



SINOPIPE HOLDINGS LIMITED

(Company Registration Number: 200411382N)

Financial Statements and Dividend Announcement for the Third Quarter and Nine Months Ended 30 September 2020

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

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

UNAUDITED CONSOLIDATED RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2020

	Group			Group		
	3 months ended		%	9 months ended		%
	30.9.2020	30.9.2019	Change	30.9.2020	30.9.2019	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	18	-	n.m.	58	2	n.m.
Administrative expenses	(299)	(551)	(45.7)	(1,068)	(1,549)	(31.1)
Other expenses	-	-	n.m.	-	-	n.m.
Finance costs	-	-	n.m.	-	-	n.m.
Loss before income tax	(281)	(551)	(49.0)	(1,010)	(1,547)	(34.7)
Income tax expense	-	-	n.m.	-	-	n.m.
Loss for the period, representing total comprehensive loss for the period	(281)	(551)	(49.0)	(1,010)	(1,547)	(34.7)
Loss representing total comprehensive loss attributable to:						
- Owners of the Company	(281)	(551)	(49.0)	(1,010)	(1,547)	(34.7)

n.m. denotes not meaningful

1(a)(ii) Other charges/(credits)

	Group		Group	
	3 months ended		9 months ended	
	30.9.2020	30.9.2019	30.9.2020	30.9.2019
	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation of plant and equipment	-*	-*	1	1
Foreign exchange (gain) loss, net	(109)	110	(218)	174
Interest income on bank account	-	-	-	(2)
Government grants	(18)	-	(58)	-
Operating lease expenses	8	18	41	53
Staff costs				
- Wages, salaries and bonuses	98	99	294	295
- Pension costs	13	14	38	40
- Other staff costs	-*	-*	-*	-*

-* denotes 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.

UNAUDITED STATEMENT OF FINANCIAL POSITION

	Group		Company	
	30.9.2020	31.12.2019	30.9.2020	31.12.2019
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Plant and equipment	2	3	2	3
Investment in subsidiaries	-	-	-	-
	<u>2</u>	<u>3</u>	<u>2</u>	<u>3</u>
Current assets				
Other receivables	95	73	101	299
Cash and bank balances	2,049	2,942	2,049	2,716
Total current assets	<u>2,144</u>	<u>3,015</u>	<u>2,150</u>	<u>3,015</u>
Total assets	<u>2,146</u>	<u>3,018</u>	<u>2,152</u>	<u>3,018</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	(324,896)	(323,886)	(324,807)	(323,811)
Capital deficiency	<u>(6,236)</u>	<u>(5,226)</u>	<u>(6,147)</u>	<u>(5,151)</u>
Current liabilities				
Other payables	8,359	8,244	8,276	8,169
Deferred grant income	23	-	23	-
Total current liabilities	<u>8,382</u>	<u>8,244</u>	<u>8,299</u>	<u>8,169</u>
Total liabilities	<u>8,382</u>	<u>8,244</u>	<u>8,299</u>	<u>8,169</u>
Total equity and liabilities	<u>2,146</u>	<u>3,018</u>	<u>2,152</u>	<u>3,018</u>

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

Amount repayable in one year or less, or on demand

Group As at 30.9.2020		Group As at 31.12.2019	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
-	-	-	-

Amount repayable after one year

Group As at 30.9.2020		Group As at 31.12.2019	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
-	-	-	-

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

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2020

	Group 3 months ended		Group 9 months ended	
	30.9.2020 RMB'000	30.9.2019 RMB'000	30.9.2020 RMB'000	30.9.2019 RMB'000
Operating activities				
Loss before income tax	(281)	(551)	(1,010)	(1,547)
Adjustments:				
Depreciation of plant and equipment	-*	-*	1	1
Interest income	-	-	-	(2)
Operating cash flows before movements in working capital	(281)	(551)	(1,009)	(1,548)
Movements in working capital:				
Other receivables	(92)	(144)	(22)	(130)
Other payables	40	103	115	420
Deferred income	23	-	23	-
Cash used in operations	(310)	(592)	(893)	(1,258)
Income taxes paid	-	-	-	-
Net cash used in operating activities	(310)	(592)	(893)	(1,258)
Investing activities				
Receipts of disposal consideration	-	2,054	-	2,054
Interest received	-	-	-	2
Net cash generated from investing activities	-	2,054	-	2,056
Net cash used in financing activities	-	-	-	-
Net (decrease) increase in cash and bank balances	(310)	1,462	(893)	798
Cash and bank balances at beginning of financial period	2,359	883	2,942	1,547
Cash and bank balances at end of financial period	2,049	2,345	2,049	2,345

-* denotes less than RMB1,000.

Note to Consolidated Cash Flow Statement

(1) For the purpose of consolidated statement of cash flows, cash and bank balances comprises the following:

	Group	
	30.9.2020	30.9.2019
	RMB'000	RMB'000
Cash and bank balances	189	2,190
Restricted bank balance	1,860	155
	2,049	2,345

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.

