



SINOPIPE HOLDINGS LIMITED

(Company Registration Number: 200411382N)

First Quarter Financial Statements and Dividend Announcement for the Period Ended 31 March 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		
	3 months ended		%
	31.3.2019	31.3.2018	Change
	RMB'000	RMB'000	+ / (-)
Revenue	-	-	n.m.
Cost of sales	-	-	n.m.
Gross profit	-	-	n.m.
Other income	1	-	n.m.
Selling and distribution expenses	-	-	n.m.
Administrative expenses	(409)	(439)	(6.8)
Other expenses	-	-	n.m.
Finance costs	-	-	n.m.
Loss before income tax	(408)	(439)	(7.1)
Income tax expense	-	-	n.m.
Loss for the period from continuing operations	(408)	(439)	(7.1)
Discontinued operations			
Loss for the period from discontinued operations	-	(7,753)	(100.0)
Loss for the period, representing total comprehensive loss	(408)	(8,192)	(95.0)
Loss attributable to:			
Continuing operations, net of tax			
- Owners of the Company	(408)	(439)	(7.1)
Discontinuing operations, net of tax			
- Owners of the Company	-	(7,253)	(100.0)
- Non-controlling interests	-	(500)	(100.0)
	-	(7,753)	(100.0)
Loss for the period	(408)	(8,192)	(95.0)

Group
3 months ended
31.3.2019 **31.3.2018**
RMB'000 RMB'000

Continuing operation

Depreciation of property, plant and equipment	- *	2
Foreign exchange (gain) loss, net	(96)	(154)
Interest income		
- Bank deposits	(1)	- *
Operating lease expenses	18	11
Staff costs		
- Wages, salaries and bonuses	98	96
- Pension costs	13	16
- Other staff costs	- *	- *

* Less than RMB1,000.

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

	Group		Company	
	31.3.2019	31.12.2018	31.3.2019	31.12.2018
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	4	4	4	4
	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>
Current assets				
Trade and other receivables	3,188	3,171	3,188	3,171
Cash and bank balances	1,132	1,547	1,132	1,547
Total current assets	<u>4,320</u>	<u>4,718</u>	<u>4,320</u>	<u>4,718</u>
Total assets	<u>4,324</u>	<u>4,722</u>	<u>4,324</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	(322,133)	(321,725)	(322,060)	(321,652)
Equity attributable to owners of the Company				
(Capital deficiency)	<u>(3,473)</u>	<u>(3,065)</u>	<u>(3,400)</u>	<u>(2,992)</u>
Current liabilities				
Trade and other payables	7,797	7,787	7,724	7,714
Total current liabilities	<u>7,797</u>	<u>7,787</u>	<u>7,724</u>	<u>7,714</u>
Total liabilities	<u>7,797</u>	<u>7,787</u>	<u>7,724</u>	<u>7,714</u>
Total equity and liabilities	<u>4,324</u>	<u>4,722</u>	<u>4,324</u>	<u>4,722</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 31.3.2019		Group As at 31.12.2018	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
-	-	-	-

Amount repayable after one year

Group As at 31.3.2019		Group As at 31.12.2018	
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.

	Group 3 months ended	
	31.3.2019 RMB'000	31.3.2018 RMB'000
Operating activities		
Loss before income tax	(408)	(8,373)
Adjustments:		
Amortisation of deferred capital grant	-	(284)
Amortisation of land use rights	-	878
Depreciation of property, plant and equipment	-	3,351
Interest expense	-	8,525
Interest income	(1)	(1)
Property, plant and equipment written-off	-	6
(Reversal) Write-down of inventories	-	(5,695)
Operating cash flows before movements in working capital	(409)	(1,593)
Movements in working capital:		
Inventories	-	2,580
Trade and other receivables	(17)	1,064
Prepayments	-	696
Trade and other payables	10	2,375
Cash (used in) generated from operations	(416)	5,122
Income taxes paid	-	-
Net cash (used in) generated from operating activities	(416)	5,122
Investing activities		
Acquisition of property, plant and equipment	-	(289)
Interest received	1	1
Net cash generated from (used in) investing activities	1	(288)

