



SINOPIPE HOLDINGS LIMITED

(Company Registration Number: 200411382N)

Fourth Quarter and Full Year Financial Statements and Dividend Announcement for the Period Ended 31 December 2019

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a) A statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			Group		
	3 months ended		%	12 months ended		%
	31.12.2019	31.12.2018	Change	31.12.2019	31.12.2018	Change
	RMB'000	RMB'000	+ / (-)	RMB'000	RMB'000	+ / (-)
Revenue	-	-	n.m.	-	-	n.m.
Cost of sales	-	-	n.m.	-	-	n.m.
Gross profit	-	-	n.m.	-	-	n.m.
Other income	-	2	(100.0)	2	528	(99.6)
Selling and distribution expenses	-	-	n.m.	-	-	n.m.
Administrative expenses	(614)	(489)	25.6	(2,163)	(2,214)	(2.3)
Other expenses	-	(20)	(100.0)	-	(20)	(100.0)
Finance costs	-	-	n.m.	-	-	n.m.
Loss before income tax	(614)	(507)	21.1	(2,161)	(1,706)	26.7
Income tax expense	-	-	n.m.	-	-	n.m.
Loss for the period from continuing operations	(614)	(507)	21.1	(2,161)	(1,706)	26.7
Discontinued operations						
Loss for the period from discontinued operations	-	-	n.m.	-	(7,767)	n.m.
Gain on disposal of subsidiaries	-	-	n.m.	-	911,741	n.m.
(Loss) income for the period, representing total comprehensive (loss) income	(614)	(507)	21.1	(2,161)	902,268	n.m.
(Loss) income attributable to:						
Continuing operations, net of tax						
- Owners of the Company	(614)	(507)	21.1	(2,161)	(1,706)	26.7
Discontinuing operations, net of tax						
- Owners of the Company	-	-	n.m.	-	904,474	n.m.
- Non-controlling interests	-	-	n.m.	-	(500)	n.m.
(Loss) income for the period	(614)	(507)	21.1	(2,161)	902,268	n.m.

Group 3 months ended		Group 12 months ended	
31.12.2019	31.12.2018	31.12.2019	31.12.2018
RMB'000	RMB'000	RMB'000	RMB'000

Continuing operation

Depreciation of property, plant and equipment	-*	2	1	8
Property, plant and equipment written-off	-	13	-	13
Foreign exchange loss, net	161	12	335	40
Impairment loss on doubtful receivables	-	7	-	7
Government grants and subsidies	-	-	-	(1)
Interest income				
- Bank deposits	-	(2)	(2)	(6)
Operating lease expenses	18	18	71	69
Staff costs				
- Wages, salaries and bonuses	101	98	396	354
- Pension costs	13	16	53	59
- Other staff costs	-*	-*	-*	1

n.m. denotes not meaningful

* Less than RMB1,000.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Group		Company	
31.12.2019	31.12.2018	31.12.2019	31.12.2018
RMB'000	RMB'000	RMB'000	RMB'000

ASSETS

Non-current assets

Property, plant and equipment	3	4	3	4
	<u>3</u>	<u>4</u>	<u>3</u>	<u>4</u>

Current assets

Trade and other receivables	73	3,171	299	3,171
Cash and bank balances	2,942	1,547	2,716	1,547
Total current assets	<u>3,015</u>	<u>4,718</u>	<u>3,015</u>	<u>4,718</u>
Total assets	<u>3,018</u>	<u>4,722</u>	<u>3,018</u>	<u>4,722</u>

EQUITY AND LIABILITIES

Equity

Share capital	313,344	313,344	313,344	313,344
Other reserves	5,316	5,316	5,316	5,316
Accumulated losses	(323,886)	(321,725)	(323,811)	(321,652)
Equity attributable to owners of the Company				
(Capital deficiency)	<u>(5,226)</u>	<u>(3,065)</u>	<u>(5,151)</u>	<u>(2,992)</u>

	Group		Company	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RMB'000	RMB'000	RMB'000	RMB'000
Current liabilities				
Trade and other payables	8,244	7,787	8,169	7,714
Total current liabilities	8,244	7,787	8,169	7,714
Total liabilities	8,244	7,787	8,169	7,714
Total equity and liabilities	3,018	4,722	3,018	4,722

