



SINOPIPE HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200411382N)

RESPONSE TO QUERY FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”) ON THE COMPANY’S THIRD QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2018

In response to the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) queries on 20 November 2018, the Board of Directors (the “**Board**”) of Sinopipe Holdings Limited (the “**Company**”) wishes to provide the following information in relation to the Company’s Third Quarter Financial Statements and Dividend Announcement for the period ended 30 September 2018.

SGX-ST’s question 1

Please provide an update on the status of outstanding consideration since the completion of Disposal on 30 April 2018 and whether the Board has taken any steps to ensure the collectability of the outstanding proceeds.

Company’s response:

The Company has not received the outstanding consideration as the Purchaser, Fujian Yatong Construction Material Limited, is still trying to resolve the issue on the registered capital of the Company’s former subsidiary, Fujian Aton Advanced Material Science and Technology Co., Ltd with the Intermediate People’s Court of Fuzhou. While the Purchaser is trying to resolve the issue, the Company will explore with the Purchaser on alternative ways on payment of the remaining consideration to the Company and seek legal opinion on the collection of the outstanding consideration.

SGX-ST’s question 2

Please explain if the disposal transaction is deemed to be void if the purchaser is unable to resolve the delay in payment of the balance RMB3.15 million.

Company’s response:

The Company is of the view that the disposal transaction is not deemed to be void if the purchaser is unable to resolve the delay in payment of the balance RMB3.15 million as the Purchaser had paid a substantial amount of the consideration to the Company and the Sale and Purchase Agreement does not contain any term and condition that will cause the disposal transaction to be void if the consideration is not fully paid to the Company. In the event that the purchaser is unable to resolve the delay in payment of the balance RMB3.15 million, the Company will seek legal consultation and assistance as to how to receive the balance of the consideration from the purchaser.

SGX-ST's question 3

Please provide the milestones in obtaining a new business for the Company since becoming a cash company as at 30 April 2018.

Company's response:

The Board has been actively exploring various options for injection of new businesses. The Board had meetings and discussions with several potential investors for new businesses available for acquisition. The Board is still in the process of meeting and exploring with the potential investors who have indicated their interests.

SGX-ST's question 4

Please provide breakdown and explain for the significant increase in administrative expenses by 104.2% for 3 months ended 30 September 2018 despite the disposal of all the business operations of the Company.

Company's response:

Administrative expenses increased by 104.2% for 3 months ended 30 September 2018 mainly attributable to significant adjustment to the following expenses:

	3 months ended		
	30.9.2018	30.9.2017	Increase
	RMB'000	RMB'000	RMB'000
Annual general meeting expenses	41	19	22
Audit fees	26	(61)	87
Directors' fees	222	(9)	231

Annual general meeting expenses increased by RMB 22,000 from RMB 19,000 in 3Q 2017 to RMB 41,000 in 3Q 2018 mainly due to under-provision of AGM expenses for FY2017 adjusted in 3Q 2018.

Audit fees increased by RMB 87,000 from a credit amount of RMB 61,000 in 3Q 2017 to RMB 26,000 in 3Q 2018. The increase was mainly due to over-provision for audit fees for FY2016 adjusted in 3Q 2017.

Directors' fees increased by RMB 231,000 from a credit amount of RMB 9,000 in 3Q 2017 to RMB 222,000 in 3Q 2018. Directors' fees for FY2018 was approved by the Shareholders at the Company's AGM held on 26 June 2018. The increase was mainly due to over-provision for directors' fees in FY2017 adjusted in 3Q 2017.

SGX-ST's question 5

Please provide breakdown and quantify each line item of Trade and other payables amounting to RMB7.85 million.

Company's response:

	RMB'000
Provisions and accruals for operating expenses:	
- Audit fees	159
- Professional fees	180
- Annual general meeting expenses	60
- Staff costs	28
- Directors' fees ⁽¹⁾	2,833
Sub-total:	3,260
Amount owing to a former executive officer	1,824
Amount owing to a substantial shareholder	2,769
	<u>7,853</u>

Note:

(1) Amount includes outstanding directors' fees accrued in the prior financial years.

Trading of the shares in the Company has remained suspended since 2 April 2012.

BY ORDER OF THE BOARD

Mr Wang Sen
Non-Executive Chairman

22 November 2018