UNAUDITED STATEMENT OF CHANGES IN EQUITY

GROUP

	Share capital	Other reserves	Accumulated losses	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2020	313,344	5,316	(323,886)	(5,226)
Total comprehensive loss for the period	-	-	(231)	(231)
Balance at 31 March 2020	313,344	5,316	(324,117)	(5,457)
Total comprehensive loss for the period	-	-	(498)	(498)
Balance at 30 June 2020	313,344	5,316	(324,615)	(5,955)
Total comprehensive loss for the period	-	-	(281)	(281)
Balance at 30 September 2020	313,344	5,316	(324,896)	(6,236)
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)

COMPANY	Share capital	Other Reserves	Accumulated losses	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2020	313,344	5,316	(323,811)	(5,151)
Total comprehensive loss for the period	-	-	(231)	(231)
Balance at 31 March 2020	313,344	5,316	(324,042)	(5,382)
Total comprehensive loss for the period	-	-	(481)	(481)
Balance at 30 June 2020	313,344	5,316	(324,523)	(5,863)
Total comprehensive loss for the period	-	-	(284)	(284)
Balance at 30 September 2020	313,344	5,316	(324,807)	(6,147)

COMPANY	Share capital	Other 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)

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.

There is no change in the Company's issued share capital since the last financial year ended 31 December 2019.

Share Capital

Ordinary shares issued and fully paid-up

	Number of shares	RMB'000
Balance at 30 September 2020	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	
	30.9.2020	31.12.2019
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.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

(a) Updates on the efforts taken to resolve each outstanding audit issue.

Subsequent to the issuance of the Independent Auditors' Report dated 13 April 2020 in the Company's Annual Report 2019, the Company had on 18 May 2020 entered into a binding but conditional memorandum of understanding with Ten-League Corporations Pte. Ltd. (the "**Vendor**") in respect of the proposed acquisition by the Company of all of the issued and fully paid up shares (ordinary or otherwise) in the capital of Ten-League Engineering & Technology Pte. Ltd., a Singapore-incorporated company whose primary business is a heavy equipment engineering solution provider that serves primarily the construction and foundation industries (the "**Proposed Acquisition**").

On 27 July 2020, the Company announced that the SGX-ST had no objection to the Company's application for further extension of time of 14 months to 28 February 2021 with regard to compliance with Rule 1018(2) of the Listing Manual.

The Company is in further discussions with the Vendor to finalise the outstanding commercial terms and conditions of the Proposed Acquisition.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

The Board confirms that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

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 2019.

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/revised Singapore Financial Reporting Standards (International) ("SFRS(I)s") that are relevant to its operations and effective for annual periods beginning on or after January 1, 2020. The adoption of the new/revised SFRS(I)s 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		Group	
	3 months ended		9 months ended	
	30.9.2020	30.9.2019	30.9.2020	30.9.2019
Loss per ordinary share for the period:				
	RMB'000	RMB'000	RMB'000	RMB'000
Loss attributable to shareholders (basic and diluted)	(281)	(551)	(1,010)	(1,547)
	'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 per Share (RMB cents)	(0.10)	(0.19)	(0.35)	(0.54)

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	
	30.9.2020	31.12.2019	30.9.2020	31.12.2019
Net asset value per ordinary share (RMB cents)	(2.17)	(1.82)	(2.14)	(1.79)

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 30 September 2020 and 31 December 2019.

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.**

3Q 2020 vs 3Q 2019

Other income increased to RMB18,000 in 3Q 2020 mainly due to receipt of the Jobs Support Scheme grant under the COVID-19 Government Relief Measures.

Administrative expenses decreased by RMB252,000 to RMB299,000 in 3Q 2020 from RMB551,000 in 3Q 2019 mainly due to significant foreign exchange revaluation difference on net liabilities by RMB219,000 on account of the weakening Singapore Dollar against RMB in Q3 2020.

As a result of the above, Group's net loss in 3Q 2020 decreased to RMB281,000 from RMB551,000 in 3Q 2019.

Financial position

As at 30 September 2020, Group's current assets of RMB2.14 million comprised mainly the escrow account deposit placement of RMB1.86 million in compliance with Rule 1018(1)(a) of the SGX-ST Listing Manual. Group's current liabilities amounted to RMB8.38 million comprised mainly accruals of professional fees, directors' fees and amount owing to a director and deemed shareholder. As a result, Group's negative working capital was approximately RMB6.2 million.

Cash Flows

The Group registered net decrease in cash and bank balances of RMB310,000 in 3Q 2020 mainly due to cash utilised for payment of Administrative expenses.

As at 30 September 2020, the Group had cash and bank balances of RMB2.05 million of which RMB1.86 million was cash deposit placed in the escrow account under Rule 1018(1)(a) of the SGX-ST Listing Manual.

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

In line with the prospect statement made in 2Q 2020.

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.

Following the signing of the binding but conditional memorandum of understanding for the Proposed Acquisition with the Vendor in May 2020, the Company is in further discussions with the Vendor to finalise the outstanding commercial terms and conditions of the Proposed Acquisition.

The Board shall keep Shareholders updated of the progress and any material development of the Proposed Acquisition as and when appropriate.

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 30 September 2020 due to need to preserve cash for operating overheads use.

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.

15. Board Negative Assurance Confirmation for Interim Financial Results.

The Board of Sinopipe Holdings Limited, hereby confirm that, to the best of our knowledge, nothing has come to the attention of the board of directors which may render the financial results of the Company and the Group for the financial quarter ended 30 September 2020 to be false or misleading in any material aspect.

16. Disclose the status on the use of proceeds raised from IPO and any offerings pursuant to chapter 8 and whether the use of proceeds is in accordance with the stated use.

It is not useful and meaningful to disclose these historical information as the Company had discontinued and disposed of the plastic pipe business and operation segment. The Company is a cash company under Rule 1018 of the SGX-ST Listing Manual and is currently working on acquiring new business and injection of capital for relisting.

BY ORDER OF THE BOARD OF DIRECTORS

Mr Wang Sen
Non-Executive Chairman
Sinopipe Holdings Limited

30 October 2020