



ANNUAL REPORT 2020

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LETTER TO SHAREHOLDERS

Dear Shareholders

On behalf of the Board of Directors (“Board”) of Sinopipe Holdings Limited (the “Company”) and its subsidiaries (the “Group”), I am pleased to present to you the annual report for the financial year ended 31 December 2020 (“FY2020”).

2020 highlights

The Company is deemed to be a cash company under Rule 1018 of the SGX-ST Listing Manual and there were no revenue recorded in FY2020. Other income recorded in FY2020 was mainly Job Support Scheme payouts under the COVID-19 Government Relief Measures received by the Company. The Group recorded administrative expenses of RMB1.36 million which comprised mainly staff costs, directors’ fees, professional fees and annual listing fees. The Group incurred net loss of RMB1.25 million in FY2020.

The assets of the Group and Company at the financial year ended FY2020 amounted to RMB 1.94 million comprised mainly escrow account balance of RMB1.83 million placed in compliance with Rule 1018(1)(a) of the SGX-ST Listing Manual. Group’s and Company’s total liabilities of RMB 8.4 million were mainly amount due to a shareholder and a director, accruals and provision for outstanding professional fees and directors’ fees.

Proposed Acquisition of Ten-League Engineering and Technology Pte Ltd

On 29 December 2020, the Company and Ten-League Corporations Pte. Ltd. had entered into Sale and Purchase Agreement for the proposed acquisition by the Company of all of the issued and fully paid up shares (ordinary or otherwise) in the capital of Ten-League Engineering & Technology Pte. Ltd., a company whose primary business is that of a heavy equipment engineering solution provider that serves primarily the construction and foundation industries (the “**Proposed Acquisition**”).

The Proposed Acquisition, if it proceeds to completion, is expected to result in a Reversed Takeover of the Company (the “**Proposed RTO**”), subject to the approval of the SGX-ST and the approval of the shareholders of the Company at an Extraordinary General Meeting to be convened.

The Company had appointed the sponsor and various RTO professional parties for the Proposed RTO. Currently, pre-RTO internal controls review, legal and financial due diligence as well as business and assets valuation are in progress. Due to unanticipated time required by Ten-League Engineering & Technology Pte. Ltd. to collate and compile certain complex and onerous financial information to meet Financial Reporting Standards, the Proposed RTO is unlikely to be completed by 31 May 2021 as initially scheduled. The RTO professionals are reviewing and revising the timeline and milestones and will apply to the SGX-ST for further extension of time to complete the Proposed RTO. The Company will provide updates to the SGX-ST and the Shareholders of the Company via announcements to be released on the SGXNET on material developments to the Proposed Acquisition.

Appreciation

I would like to take this opportunity to thank our two independent directors who have committed much time and efforts in the last one year to help in the Proposed Acquisition and the Proposed RTO to restructure the Group and relist the Company.

Thank you.

Wang Sen
Non-Executive Chairman

OPERATIONS AND FINANCIAL REVIEW

Financial performance

Other income increased from RMB2,000 in FY2019 to RMB105,000 in FY2020 by RMB103,000 mainly due to Jobs Support Scheme grant under the COVID-19 Government Relief Measures and AGM facilitation grant received by the Company.

Administrative expenses decreased from RMB2,163,000 in FY2019 to RMB1,357,000 in FY2020 by RMB806,000 or 37.3% on account of weakening of Singapore Dollar against RMB.

As a result of the above, Group's net loss decreased to RMB1,252,000 in FY2020 from RMB2,161,000 in FY2019.

Financial position

As at 31 December 2020, Group's current assets was RMB1,936,000 comprised mainly the escrow account deposit of RMB1,826,000. Group's current liabilities amounted to RMB8,416,000 comprised mainly accruals of professional fees, directors' fees and amount owing to a director and shareholder. Group's working capital deficiency increased to RMB6,478,000 mainly due to net loss of RMB1,252,000 recorded for FY2020.

Cash Flows

The Group registered net decrease in cash and bank balances of RMB1,028,000 in FY2020 mainly for working capital use.

As at 31 December 2020, the Group had cash and bank balances of RMB1,914,000 of which RMB1,826,000 was escrow account deposit placed under Rule 1018(1)(a) of the SGX-ST Listing Manual.

BOARD OF DIRECTORS

Mr Wang Sen

Mr Wang is the Company's Non-Executive Chairman. He was appointed as a Director of the Company on 22 September 2012. Mr Wang is a member of the Audit Committee and Nominating Committee. He has been a Director of Faith Start Holdings Limited since 2010 and the Chairman of the Board of Max Rich Management Ltd since 2008. Mr Wang graduated from Shangdong Finance University with Bachelor of Public Finance. Mr Wang was last re-elected on 26 June 2020.

Mr Chew Heng Ching

Mr Chew was appointed as an Independent Non-Executive Director on 4 November 2011 and as a Deputy Non-Executive Chairman of our Company on 15 October 2012. Mr Chew retired pursuant to Article 107 of the Constitution of the Company on 9 September 2016. He was re-appointed on 15 September 2016. Mr Chew is the Chairman of the Audit Committee and Nominating Committee and a member of the Remuneration Committee.

Mr Chew has more than 30 years of senior management experience in both the private and public sectors. Mr Chew is the founding President of the Singapore Institute of Directors and was Past Chairman of its Governing Council. He sits on the board of various publicly listed companies in Singapore and chairs their various Board Committees. He was also a Board member and Past Chairman of the Singapore International Chamber of Commerce. He was a Council Member of the Singapore Business Federation. Mr Chew was a Member of Parliament from 1984 to 2006 and a former Deputy Speaker of the Singapore Parliament.

A Colombo Plan scholar, Mr Chew is a graduate in Industrial Engineering (1st Class Honours) and Economics. He also holds an Honorary Doctorates in Engineering. He is a fellow of the Singapore Institute of Directors and CPA Australia. Mr Chew was last re-elected on 29 April 2019.

Mr Soh Beng Tiong

Mr Soh was appointed as an Independent Non-Executive Director of our Company on 8 May 2012 and is the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee.

