



SINOPIPE HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200411382N)

RESPONSE TO QUESTIONS FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST") ON THE COMPANY'S ANNUAL REPORT 2019

The Board of Directors (the "**Board**") of Sinopipe Holdings Limited (the "**Company**") wishes to respond to the questions raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 6 May 2020 in relation to the Company's Annual Report for the Financial Year Ended 31 December 2019 ("**Annual Report FY2019**").

SGX-ST's question

1. The Chairman stated in his letter to shareholders that the Company is deemed to be a cash company under Listing Rule 1018 following the disposal of the Group's discontinued plastic pipe operations in FY2018 and the Board is currently in discussions with a potential white knight investor for acquisition of its business and assets with the objective of relisting the Company. Please set out the milestones of the potential acquisition and how is the Company in compliance with Listing Rule 1018(2) which requires the Company to meet the requirements for a new listing within 12 months from the time it becomes a cash company.

Company's response

The Company announced on 30 April 2020 that the Company had reached in-principle agreement with the white knight investor on the potential acquisition of the latter's assets and business. Both parties are currently in the process of working out a Memorandum of Understanding on the acquisition. Taking the Covid-19 situation into consideration, the Company will work towards finalizing the Memorandum of Understanding on the acquisition as soon as practicable and submit an application for further extension of time to SGX-ST to meet the requirements for a new listing.

SGX-ST's question

2. Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the "Code"), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provision 8.1 of the Code with regards to the disclosure of remuneration, and there were no explanations were provided for in your FY2019 annual report on how it is consistent with the intent of Principle 8 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

Company's response

In view of confidentiality and competitive reason, the Board is of the opinion that it is in the best interests of the Group not to disclose the exact amount of remuneration of each individual director. The Company will however confirm that each individual director's remuneration for FY2019 was in narrower bands of S\$50,000. The aggregate directors'

remuneration for FY2019 which was approved by the shareholders at the prior year's AGM was disclosed on page 48 of the Annual Report FY2019.

For the same reason, the Board is of the opinion that it is in the best interests of the Group not to disclose the exact amount of remuneration of the only key management personnel and was disclosed in the bands that the Code allowed. The aggregate remuneration of the Company's key executive was disclosed on page 48 of the Annual Report FY2019.

SGX-ST's question

3. Listing Rule 719(3) states that an issuer must establish and maintain on an ongoing basis, an effective internal audit function that is adequately resourced and independent of the activities it audits. Please explain why the Company is not in compliance with Listing Rule 719(3).

Company's response

The Company's assets are substantially cash following the disposal of its discontinued plastic pipe business and assets in China. The Company has no business operations and is a deemed cash company under Rule 1018 of the SGX-ST Listing Manual. Substantial portion of the Company's cash balances was placed into an escrow account maintained with a Singapore licensed bank acting as an escrow agent. Two joint authorized signatories are required to operate all the bank accounts of the Company. As such, in the opinion of the Board, the Company's cash assets are adequately safeguarded. The Company therefore does not see a need for internal audit to be conducted now. The Company will resume internal audit activity to comply with Listing Rule 719(3) once it has successfully acquired a new business and secure additional capital.

SGX-ST's question

4. Listing Rule 720(5) states that an issuer must have all directors submit themselves for re-nomination and re-appointment at least once every three years. Please confirm if any of the directors are due for re-election at the upcoming AGM. If so, to disclose information set out in Appendix 7.4.1.

Company's response

The Company confirms that the Nominating Committee had recommended to the Board that Mr Wang Sen retiring at the upcoming AGM via rotation, be nominated for re-election pursuant to the Company's Constitution. In making the recommendation, the NC had considered Mr Wang's experience, contribution and performance.

The information relating to Mr Wang Sen under Appendix 7.4.1 of the SGX-ST Listing Manual is set out below:

Name of Director	Wang Sen
Date of initial Appointment	22 September 2012
Date of last re-appointment	24 November 2017
Age	46
Country of principal residence	People's Republic of China
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive Chairman of the Board, member of the Nominating Committee and member of the Audit Committees.
Professional qualifications:	Bachelor of Public Finance from Shangdong Finance University
Working experience and occupation(s) during the past 10 years	<p>Faith Start Holdings Limited 2010 to present Director</p> <p>Max Rich Management Ltd 2008 to present Chairman of the Board</p> <p>Sinopipe Holdings Limited 22 September 2012 – present Non-Executive Director, re-designated as Non-Executive Chairman on 28 February 2018</p>
Shareholding interest in the listed issuer and its subsidiaries	Deemed interest: 47,500,000 shares
any relationship (including immediate family relationships with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of Interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments* Including Directorships#	
* "Principal Commitments" has the same meaning as defined in the Code.	
# These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)	
Past (for the last 5 years)	Nil
Present	<u>Director of:</u> Faith Start Holdings Limited Max Rich Management Ltd One Sea Development Limited

Mr Wang had responded negative to items (a) to (k) listed in Appendix 7.4.1 of the SGX-ST Listing Manual.

SGX-ST's question

5. Listing Rule 1207(10) states that the board must comment on the adequacy and effectiveness of the issuer's internal controls (including financial, operational, compliance and information technology controls) and risk management systems and a statement on whether the audit committee concurs with the board's comment must also be provided. Please explain the reason for the deviation from Listing Rule 1207(10).

Company's response

The Company is deemed a cash company and the assets of the Company comprised mainly cash which is substantially placed with a licensed escrow agent to comply with SGX-ST Listing Manual. The remaining cash balances are maintained with a bank in Singapore for operating overheads use and are operated by two joint authorized signatories. As such, in the opinion of the Board, the Company's cash assets are adequately safeguarded.

In addition, based on the work performed by the independent external auditors, the Board with the concurrence of the Audit Committee is of the opinion that there are adequate and effective internal controls systems in the Company in addressing including financial, operational, compliance and information technology controls and the risk management systems as at 31 December 2019.

SGX-ST's question

6. Listing Rule 1207(19)(c) states that a listed issuer and its officers should not deal in the listed issuer's securities during the period commencing two weeks before the announcement of the Issuer financial statements for each of the first three quarters of its financial year and one month before the announcement of the Issuer's full year financial statements (if required to announce quarterly financial statements), or one month before the announcement of the Issuer's half year and full year financial statements (if not required to announce quarterly financial statements). While we note that securities dealing policy has been established to govern dealings by the Company's directors and staff, there was no mention with regards to the dealings by the Company itself. Please be reminded that this is a listing rule requirement and it should be disclosed in annual report going forward.

Company's response

With regards to the securities dealings by the Company, the Company itself is also required to comply with the same internal compliance code as the Company's directors and staff, notwithstanding that the trading of the Company's shares had been suspended since 2 April 2012.

Trading of the shares in the Company has remained suspended since 2 April 2012.

BY ORDER OF THE BOARD

Mr Wang Sen
Non-Executive Chairman

11 May 2020