

SINOPIPE HOLDINGS LIMITED
(Company Registration No.: 200411382N)
Incorporated in the Republic of Singapore

PROPOSED DISPOSAL OF SHARES AND EQUITY INTERESTS BY SINOPIPE HOLDINGS LIMITED, BEST CONNECT RESOURCES LIMITED, EAGLE SUPER ASSOCIATES LIMITED, AND ONE SEA DEVELOPMENT LTD.

1. INTRODUCTION

- 1.1 The Board of Directors (the “**Board**”) of Sinopipe Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) wishes to announce that it has, together with its wholly-owned subsidiaries, Best Connect Resources Limited, Eagle Super Associates Limited, and One Sea Development Ltd. (collectively, the “**BVI Subs**”) and together with the Company, the “**Vendors**”), have entered into a sale and purchase agreement (the “**SPA**”) on 31 March 2017 with Fujian Yatong Construction Material Limited (the “**Purchaser**”) for the disposal of the shares and equity interest in the following companies (the “**Proposed Disposal**”):

Shares/Equity Interests	Target Company	Legal owner of the shares/equity interest
99.43% of the issued shares	Fujian Aton Advanced Material Science and Technology Co., Ltd (“ Fujian Atontech ”, 福建亚通新材料科技股份有限公司)	The Company: 68.52% Best Connect Resources Limited: 18.32% Eagle Super Associates Limited: 2.10% One Sea Development Ltd: 10.49%
49% of the equity interest	Sinopipe Guizhou Co., Ltd (“ Sinopipe Guizhou ”, 贵州赛诺管业有限公司)	The Company
35% of the equity interest	Yunnan Aton High Molecular Materials Technology Co., Ltd (“ Yunnan Aton ”, 云南亚通高分子材料科技有限公司)	
3% of the equity interest	Inner Mongolia Aton Plastics Co., Ltd (“ Mongolia Aton ”, 内蒙古亚通塑胶有限公司)	One Sea Development Ltd.
30% of the equity interest	Yatong Plastic (Hubei) Co., Ltd (“ Yatong Hubei ”, 亚通塑胶(湖北)有限公司)	
25% of the equity interest	Yatong Plastic & Rubbers (Kaifeng) Co., Ltd (“ Yatong Kaifeng ”, 亚通塑胶(开封)有限公司)	

- 1.2 All the shares and the equity interests held by the Vendors are referred to as the “**Target Shares**”. Fujian Atontech, Sinopipe Guizhou, Yunnan Aton, Mongolia Aton, Yatong Hubei, and Yatong Kaifeng are collectively referred to as the “**Target Companies**”. The Company, the BVI Subs, and the Purchaser, shall each be referred to as a “**Party**”, and collectively, as the “**Parties**”.
- 1.3 Upon successful completion of the Proposed Disposal, the Target Companies will cease to be subsidiaries or an associate (in the case of Yunnan Aton) of the Company.
- 1.4 Furthermore, upon successful completion of the Proposed Disposal, the Company will cease to have any operating subsidiaries or businesses and will become a cash company as defined under Rule 1018 of the Listing Manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”).

2. RATIONALE FOR THE PROPOSED DISPOSAL

- 2.1 With the cessation of several production plants of the Group caused by withdrawal of significant banking facilities by the banks in the People's Republic of China ("PRC"), the principal subsidiary of the Company, Fujian Atontech, has to pursue options to continue as a going concern.
- 2.2 The unaudited net liability position of the Group of RMB878.0 million as at 31 December 2016 and the on-going restructuring efforts of the Group has led to difficulties faced by Management in engaging investors to commit to any form of investment.
- 2.3 The weak financial health further exposes the Company and its subsidiaries to various potential risks, including but not limited to breach of supply agreement, loss of customers, back payment of salary and legal proceedings;
- 2.4 The trading of the Company's shares on the SGX-ST has been suspended since 2 April 2012 and the management of the Company has not, as of the date of this announcement, managed to turn the situation around.
- 2.5 In view of the foregoing and having taken into consideration the terms and conditions of the Proposed Disposal, the Board considers the Proposed Disposal is in the interests of the Company.