Mr Soh has been involved in operational and financial management of manufacturing, agriculture and real estate development for the past 40 years. Mr Soh was last re-elected on 26 June 2018.

CORPORATE INFORMATION

Board of Directors

Wang Sen
(Non-Executive Chairman)

Chew Heng Ching
(Deputy Non-Executive Chairman and Independent Director)

Soh Beng Tiong
(Independent Director)

Audit Committee

Chew Heng Ching *(Chairman)*
Soh Beng Tiong
Wang Sen

Nominating Committee

Chew Heng Ching *(Chairman)*
Soh Beng Tiong
Wang Sen

Remuneration Committee

Soh Beng Tiong *(Chairman)*
Chew Heng Ching

Joint Company Secretaries

Phang Kong Juan
Chew Bee Leng

Registered Office

80 Raffles Place
#32-01 UOB Plaza 1
Singapore 048624
Telephone: +65 6225 2626
Facsimile: +65 6225 1838

Principal Places of Business

16 Ayer Rajah Crescent
#07-04
Singapore 139965
Telephone: +65 6223 8230
Facsimile: +65 6223 8279

Company Registration Number

200411382N

Share Registrar

RHT Corporate Advisory Pte. Ltd.
30 Cecil Street
#19-08 Prudential Tower
Singapore 049712

Auditors

Mazars LLP
135 Cecil Street #10-01
Singapore 069536

Partner-in-charge: Tan Chee Tyan
(with effect from financial year 2016)

Principal Banker

HL Bank
1 Wallich Street
#29-01 Guoco Tower
Singapore 078881

Standard Chartered Bank (Singapore) Limited
Marina Bay Financial Centre (Tower I)
Level 23
8 Marina Boulevard
Singapore 018981

CORPORATE GOVERNANCE REPORT

This Corporate Governance Report describes the corporate governance structures and practices of Sinopipe Holdings Limited (the “Company”) and its subsidiaries (the “Group”) with specific reference to each of the principles and provisions of the Code of Corporate Governance 2018 (the “Code”). The Board confirms that, for the financial year ended 31 December 2020 (“FY2020”), the Group has generally adhered to the principles and guidelines set out in the Code. Any deviations from the Code are disclosed and explained in this report. For proper reference, the principles of the Code under discussion are identified in bold.

BOARD MATTERS

Board’s Conduct of its Affairs

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

The Company is effectively headed by a board of Directors (the “Board”) to lead and control it. Apart from its statutory duties and responsibilities, the Board is collectively responsible for the long-term success of the Group and it works with the management of the Company (the “Management”) to achieve this objective. The Management is accountable to the Board who oversees the affairs of the Group and focuses on strategies and policies, with particular attention paid to growth and financial performance. The Board delegates the formulation of business policies and day-to-day management to the Executive Directors.

The Board is responsible for:

1. providing entrepreneurial leadership, setting strategic aims, and ensuring that the necessary financial and human resources are in place for the Group to meet its objectives;
2. establishing a framework of prudent and effective controls which enables risk to be assessed and managed, including safeguarding the interests of shareholders and the Group’s assets;
3. reviewing Management performance;
4. setting the Group’s values and standards, and ensuring that obligations to shareholders and other key stakeholders are understood and met;
5. ensuring the Group’s compliance with laws, regulations, policies, directives, guidelines and internal code of conduct;
6. ensuring the Group’s compliance with good corporate governance practices;
7. approving quarterly, half-year and financial statements; and
8. considering sustainability issues as part of its strategic formulation in line with the recommendation of the Code.

All Directors objectively make decisions and discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

Where a director has a conflict or potential conflict of interest in relation to any matter, he should declare his interest when the conflict-related matter is discussed, unless the Board is of the opinion that his presence and participation is necessary to enhance the efficacy of such discussion. Nonetheless, he shall abstain from voting in relation to the conflict related matters.

CORPORATE GOVERNANCE REPORT

The Board also delegates certain of its functions to the Audit Committee, Nominating Committee and Remuneration Committee (together, the “Board Committees”) and their functions are described separately under the various sections of each committee below. Each committee has its own written terms of reference and operating procedures.

The board approval is required for all matters which are likely to have a material impact on the Group’s operating units and/or financial positions as well as matters other than in the ordinary course of business. The types of material transactions that require board approval are major funding proposals, material acquisition and disposal of subsidiaries or assets and liabilities, corporate or financial restructuring and interested person transactions of a material nature, significant capital expenditure and investment and divestment proposal, dividend payments (if any).

The Board is scheduled to meet at least four times a year and as and when warranted by circumstances. The Company’s Constitution allow a board meeting to be conducted by way of a telephone or video conference or by means of similar communications equipment whereby all persons participating in the meeting are able to hear each other.

The number of meetings of the Board and the Board Committees held in FY2020 and the attendance of the Directors (who were in office in FY2020) are set out in the table below:

Directors’ attendance at meetings of the Board and the Board Committees

	Board Meeting		Audit Committee Meeting		Nominating Committee Meeting		Remuneration Committee Meeting	
Name of Director	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Chew Heng Ching	4	4	4	4	1	1	1	1
Soh Beng Tiong	4	4	4	4	1	1	1	1
Wang Sen	4	3	4	3	1	0	N/A	N/A

The Directors have several years of corporate experience as Directors in other companies and are familiar with their duties and responsibilities as Directors. In addition, the Directors and key executives have the opportunity to attend relevant trainings to enhance their knowledge, particularly on relevant new laws, regulations and changing commercial risks from time to time funded by the Company. For first-time directors, the Company will also arrange and fund the training in area such as accounting, legal and industry-specific knowledge as appropriate for them.

Newly appointed Directors will be issued with a formal letter by the Company Secretary explaining their duties and obligations as a Director upon their appointment. They will be given an orientation program to familiarise themselves with the Company’s operations.

Whenever necessary, the senior management staff will be invited to attend the meetings of the Board and AC to answer queries and provide detailed insights into their areas of operations. The Board, either individually or as a group, has separate and independent access to the senior management staff.

