



# SINOPIPE HOLDINGS LIMITED

(Company Registration Number: 200411382N)

## Second Quarter and Half Year Financial Statements and Dividend Announcement for the Period Ended 30 June 2016

### 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			Group 6 months ended		
	30.06.2016	30.06.2015	% Change	30.06.2016	30.06.2015	% Change
	RMB'000	RMB'000	+ / (-)	RMB'000	RMB'000	+ / (-)
<b>Revenue</b>	76,792	214,935	(64.3)	160,300	370,711	(56.8)
Cost of sales	(70,219)	(189,366)	(62.9)	(146,077)	(322,493)	(54.7)
<b>Gross profit</b>	6,573	25,569	(74.3)	14,223	48,218	(70.5)
Other income	3,467	11,024	(68.6)	7,906	16,672	(52.6)
Selling and distribution expenses	(6,498)	(15,396)	(57.8)	(16,456)	(26,632)	(38.2)
Administrative expenses	(8,232)	(12,488)	(34.1)	(21,153)	(25,658)	(17.6)
Other expenses	(11,597)	(1,129)	927.2	(12,273)	(1,553)	690.3
Finance costs	(19,634)	(25,922)	(24.3)	(45,421)	(53,666)	(15.4)
Share of results of associates	(90)	(746)	(87.9)	(544)	(1,430)	(62.0)
<b>Loss before income tax</b>	(36,011)	(19,088)	88.7	(73,718)	(44,049)	67.4
Income tax expense	(181)	-	*n.m.	2,839	106	*n.m.
<b>Loss for the period, representing total comprehensive loss</b>	(36,192)	(19,088)	89.6	(70,879)	(43,943)	61.3
<b>Loss, representing total comprehensive loss attributable to:</b>						
Owners of the Company	(35,245)	(18,769)	87.8	(69,413)	(42,546)	63.1
Non-controlling interests	(947)	(319)	196.9	(1,466)	(1,397)	4.9
	(36,192)	(19,088)	89.6	(70,879)	(43,943)	61.3

\*n.m. Not meaningful

	<b>Group</b>		<b>Group</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30.06.2016</b>	<b>30.06.2015</b>	<b>30.06.2016</b>	<b>30.06.2015</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Amortisation of deferred capital grant	(128)	(127)	(532)	(255)
Amortisation of deferred income relating to term loan from an external party	-	-	-	-
Amortisation of land use rights	464	483	928	1,097
Depreciation of property, plant and equipment	7,308	6,978	14,525	14,984
Foreign exchange loss (gain), net	883	(126)	1,049	(53)
Loss on disposal of property, plant and equipment	-	125	-	139
Impairment loss on property, plant and equipment	-	-	2,060	-
Government grants and subsidies	(28)	(30)	(486)	(565)
Provision of (Reversal of) impairment loss on trade receivables	441	(3,229)	(3,355)	(4,808)
Interest expense				
- Loans and borrowings	19,634	25,922	45,421	53,666
Interest income				
- Bank deposits	(380)	(127)	(1,531)	(2,327)
Reversal of write-down on inventories	(1,447)	-	(1,178)	(1,072)
Operating lease expenses	299	774	874	1,424
Staff costs *				
- Wages, salaries and bonuses	8,418	21,126	20,257	39,069
- Pension costs	291	2,906	2,483	5,875
- Other staff costs	415	1,813	1,444	2,876

\* This amount includes directors' remuneration and remuneration of key management personnel.