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

Group		Group	
As at 31.12.2019		As at 31.12.2018	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	-	-	-

Amount repayable after one year

Group		Group	
As at 31.12.2019		As at 31.12.2018	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	-	-	-

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		Group	
	3 months ended		12 months ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RMB'000	RMB'000	RMB'000	RMB'000
Operating activities				
(Loss) Income before income tax				
- Continuing operations	(614)	(507)	(2,161)	(1,706)
- Discontinuing operations	-	-	-	903,794
	(614)	(507)	(2,161)	902,088
Adjustments:				
Amortisation of deferred capital grant	-	-	-	(284)
Amortisation of land use rights	-	-	-	876
Depreciation of property, plant and equipment	-*	2	1	3,357
Impairment loss on doubtful receivables	-	7	-	7
Interest expense	-	-	-	8,525
Interest income	-	(2)	(2)	(6)
Property, plant and equipment written-off	-	13	-	19
Write-back of inventories allowances	-	-	-	(5,695)
Gain on disposal of subsidiaries	-	-	-	(911,741)
Operating cash flows before movements in working capital	(614)	(487)	(2,162)	(2,854)

	Group 3 months ended		Group 12 months ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RMB'000	RMB'000	RMB'000	RMB'000
Operating activities				
Movements in working capital:				
Inventories	-	-	-	5,728
Trade and other receivables	119	-	(11)	(2,099)
Prepayments	-	-	-	696
Trade and other payables	39	(64)	457	(1,663)
Cash used in operations	<u>(456)</u>	<u>(551)</u>	<u>(1,716)</u>	<u>(192)</u>
Income taxes paid	-	-	-	-
Net cash used in operating activities	<u>(456)</u>	<u>(551)</u>	<u>(1,716)</u>	<u>(192)</u>
Investing activities				
Net cash outflow on disposal of subsidiaries	-	-	-	(2,895)
Receipts of outstanding disposal consideration	1,055	-	3,109	-
Acquisition of property, plant and equipment	-	-	-	(289)
Interest received	-	2	2	6
Net cash generated from (used in) investing activities	<u>1,055</u>	<u>2</u>	<u>3,111</u>	<u>(3,178)</u>
Financing activities				
Repayment of borrowings	-	-	-	(6,781)
Release of pledged bank balances	-	-	-	6,829
Net cash generated from financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>48</u>
Net increase (decrease) in cash and bank balances	599	(549)	1,395	(3,322)
Cash and bank balances at beginning of financial period	2,343	2,096	1,547	4,869
Cash and bank balances at end of financial period	<u>2,942</u>	<u>1,547</u>	<u>2,942</u>	<u>1,547</u>

* Less than RMB1,000.

Note to Consolidated Cash Flow Statement

For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	31.12.2019	31.12.2018
	RMB'000	RMB'000
Cash and bank balances	2,942	1,547
Less: Restricted bank balances [#]	(1,960)	-
Cash and cash equivalents	<u>982</u>	<u>1,547</u>

[#]Restricted bank balances represents cash placed in the escrow account opened with a bank in Singapore acting as escrow agent in compliance with Rule 1018(1)(a) of the SGX-ST Listing Manual.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

GROUP

	Share capital	Other reserves	Accumulated losses	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2019	313,344	5,316	(321,725)	-	(3,065)
Total comprehensive loss for the period	-	-	(408)	-	(408)
Balance at 31 March 2019	313,344	5,316	(322,133)	-	(3,473)
Total comprehensive loss for the period	-	-	(588)	-	(588)
Balance at 30 June 2019	313,344	5,316	(322,721)	-	(4,061)
Total comprehensive loss for the period	-	-	(551)	-	(551)
Balance at 30 September 2019	313,344	5,316	(323,272)	-	(4,612)
Total comprehensive loss for the period	-	-	(614)	-	(614)
Balance at 31 December 2019	313,344	5,316	(323,886)	-	(5,226)
Balance at 1 January 2018	313,344	(12,063)	(1,224,493)	(6,574)	(929,786)
Total comprehensive loss for the period	-	-	(7,692)	(500)	(8,192)
Balance at 31 March 2018	313,344	(12,063)	(1,232,185)	(7,074)	(937,978)
Total comprehensive income for the period	-	-	911,361	-	911,361
Derecognition of subsidiaries	-	17,379	-	7,074	24,453
Balance at 30 June 2018	313,344	5,316	(320,824)	-	(2,164)
Total comprehensive loss for the period	-	-	(394)	-	(394)
Balance at 30 September 2018	313,344	5,316	(321,218)	-	(2,558)
Total comprehensive loss for the period	-	-	(507)	-	(507)
Balance at 31 December 2018	313,344	5,316	(321,725)	-	(3,065)