Draft agendas for Board and Board Committees meetings are circulated in advance to the respective Chairman, in order for them to suggest items for the agenda and/or review the usefulness of the items in the proposed agenda. Quarterly management financial statements and disclosure documents are provided to the Board, where appropriate, prior to the Meetings.

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The Board also has separate and independent access to the Company Secretary. Under the direction of the Chairman, the Company Secretary ensures good information flow within the Board and the Board Committees and between the Management and the Non-Executive Directors, as well as facilitates orientation and assists with professional development as required. The Company Secretary attends all meetings of the Board and the Board Committees. The Company Secretary assists the Board to ensure that the board procedures and relevant rules and regulations are complied with. Under the Constitution, the decision to appoint or remove the Company Secretary can only be taken by the Board as a whole.

The Management provides regular updates to the Directors from time to time and, when applicable, as and when requested by the Directors.

The Directors, whether as a group or individually, are able to seek independent professional advice as and when necessary in furtherance of their duties at the Company's expense.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Currently, the Board consists of three (3) Non-Executive Directors of whom two (2) are independent. Non-Executive Directors make up a majority of the Board. The list of Directors is as follows:

Wang Sen	(Non-Executive and Non-Independent Director)
Chew Heng Ching	(Non-Executive and Independent Director)
Soh Beng Tiong	(Non-Executive and Independent Director)

The profile of the Directors is found on page 3 of this Annual Report.

Wang Sen is the Non-Executive and Non-Independent Chairman of the Company. Under Provision 2.2 of the Code, Independent directors make up a majority of the Board where the Chairman is not independent. The Company's Independent Directors make up two-third of the Board.

The Board has examined its size and is of the view that the current board size is appropriate for effective decision-making, taking into account the core competencies and experience of its members and the Company's current operation as a cash company under Rule 1018 of the SGX-ST Listing Manual.

The Board consists of individuals from different backgrounds whose core competencies, qualifications, skills and experience include mainly accounting and business management.

The composition of the Board and independence of each Non-Executive Director are reviewed annually by the Nominating Committee ("NC"). The NC adopts the guidelines of the Code in its review of who can be considered as an Independent Director. The Company has put in place a process to ensure the continuous monitoring of the independence of the Directors. Each Independent Director is required annually to complete a checklist to confirm his/her independence. An Independence Director shall immediately disclose to the NC any relationships or circumstances that could interfere, or be reasonably perceived to interfere, with the exercise of his/her independent business judgement in the best interests of the Company. None of the Independent Directors have any relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement in the best interests of the Company. The NC is of the view that the Independent Directors are independent. The Board, taking into account the views of the NC, is satisfied as to the independence of all the Independent Directors.

Non-Executive Directors contribute to the Board process by offering independent views and opinions that provide alternative prospective to the Management's business proposals and strategies and by reviewing the Management's performance in meeting goals and objectives.

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Independent directors meet amongst themselves quarterly and on an ad hoc basis without the presence of Management. Following those meetings, they provided feedback to Chairman on specific issues or matters relating to the Group.

Currently, there is no alternate director on the Board.

Independence of Director who have served on the Board beyond nine (9) years

The Board recognises that Independent Directors may over time develop significant insights in the Group's business and operations and can continue to provide noteworthy and valuable contribution objectively to the Board as a whole. The independence of the Independence Directors must be based on the substance of their professionalism, integrity, and objectivity, and not merely based on form; such as the number of years which they have served on the Board. Nevertheless, when there are Directors who have served beyond nine years from the date of their first appointment, the Board will rigorously review their continuing contributions and independence and decide if they should continue with the appointment.

As at 5 November 2020, Mr Chew Heng Ching ("Mr Chew") has served on the Board beyond nine years from the date of their first appointment. The NC and the Board held a meeting in February 2021 in which the Board has subjected his independence to review by all other fellow directors (with Mr Chew abstaining from review). After due consideration and with the concurrence of the NC, the Board is of the view that Mr Chew has demonstrated strong independence character and judgement over the years in discharging his duties and responsibilities as independent director of the Company. The Board has resolved that Mr Chew continue to be considered independent director, notwithstanding he has served on the Board beyond nine years from the date of his first appointment. Mr Chew will seek for approval at the forthcoming Seventeenth Annual General Meeting for his continued appointment as independent director via separate resolution to be voted upon by shareholders pursuant to Rule 210(5)(d)(iii) of the Listing Manual of SGX-ST which will come into effect on 1 January 2022.

Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The Board has not appointed a Chief Executive Officer ("CEO") after the disposal of the Group's plastic pipe operations in the People's Republic of China (the "Disposal"). Taking into consideration that the Company is presently a cash company with no significant business activities, the Board is of the view that the Company does not need a CEO.

The Chairman of the Company is Mr. Wang Sen. He is assisted by a Deputy Chairman, Mr. Chew Heng Ching, who is an Independent Director. Mr Wang is responsible for the effective working of the Board and focuses on exploring and developing the new business direction for the Company. As the Chairman, his responsibilities include:

1. leading the Board to ensure its effectiveness on all aspects of its role and setting its agenda;
2. ensuring that the Directors receive accurate, timely and clear information;
3. ensuring effective communication and preserving harmonious relations with the shareholders;
4. encouraging constructive relations between the Board and Management and between the Executive Directors and Non-Executive Directors;
5. facilitating the effective contribution of the Non-Executive Directors in particular;
6. promoting culture of openness and debate at the Board;

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7. promoting high standards of corporate governance and ensuring the Group's compliance with the Code; and
8. acting in the best interest of the Group and the shareholders.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

The members of the NC are as follows:

Chew Heng Ching	(Chairman)
Soh Beng Tiong	(Member)
Wang Sen	(Member)

In FY2020, the NC is made up of three Non-Executive Directors, a majority of them including Chairman are independent. The NC is scheduled to meet at least once a year and as and when warranted by circumstances. The NC is regulated by a set of terms of reference and performs the following key functions:

1. making recommendations to the Board on all Board and key management personnel appointments;
2. re-nomination of the Directors having regard to each Director's contribution and performance, including, if applicable, as an Independent Director;
3. determining annually whether or not a Director is independent (taking into account the circumstances set out in the Code and other salient factors); and
4. deciding whether or not a Director is able to and has adequately carried out his duties as a Director.