**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.**

	<b>Group</b>		<b>Company</b>	
	<b>30.06.2016</b>	<b>31.12.2015</b>	<b>30.06.2016</b>	<b>31.12.2015</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Land use rights	84,695	85,623	-	-
Property, plant and equipment	271,515	283,109	43	43
Goodwill	3,117	3,117	-	-
Investment in subsidiaries	-	-	38,129	38,129
Investment in associates	9,026	9,570	7,697	7,697
	<u>368,353</u>	<u>381,419</u>	<u>45,869</u>	<u>45,869</u>
<b>Current assets</b>				
Inventories	51,584	81,419	-	-
Other investment	-	20,000	-	-
Trade and other receivables	97,730	107,807	26,497	26,538
Prepayments	5,890	17,599	-	-
Cash and bank balances	186,056	209,648	3	138
	<u>341,260</u>	<u>436,473</u>	<u>26,500</u>	<u>26,676</u>
	<u>709,613</u>	<u>817,892</u>	<u>72,369</u>	<u>72,545</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	313,344	313,344	313,344	313,344
Other reserves	(12,063)	(12,063)	5,316	5,316
Accumulated losses	(982,748)	(913,335)	(339,131)	(332,591)
<b>Equity attributable to owners of the Company</b>	<u>(681,467)</u>	<u>(612,054)</u>	<u>(20,471)</u>	<u>(13,931)</u>
<b>Non-controlling interests</b>	765	2,231	-	-
<b>Capital deficiency</b>	<u>(680,702)</u>	<u>(609,823)</u>	<u>(20,471)</u>	<u>(13,931)</u>
<b>Non-current liabilities</b>				
Borrowings	63,453	71,578	-	-
Deferred capital grant	12,331	12,586	-	-
Deferred tax liabilities	3,836	7,312	-	-
	<u>79,620</u>	<u>91,476</u>	<u>-</u>	<u>-</u>
<b>Current liabilities</b>				
Trade and other payables	685,381	768,976	92,840	86,476
Borrowings	617,085	559,394	-	-
Deferred capital grants	233	510	-	-
Current tax payable	7,996	7,359	-	-
	<u>1,310,695</u>	<u>1,336,239</u>	<u>92,840</u>	<u>86,476</u>
Total liabilities	<u>1,390,315</u>	<u>1,427,715</u>	<u>92,840</u>	<u>86,476</u>
<b>Total equity and liabilities</b>	<u>709,613</u>	<u>817,892</u>	<u>72,369</u>	<u>72,545</u>

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

**Amount repayable in one year or less, or on demand**

<b>Group</b>		<b>Group</b>	
<b>As at 30.06.2016</b>		<b>As at 31.12.2015</b>	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
462,202	154,883	419,539	139,855

**Amount repayable after one year**

<b>Group</b>		<b>Group</b>	
<b>As at 30.06.2016</b>		<b>As at 31.12.2015</b>	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
55,578	7,875	60,578	11,000

**Details of any collateral**

**Bank loans**

The bank loans are guaranteed or secured as follows:

- (a) RMB 155,502,000 (2015: RMB 145,439,000) is guaranteed by a PRC subsidiary, Fujian Aton Advanced Materials Science and Technology Co., Ltd. ("Fujian Atontech");
- (b) RMB 191,700,000 (2015: RMB 164,100,000) is guaranteed by Wang Sen, the Company's CEO and Executive Chairman and is secured by land use rights and buildings with an aggregate carrying amount of RMB 37,600,000 (2015: RMB 31,929,000) and RMB 115,800,000 (2015: RMB 86,155,000), respectively;
- (c) RMB 140,578,000 (2015: RMB 140,578,000) is secured by land use rights and buildings with an aggregate carrying amount of RMB 38,654,000 (2015: RMB 39,116,000) and RMB 22,456,000 (2015: RMB 22,506,000), respectively;
- (d) RMB 30,000,000 (2015: RMB 30,000,000) is secured by plant and machinery with an aggregate carrying amount of RMB 1,150,000 (2015: RMB 1,533,000), and is also guaranteed by Fujian Atontech; and

RMB 16,000,000 (2015: RMB 17,500,000) of the bank loans is unsecured.

The bank loans of RMB 517,780,000 (2015: RMB 480,117,000) bear effective interest rates ranging from 5.62% to 10.20% (2015: 2.28% to 10.83%) per annum and have remaining maturity of between 1 and 24 (2015: 1 and 20) months from the end of the financial year.