	Group	
	3 months ended	
	31.3.2019	31.3.2018
	RMB'000	RMB'000
Financing activities		
Repayment of borrowings	-	(6,781)
Pledged bank balances	-	768
Net cash used in financing activities	-	(6,013)
Net decrease in cash and bank balances	(415)	(1,179)
Cash and bank balances at beginning of financial period	1,547	4,869
Cash and bank balances at end of financial period	1,132	3,690

Note to Consolidated Cash Flow Statement

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

	Group	
	31.3.2019	31.3.2018
	RMB'000	RMB'000
Cash and bank balances	1,132	9,749
Less: Pledged bank balances *	-	(6,059)
	1,132	3,690

* Pledged bank balances relate to amounts pledged to banks as security for banking facilities (including bills payable) extended to the Group.

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)
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)

COMPANY	Share capital RMB'000	Reserves RMB'000	Accumulated losses RMB'000	Total equity 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)
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)

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 March 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	
	31.3.2019	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	
	31.3.2019	31.3.2018
Loss per ordinary share for the period:		
	RMB'000	RMB'000
Loss attributable to shareholders (basic and diluted):		
Continuing operations	(408)	(439)
Discontinued operations	-	(7,253)
	'000	'000
Weighted average number of ordinary shares (basic and diluted)	287,595	287,595
Basic and Diluted Loss per Share (RMB cents):		
Continuing operations	(0.14)	(0.15)
Discontinued operations	-	(2.52)

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	
	31.3.2019	31.12.2018	31.3.2019	31.12.2018
Net asset value per ordinary share (RMB cents)	(1.21)	(1.07)	(1.18)	(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 March 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

Administrative expenses decreased by RMB 30,000 to RMB 409,000 in 1Q 2019 from RMB 439,000 in 1Q 2018 mainly due to reduction of directors' fees by RMB 74,000 and was partially offset by increase in overseas travelling expenses incurred for meeting potential investors by RMB 31,000 as well as increase in professional fees by RMB 12,000.

The Group recorded a net loss of RMB 408,000 in 1Q 2019 mainly due to Administrative expenses of RMB 409,000 incurred.

Financial position

As at 31 March 2019, the assets of the Group and Company of RMB 4.3 million comprised mainly cash and cash equivalent of RMB 1.1 million and amount receivable under the disposal of China assets of RMB 3.1 million.

The liabilities of the Group and the Company of RMB 7.8 million were mainly accruals of professional fees, directors' fees and amount due to a shareholder.

Cash Flows

The Group registered net decrease in cash and bank balances of RMB 415,000 in 1Q 2019 mainly due to payments for administrative expenses.

As at 31 March 2019, the Group had cash and cash equivalents of RMB 1.1 million.

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

With regard to the receipt of the outstanding RMB 3.1 million disposal consideration, the Purchaser subsequently informed the Company that Fujian Atontech is still in the process of completing the required procedure under the debt restructuring proposal approved by the PRC court so that the debt restructuring manager will not restrict them to make the payment.

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.

The Company entered into a Memorandum of Understanding (the "MOU") with Mr Song Jianjun on 20 February 2019, an independent third party in relation to the proposed acquisition of 100% of the registered capital of Shanxi Bibenet Information Technology Co., Ltd (山西比比网络信息技术股份有限公司) ("Shanxi Bibenet"). In furtherance of the MOU, the Company had entered into an acquisition agreement with Shanxi Bibenet on 17 April 2019 (the "Proposed Acquisition"). (Please refer to the Company's announcements via SGXNet on 20 February 2019 and 17 April 2019 for more information relating to the Proposed Acquisition.)

The Company had applied to the SGX-ST to seek approval for a 8-month extension of time to 31 December 2019 to comply with Rule 1018(2) of the Listing Manual (the "Extension"). By way of letter dated 9 May 2019, SGX-ST has granted the Company conditional waiver for the Extension. (Please refer to the Company's announcements via SGXNet on 13 May 2019 for full information.)

The Board shall keep Shareholders updated of further 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.

No dividend has been declared / recommended for the current period ended 31 March 2019.

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 31 March 2019 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD OF DIRECTORS

Mr Wang Sen
Non-Executive Chairman
Sinopipe Holdings Limited

14 May 2019