



SINOPIPE HOLDINGS LIMITED

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

RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”) ON THE COMPANY’S FOURTH QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 31 DECEMBER 2019 (“4Q 2019 Announcement”)

In response to the Singapore Exchange Securities Trading Limited (“SGX-ST”) queries on 28 February 2020, the Board of Directors (the “Board”) of SinoPIPE Holdings Limited (the “Company”) wishes to provide the following information in relation to the Company’s 4Q 2019 Announcement.

Question 1

Please disclose breakdown of cash utilization received from the disposal of Company’s business undertakings to Fujian Yatong, in particular whether any amounts were used to pay directors and controlling shareholders. To reconcile the amount paid to these individuals against the fees approved by the shareholders.

Company’s response

Following is the breakdown of total cash utilization received from the disposal of the Company’s business undertakings to Fujian Yatong. The cash utilization included payments of the outstanding fees and expenses incurred and accrued in the financial year ended 31 December 2015, 2016, 2017, 2018 and 2019.

<u>Description</u>	<u>RMB’ 000</u>
1. Legal	340
2. Statutory audit	885
3. Internal audit	216
4. Tax filing compliance	28
5. Corporate secretarial	406
6. Shares registry services retainer fees	115
7. Annual general meeting related expenses	160
8. Annual listing retainer fees	702
9. General, office and administrative expenses	338
10. Annual BVI licence & agent’s fee of subsidiaries	45
11. Staff costs	1,304
12. Independent directors’ fees	2,461
Total:	<u><u>7,000</u></u>

Directors’ fees paid to the independent directors were for financial year ended 31 December 2015, 2016, 2017, 2018 and 2019 which were approved by shareholders at the annual general meetings.

No amounts of the proceeds from the disposal received were used to pay Non-independent directors and controlling shareholders.

Question 2

The Company disclosed that reason for net loss from continuing operations increased by RMB455,000 to RMB2.2 million was mainly due to non-ordinary income recorded in FY2018. Please elaborate what is meant by non-ordinary income.

Company's response

In explaining the main reason of the significant variance in Other income between FY2019 and FY2018, the Company described the main type of other incomes that were recorded in FY2018. These other income did not recur in FY2019. The Company referred these other income as non-ordinary income as these income are not expected to recur and normally not received by the Company.

Question 3

The Company was granted extension of time up till 31 December 2019 to meet requirements for a listing under Listing Rule 1018(2). Please disclose how does the Company intend to comply with the Listing Rules and to state the milestones in doing so.

Company's response

Since the end of last year, the Board has been in discussion with a potential white knight investor which is a company incorporated in Singapore and a well-established heavy equipment turnkey engineering solution provider that serves primarily the global port, construction, foundation and logistics industries. Both parties have reached the advance stage of the discussion and will work towards finalising the key terms and conditions of the acquisition in March 2020 pending receiving confirmation of acceptance of settlement arrangement with certain creditors. Once the aforesaid milestones are completed, the Company will sign an acquisition agreement with the white knight investor and apply to the SGX-ST for further extension of time to meet the requirements for a listing under Listing Rule 1018(2). The Board will keep shareholders updated on the acquisition as and when appropriate.

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

3 March 2020