



# SINOPIPE HOLDINGS LIMITED

(Company Registration Number: 200411382N)

## Second Quarter and Half Year Financial Statements and Dividend Announcement for the Period Ended 30 June 2017

### 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		%	6 months ended		%
	30.6.2017	30.6.2016	Change	30.6.2017	30.6.2016	Change
	RMB'000	RMB'000	+ / (-)	RMB'000	RMB'000	+ / (-)
<b>Revenue</b>	-	-	n.m.	-	-	n.m.
Cost of sales	-	-	n.m.	-	-	n.m.
<b>Gross profit</b>	-	-	n.m.	-	-	n.m.
Other income	7	4	75.0	7	4	75.0
Selling and distribution expenses	-	-	n.m.	-	-	n.m.
Administrative expenses	(740)	(1,623)	(54.4)	(1,711)	(3,610)	(52.6)
Other expenses	-	-	n.m.	-	-	n.m.
Finance costs	-	-	n.m.	-	-	n.m.
Share of results of associates	-	-	n.m.	-	-	n.m.
<b>Loss before income tax from continuing operations</b>	(733)	(1,619)	(54.7)	(1,704)	(3,606)	(52.7)
Income tax expense	-	-	n.m.	-	-	n.m.
Loss for the period from continuing operations attributable to owners of the Company	(733)	(1,619)	(54.7)	(1,704)	(3,606)	(52.7)
<b>Discontinued operations</b>						
Loss for the period from discontinued operations <sup>Note (1)</sup>	(21,229)	(34,573)	(38.6)	(31,009)	(67,273)	(53.9)
<b>Loss for the period, representing total comprehensive loss</b>	(21,962)	(36,192)	(39.3)	(32,713)	(70,879)	(53.8)
<b>Loss attributable to:</b>						
<b>Continuing operations, net of tax</b>						
-Owners of the Company	(733)	(1,619)	(54.7)	(1,704)	(3,606)	(52.7)
<b>Discontinued operations, net of tax</b>						
Owners of the Company	(19,434)	(33,626)	(43.1)	(27,994)	(65,807)	(57.5)
Non-controlling interests	(1,795)	(947)	89.5	(3,015)	(1,466)	105.7
	(21,229)	(34,573)	(38.6)	(31,009)	(67,273)	(53.9)

**Note (1):**

The Company announced on 3 April 2017 that the Company, together with its wholly-owned subsidiaries, Best Connect Resources Limited, Eagle Super Associates Limited and One Sea Development Ltd., had entered into a sale and purchase agreement with Fujian Yatong Construction Material Limited (the “**Purchaser**”) on 31 March 2017 for the disposal of the shares and equity interest in the following subsidiaries and associated company (“**disposal group**”) in the People’s Republic of China (the “**PRC**”) (the “**Proposed Disposal**”). The disposal group constitute the Group’s plastic pipe business and operations in China.

1. Fujian Aton Advanced Material Science and Technology Co., Ltd;
2. Sinopipe Guizhou Co., Ltd;
3. Yunnan Aton High Molecular Materials Technology Co., Ltd;
4. Inner Mongolia Aton Plastics Co., Ltd;
5. Yatong Plastic (Hubei) Co., Ltd; and
6. Yatong Plastic & Rubbers (Kaifeng) Co., Ltd.

Accordingly, the assets and liabilities relating to disposal group as at 30 June 2017 are classified as a disposal group held-for-sale and are presented in the statements of financial position as “**Assets of disposal group classified as held-for-sale**” and “**Liabilities of disposal group classified as held-for-sale**”. The results of operations of disposal group are presented separately in the statement of profit or loss and other comprehensive income as “**Loss for the year from discontinued operations attributable to owners of the company**”.

