



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 2018 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 a disclaimer of opinion in the independent auditors' report in respect of the Company's consolidated financial statements for the financial year ended 31 December 2018 ("**Independent Auditor's Report**").

The nature and contents of the disclaimer of opinion are contained in the Independent Auditors' Report 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

8 April 2019

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SINOPIPE HOLDINGS LIMITED

Report on the Audit of Financial Statements

Opinion

We were engaged to audit the accompanying consolidated financial statements of Sinopipe Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") which comprise the statements of financial position of the Group and of the Company as at 31 December 2018, 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.

Bases for Disclaimer of Opinion

1. Opening balances

We expressed a disclaimer of opinion in our independent auditors' report dated 6 June 2018 in respect of the financial statements for the financial year ended 31 December 2017 on the following matters, which remain unresolved in the current financial year ended 31 December 2018 as a result of a continued limitation in the scope of our audit consequent to the departure of certain key finance personnel of the Chinese operations and a key management personnel and cessation of certain operations in China in the previous financial years, which resulted in alleged loss of certain accounting records, as well as the inability of management to provide audit evidence to address our audit queries:

- Appropriateness of the classification and carrying amount of the disposal group held for sale, which was presented as "Assets classified as held for sale" and "Liabilities classified as held for sale" in the statement of financial position as of 31 December 2017, also in consideration of insufficient appropriate audit evidence obtained to satisfy ourselves on (i) the nature, occurrence and completeness of certain unrecorded sale and purchase transactions during the financial year ended 31 December 2013; (ii) the appropriateness of the amounts due from a contract customer, included in trade and other receivables as at 31 December 2014, of carrying amount of RMB 115,158,000 for which full impairment has been made during the financial year then ended, in the absence of documentary evidence to support the stage of completion of the corresponding construction contract and the validity of the related cumulative progress billings recorded; (iii) recoverability of the corresponding contract costs incurred till 20 May 2015 and the completeness of any expected loss; (iv) appropriateness of the carrying amounts of various financial statements items, including, and not limited to, cash and bank balances, property, plant and equipment, contract work in progress, provisions as of 31 December 2015; and the amounts of revenue, purchases and expenses recorded during the financial year ended 31 December 2015 consequent to a limitation in scope of our audit then; (v) the appropriateness of the amounts of revenue, purchases, and expenses recorded during the financial years ended 31 December 2016 and 31 December 2017; (vi) the appropriateness of the classification and carrying amount of the disposal group held for sale, which is presented as "Assets classified as held for sale" and "Liabilities classified as held for sale" in the statement of financial position as of 31 December 2016 and 31 December 2017; (vii) the resulting tax implications arising from the aforementioned matters; and (viii) the completeness and appropriateness of the disclosures made in the financial statements.
- Appropriateness of the amounts of revenue, purchases, and expenses recorded during the financial years ended 31 December 2016 and 31 December 2017, which were presented as "Results from discontinued operations" in the consolidated statement of profit or loss and other comprehensive income consequent to a limitation in scope of our audit, also in consideration of the potential impact arising from the applicable unresolved matters as mentioned above.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SINOPIPE HOLDINGS LIMITED (Continued)**

Basis for Disclaimer of Opinion (Continued)

1. Opening balances (Continued)

Consequently, we are unable to determine whether the applicable opening balances as at 1 January 2018 are fairly stated. As the opening balances as at 1 January 2018 enter into the determination of the Group's results and cash flows for the financial year ended 31 December 2018, we are unable to determine whether any adjustments are necessary in respect of the financial statements for the financial year ended 31 December 2018, nor the completeness, appropriateness and comparability of the corresponding figures and the related disclosures in the financial statements for the financial year ended 31 December 2018.

Current financial year

2. Limitation of scope

During the current financial year, the disposal of the Group's China operations was completed and the Group has partially received the disposal consideration from the Purchaser. On 9 July 2018, the Company announced that the Debts Restructuring Manager (the "DRM") appointed by the Intermediate People's Court of Fuzhou in the PRC has stopped the payment of the remaining disposal consideration receivable from the Purchaser as one of the disposed subsidiary, Fujian Atontech's, registered capital was not fully paid up. The Purchaser subsequently informed the Company on 18 February 2019 that the debt restructuring proposal was approved by Fujian Atontech's creditors and the PRC court. The Purchaser represented that the Company could expect to receive the remaining balance within three to four weeks after clearing the relevant legal procedures. On 8 April 2019, the receivable remained outstanding as the Purchaser has yet to obtain approval from the Ministry of Commerce of the PRC.

Due to the delay in receiving the remaining consideration receivable despite receiving multiple representations from the Purchaser to pay and in the absence of further information and alternative procedures, we were unable to obtain sufficient appropriate audit evidence necessary for us to ascertain the recoverability of the outstanding consideration receivable amounting to RMB3,149,000 as of 31 December 2018.

Consequently, as of the date of this report, we are unable to determine whether any adjustments or amendments are necessary in respect of the financial statements for the financial year ended 31 December 2018.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SINOPIPE HOLDINGS LIMITED (Continued)**

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 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 responsibility is to conduct an audit of the Group and the Company's financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements. We are independent of the Company 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.

Report on Other Legal and Regulatory Requirements

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, we do not express an opinion on whether 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
8 April 2019