



## SINOPIPE HOLDINGS LIMITED

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

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### **AUDITORS' OPINION ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 PURSUANT TO RULE 704(5) OF THE LISTING MANUAL**

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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 2019 ("**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

13 April 2020

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SINOPIPE HOLDINGS LIMITED**

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### **Report on the Audit of Financial Statements**

#### *Disclaimer of opinion*

We were engaged to audit 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 2019, 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.

We do not express an opinion on the accompanying financial statements of the Group and the statement of financial position of the Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

#### *Basis for Disclaimer of Opinion*

##### Use of going concern assumption

As at 31 December 2019, the Group and the Company were in capital deficiency position of RMB5,226,000 and RMB5,151,000, respectively. The Group incurred a net loss of RMB2,161,000 and net operating cash outflow of RMB1,716,000 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.

Notwithstanding the above conditions, the Group and Company have prepared the financial statements on a going concern basis because of the directors' outlook on the likelihood of successful negotiation with a white knight investor to inject business and funds into the Company and Group (the "Potential Acquisition") as disclosed in Note 1.2 to the financial statements.

On 31 March 2020, the Company announced that the negotiation with the white knight investor for the acquisition of their business and assets is ongoing but has been slowed down by the COVID-19 pandemic. The white knight investor had offered to the main creditors of the Company to repay the debts owing to them through the issue of new shares. However, some creditors had refused to accept the repayment offer by way of new shares. The Company is still trying to resolve this problem. As of the date of this report, the directors confirm that the negotiation is still ongoing.

We have not been able to obtain sufficient appropriate audit evidence to support the directors' outlook in relation to the outcome of the Potential Acquisition. As negotiations are still ongoing and given the sensitivity of the details of the transaction, we have not been able to obtain information necessary for our assessment. In the absence of information provided to us, consequently, we are unable to ascertain the appropriateness of the Group's and Company's use of the going concern assumption in their preparation of the financial statements.

If the Group's and Company's use of going concern assumption were not appropriate and the financial statements were presented on a realisation basis, the carrying value of liabilities may be materially different from that currently recorded in the statements of financial position. If the outcome of the Potential Acquisition 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 onerous contractual commitments as at the reporting date. In addition, the Group and Company may need to incur costs of terminating the business.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SINOPIPE HOLDINGS LIMITED**

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### *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 responsibility is to conduct the audit of the Group and Company's financial statements in accordance with Singapore Standards on Auditing ("SSAs") and to issue an auditor's report. However, because of the matter described in the *Basis of Disclaimer of Opinion* section of our report, we were unable 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**

Considering insufficient information available in respect of the appropriateness of the going concern assumption of the Group and the Company, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors, 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  
13 April 2020