	Group			Group		
	3 months ended		%	6 months ended		%
	30.6.2017	30.6.2016	Change	30.6.2017	30.6.2016	Change
	RMB'000	RMB'000	+ / (-)	RMB'000	RMB'000	+ / (-)
<b>Loss for the period from discontinued operations:</b>						
<b>Revenue</b>	29,048	76,792	(62.2)	77,086	160,300	(51.9)
Cost of sales	(29,944)	(70,219)	(57.4)	(69,047)	(146,077)	(52.7)
<b>Gross profit</b>	(896)	6,573	(113.6)	8,039	14,223	(43.5)
Other income	2,322	3,467	(33.0)	3,886	7,902	(50.8)
Selling and distribution expenses	(1,845)	(6,502)	(71.6)	(4,712)	(16,456)	(71.4)
Administrative expenses	(8,408)	(6,609)	27.2	(11,990)	(17,543)	(31.7)
Other expenses	(706)	(11,597)	(93.9)	(832)	(12,273)	(93.2)
Finance costs	(12,034)	(19,634)	(38.7)	(25,158)	(45,421)	(44.6)
Share of results of associates	321	(90)	(456.7)	-	(544)	(100.0)
<b>Loss before income tax</b>	(21,246)	(34,392)	(38.2)	(30,767)	(70,112)	(56.1)
Income tax expense	17	(181)	(109.4)	(242)	2,839	(108.5)
<b>Loss for the period</b>	(21,229)	(34,573)	(38.6)	(31,009)	(67,273)	(53.9)

	Group		Group	
	3 months ended		6 months ended	
	30.6.2017	30.6.2016	30.6.2017	30.6.2016
	RMB'000	RMB'000	RMB'000	RMB'000
Amortisation of deferred capital grant	(49)	(128)	(333)	(532)
Amortisation of land use rights	457	464	744	928
Depreciation of property, plant and equipment	4,602	7,308	9,620	14,525
Foreign exchange (gain) loss, net	496	883	(7)	1,049
Impairment loss on property, plant and equipment	-	-	-	2,060
Property, plant and equipment written off	121	-	121	-
Government grants and subsidies	(3)	(28)	(3)	(486)
Reversal on allowance on doubtful trade receivables	-	(441)	-	(3,355)
Interest expense				
- Loans and borrowings	12,034	19,634	25,158	45,421
Interest income				
- Bank deposits	(3)	(380)	(10)	(1,531)
Write-down (Reversal) on inventories	-	(1,447)	-	(1,178)
Operating lease expenses	10	299	104	874
Staff costs *				
- Wages, salaries and bonuses	5,552	2,678	9,725	20,257
- Pension costs	784	291	1,744	2,483
- Other staff costs	225	415	457	1,444

\* 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>30.6.2017</b> RMB'000	<b>31.12.2016</b> RMB'000	<b>30.6.2017</b> RMB'000	<b>31.12.2016</b> RMB'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	28	35	28	35
	<u>28</u>	<u>35</u>	<u>28</u>	<u>35</u>
<b>Current assets</b>				
Trade and other receivables	14	11	14	11
Cash and bank balances	35	3	35	3
	49	14	49	14
Assets of disposal group classified as held-for-sale	345,546	339,002	-	-
<b>Total current assets</b>	<u>345,595</u>	<u>339,016</u>	<u>49</u>	<u>14</u>
<b>Total assets</b>	<u>345,623</u>	<u>339,051</u>	<u>77</u>	<u>49</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	(1,216,992)	(1,187,294)	(415,576)	(416,304)
<b>Equity attributable to owners of the Company</b>	<u>(915,711)</u>	<u>(886,013)</u>	<u>(96,916)</u>	<u>(97,644)</u>
<b>Non-controlling interests</b>	<u>(8,514)</u>	<u>(5,499)</u>	<u>-</u>	<u>-</u>
<b>Capital deficiency</b>	<u>(924,225)</u>	<u>(891,512)</u>	<u>(96,916)</u>	<u>(97,644)</u>
<b>Current liabilities</b>				
Trade and other payables	11,043	10,109	96,993	97,693
	11,043	10,109	96,993	97,693
Liabilities of disposal group classified as held-for-sale	1,258,805	1,220,454	-	-
Current liabilities and total liabilities	<u>1,269,848</u>	<u>1,230,563</u>	<u>96,993</u>	<u>97,693</u>
<b>Total equity and liabilities</b>	<u>345,623</u>	<u>339,051</u>	<u>77</u>	<u>49</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 30.6.2017		Group As at 31.12.2016	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
505,678	136,261	505,678	138,456

### Amount repayable after one year

Group As at 30.6.2017		Group As at 31.12.2016	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
34,600	7,875	34,600	7,875

Pursuant to the Sales and Purchase Agreement as stated in Note (1), the Group's borrowings of the disposal group have been reclassified to liabilities of disposal group classified as held-for-sale.

