



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 FOURTH QUARTER AND FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 31 DECEMBER 2017

In response to the Singapore Exchange Securities Trading Limited ("**SGX-ST**") queries on 15 March 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 Fourth Quarter and Full Year Financial Statements and Dividend Announcement for the period ended 31 December 2017.

SGX-ST's question 1

Please discuss factors that contributed to the significant improvement of discontinued operations, amounting to 86.3% reduction in reported losses for 12 months ended 31 December 2017.

Company's answer:

The significant improvement in the discontinued operations where the losses for the 12 months ended 31 December 2017 ("**FY2017**") reduced significantly by 86.3% was mainly due to closure of production plants by several subsidiaries in the People's Republic of China (the "**PRC**") during the last financial year ended 31 December 2016 ("**FY2016**"). As a result of the closure of production plants by these subsidiaries in FY2016, the Group's operating overheads and finance costs in FY2017 were significantly lower than in FY2016. Furthermore, the Group had made the following impairment losses in FY2016:

- Land use rights - RMB23.3 million;
- Property, plant and equipment - RMB87.1 million; and
- Allowance on doubtful receivables - RMB34.5 million.

In addition, the Company had made an additional impairment loss of RMB9.6 million on the investment in associated company, Yunnan Aton High Molecular Materials Technology Co., Ltd in FY2016 which has been incurring losses over the years.

As a result of the above, the reported losses of discontinued operations for FY2017 reduced significantly by 86.3% as compared with FY2016.

SGX-ST's question 2

Kindly provide further clarity on the obstacles faced by the Company in the transfer of Target Shares of some subsidiaries and whether the Proposed Disposal can be completed before the extended Long Stop Date of 30 April 2018.

Company's answer:

Some of the Group's subsidiaries in the PRC have been in poor financial conditions and unable to repay bank borrowings and debts to the trade and other creditors ("**Creditors**"). Some of the Creditors had taken legal actions against these subsidiaries and these subsidiaries have not been able to settle the debts. The local PRC authorities are aware of the situation and unable to process the shares transfer application of these subsidiaries. In addition, a non-controlling shareholder of one of the target subsidiaries to be disposed of to the Purchaser is going through its restructuring and is holding back its decision on the preemptive rights to buy the shares of the subsidiary.

To overcome these issues encountered, the Company had on 15 February 2018 announced that the Company and the Purchaser had entered into a supplementary agreement in respect of the Proposed Disposal to dispose of One Sea Development Ltd ("**One Sea**") which serves as a special purpose vehicle to hold the shares of these PRC subsidiaries. As of to-date, the Company had transferred the Target Shares of its two subsidiaries, Fujian Aton Advanced Materials Science and Technology Co., Ltd and Sinopipe Guizhou Co., Ltd to the Purchaser. The Company is in process of transferring the shares of One Sea to the Purchaser. As of to-date, it does not encounter any complicated issues that indicate that the transfer of shares of One Sea to the Purchaser could not be completed. Barring any unforeseen circumstances, the Company foresees that the Proposed Disposal could be completed before the extended Long Stop Date of 30 April 2018.

SGX-ST's question 3

Please provide discussion on the nature of business the Company is looking to acquire.

Company's answer:

The Board is exploring various options for acquisition of new line of business with a view to revive the Company including talking to new investors to inject funds into the Company. The Board will make the necessary announcements to update the Shareholders on material development in due course.

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

19 March 2018