COMPANY

	Share capital	Reserves	Accumulated losses	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2019	313,344	5,316	(321,652)	(2,992)
Total comprehensive loss for the period	-	-	(408)	(408)
Balance at 31 March 2019	313,344	5,316	(322,060)	(3,400)
Total comprehensive loss for the period	-	-	(589)	(589)
Balance at 30 June 2019	313,344	5,316	(322,649)	(3,989)
Total comprehensive loss for the period	-	-	(524)	(524)
Balance at 30 September 2019	313,344	5,316	(323,173)	(4,513)
Total comprehensive loss for the period	-	-	(638)	(638)
Balance at 31 December 2019	313,344	5,316	(323,811)	(5,151)

COMPANY

	Share capital RMB'000	Reserves RMB'000	Accumulated losses RMB'000	Total equity RMB'000
Balance at 1 January 2018	313,344	5,316	(329,939)	(11,279)
Total comprehensive loss for the period	-	-	(444)	(444)
Balance at 31 March 2018	313,344	5,316	(330,383)	(11,723)
Total comprehensive income for the period	-	-	9,627	9,627
Balance at 30 June 2018	313,344	5,316	(320,756)	(2,096)
Total comprehensive loss for the period	-	-	(389)	(389)
Balance at 30 September 2018	313,344	5,316	(321,145)	(2,485)
Total comprehensive loss for the period	-	-	(507)	(507)
Balance at 31 December 2018	313,344	5,316	(321,652)	(2,992)

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Share Capital

Ordinary shares issued and fully paid-up

	Number of shares	RMB'000
Balance at 31 December 2019	287,594,900	313,344

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Company	
	31.12.2019	31.12.2018
Total number of issued shares excluding treasury shares	287,594,900	287,594,900

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period report on.

Not applicable.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current period as those of the audited financial statements as of 31 December 2018.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group and the Company adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after January 1, 2019. The adoption of the new and revised FRSs does not have significant impact to the Group's and the Company's accounting policies.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group 3 months ended		Group 12 months ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
(Loss) Income per ordinary share for the period:				
	RMB'000	RMB'000	RMB'000	RMB'000
(Loss) income attributable to shareholders (basic and diluted):				
Continuing operations	(614)	(507)	(2,161)	(1,706)
Discontinued operations	-	-	-	904,474
	'000	'000	'000	'000
Weighted average number of ordinary shares (basic and diluted)	287,595	287,595	287,595	287,595
Basic and Diluted (Loss) Income per Share (RMB cents):				
Continuing operations	(0.21)	(0.18)	(0.75)	(0.59)
Discontinued operations	-	-	-	314.50

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.

	Group		Company	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Net asset value per ordinary share (RMB cents)	(1.82)	(1.07)	(1.79)	(1.04)

Net asset value per ordinary share was calculated based on the total number of issued shares excluding treasury shares of 287,594,900 as at 31 December 2019 and 31 December 2018.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

INCOME STATEMENT

Quarter Four

Administrative expenses increased by RMB125,000 or 25.6% from RMB489,000 in 4Q2018 to RMB 614,000 in 4Q2019 mainly due to increases in foreign exchange loss mainly arising from foreign exchange revaluation on liabilities by RMB149,000 and offset by reduction in corporate administrative expenses by RMB24,000.

As a result of the above, Group's net loss increased by RMB107,000 from RMB507,000 in 4Q2018 to RMB614,000 in 4Q2019.