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

	<b>Group</b>		<b>Group</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30.06.2016</b>	<b>30.06.2015</b>	<b>30.06.2016</b>	<b>30.06.2015</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Operating activities</b>				
Loss before income tax	(36,011)	(19,088)	(73,718)	(44,049)
Adjustments:				
Amortisation of deferred capital grant	(128)	(127)	(532)	(255)
Amortisation of land use rights	464	483	928	1,097
Depreciation of property, plant and equipment	7,308	6,978	14,525	14,984
Impairment loss on property, plant and equipment	-	-	2,060	-
Loss on disposal of property, plant and equipment	-	125	-	139
Provision of (Reversal of) impairment loss on doubtful trade receivables	441	(3,229)	(3,355)	(4,808)
Interest expense	19,634	25,922	45,421	53,666
Interest income	(380)	(127)	(1,531)	(2,327)
Reversal of write-down of inventories	(1,447)	-	(1,178)	(1,072)
Share of results of associates	90	747	544	1,431
Operating cash flows before movements in working capital	(10,029)	11,684	(16,836)	18,806
Movements in working capital:				
Inventories	20,524	7,611	31,013	5,108
Trade and other receivables	40,400	3,370	13,432	(30,912)
Prepayments	(1,935)	16,674	11,709	(23,277)
Trade and other payables	(151,996)	21,283	(111,875)	115,602
<b>Cash (used in) generated from operations</b>	<b>(103,036)</b>	<b>60,622</b>	<b>(72,557)</b>	<b>85,327</b>
Income taxes paid	180	(8)	(3,476)	(8)
<b>Net cash (used in) generated from operating activities</b>	<b>(102,856)</b>	<b>60,614</b>	<b>(76,033)</b>	<b>85,319</b>
<b>Investing activities</b>				
Acquisition of property, plant and equipment	(4,991)	(3,771)	(4,991)	(7,268)
Proceeds from disposal of property, plant and equipment	-	99	-	2,766
Proceed from held-for-trading investments	20,000	-	20,000	-
Interest received	380	127	1,531	2,327
<b>Net cash generated from (used in) investing activities</b>	<b>15,389</b>	<b>(3,545)</b>	<b>16,540</b>	<b>(2,175)</b>

	<b>Group</b>		<b>Group</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30.06.2016</b>	<b>30.06.2015</b>	<b>30.06.2016</b>	<b>30.06.2015</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Financing activities</b>				
Interest paid	(2,461)	(25,922)	(13,665)	(53,666)
Proceeds from borrowings	194,671	110,570	417,321	288,470
Repayment of borrowings	(132,632)	(137,225)	(367,755)	(304,318)
Pledged bank balances	30,912	(13,173)	19,543	(9,215)
<b>Net cash generated from (used in) financing activities</b>	<b>90,490</b>	<b>(65,750)</b>	<b>55,444</b>	<b>(78,729)</b>
Net increase (decrease) in cash and bank balances	3,023	(8,681)	(4,049)	4,415
Cash and bank balances at beginning of financial period	12,530	31,619	19,602	18,523
Cash and bank balances at end of financial period	<u>15,553</u>	<u>22,938</u>	<u>15,553</u>	<u>22,938</u>

#### **Note to Consolidated Cash Flow Statement**

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

	<b>Group</b>	
	<b>30.06.2016</b>	<b>30.06.2015</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Cash and bank balances	186,056	259,711
Less: Pledged bank balances *	(170,503)	(236,773)
	<u>15,553</u>	<u>22,938</u>

\* 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**

	<b>Share capital</b>	<b>Other reserves</b>	<b>Accumulated losses</b>	<b>Non-controlling interests</b>	<b>Total equity</b>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2016	313,344	(12,063)	(913,335)	2,231	(609,823)
Total comprehensive loss for the period	-	-	(34,168)	(519)	(34,687)
Balance at 31 March 2016	313,344	(12,063)	(947,503)	1,712	(644,510)
Total comprehensive loss for the period	-	-	(35,245)	(947)	(36,192)
Balance at 30 June 2016	313,344	(12,063)	(982,748)	765	(680,702)