Board member's other directorships and principal commitment are disclosed as follows:

Name of Director	Nature of Appointment	Date of Initial Appointment	Date of Last Re-election	Membership of Board Committee	Directorship in other Listed Companies and other Principal Commitment
Mr. Wang Sen	Non-Independent Non-Executive Director	22 September 2012	26 June 2020	Member of Audit Committee and Nominating Committee	–
Mr. Chew Heng Ching	Independent Director	4 November 2011	29 April 2019	Chairman of Audit Committee and Nominating Committee, and member of Remuneration Committee	Present:- i) Pharmesis International Ltd ii) Bonvests Holdings Limited iii) Ausgroup Limited iv) RHT Worldbridge Holdings Pte Ltd v) Crocodile Holdings Ltd Preceding three years:- i) Spindex Industrires Limited ii) Hua Hsin Holdings Ltd

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Name of Director	Nature of Appointment	Date of Initial Appointment	Date of Last Re-election	Membership of Board Committee	Directorship in other Listed Companies and other Principal Commitment
Mr. Soh Beng Tiong	Independent Director	8 May 2012	26 June 2018	Chairman of Remuneration Committee, Member of Audit Committee and Nominating Committee	–

New Directors are appointed by way of a board resolution after the NC has assessed their qualification and recommended to the Board for appointment. Such new Directors are required to submit themselves for re-election at the AGM held immediately after appointment. Pursuant to the Company's Constitution, all Directors are required to submit themselves for re-election at least once every three years. The NC has recommended to the Board that Mr Soh Beng Tiong is due for retirement by rotation under Article 107 of the Company's Constitution, be nominated for re-election at forthcoming AGM. In making its recommendation, the NC evaluates Mr Soh Beng Tiong's contribution and performance such as his attendance at meetings of the Board and Board committees.

In its search and nomination process for new directors, the NC will search companies, personal contacts and recommendations to cast its net as wide as possible for the suitable candidates.

The NC is satisfied that sufficient time and attention has been dedicated by the Directors to the affairs of the Company and the Directors have adequately carried out their duties as Directors of the Company during FY2020, despite their other board representations and/or personal commitments. The Board has not experienced competing time commitments among its Board members and Board Committee meetings are planned and scheduled in advance. The NC and the Board will review the need for a maximum number of listed company board representation which Directors may hold in due course.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The Board has established a formal appraisal process to be carried out by the NC for assessing the performance and effectiveness of the Board as a whole as well as to assess the individual Directors for their contribution and their commitment to their role. The appraisal process focuses on a set of performance criteria which includes the evaluation of the Board composition and size, the Board process, the Board effectiveness and training, the provision of information to the Board, the Board standards of conduct and financial performance indicators. Such performance criteria are approved by the Board and they address how the Board has enhanced long term shareholders' value. The performance criteria do not change unless circumstances deem it necessary and a decision to change them would be justified by the Board. The Chairman acts on the results of the performance evaluation, and where appropriate, proposes new members to be appointed to the Board or seek the resignation of Directors in consultation with the NC.

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REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Disclosure on Remuneration

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

In FY2020, the Remuneration Committee (“RC”) comprises the following Directors:

Soh Beng Tiong	(Chairman)
Chew Heng Ching	(Member)

The RC is made up of Non-Executive Directors, all of them including the Chairman are independent so as to minimise the risk of any potential conflict of interest.

The RC is scheduled to meet at least once a year and as and when warranted by circumstances. The RC is regulated by a set of terms of reference and has access to independent professional advice inside and outside the Company, if necessary, in respect of the remuneration of all Directors and key executives.

The RC’s main duties are:

1. to review and recommend to the Board a framework of remuneration and to determine the specific remuneration packages and terms of employment for each of the Directors and key executives, including those employees related to the Executive Directors and controlling shareholders of the Group, if any, bearing in mind the need for a cautious comparison (in order to prevent the risk of an upward ratchet of remuneration levels with no corresponding improvements in performance) of pay and employment conditions of comparable companies in the same or similar industries, and to submit such recommendations for endorsement by the entire Board; and
2. to carry out its duties in the manner that it deemed expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board from time to time.

As part of its review, the RC shall ensure that:

1. all aspects of remuneration, including Directors’ fees, salaries, allowances, bonuses, options and benefits-in-kinds are covered;
2. the remuneration packages of Directors and key executives are comparable to companies in same or similar industries and that for Executive Directors, a significant proportion of such remuneration packages include performance-related elements;

CORPORATE GOVERNANCE REPORT

3. the performance-related elements mentioned above are designed to align interests of Executive Directors with those of shareholders, that they link rewards to corporate and individual performance and that there are appropriate and meaningful measures for the purpose of assessing such performance-related elements in respect of Executive Directors;
4. the level of remuneration of Non-Executive Directors are appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the Directors, but also bearing in mind that Non-Executive Directors are not over-compensated to the extent that their independence may be compromised;
5. the level of remuneration is appropriate to attract, retain and motivate the Directors needed to run the Group successfully without such levels being more than is necessary for this purpose; and
6. the remuneration package of employees related to Executive Directors and controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibilities.

No Director is involved in deciding his own remuneration. In setting remuneration packages, the Company takes into account the pay and employment conditions of comparable companies in the same or similar industries, as well as the Group's relative performance and the performance of each individual Director or key executive.

The remuneration policy for Executive Directors and key executives consists of two components, namely fixed cash and annual variable. The fixed component includes salary, pension fund contributions and other allowances. The variable component comprises of performance based bonus which, for Executive Directors, forms a significant proportion of their total remuneration package and is payable on the achievement of corporate and individual performance targets.

The Company has no long-term incentive schemes such as offer of shares or granting of options in place as it considers that it is not cost effective to administer such schemes currently.

The Non-Executive and Independent Directors do not have any service contracts. They are paid a basic fee and additional fees for serving on any of the Board Committees. In determining the quantum of such fees, factors such as frequency of meetings, time spent and responsibilities of Directors are taken into account. The Board recommends payment of such fees to be approved by shareholders at the AGM of the Company.