### Details of any collateral

#### Bank loans

The bank loans are guaranteed or secured as follows:

- RMB 169,700,000 (2016: RMB 169,700,000) is guaranteed by a PRC subsidiary, Fujian Aton Advanced Materials Science and Technology Co., Ltd. ("Fujian Atontech");
- RMB 197,100,000 (2016: RMB 197,100,000) 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 28,623,000 (2016: RMB 28,623,000) and RMB 120,366,000 (2016: RMB 120,366,000), respectively;
- RMB 140,578,000 (2016: RMB 140,578,000) is secured by land use rights and buildings with an aggregate carrying amount of RMB 32,043,000 (2016: RMB 32,043,000) and RMB 63,272,000 (2016: RMB 63,272,000), respectively;
- RMB 30,000,000 (2016: RMB 30,000,000) is secured by plant and machinery with an aggregate carrying amount of RMB 41,247,000 (2016: RMB 41,247,000), and is also guaranteed by Fujian Atontech; and

RMB 126,796,000 (2016: RMB 126,796,000) of the bank loans are guaranteed jointly by Pu Weidong, a former CEO and Executive Director of the Company.

RMB 16,000,000 (2016: RMB 16,000,000) of a loan from a financial institution is unsecured.

The bank loans of RMB 537,378,000 (2016: RMB 537,378,000) bear effective interest rates ranging from 5.62% to 10.20% (2016: 5.62% to 10.20%) per annum and have remaining maturity of between 1 and 24 (2016: 1 and 24) 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.**

	Group		Group	
	3 months ended		6 months ended	
	30.6.2017	30.6.2016	30.6.2017	30.6.2016
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Operating activities</b>				
Loss before income tax	(21,979)	(36,011)	(32,471)	(73,718)
Adjustments:				
Amortisation of deferred capital grant	(49)	(128)	(333)	(532)
Amortisation of land use rights	457	464	744	928
Depreciation of property, plant and equipment	4,602	7,308	9,620	14,525
Impairment loss on property, plant and equipment	-	-	-	2,060
(Reversal) Impairment loss on doubtful trade receivables, net	-	441	-	(3,355)
Interest expense	12,034	19,634	25,158	45,421
Interest income	(3)	(380)	(10)	(1,531)
Property, plant and equipment written off	121	-	121	-
Write-down (Reversal) of inventories	-	(1,447)	-	(1,178)
Share of results of associates	(321)	90	-	544
Operating cash flows before movements in working capital	<u>(5,138)</u>	<u>(10,029)</u>	<u>2,829</u>	<u>(16,836)</u>
Movements in working capital:				
Inventories	25,626	20,524	19,258	31,013
Trade and other receivables	(16,943)	40,400	(49,227)	13,432
Prepayments	-	(1,935)	2,402	11,709
Trade and other payables	15,929	(151,996)	41,738	(111,875)
<b>Cash generated from (used in) operations</b>	<u>19,474</u>	<u>(103,036)</u>	<u>17,000</u>	<u>(72,557)</u>
Income taxes paid	-	180	(164)	(3,476)
<b>Net cash generated from (used in) operating activities</b>	<u>19,474</u>	<u>(102,856)</u>	<u>16,836</u>	<u>(76,033)</u>
<b>Investing activities</b>				
Acquisition of property, plant and equipment	(233)	(4,991)	(233)	(4,991)
Proceed from held-for-trading investments	-	20,000	-	20,000
Interest received	3	380	10	1,531
<b>Net cash (used in) generated from investing activities</b>	<u>(230)</u>	<u>15,389</u>	<u>(223)</u>	<u>16,540</u>

