



SINOPIPE HOLDINGS LIMITED

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

RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”) ON THE COMPANY’S FOURTH QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 31 DECEMBER 2018 (“4Q 2018 Announcement”) AND FOLLOW-UP QUERIES ON THE COMPANY’S ANNOUNCEMENT ON 18 FEBRUARY 2019 (“18 February 2019 Announcement”)

In response to the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) queries on 7 March 2019, the Board of Directors (the “**Board**”) of Sinopipe Holdings Limited (the “**Company**”) wishes to provide the following information in relation to the Company’s 4Q 2018 Announcement and 18 February 2019 Announcement.

SGX-ST’s queries relating to 4Q 2018 Announcement:

Question 1

The Company announced on 5 March 2019 that it will open an escrow account with a licensed escrow agent approved by the Monetary Authority of Singapore once it receives the outstanding balance of the disposal consideration from Fujian Yatong Construction Material Limited to comply with Rule 1018(1)(a) of the SGX-ST Listing Manual.

Please explain why had the Company not open the escrow account for depositing the cash balance of S\$254,466 arising from the partial payment of consideration so far?

Company’s response

The Company had not open the escrow account for depositing the cash balance of S\$254,466 arising from the partial payment of consideration so far mainly because the Company requires cash to meet its operating expenses and to pay for expenses related to potential acquisition of new business for the Company while pending receipt of the outstanding disposal consideration from the Purchaser. The Company, after reviewed and revised its cash utilisation plan taking into consideration of the cash requirements for the following months of the current financial year, will open an escrow account and place an initial deposit of S\$80,000 from the current cash balance to the escrow account. The Company will place additional deposit to the escrow account immediately when it receives the outstanding disposal consideration from the Purchaser.

Question 2

The Company announced on 28 February 2019 that the Purchaser will make payment of the remaining consideration to the Company within three to four weeks. Please provide whether there have been any indications of payments so far.

Company’s response

The Purchaser has informed the Company that Fujian Atontech is still in the process of completing the legal procedure following the clearance of the debt restructuring proposal by the creditors and the PRC court. They are trying their best to complete the legal procedure as soon as possible so that they could arrange to pay the remaining disposal consideration to the Company. Management is following up closely with the Purchaser on the matter.

SGX-ST's follow-up queries relating to 18 February 2019 Announcement

Question 1

Please explain why the Purchaser require an additional 3-4 weeks to pay the outstanding disposal consideration when they were supposed to have paid since April 2018?

Company's response

The debt restructuring proposal for the former principal subsidiary of the Company, Fujian Aton Advanced Material Science and Technology Co., Ltd ("Fujian Atontech") which was one of the Target Company that transferred to the Purchaser was approved only recently by the creditors and the Intermediate People's Court of Fuzhou in the PRC. Following the clearance of the debt restructuring proposal by the creditors and the PRC court, the Purchaser informed the Company that Fujian Atontech will try its best to complete the legal processes which will require 3-4 weeks before it can make the payment to the Company.

Question 2

Please explain if there is any financial difficulty on the Purchaser which resulted in the delay in payment? If so, please explain why did the Company agree to dispose of the assets when the Purchaser does not have the financial means to fulfil the transaction.

Company's response

To the best knowledge of the Company, there is no indication showing that the Purchaser has encountered financial difficulty which resulted in the delay in payment.

Question 3

The Company said that the Purchaser had encountered "difficult and mitigating circumstances" surrounding the Registered Capital Issue, please provide justifications by the Board on how is the issue considered "difficult and mitigating" such that all late payment interests shall be waived and how is this in the best interest of the minority shareholders?

Company's response

Fujian Atontech which was one of the Target Company transferred to the Purchaser went into debt restructuring proceeding. The Debt Restructuring Manager appointed by the Intermediate People's Court of Fuzhou in the PRC came to know that the registered capital of Fujian Atontech has not been fully paid in by the Company previously and demanded the Purchaser to stop further payment to the Company. The Purchaser has since been trying to resolve the issue with the Debt Restructuring Manager. In view of the Purchaser had paid a substantial amount of the disposal consideration before it was instructed to stop payment by the Debt Restructuring Manager due to the Registered Capital issue, the Company has considered the circumstances and therefore not to impose late payment interests.

Question 4

Please clarify who was the party who initiated the appointment of the Debt Restructuring Manager who subsequently stopped the Purchaser from paying the remaining consideration to the Company?

Company's response

The Debt Restructuring Manager was appointed by the Intermediate People's Court of Fuzhou in the PRC.

Question 5

Please explain why was the Purchaser able to make the initial payment to Sinopipe if the Registered Capital Issue was indeed an issue under the PRC law?

Company's response

The Debt Restructuring Manager came to know the Registered Capital Issue after the Purchaser had made the initial payment to the Company. The Debt Restructuring Manager then informed the Purchaser to stop payment of the remaining disposal consideration.

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

11 March 2019