Full year

Other income in FY2019 which consists of interest income of RMB2,000, decreased by RMB526,000, compared to RMB528,000 in FY2018 which comprised mainly reversal of provision for withholding tax of RMB373,000 and working capital advance payable of RMB143,000 waived under the disposal agreement in FY2018.

Administrative expenses decreased by RMB51,000 or 2.3% from RMB2.21 million in FY2018 to RMB2.16 million in FY2019 mainly due to decrease in directors' fee of RMB346,000 and offset by increase in foreign exchange loss by RMB295,000.

As a result of the above, the Group's net loss from continuing operation increased by RMB455,000 to RMB2.2 million mainly due to non-ordinary income recorded in FY2018.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019, Group's assets was RMB 3.0 million comprised mainly cash and cash equivalent of RMB 2.9 million and Group's liabilities was RMB 8.2 million which were mainly outstanding directors' fees, directors' remuneration of a former executive director, amount due to a shareholder as well as accruals of professional fees,.

STATEMENT OF CASH FLOWS

The Group registered net increase in cash and bank balances of RMB599,000 in 4Q2019 and RMB 1.4 million in FY2019 respectively. The net increase was mainly due to the receipts of outstanding Disposal Consideration of RMB1.1 million in 4Q2019 and RMB 3.1 million in FY2019 after offset by cash outflows of RMB456,000 and RMB1.7 million disbursed for corporate and administrative expenses in the respective periods.

As at 31 December 2019, the Group had cash and cash equivalents of RMB982,000 net of restricted bank balances of RMB1.96 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The Company refers to the announcements via SGXNet on 2 January 2020, 31 January 2020 and 6 February 2020 in relation to the acquisition agreement between the Company and Shanxi Bibenet Information Technology Co., Ltd (the "Bibenet Acquisition Agreement"). The Bibenet Acquisition Agreement had lapsed on the long stop date of the agreement on 31 December 2019.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Currently, the Board has been in discussion for potential reverse takeover with a potential white knight investor, a Singapore incorporated and ISO certified heavy equipment turnkey engineering solution provider that serves primarily the global port, construction, foundation and logistics industries. Appropriate announcement will be made as and when there are material developments on the discussion.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared / recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared / recommended for the current period ended 31 December 2019 due to unfavourable financial conditions of the the Group and the Company.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transaction as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a general mandate from shareholders for Interested Person Transactions.

14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 7201(1).

The Company has obtained undertakings from all its directors and executive officers.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

15. Segment information (of the group), together with comparative information for the immediately preceding year.

The Group previously had two segments, namely, the plastic pipe segment and the corporate segment. The plastic pipe segment comprised the Group's principal assets located in the PRC and operating results segment. Following the disposal of the discontinued plastic pipe segment on 30 April 2018 in FY2018, the Group has only the corporate segment in FY2019. As such, it is not meaningful to disclose and compare the segment information.

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating or geographical segments.

Not applicable. Please refer to paragraph 15 for the reason.

17. A breakdown of sales.

	Group		
	2019	2018	% Change
	RMB'000	RMB'000	+ / (-)
Continuing operation:			
(a) Sales reported for first half year	-	-	n.m.
(b) Operating loss after tax before deducting non-controlling interests reported for first half year	(996)	(804)	23.9
(c) Sales reported for second half year	-	-	n.m.
(d) Operating income after tax before deducting non-controlling interests reported for second half year	(1,165)	(902)	29.2
Discontinuing operation:			
(a) Sales reported for first half year	-	16,789	n.m.
(b) Operating loss after tax before deducting non-controlling interests reported for first half year	-	(7,767) ^(*)	n.m.
(c) Sales reported for second half year	-	-	n.m.
(d) Operating loss after tax before deducting non-controlling interests reported for second half year	-	-	n.m.

*Excluding gain on disposal of subsidiaries and associated companies in the PRC.

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

None.

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

None.

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BY ORDER OF THE BOARD OF DIRECTORS

Mr Wang Sen
Non-Executive Chairman
Sinopipe Holdings Limited

24 February 2020