The Executive Directors are paid in accordance with their respective service agreements. These service agreements are not excessively long and they do not have onerous removal clauses. The Executive Directors or the Company may terminate the service agreement by giving to the other party not less than six months' notice in writing, or in lieu of notice, payment of an amount equivalent to six months' salary based on the Executive Director's last drawn salary. The RC aims to be fair and avoids rewarding poor performance, if any.

The RC will consider recommendation by the Code and may recommend the Company to consider the use of contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Director and key management personnel in exceptional circumstances of misstatement of financial results, or misconduct resulting in financial loss to the Company.

Taking note of confidentiality and the competitive pressure in the talent market, the Board has, on review, decided not to disclose the remuneration of each Directors and key executives in full and will however disclose in narrow bands of S\$50,000 for Directors and S\$90,000 for key executives respectively.

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A breakdown, showing the level and mix (in percentage terms) of each individual Director's remuneration for FY2020 is as follows:

Name of Director	Base/fixed Salary %	Fees %	Variable or Bonus %	Other Benefits %	Total Remuneration %
Below S\$50,000					
Wang Sen	–	100	–	–	100
Chew Heng Ching	–	100	–	–	100
Soh Beng Tiong	–	100	–	–	100

Disclosure of the key executives' remuneration in bands of S\$90,000 for FY2020 is as follows:

Name of Key Executive	Salary %	Performance Bonus %	Other Benefits %	Total Remuneration %
Below S\$90,000				
Phang Kong Juan	100	–	–	100

There is no employee of the Group who are substantial shareholders of the Company, or are immediate family members of a Director or the CEO or substantial shareholder of the Company, and received remuneration in FY2020.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensure that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Board acknowledges that it is responsible for the overall internal control framework and fully aware of the need to put in place a system of internal controls within the Group to safeguard shareholders' interests and the Group's assets as well as manage risks. The Board also recognizes that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Company is a cash company and its assets are substantially cash held in an escrow account opened with a local licensed bank acting as escrow agent. For the operating bank accounts with minimum balances maintained for administrative payments purposes, two jointly authorised signatories are required to operate these bank accounts. All these bank accounts were audited by the external auditors.

In view of the above, there was no internal audit scheduled for FY2020. The Company will resume the internal audit once it has successfully completed the proposed reversed takeover.

The Group's financial risk management is disclosed under Note 17 of the Notes to the financial statements of the Annual Report.

CORPORATE GOVERNANCE REPORT

For the financial year under review, the Board had received assurance from:

- (i) the Chairman and the Financial Controller that the Group's financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- (ii) the Chairman and the key management personnel that the Group's risk management and internal control systems in place were adequate and effective in the context of the Group's current operation as a cash company.

Based on the internal controls established and maintained by the Group, work performed by the external auditors and that the Group's assets which are substantially escrowed cash deposited with a MAS licensed bank in Singapore, the Board with the concurrence of the Audit Committee is of the opinion that there are adequate internal controls system in the Group addressing financial, operational, compliance and information technology controls and risk management systems as at 31 December 2020 in the context of the Group's current operation as a cash company.

Audit Committee

Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.

The Board is accountable to shareholders for the management of the Group. The Board updates shareholders on the operations and financial position of the Company on a quarterly basis when it releases its results announcements as well as timely announcements of other matters as prescribed by the relevant rules and regulations. The Management is accountable to the Board by providing the Board with the detailed financial information whenever necessary for the discharge of its duties to the shareholders.

For interim financial statements, the Board provides a negative assurance confirmation on to shareholders, in line with Rule 705(5) of the Listing Manual of SGX-ST. In addition, all Directors and key management personnel of the Company also signed a letter of undertaking pursuant to Rule 720(1) of the SGX-ST Listing Manual.

The members of Audit Committee ("AC") are as follows:

Chew Heng Ching	(Chairman)
Soh Beng Tiong	(Member)
Wang Sen	(Member)

The AC makes up of Non-Executive Directors, a majority of them including the Chairman are independent. The AC meets at least four times a year and as and when warranted by circumstances. The AC is regulated by a set of terms of reference and performs the following primary functions:

1. reviewing significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Group's financial performance before their submission to the Board;
2. reviewing the audit plans of the Company's external and internal auditors and the results of their examination and their cost effectiveness;

CORPORATE GOVERNANCE REPORT

3. reviewing the co-operation given by the Group's officers to the external and internal auditors;
4. reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Group's material internal controls, including financial, operational, compliance and information technology controls and risk management via reviews carried out by the internal auditors;
5. reviewing the assurance from the Chief Executive Officer and Chief Financial Officer on the financial records and financial statements;
6. reviewing at least annually the adequacy, independence and effectiveness of the Group's internal audit function;
7. recommending to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors;
8. approving the remuneration and terms of engagement of the external auditors;
9. reviewing the adequacy, scope and results of the external audit, and the independence and objectivity of the external auditors at least annually; and
10. reviewing interested person transactions.

In addition to the above, the AC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by the Management and full discretion to invite any Director or key executive to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The Board considers that the members of the AC are appropriately qualified to discharge their responsibilities. At least two members, including the Chairman of the AC, have relevant accounting or related financial management expertise and experience. No former partner or director of the Company's existing auditing firm or audit corporation is a member of the AC.

The Company has put in place a whistle-blowing framework, endorsed by the AC, where employees of the Group may raise concerns about possible improprieties in matters of financial reporting or other matters in confidence to the AC. This arrangement facilitates independent investigation of such matters for appropriate resolution. The AC has express power to commission investigations into any matter, which has or is likely to have material impact on the Group's operating results or financial results.

During FY2020, the AC has undertaken a review of all audit services provided by the external auditors, including the nature and extent of such services. The aggregate amount of fees payable to the external auditors for FY2020 is S\$25,000 and no non-audit services were rendered to the Group.

The AC will be briefed by the external auditors on changes to Financial Reporting Standards and issues which have a direct impact on financial statements during the presentation of the audit plan and the audit report to the AC.