**GROUP**

	<b>Share capital</b>	<b>Other reserves</b>	<b>Accumulated losses</b>	<b>Non-controlling interests</b>	<b>Total equity</b>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2015	313,344	(12,063)	(805,839)	6,881	(497,677)
Total comprehensive loss for the period	-	-	(23,777)	(1,078)	(24,855)
Balance at 31 March 2015	313,344	(12,063)	(829,616)	5,803	(522,532)
Total comprehensive loss for the period	-	-	(18,769)	(319)	(19,088)
Balance at 30 June 2015	313,344	(12,063)	(848,385)	5,484	(541,620)

**COMPANY**

	<b>Share capital</b>	<b>Reserves</b>	<b>Accumulated losses</b>	<b>Total equity</b>
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2016	313,344	5,316	(332,591)	(13,931)
Total comprehensive loss for the period	-	-	(1,893)	(1,893)
Balance at 31 March 2016	313,344	5,316	(334,484)	(15,824)
Total comprehensive loss for the period	-	-	(4,647)	(4,647)
Balance at 30 June 2016	313,344	5,316	(339,131)	(20,471)
Balance at 1 January 2015	313,344	5,316	(316,297)	2,363
Total comprehensive loss for the period	-	-	(737)	(737)
Balance at 31 March 2015	313,344	5,316	(317,034)	1,626
Total comprehensive loss for the period	-	-	(1,720)	(1,720)
Balance at 30 June 2015	313,344	5,316	(318,754)	(94)

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 30 June 2016

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

30.06.2016

31.12.2015

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.

The Group has adopted all the FRSs applicable for the financial year beginning on or after 1 January 2016. The accounting policies and methods of computation are consistent with the latest audited financial statements for the financial year ended 31 December 2015. The adoption of Amendments to FRSs did not have any effect on the financial performance or position of the Group and the Company.

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.

None.



**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.**

	<b>Group</b>		<b>Group</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30.06.2016</b>	<b>30.06.2015</b>	<b>30.06.2016</b>	<b>30.06.2015</b>
Loss per ordinary share for the period:				
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Loss attributable to shareholders (basic and diluted)	(35,245)	(18,769)	(69,413)	(42,546)
	<b>'000</b>	<b>'000</b>	<b>'000</b>	<b>'000</b>
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)	(12.26)	(6.53)	(24.14)	(14.79)

**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.**

	<b>Group</b>		<b>Company</b>	
	<b>30.06.2016</b>	<b>31.12.2015</b>	<b>30.06.2016</b>	<b>31.12.2015</b>
Net asset value per ordinary share (RMB cents)	(236.69)	(212.04)	(7.12)	(4.84)

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 June 2016 and 31 December 2015.

**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**

### **2Q2016 vs 2Q2015**

Revenue decreased significantly by RMB 138.1 million or 64.3% from RMB 214.9 million in 2Q 2015 to RMB 76.8 million in 2Q 2016. The significant decrease was due to the cessation of several production plants of the Group caused by withdrawal of significant banking facilities by the banks in the PRC.

Gross profit declined significantly to RMB 6.6 million in 2Q 2016 from RMB 25.6 million in 2Q 2015 mainly due to significant decline in revenue as explained above as well as lower gross margins because of rising raw materials prices.

Other income was significantly lower at RMB 3.5 million in 2Q 2016 compared with RMB 11.0 million in 2Q 2015 mainly because of compensation income of RMB 7.8 million received in 2Q2015.

Selling and distribution expenses as well as administrative expenses declined significantly by 57.8% and 34.1% respectively year-on-year mainly due to plants closure by several subsidiaries during 2Q 2016.