	<b>Group</b>		<b>Group</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30.6.2017</b>	<b>30.6.2016</b>	<b>30.6.2017</b>	<b>30.6.2016</b>
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Financing activities</b>				
Interest paid	(20,101)	(2,461)	(25,158)	(13,665)
Proceeds from borrowings	-	194,671	8	417,321
Repayment of borrowings	(2,203)	(132,632)	(2,203)	(367,755)
Pledged bank balances	1,777	30,912	1,730	19,543
<b>Net cash (used in) generated from financing activities</b>	<b>(20,527)</b>	<b>90,490</b>	<b>(25,623)</b>	<b>55,444</b>
Net (decrease) increase in cash and bank balances	(1,283)	3,023	(9,010)	(4,049)
Cash and bank balances at beginning of financial period	5,160	12,530	12,887	19,602
Cash and bank balances at end of financial period	<u>3,877</u>	<u>15,553</u>	<u>3,877</u>	<u>15,553</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>30.6.2017</b>	<b>30.6.2016</b>
	RMB'000	RMB'000
Cash and bank balances	10,127	186,056
Less: Pledged bank balances *	(6,250)	(170,503)
	<u>3,877</u>	<u>15,553</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 2017	313,344	(12,063)	(1,187,294)	(5,499)	(891,512)
Total comprehensive loss for the period	-	-	(9,531)	(1,220)	(10,751)
Balance at 31 March 2017	313,344	(12,063)	(1,196,825)	(6,719)	(902,263)
Total comprehensive loss for the period	-	-	(20,167)	(1,795)	(21,962)
Balance at 30 June 2017	313,344	(12,063)	(1,216,992)	(8,514)	(924,225)
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)

**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 2017	313,344	5,316	(416,304)	(97,644)
Total comprehensive loss for the period	-	-	(272)	(272)
Balance at 31 March 2017	313,344	5,316	(416,576)	(97,916)
Total comprehensive loss for the period	-	-	1,000	1,000
Balance at 30 June 2017	313,344	5,316	(415,576)	(96,916)

**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)



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**

	<b>Number of shares</b>	<b>RMB'000</b>
Balance as at 30 June 2017	<u>287,594,900</u>	<u>313,344</u>

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.

	<b>Company</b>	
	<b>30.6.2017</b>	<b>31.12.2016</b>
Total number of issued shares excluding treasury shares	<u>287,594,900</u>	<u>287,594,900</u>

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 2017. The accounting policies and methods of computation are consistent with the latest audited financial statements for the financial year ended 31 December 2016. 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.**

	Group		Group	
	3 months ended	3 months ended	6 months ended	6 months ended
	30.6.2017	30.6.2016	30.6.2017	30.6.2016
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):				
Continuing operations	(733)	(1,619)	(1,704)	(3,606)
Discontinued operations	(19,434)	(33,626)	(27,994)	(65,807)
	<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):				
Continuing operations	(0.25)	(0.56)	(0.59)	(1.25)
Discontinued operations	(6.76)	(11.69)	(9.73)	(22.88)

**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	
	30.6.2017	31.12.2016	30.6.2017	31.12.2016
Net asset value per ordinary share (RMB cents)	(318.40)	(308.08)	(33.70)	(33.95)

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 2017 and 31 December 2016.

**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**

### **2Q 2017 vs 2Q 2016**

#### **Continuing operations:**

Administrative expenses mainly comprising corporate office expenses and professional fees decreased significantly by RMB 883,000 or 54.4% mainly due to significant reduction in staff costs in 2Q 2017 because the remuneration of certain key executive officers was absorbed by the subsidiary in the PRC and reduction in staff head count. As a result, net loss decreased from RMB 1.6 million in 2Q 2016 to RMB 733,000 in 2Q 2017.

### Discontinued operations:

Revenue decreased significantly by RMB 47.7 million or 62.2% from RMB 76.8 million in 2Q 2016 to RMB 29.0 million in 2Q 2017. The significant decrease was mainly due to the move towards subcontract work of plastic pipes and related products for others.

Gross loss was RMB 896,000 in 2Q 2017 mainly due to clearing and selling stock at low prices by a subsidiary which will be closing its production plant.

Other income was lower at RMB 2.3 million in 2Q 2017 compared with RMB 3.5 million in 2Q 2016 mainly due to reversal of write-down on inventories made in 2Q 2016 .

Selling and distribution expenses declined significantly by 71.6% mainly due to lower revenue.

Administrative expenses increased by RMB 1.8 million or 27.2% mainly due to staff retrenchment compensation costs accrued in 2Q 2017.

Other expenses decreased significantly from RMB 11.6 million in 2Q 2016 to RMB 706,000 in 2Q 2017 mainly due to costs associated with the plants closure of RMB 8.8 million incurred in 2Q 2016.

