)	314.50	(9.73)

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.

	Group		Company	
	30.6.2018	31.12.2017	30.6.2018	31.12.2017
Net asset value per ordinary share (RMB cents)	(0.75)	(323.30)	(0.73)	(3.92)

Net asset value per ordinary share was calculated based on the total number of issued shares excluding treasury shares of 287,594,900 as at 30 June 2018 and 31 December 2017.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Income Statement

2Q 2018 vs 2Q 2017

The Company had on 30 April 2018 completed the disposal of its subsidiaries in the Peoples' Republic of China under the Sale and Purchase Agreement and the Supplemental Agreement entered with Jian Cai Construction Material Limited (the "**Purchaser**") on 31 March 2017 and 13 February 2018 respectively (the "**Disposal**"). Following the Disposal the Company became a cash company under Rule 1018 (Cash Company) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Continuing operations

Other income increased by RMB 141,000 from RMB 7,000 in 2Q 2017 to RMB 148,000 in 2Q 2018 mainly due to inter-company working capital loans waived under the Sale and Purchase Agreement entered with the Purchaser.

Administrative expenses decreased by RMB 227,000 from RMB 740,000 in 2Q 2017 to RMB 513,000 in 2Q 2018 or 30.7% mainly due to reduction in various professional fees and staff costs.

Discontinued operations

As a result of the Disposal, the Company does not have any operations in 2Q 2018. Hence, comparison of the results from discontinued operation in 2Q 2018 is not meaningful.

Financial position

The assets of the Company comprise mainly cash and cash equivalent of approximately RMB 2.7 million and other receivables of RMB 3.2 million of which RMB 3.1 million represents amount receivable under the Disposal from the Purchaser.

Trade and other payable of RMB 8.0 million comprise mainly accruals of professional fees, directors' fees, staff salaries and amount due to a shareholder.

Cash Flows

The Group registered net cash used in operating activities of RMB 4.2 million in 2Q 2018 mainly due to overheads expenses incurred and payments to the creditors during the period.

Net cash used in investing activities in 2Q 2018 of RMB 2.9 million was mainly attributable to the net cash outflow on disposal of subsidiaries.

As at 30 June 2018, the Group had cash and bank balances of RMB 2.7 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The Purchaser has not yet transferred the remaining balance of the disposal consideration to the Company. The Company will continue to pursue the receipt of the remaining balance of the disposal consideration from the Purchaser.

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 Company is deemed a cash company under Rule 1018 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST Listing Manual")

The Company is currently talking to various potential white knights for injection of new businesses. Announcements on material developments will be made as and when appropriate. Shareholders should however note there is no certainty that the Company will not be delisted after a period of 12 months from 1 May 2018 in accordance with Rule 1018(2) of the Listing Manual.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared / recommended, a statement to that effect.

No dividend has been declared / recommended for the current period ended 30 June 2018.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transaction as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a general mandate from shareholders for Interested Person Transactions.

14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 7201(1).

The Company has obtained undertakings from all its directors and executive officers.

15. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transaction as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a general mandate from shareholders for Interested Person Transactions.

16. Board Negative Assurance Confirmation for Interim Financial Results.

The Board of Sinopipe Holdings Limited, hereby confirm that, to the best of our knowledge, nothing has come to the attention of the board of directors which may render the financial results of the Company and the Group for the financial quarter ended 30 June 2018 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD OF DIRECTORS

Mr Wang Sen
Non-Executive Chairman
Sinopipe Holdings Limited

14 August 2018