The Company has complied with Rules 712 and 715 of the Listing Manual.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meeting

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Engagement with Shareholders

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

The Company communicates with shareholders on all material matters affecting the Group by making announcements through SGXNET.

All shareholders of the Company receive the Annual Report and notice of general meetings. At AGMs, shareholders are encouraged to participate and are given the opportunity to air their views and ask questions regarding the Group and its businesses. Separate resolutions on each substantially separate issue are proposed at general meetings for approval. "Bundling" of resolutions is kept to a minimum and are done only where the resolutions are interdependent so as to form one significant proposal and only where there are reasons and material implications involved. All Directors, in particular the Chairman of the Board, the Chief Executive Officer and the Chairmen of the Board Committees, together with the external auditors and legal advisors (if necessary), are present at the AGM to address any queries and concerns raised by shareholders. The Chairman of the Board, the Chairman and all the members of the AC, NC and RC were present at the last AGM.

Apart from AGMs, the Company also regularly conveys pertinent information, gathers views or inputs, and addresses shareholders' concerns. In disclosing information, the Company strives to be as descriptive, detailed and forthcoming as possible.

The shareholders of the Company (other than a shareholder who is a relevant intermediary) may appoint one or two proxies to attend and vote on their behalf at general meetings of the Company. A shareholder who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the general meetings of the Company. Voting in absentia and electronic mail may only be possible following careful study to ensure the integrity of the information and authentication of the identity of members through the web is not compromised and is also subject to legislative amendment to recognise electronic voting. As recommended by the Code, the Company will put all resolutions to vote by poll at general meetings and make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages.

The Company records minutes of all AGMs and questions and comments from shareholders together with the respective responses are also recorded. Currently, the Company does not have a corporate website to publish the minutes of the general meetings due to financial resources constraint to maintain one but will do so in due course. These minutes are made available to shareholders upon their request. Shareholders can provide their enquiries, concerns or feedbacks by mail or fax to the Company's registered or business address.

The Company currently does not have a formal policy on payment of dividends. Any final dividends paid by the Company shall be approved by an ordinary resolution of the shareholders at a general meeting. The Board may, without the approval of shareholders, also declare an interim dividend. The Company will not be declaring any dividend for FY2020 due to low available cash balances and need for working capital.

CORPORATE GOVERNANCE REPORT

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Currently, the Company is a cash company without a business operation. The Company will look into this area in detail and consider strategy and management of stakeholder relationship when it has obtained a business.

OTHER CORPORATE GOVERNANCE MATTERS

Dealings in Securities

(Rule 1207(19) of the Listing Manual)

In compliance with Rule 1207(19) of the Listing Manual of the SGX-ST, the Company has adopted and implemented an internal compliance code of conduct governing securities transactions ("Internal Compliance Code") to its Directors and key officers setting out the code of conduct on transactions in the Company's shares by these persons.

Under the Internal Compliance Code, the Company and its Directors and key officers are advised and informed that they are prohibited from dealing in the Company's securities at least one month before the announcement of the Company's quarterly, half-year and full-year results until one day after the release of the announcement.

The Directors and key officers are required to notify the Company of any dealings in the Company's securities (during the open window period) and within two business days of the transaction(s). At all times, the Directors and key officers are aware that it is an offence to deal with securities in the Company and those of other companies when they are in possession of unpublished price-sensitive information in relation to those securities and that the law on insider trading applies to them at all times. As such, the Directors and key officers ensure that their dealings in securities, if any, do not contravene the law.

The Internal Compliance Code also ensures that no Director or key officer deals in the Company's securities on short term considerations.

Material Contracts

Except as disclosed in the financial statements, there were no material contracts (including loans) of the Company or its subsidiaries involving the interests of the CEO, Directors or controlling shareholders which subsisted at the end of the financial year or have been entered into since the end of the previous financial year.

Interested Person Transactions

As a listed company on the SGX-ST, the Company is required to comply with Chapter 9 of the Listing Manual of the SGX-ST on the interested person transactions. To ensure compliance with Chapter 9, the AC will meet regularly to review if the Company is entering into any interested person transaction. If the Company intends to enter into an interested person transaction, the AC will review the transaction and recommend to the Board for approval to ensure that the Company complies with the requisite rules under Chapter 9.

There is no interested person transaction entered into during the financial year under review.

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2020 and the statement of financial position of the Company as at 31 December 2020.

1. Opinion of the directors

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date; and
- (ii) at the date of this statement there are reasonable grounds to believe that the Group and the Company will be able to pay its debts as and when they fall due on the premise that the initiative to get capital injection into the Group will be successful.

2. Directors

The directors of the Company in office at the date of this statement are:

Non-Executive director

Wang Sen

Independent non-executive directors

Chew Heng Ching

Soh Beng Tiong

3. Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects were, or one of the objects was, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, except as disclosed in paragraph 4 below.

DIRECTORS' STATEMENT

4. Directors' interests in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50, the directors of the Company holding office at the end of the financial year had no interests in the share capital or debentures of the Company and its related corporations except as stated below:

Name of directors and company in which interests are held	Direct interest		Deemed interest	
	At beginning of year	At end of year	At beginning of year	At end of year
Sinopipe Holdings Limited				
(No. of ordinary shares)				
Wang Sen	–	–	47,500,000	47,500,000
Chew Heng Ching	300,000	300,000	–	–

The directors' interests as at 21 January 2021 in the shares or debentures of the Company have not changed from those disclosed as at 31 December 2020.

5. Share options

There were no share options granted by the Company or its subsidiaries during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares under option in the Company or its subsidiaries at the end of the financial year.

6. Audit Committee

At the date of this report, the Audit Committee of the Company comprises three Non-Executive directors, as follows:

Chew Heng Ching
Soh Beng Tiong
Wang Sen

The Audit Committee has convened 4 meetings during the financial year with key management. The Audit Committee has also met with the external auditors of the Company without the presence of management in respect of the financial year ended 31 December 2020.