3. INFORMATION ON THE PURCHASER AND THE TARGET COMPANIES

3.1 Purchaser

The Purchaser is a company incorporated in the PRC with a registered and paid up capital of RMB10,800,000. The equity interests in the Purchaser are held by Fujian Jieyue Trading Co., Ltd and Mr. Chen Zhenhua are 85% and 15% respectively. Mr. Chen Zhenhua is the general manager managing the business and operations of Fujian Yatong Construction Material Limited. Fujian Jieyue Trading Co., Ltd is a sale distributor of metal materials, minerals, chemical products and plastic products. The equity interests in Fujian Jieyue Trading Co., Ltd are held by Mr. Chen Zhenxing and Mr. Li Qin equally. Mr. Chen Zhenxing had formerly worked as the manager-in-charge of general affairs and securities investment department of Fujian Atontech and he currently works at Fujian Jieyue Trading Co., Ltd as sales and marketing manager. Mr. Li Qin had also formerly worked at Fujian Atontech and currently manages his own trading firm, Fujian Jieyue Trading Co., Ltd.

The principal activities and main businesses of the Purchaser are the manufacture and sale of plastic pipe fittings and related materials and plastic pipe installation projects.

3.2 Fujian Atontech

Fujian Atontech is the principal subsidiary of the Company incorporated in the PRC with registered capital of RMB270,000,000. Its principal activities are the production and sale of plastic pipes and fittings. After the review of special auditors in 2012, Fujian Atontech has been in a net liabilities financial position.

3.3 Sinopipe Guizhou

Sinopipe Guizhou is a subsidiary of the Company incorporated in the PRC with registered capital of USD15,700,000. Its principal activities are the production and sale of plastic pipes for construction, water conservation system and irrigation.

3.4 Yunnan Aton

Yunnan Aton is an associate of the Company incorporated in the PRC with registered and paid up capital of RMB40,000,000. Its principal activities are the production and sale of plastic pipes and materials, and installation of pipes.

3.5 Mongolia Aton

Mongolia Aton is a subsidiary of the Company incorporated in the PRC with registered and paid up capital of RMB14,000,000. Its principal activities are the production and sale of plastic pipes and water conservation system.

3.6 Yatong Hubei

Yatong Hubei is a subsidiary of the Company incorporated in the PRC with registered and paid up capital of RMB51,000,000. Its principal activities are the production and sale of plastic pipes for construction and installation of pipe.

3.7 Yatong Kaifeng

Yatong Kaifeng is a subsidiary of the Company incorporated in the PRC with registered and paid up capital of RMB50,800,000. Its principal activities are the production and sale of plastic pipes.

4. **PRINCIPAL TERMS OF THE PROPOSED DISPOSAL**

4.1 Arrangements in respect of the Proposed Disposal

4.1.1 Subject to the terms and conditions of the SPA, the Vendors shall sell to the Purchaser, and the Purchaser agrees to acquire from the Company and the BVI Subs, all of the rights, title, and interest that the Vendors own in the Target Shares in the Target Companies.

4.1.2 Prior to the completion of the Proposed Disposal (the “**Completion**”), the Purchaser is allowed to appoint staff to Fujian Atontech and these staff shall participate in the daily operation and management of Fujian Atontech. The Vendors shall be supportive to such arrangement, and the Purchaser shall procure that the staff shall not take any action against Fujian Atontech’s interests.

4.1.3 Prior to Completion, the Vendors shall be responsible for the operation expenses of the Target Companies. Upon Completion, the Vendors shall no longer be liable for the losses, profits, shareholder’s obligations or expenses of the Target Companies, and these shall be the Purchaser’s responsibilities.

4.1.4 The Purchaser agrees to waive the Vendors’ obligations to:

- (a) repay the payables due to the Target Companies and Atontech (Singapore) Pte Ltd (which is a wholly owned subsidiary of Fujian Atontech) by the Vendors and Atontech (Hong Kong) Co., Limited (which is a wholly owned subsidiary of the Company); and
- (b) repay the loan granted to the Company by Fujian Atontech for the Company’s operations from 1 January 2017 to the Completion Date (as defined in Section 4.3.1 below).

4.1.5 As of the date of the SPA, the registered capital of Fujian Atontech and Sinopipe Guizhou have not been paid up yet. The Purchaser is fully aware of and accepts such issue, and the Purchaser undertakes that this discrepancy will not affect the Proposed Disposal.

4.2 Conditions Precedent

The Proposed Disposal is conditional on the fulfilment of the following events within five (5) months after the execution of the SPA, or any other extended date as may be mutually agreed on by the Parties in writing (the “**Long Stop Date**”):-

4.2.1 the Company obtaining, in respect of the Proposed Disposal:

- (a) the approval of its shareholders at an Extraordinary General Meeting of the Company (the “**EGM**”) due to be convened; and
- (b) the approval of the SGX-ST;

4.2.2 the Purchaser obtaining the necessary approvals for the Proposed Disposal as required by its Memorandum and Articles of Association, and the applicable laws of the country of its incorporation;

4.2.3 the completion of the filing and registration procedures with the relevant authorities in the PRC for the Target Shares in the Target Companies, in order to effect the Proposed Disposal; and

4.2.4 the undertakings made in the SPA by the Parties remaining true and accurate as of the Completion Date (as defined in Section 4.3.1 below).