Finance cost decreased by RMB 7.6 million or 38.7% from RMB 19.6 million in 2Q 2016 to RMB 12.0 million in 2Q 2017 mainly due to substantial reduction of interest-bearing trade bills.

Due to the Group's associates continued to report operating losses, the Company made full impairment loss on the cost of the investments in associates in FY2016. Due to full impairment loss had been made, the share of operating loss of RMB 321,000 recognised in 1Q 2017 was reversed in 2Q 2017.

As a result of the above, net loss for the Group decreased from RMB 35.2 million in 2Q 2016 to RMB 20.2 million in 2Q 2017.

### **Financial position**

Following the Announcement on 3 April 2017 that the Company, together with its wholly-owned subsidiaries, Best Connect Resources Limited, Eagle Super Associates Limited and One Sea Development Ltd., had entered into a sale and purchase agreement with Fujian Yatong Construction Material Limited (the "**Purchaser**") on 31 March 2017 for the disposal of the shares and equity interest in its China subsidiaries and associated company (the "**disposal group**"), the assets and liabilities relating to disposal group as at 30 June 2017 are classified as a disposal group held-for-sale and are presented in the statements of financial position as "Assets of disposal group classified as held-for-sale" and "Liabilities of disposal group classified as held-for-sale" are as follows:

	<b>30.06.2017</b>	<b>31.12.2016</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Assets of disposal group classified as held-for-sale:</b>		
<b>ASSETS</b>		
<b>Non-current assets</b>		
Land use rights	58,482	59,226
Property, plant and equipment	158,136	167,641
Goodwill	3,117	3,117
	<u>219,735</u>	<u>229,984</u>

	30.06.2017	31.12.2016
	RMB'000	RMB'000

**Assets of disposal group classified as held-for-sale:**

**Current assets**

Inventories	7,131	26,389
Trade and other receivables	108,064	58,840
Prepayments	524	2,925
Cash and bank balances	10,092	20,864
	<u>125,811</u>	<u>109,018</u>
Total:	<u>345,546</u>	<u>339,002</u>

**Liabilities of disposal group classified as held-for-sale:**

**Non-current liabilities**

Borrowings	42,475	42,475
Deferred capital grants	11,771	12,104
Deferred tax liabilities	7,389	7,312

**Current liabilities**

Trade and other payables	546,952	506,150
Borrowings	641,939	644,134
Deferred capital grants	233	233
Current tax payable	8,046	8,046
	<u>1,197,170</u>	<u>1,158,563</u>
Total:	<u>1,258,805</u>	<u>1,220,454</u>

As at 30 June 2017, Non-current assets amounted to RMB 219.7 million and Current assets amounted to RMB 125.8 million, totaling RMB 345.5 million are classified as assets of disposal group held-for-sale.

Non-current liabilities amounted to RMB 61.6 million and current liabilities amounted to RMB 1.2 billion, totaling RMB 1.26 billion are classified as liabilities of disposal group held-for-sale.

Capital deficiency increased to RMB 924.2 million as a result of net loss incurred in six months period ended 30 Jun 2017.

**Cash Flows**

The Group registered net cash generated from operating activities amounted to RMB 19.5 million in 2Q 2017 despite net operating loss mainly due to lower inventories and higher payables.

Net cash used in investing activities in 2Q 2017 amounted to RMB 230,000 mainly for purchase of property, plant and equipment.

Net cash used in financing activities in 2Q 2017 amounted to RMB 20.5 million mainly used for interest payment.

As at 30 June 2017, the Group had cash and cash equivalents of RMB 3.9 million (net of pledged bank balances).

**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 2017.

**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's lawyers are finalising the Circular to seek shareholders' approval for the disposal of the abovementioned China subsidiaries and associates. The Group's financial statements for the financial year ended 31 December 2016 had just been audited by the Auditors. The Company will call for shareholders' meetings to approve the FY2016 financial statements and the disposal of the China assets in due course.

Following the successful disposal of the China assets, the Group will seek to raise funds and look for business to acquire.

**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 2017.

**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 June 2017 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD OF DIRECTORS**

Mr Wang Sen  
Chairman and Chief Executive Officer  
Sinopipe Holdings Limited

14 August 2017