The Audit Committee carried out its duties which included the following:

- (i) Review of the audit plan and results of the external audit and the independence and objectivity of the external auditors, including the review of the extent of non-audit services provided by the external auditors to the Group, if any;
- (ii) Review of the audit plans of the internal auditors of the Group and their evaluation of the adequacy of the Group's system of internal accounting controls;

DIRECTORS' STATEMENT

6. Audit Committee (Continued)

- (iii) Review of the Group's annual financial statements and the external auditors' report on the annual financial statements of the Group and of the Company before their submission to the Board of Directors;
- (iv) Review of the quarterly, half-yearly and annual announcements, the results of the Group and the financial position of the Group and of the Company;
- (v) Review of the adequacy of the Group's risk management processes;
- (vi) Review of the Group's compliance with legal requirements and regulations, including the related compliance policies and programmes and reports received from regulators, if any;
- (vii) Review of interested person transactions in accordance with the listing rules of the Singapore Exchange Securities Trading Limited;
- (viii) Nomination of external auditors and approval of their compensation; and
- (ix) Submission of report of actions and minutes of the Audit Committee to the Board of Directors with any recommendations as the Audit Committee deems appropriate.

The Audit Committee has full access to and has the co-operation of management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Mazars LLP for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting of the Company.

7. Auditors

The auditors, Mazars LLP, have expressed their willingness to accept re-appointment.

On behalf of the directors

Wang Sen
Director

Singapore
9 April 2021

Chew Heng Ching
Director

INDEPENDENT AUDITORS' REPORT

To the Members of Sinopipe Holdings Limited

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Sinopipe Holdings Limited (the “Company”) and its subsidiaries (the “Group”) which comprise the statements of financial position of the Group and of the Company as at 31 December 2020, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 24 to 54.

In our opinion, the accompanying consolidated financial statements of the Group, and the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the “Act”) and Singapore Financial Reporting Standards (International) (“SFRS(I)s”) so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (“SSAs”). Our responsibilities under those standards are further described in the *Auditors’ Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (“ACRA”) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (“ACRA code”) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1.2 in the accompanying financial statements, which indicates that as at 31 December 2020, the Group and the Company were in capital deficiency position of RMB6,478,000 and RMB6,461,000, respectively. The Group also reported a cash position of RMB1,914,000 as of 31 December 2020. The Group incurred a net loss of RMB1,252,000 and net operating cash outflow of RMB1,028,000 for the financial year then ended. These conditions indicate a material uncertainty which may cast significant doubt on the Group’s and the Company’s abilities to continue as going concerns. The ability of the Group to continue as a going concern is dependent on the successful completion of the proposed reverse takeover and the generation of positive cash flows from the new business to be acquired. Our opinion is not modified in respect of this matter.

Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current financial year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* Section, there is no other key audit matter to be communicated in our report.

Other information

Management is responsible for the other information. The other information comprises the information, included in the annual report, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITORS' REPORT

To the Members of Sinopipe Holdings Limited

Other information (Continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITORS' REPORT

To the Members of Sinopipe Holdings Limited

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Tan Chee Tyan.

MAZARS LLP

Public Accountants and
Chartered Accountants

Singapore
9 April 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2020

	Note	2020 RMB'000	2019 RMB'000
Revenue		–	–
Cost of sales		–	–
Gross profit		–	–
Other income	4	105	2
Administrative expenses		(1,357)	(2,163)
Loss before income tax	5	(1,252)	(2,161)
Income tax expense	6	–	–
Loss for the year representing total comprehensive loss for the year		<u>(1,252)</u>	<u>(2,161)</u>
Loss attributable to:			
- Owners of the Company		<u>(1,252)</u>	<u>(2,161)</u>
Loss per share (RMB cents)			
- Basic and diluted	7	<u>(0.44)</u>	<u>(0.75)</u>

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

	Note	Group		Company	
		2020	2019	2020	2019
		RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Non-current assets					
Plant and equipment	8	1	3	1	3
Investments in subsidiaries	9	–	–	–	–
Total non-current assets		<u>1</u>	<u>3</u>	<u>1</u>	<u>3</u>
Current assets					
Other receivables	10	23	73	23	299
Cash and bank balances	11	1,914	2,942	1,914	2,716
Total current assets		<u>1,937</u>	<u>3,015</u>	<u>1,937</u>	<u>3,015</u>
Total assets		<u>1,938</u>	<u>3,018</u>	<u>1,938</u>	<u>3,018</u>
EQUITY AND LIABILITIES					
Equity					
Share capital	12	313,344	313,344	313,344	313,344
Other reserves	13	5,316	5,316	5,316	5,316
Accumulated losses		(325,138)	(323,886)	(325,121)	(323,811)
Capital deficiency		<u>(6,478)</u>	<u>(5,226)</u>	<u>(6,461)</u>	<u>(5,151)</u>
Current liabilities					
Other payables	14	8,416	8,244	8,399	8,169
Total current liabilities		<u>8,416</u>	<u>8,244</u>	<u>8,399</u>	<u>8,169</u>
Total liabilities		<u>8,416</u>	<u>8,244</u>	<u>8,399</u>	<u>8,169</u>
Total equity and liabilities		<u>1,938</u>	<u>3,018</u>	<u>1,938</u>	<u>3,018</u>

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2020

	Attributable to owners of the Group			
	Share capital	Other reserves	Accumulated losses	Total equity
	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 year	–	–	(2,161)	(2,161)
Balance at 31 December 2019	313,344	5,316	(323,886)	(5,226)
Total comprehensive loss for the year	–	–	(1,252)	(1,252)
Balance at 31 December 2020	313,344	5,316	(325,138)	(6,478)

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2020

	Note	2020 RMB'000	2019 RMB'000
Operating activities			
Loss before income tax		(1,252)	(2,161)
Adjustments for:			
Depreciation of property, plant and equipment		2	1
Interest income		–	(2)
Operating cash flows before movements in working capital		(1,250)	(2,162)
<i>Movements in working capital</i>			
Other receivables		50	(11)
Other payables		172	457
Net cash used in operating activities		(1,028)	(1,716)
Investing activities			
Receipt of outstanding disposal consideration		–	3,109
Interest received		–	2
Net cash generated from investing activities		–	3,111
Net (decrease)/increase in cash and cash equivalents		(1,028)	1,395
Cash and cash equivalents at beginning of year	11	2,942	1,547
Cash and cash equivalents at end of year	11	<u>1,914</u>	<u>2,942</u>

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

1.1 Corporate information

Sinopipe Holdings Limited (the “Company”) (Registration Number 200411382N) is incorporated and domiciled in Singapore, with its registered office at 80 Raffles Place, #32-01 UOB Plaza 1, Singapore 048624. The principal place of business of the Company is located at 16 Ayer Rajah Crescent, #07-04, Singapore 139965.