4.3 Completion

4.3.1 Upon the satisfaction of the conditions in Section 4.2 above, the Parties shall notify each other in writing. The date for completion shall be no later than five (5) days after the date on which the Parties receive the final notice in writing (the “**Completion Date**”). Where a Party receives the final notice in writing on a date later than the other Parties, the Completion Date shall be no later than five (5) days after such later date.

4.3.2 Pursuant to the SPA, on the date of Completion of the Proposed Disposal:

- (a) the Company shall be released from its responsibility in respect of the operating expenses of the Target Companies, and such responsibility shall pass to the Purchaser;
- (b) the Vendors shall dispose, free from all encumbrances and together with all rights and benefits attaching thereto, the Target Shares in the Target Companies;
- (c) as the new shareholder or equity interest-holder (as the case may be) of the Target Companies, the Purchaser agrees to waive all the debts owing to the Target Companies and/or their subsidiaries by the Vendors and Atontech (Hong Kong) Co., Limited; and
- (d) all the current legal representatives, directors, supervisors and general managers appointed by Vendors shall resign, and the Purchaser shall concurrently appoint new legal representatives, directors, supervisors and general managers (save for Mr. Wang Sen in respect of Fujian Aton).

4.3.3 Upon the Completion, the Vendors shall cease to be the shareholders or equity interest-holders (as the case may be) of the Target Companies.

4.4 Consideration

4.4.1 The consideration for the Proposed Disposal shall be RMB10,000,000, or any foreign currency equivalent to such amount (the “**Consideration**”).

4.4.2 If the Purchaser makes payment of the Consideration in a foreign currency, the amount payable shall be an amount equal to the sum of RMB10,000,000, which shall be determined with reference to the exchange rate released by the Bank of China at 10.00 a.m. on the Completion Date.

4.4.3 The Consideration shall be satisfied as a lump sum payment payable to the Company on the Completion Date.

4.5 Value of the Target Shares in the Target Companies

The Company will be appointing a competent and independent valuer to conduct and complete a valuation of the Target Shares and provide the Company with an independent valuation report on the same (the “**Valuation Report**”). When completed, the Company will announce the valuation of the Target Shares, and will make a copy of the Valuation Report available for inspection in accordance with Rule 1011 of the Listing Manual.

As at 31 December 2015, the audited aggregate net liabilities attributable to the Target Shares in the Target Companies was RMB611,815,000.

5. **RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN LISTING RULE 1006**

5.1 The relative figures in relation to the Proposed Disposal pursuant to Rule 1006 of the Listing Manual, using the latest audited announced consolidated accounts of the Group as at 31 December 2015, are as follows:-

Listing Rule	Relative Figure
Rule 1006(a) The net liability value of the Target Shares to be disposed of, compared with the net liability value of the Group.	99.96%
Rule 1006(b) The net losses attributable to the Target Shares disposed of, compared with the Group's net losses.	83.80%
Rule 1006(c) The aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares. ⁽¹⁾	6.11%
Rule 1006(d) The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue/	Not applicable
Rule 1006(e) The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves.	Not applicable

Notes:

(1) Based on the total Consideration for the Proposed Disposal of RMB10,000,000 (approximately S\$2,025,000 at the exchange rate of RMB4.9383 to S\$1.00) and the market capitalisation of the Company of S\$33,162,337. The market capitalisation of the Company is determined by multiplying the 287,594,900 shares in issue (the “**Shares**”) by the volume-weighted average traded price of the Shares on 29 March 2012, being the last full market day on which the Shares were traded on the SGX-ST prior to the suspension of trading of the Shares.

5.2 As the relative figures under Rules 1006(a) and 1006(b) exceed 20%, the Proposed Disposal constitutes a “**Major Transaction**” as defined in Chapter 10 of the Listing Manual. Accordingly, the Proposed Disposal is subject to the approval of the shareholders of the Company at an EGM due to be convened.

