



SINOPIPE HOLDINGS LIMITED

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

AUDITORS' OPINION ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 PURSUANT TO RULE 704(5) OF THE LISTING MANUAL

Pursuant to Rule 704(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Board of Directors ("**Board**") of Sinopipe Holdings Limited (the "**Company**") wishes to announce that the independent auditors of the Company, Messrs Mazars LLP, has issued an emphasis of matter in the independent auditors' report in respect of the Company's consolidated financial statements for the financial year ended 31 December 2020 ("**Independent Auditor's Report**").

A copy of the Independent Auditor's Report and Note 1.2 of the Company's consolidated financial statements for the financial year ended 31 December 2020 are annexed to this announcement.

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

9 April 2021

INDEPENDENT AUDITORS' REPORT

To the Members of Sinopipe Holdings Limited

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Sinopipe Holdings Limited (the “Company”) and its subsidiaries (the “Group”) which comprise the statements of financial position of the Group and of the Company as at 31 December 2020, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 24 to 54.

In our opinion, the accompanying consolidated financial statements of the Group, and the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the “Act”) and Singapore Financial Reporting Standards (International) (“SFRS(I)s”) so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (“SSAs”). Our responsibilities under those standards are further described in the *Auditors’ Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (“ACRA”) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (“ACRA code”) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1.2 in the accompanying financial statements, which indicates that as at 31 December 2020, the Group and the Company were in capital deficiency position of RMB6,478,000 and RMB6,461,000, respectively. The Group also reported a cash position of RMB1,914,000 as of 31 December 2020. The Group incurred a net loss of RMB1,252,000 and net operating cash outflow of RMB1,028,000 for the financial year then ended. These conditions indicate a material uncertainty which may cast significant doubt on the Group’s and the Company’s abilities to continue as going concerns. The ability of the Group to continue as a going concern is dependent on the successful completion of the proposed reverse takeover and the generation of positive cash flows from the new business to be acquired. Our opinion is not modified in respect of this matter.

Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current financial year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* Section, there is no other key audit matter to be communicated in our report.

Other information

Management is responsible for the other information. The other information comprises the information, included in the annual report, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITORS' REPORT

To the Members of Sinopipe Holdings Limited

Other information (Continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors 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 Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITORS' REPORT

To the Members of Sinopipe Holdings Limited

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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.

The engagement partner on the audit resulting in this independent auditors' report is Tan Chee Tyan.

MAZARS LLP

Public Accountants and
Chartered Accountants

Singapore
9 April 2021

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

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

1. General

1.1 Corporate information

Sinopipe Holdings Limited (the “Company”) (Registration Number 200411382N) is incorporated and domiciled in Singapore, with its registered office at 80 Raffles Place, #32-01 UOB Plaza 1, Singapore 048624. The principal place of business of the Company is located at 16 Ayer Rajah Crescent, #07-04, Singapore 139965.

The principal activity of the Company is that of investment holding. The principal activities of the respective subsidiaries are disclosed in Note 9 to the financial statements.

The financial statements of the Company and its subsidiaries (the “Group”) for the financial year ended 31 December 2020 and the statement of financial position of the Company as at 31 December 2020 were authorised for issue by the Board of Directors on 9 April 2021.

1.2 Going concern

As at 31 December 2020, the Group and the Company were in capital deficiency position of RMB6,478,000 and RMB6,461,000, respectively. The Group incurred a net loss of RMB1,252,000 and net operating cash outflow of RMB1,028,000 for the financial year then ended. These conditions indicate a material uncertainty which may cast significant doubt on the Group’s and the Company’s abilities to continue as going concerns.

Singapore Exchange Securities Trading Limited (the “SGX ST”) had on 4 December 2020 granted the Company for a final extension of time of 3 months to 31 May 2021 to complete the proposed reverse takeover (“Proposed RTO”).

On 29 December 2020, the Company had entered into the Sale and Purchase Agreement in respect of the Proposed Acquisition of Ten-League Engineering & Technology Pte. Ltd. (the “Target”) with Ten-League Corporations Pte Ltd (the “Vendor”). The Proposed Transaction, if undertaken and completed, is expected to result in a reverse takeover of the Company under Rule 1015 of the Listing Manual (the “Listing Rules”) of the SGX-ST.

As of the date of the authorisation of the financial statement, the legal and financial diligence work and the internal controls review in respect of the Proposed Acquisition and RTO are ongoing. In view of the management’s plans and actions in relation to the Proposed RTO, the directors are of the view that the going concern assumption is appropriate because successful completion of the RTO will consequently result in injection of business and funds to the Group.

In addition to the successful completion of the RTO, the directors are of the view that the use of the going concern assumption in preparing the Group’s financial statements is appropriate on the following premises:

- Letter of undertaking has been obtained from the Chairman of the Group, to not demand repayment of the amounts owing to him approximately of RMB6.8 million until resources permit; and
- Successful application of extension of completion of RTO with SGX, if necessary, for the Group to complete the RTO.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

1. General (Continued)

1.2 Going concern (Continued)

If the outcome of the Proposed RTO were not favourable, the Group and Company may not be able to continue as going concerns. Should the use of the going concern assumption in the preparation of their financial statements be inappropriate, the Group and Company may be unable to discharge their liabilities in the normal course of business and provision may need to be made for any contractual commitments as at the reporting date. No such adjustments have been made to the financial statements.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and the statement of financial position of the Company have been drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") including related Interpretations of SFRS(I) ("SFRS(I) INT") and are prepared on the historical cost basis, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements of the Group and the statement of financial position of the Company are presented in Renminbi ("RMB") which is also the functional currency of the Company, and all values presented are rounded to the nearest thousand ("RMB'000"), unless otherwise indicated.

In the current year, the Group has adopted all the new and revised SFRS(I)s and SFRS(I) INT that are relevant to its operations and effective for annual periods beginning on or after 1 January 2020. The adoption of these new or revised SFRS(I)s and SFRS(I) INT did not result in changes to the Group's and Company's accounting policies and has no material effect on the current or prior year's financial statement and is not expected to have a material effect on future periods.