Other expenses increased significantly from RMB 1.1 million in 2Q 2015 to RMB 11.6 million in 2Q 2016 mainly due to costs associated with the closure of the various production plants of RMB 8.8 million as well as higher loss on sale of scrap materials by RMB 0.8 million and provision of doubtful debts of RMB 1.4 million.

Finance cost decreased by RMB 6.3 million or 24.3% from RMB 25.9 million in 2Q 2015 to RMB 19.6 million in 2Q 2016 mainly due to lower interest charges on loans from third parties.

Share of losses of associate decreased by RMB 656,000 from RMB 746,000 in 2Q 2015 to RMB 90,000 in 2Q 2016 mainly because of lower operating losses incurred by the associate.

As a result of the above, the Group loss for the period increased from RMB 19.1 million in 2Q 2015 to RMB 36.2 million in 2Q 2016.

## **Financial position**

As at 30 June 2016, non-current assets amounted to RMB 368.4 million, a decrease of RMB 13.1 million or 3.4% compared to the preceding financial year ended as at 31 December 2015. The decrease was mainly due to depreciation charges on property, plant and equipment and amortization on land use rights as well as lower investment in loss making associates.

Current assets amounted to RMB 341.3 million, a decrease of RMB 95.2 million or 21.8% compared to the preceding financial year ended as at 31 December 2015. The decrease was mainly due to disposal of held-to-maturity investment of RMB 20.0 million, decrease in inventories by RMB 29.8 million, trade and other receivables by RMB 10.1 million, prepayments by RMB 11.7 million and cash and bank balances by RMB 23.6 million.

Current liabilities amounted to RMB 1.3 billion, a decrease of RMB 25.5 million or 1.9% compared to the preceding financial year end as at 31 December 2015.

Non-current liabilities amounted to RMB 79.6 million, a decrease of RMB 11.9 million or 13.0% compared to the preceding financial year end as at 31 December 2015.

Capital deficiency amounted to RMB 680.7 million as a result of net loss incurred in HY2016.

## **Cash Flows**

The Group registered net cash used in operating activities of RMB 102.9 million in 2Q 2016 mainly due to operating loss as well as trade bills payable being re-financed by bank borrowings.

Net cash generated from investing activities in 2Q 2016 amounted to RMB 15.4 million mainly from the proceed of sale of held-to-maturity investment.

Net cash generated from financing activities in 2Q 2016 amounted to RMB 90.5 million was mainly due to re-financing of trade bills payable.

As at 30 June 2016, the Group had cash and cash equivalents of RMB 15.6 million.

## **Going concern**

As at 30 June 2016, the Group and the Company were in net current liability position of RMB 969.4 million and RMB 66.3 million respectively. The Group was also in a net liability position of RMB 680.7 million. In addition, the Group incurred net loss of RMB 70.9 million for the six months financial period ended 30 June 2016.

For the Group and Company to continue as going concern, the Management has been actively taking the following measures:

- getting investors to inject capital funds into the Group;
- streamlining and generating positive cash flows from the Group's remaining operations; and
- negotiating and securing banking facilities and re-financing package with other banks in the PRC.

**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 1Q 2016.

**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 Group expect some downward pressure on gross margins due to rising raw material costs. In the meantime, the Management has been sourcing and approaching several potential investors to help in the restructuring of the Group's operations in China and has continued to streamline the operations of the remaining subsidiaries in Fujian, Sichuan and Guizhou Province to reduce costs. The Company shall continue to make announcements as and when appropriate and keep shareholders updated on the significant developments going forward.

**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 three months period ended 30 June 2016.

**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. 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 second quarter ended 30 June 2016 to be false or misleading in any material aspect.

**15. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1).**

The Company has procured all the required undertakings as required under Rule 720(1).

**BY ORDER OF THE BOARD OF DIRECTORS**

Mr Wang Sen  
Executive Chairman and Chief Executive Officer  
Sinopipe Holdings Limited

7 November 2016