



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 AND NINE MONTHS FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2017

In response to the Singapore Exchange Securities Trading Limited ("SGX-ST") query on 20 November 2017, 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 and Nine Months Financial Statements and Dividend Announcement for the period ended 30 September 2017.

SGX-ST's question 1

Please discuss factors that led up to the significant improvement in the discontinued operations where there is an reduction of 80.5% losses from (RMB 21 million) to (RMB 4 million) for the 3 months ended 30 September 2017.

Company's answer:

The significant improvement in the discontinued operations where the losses for the 3 months ended 30 September 2017 ("**3Q 2017**") reduced significantly was mainly attributable to reduction in Finance costs due to repayment of borrowings and lower financing by interest-bearing trade bills by the subsidiaries in the PRC. In addition to lower Finance costs, operating expenses of the discontinued operations in 3Q 2017 were also lower as the subsidiaries in the PRC had further downsized their operations.

SGX-ST's question 2

Please quantify and provide the breakdown of Group's borrowings and debt securities, indicating the amount attributable to the Disposal Group.

Company's answer:

Breakdown of Group's borrowings and debt securities from banks and third parties:

Amount repayable in one year or less, or on demand

	Group		Group	
	As at 30.9.2017		As at 31.12.2016	
	Total	Attributable to the Disposal Group	Total	Attributable to the Disposal Group
	RMB'000	RMB'000	RMB'000	RMB'000
Secured	505,678	505,678	505,678	505,678
Unsecured	124,288	124,288	138,456	138,456

Amount repayable after one year

	Group		Group	
	As at 30.9.2017		As at 31.12.2016	
	Total	Attributable to the Disposal Group	Total	Attributable to the Disposal Group
	RMB'000	RMB'000	RMB'000	RMB'000
Secured	34,600	34,600	34,600	34,600
Unsecured	7,875	7,875	7,875	7,875

SGX-ST's question 3

For the amount of borrowings which are not attributable to the Disposal Group, please quantify and set out when are the borrowings repayable and elaborate how the Company intends to fulfill the repayment as and when they fall due.

Company's answer:

All the amount of the borrowings from banks and third parties are attributable to the Disposal Group.

SGX-ST's question 4

It is disclosed in Paragraph 8 that *"Administrative expenses and net loss from continuing operations decreased significantly from RMB 1.2 million in 3Q 2016 to RMB 378,000 in 3Q 2017 mainly due to lower management staff costs because the remunerations of certain key executive officers were absorbed by the subsidiary in the PRC."*

- Please explain whether and why the remunerations of these key executives were previously not borne by the PRC subsidiary.
- Please explain what are the remaining administrative expenses that are not borne by the PRC subsidiary and why these administrative expenses are not borne by the subsidiary when the Company does not have any operations.

Company's answer to question 4(a):

The remuneration of these key operations executives were previously not borne by the PRC subsidiary. As the cash position of the parent company in Singapore had become more unfavourable, the parent company has not been able to pay their remunerations in Singapore. In the operations review performed by the Management during fourth quarter 2016, it was agreed with these key operations executives and the PRC subsidiary as part of the restructuring proposal that their remunerations in Singapore to be paid by the PRC subsidiary.

Company's answer to question 4(b):

The remaining administrative expenses that are not borne by the PRC subsidiary mainly consist of statutory and listing compliance fees, remuneration of finance and administrative executive, directors' fees, external audit fees and professional services fees. As these are mainly administrative and corporate related expenses incurs for the functioning of the listed parent and the investment holding company in Singapore, these expenses are not borne by the PRC subsidiary.

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

BY ORDER OF THE BOARD

Mr Wang Sen
Chairman and Chief Executive Officer
22 November 2017