6. PROCEEDS FROM THE PROPOSED DISPOSAL

- 6.1 The proceeds of the Proposed Disposal of RMB10,000,000 (“**Proceeds**”) shall be used to settle the outstanding professional fees including valuation and legal fees for the Proposed Disposal. The net loss accruing to the Company from the Proposed Disposal as at 31 December 2016 is approximately RMB95,646,000.
- 6.2 Subject to shareholders’ approval for the Proposed Disposal, the Company will cease to have any operating business upon the Completion Date, and will be deemed as a cash company under Rule 1018 of the Listing Manual. While the Board is still considering and finalising the specific uses for the Proceeds, the Company may assess its options available and seek opportunities to acquire new assets and businesses to satisfy the listing requirements of the SGX-ST (subject to the requirements under Rule 1018 of the Listing Manual), and use part of the Proceeds for the general working capital requirements of the Company.
- 6.3 The Board will announce the specific uses for the Proceeds arising from the Proposed Disposal as and when appropriate.

7. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

7.1 Bases and Assumptions

For the purposes of illustration only, the *pro forma* financial effects of the Proposed Disposal taken as a whole are set out below. The *pro forma* financial effects have been prepared based on the unaudited consolidated financial statements of the Group for the financial year ended 31 December 2016 (“**FY2016**”), being the most recently completed financial year for which the Company has released its financial results, and do not necessarily reflect the actual future financial position and performance of the Group following completion of the Proposed Disposal.

7.2 Net Liabilities Value (“NLV”)

For illustrative purposes only, the *pro forma* financial effects of the Proposed Disposal on the Group’s NLV per Share, assuming that the Proposed Disposal had been completed on 31 December 2016, being the end of FY2016, are set out below:

	Before the Proposed Disposal	After the Proposed Disposal
NLV of the Group (RMB’000)	(877,954)	(58)
Number of Shares	287,594,900	287,594,900
NLV per Share (RMB cents)	(305.27)	(0.02)

7.3 Losses Per Share

For illustrative purposes only, the *pro forma* financial effects of the Proposed Disposal on the consolidated losses of the Group, assuming that the Proposed Disposal had been completed on 1 January 2016, being the beginning of FY2016, are set out below:

	Before the Proposed Disposal	After the Proposed Disposal
Losses attributable to shareholders of the Company for FY2016 (RMB’000)	(265,900)	(109,311)
Number of Shares	287,594,900	287,594,900
Losses per Share (RMB cents)	(92.46)	(38.01)

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for their respective interests in the Company, if any, none of the Directors, substantial shareholders, or their associates have any direct or indirect interest in the Proposed Disposal.

9. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a Director in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any person.

10. EXTRAORDINARY GENERAL MEETING

The Company will convene an EGM to seek the approval of the shareholders for the Proposed Disposal. A circular containing, *inter alia*, details of the Proposed Disposal, together with the opinions and recommendations of the Directors in relation thereto, and enclosing the notice of EGM in connection therewith, will be dispatched to the shareholders in due course.

11. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the SPA will be made available for inspection during normal business hours at the registered office of the Company at 80 Raffles Place, #32-01 UOB Plaza 1, Singapore 048624, for a period of three (3) months from the date of this announcement or until the date of the EGM to be convened, whichever is later.

12. DIRECTORS' RESPONSIBILITY STATEMENT

- 12.1 The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement, and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Disposal, the Company and the BVI Subs, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.
- 12.2 Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

13. CAUTIONARY STATEMENT

- 13.1 Shareholders should note that, pursuant to Rule 1018(2) of the Listing Manual, the SGX-ST will proceed to remove an issuer from the Official List if it is unable to meet the requirements for a new listing within twelve (12) months from the time it becomes a cash company. The issuer may apply to the SGX-ST for a maximum 6-month extension to the 12-month period if it has already signed a definitive agreement for the acquisition of a new business, of which the acquisition must be completed in the 6-month extension period. The extension is subject to the issuer providing information to investors on its progress in meeting key milestones in the transaction. In the event the issuer is unable to meet its milestones, or complete the relevant acquisition despite the extension granted, no further extension will be granted and the issuer will be required to delist and a cash exit offer in accordance with Rule 1309 of the Listing Manual be made to its shareholders within six (6) months.

- 13.2 The Board wishes to remind Shareholders that there is no assurance that the SGX-ST will not suspend the trading and listing of the shares of the Company, or that the Company will be able to acquire a new business that meets the requirements of the SGX-ST for a new listing within the timeframe prescribed by the SGX-ST.
- 13.3 Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stockbrokers, solicitors or other professional advisors if they have any doubts as to the actions they should take.

14. FURTHER ANNOUNCEMENTS

The Company will make further announcements on the Proposed Disposal as appropriate or when there are further developments on the same.

By Order of the Board

Mr. Wang Sen
Chairman and Chief Executive Officer

3 April 2017