The principal activity of the Company is that of investment holding. The principal activities of the respective subsidiaries are disclosed in Note 9 to the financial statements.

The financial statements of the Company and its subsidiaries (the “Group”) for the financial year ended 31 December 2020 and the statement of financial position of the Company as at 31 December 2020 were authorised for issue by the Board of Directors on 9 April 2021.

1.2 Going concern

As at 31 December 2020, the Group and the Company were in capital deficiency position of RMB6,478,000 and RMB6,461,000, respectively. The Group incurred a net loss of RMB1,252,000 and net operating cash outflow of RMB1,028,000 for the financial year then ended. These conditions indicate a material uncertainty which may cast significant doubt on the Group’s and the Company’s abilities to continue as going concerns.

Singapore Exchange Securities Trading Limited (the “SGX ST”) had on 4 December 2020 granted the Company for a final extension of time of 3 months to 31 May 2021 to complete the proposed reverse takeover (“Proposed RTO”).

On 29 December 2020, the Company had entered into the Sale and Purchase Agreement in respect of the Proposed Acquisition of Ten-League Engineering & Technology Pte. Ltd. (the “Target”) with Ten-League Corporations Pte Ltd (the “Vendor”). The Proposed Transaction, if undertaken and completed, is expected to result in a reverse takeover of the Company under Rule 1015 of the Listing Manual (the “Listing Rules”) of the SGX-ST.

As of the date of the authorisation of the financial statement, the legal and financial diligence work and the internal controls review in respect of the Proposed Acquisition and RTO are ongoing. In view of the management’s plans and actions in relation to the Proposed RTO, the directors are of the view that the going concern assumption is appropriate because successful completion of the RTO will consequently result in injection of business and funds to the Group.

In addition to the successful completion of the RTO, the directors are of the view that the use of the going concern assumption in preparing the Group’s financial statements is appropriate on the following premises:

- Letter of undertaking has been obtained from the Chairman of the Group, to not demand repayment of the amounts owing to him approximately of RMB6.8 million until resources permit; and
- Successful application of extension of completion of RTO with SGX, if necessary, for the Group to complete the RTO.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

1. General (Continued)

1.2 Going concern (Continued)

If the outcome of the Proposed RTO were not favourable, the Group and Company may not be able to continue as going concerns. Should the use of the going concern assumption in the preparation of their financial statements be inappropriate, the Group and Company may be unable to discharge their liabilities in the normal course of business and provision may need to be made for any contractual commitments as at the reporting date. No such adjustments have been made to the financial statements.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and the statement of financial position of the Company have been drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") including related Interpretations of SFRS(I) ("SFRS(I) INT") and are prepared on the historical cost basis, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements of the Group and the statement of financial position of the Company are presented in Renminbi ("RMB") which is also the functional currency of the Company, and all values presented are rounded to the nearest thousand ("RMB'000"), unless otherwise indicated.

In the current year, the Group has adopted all the new and revised SFRS(I)s and SFRS(I) INT that are relevant to its operations and effective for annual periods beginning on or after 1 January 2020. The adoption of these new or revised SFRS(I)s and SFRS(I) INT did not result in changes to the Group's and Company's accounting policies and has no material effect on the current or prior year's financial statement and is not expected to have a material effect on future periods.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

SFRS(I)s and SFRS(I) INT issued but not yet effective

At the date of authorisation of these statements, the following SFRS(I) and SFRS(I) INT that are relevant to the Group were issued but not yet effective:

SFRS(I)	Title	Effective date (annual periods beginning on or after)
SFRS(I) 16	Amendment to SFRS(I) 16: <i>Covid-19 – Related Rent Concessions</i>	1 June 2020
SFRS(I) 3	Amendments to SFRS(I) 3: <i>Reference to the Conceptual Framework</i>	1 January 2022
SFRS(I) 1-16	Amendments to SFRS(I) 1-16: <i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
SFRS(I) 1-37	Amendments to SFRS(I) 1-37: <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
SFRS(I) 1-1	Amendments to SFRS(I) 1-1: <i>Classification of Liabilities as Current of Non-current</i>	1 January 2023
SFRS(I)10, SFRS(I) 1-28	Amendments to SFRS(I) 10 and SFRS(I) 1-28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined
Various	Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4, SFRS(I) 16: <i>Interest Rate Benchmark Reform – Phase 2</i>	1 January 2021
Various	Annual Improvements to SFRS(I)s 2018-2020	1 January 2022

Consequential amendments were also made to various standards as a result of these new/revised standards.

The Group does not intend to early adopt any of the above new/revised standards, interpretations and amendments to the existing standards. Management anticipates that the adoption of the aforementioned revised/new standards will not have a material impact on the financial statements of the Group and Company in the period of their initial adoption.

2.2 Basis of consolidation

The financial statements of the Group comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities (including structured entities) (i) over which the Group has power and the Group is (ii) able to use such power to (iii) affect its exposure, or rights, to variable returns from then through its involvement with them.

The Group reassesses whether it controls the subsidiaries if facts and circumstance indicate that there are changes to the one or more of the three elements of control.

When the Group has less than a majority of the voting rights of an investee, it still has power over the investee when the voting rights are sufficient, after considering all relevant facts and circumstances, to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers, among others, the extent of its voting rights relative to the size and dispersion of holdings of the other vote holders, currently exercisable substantive potential voting rights held by all parties, rights arising from contractual arrangements and voting patterns at previous shareholders' meetings.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intra-group assets and liabilities, equity, income, expenses and cashflows relating to intragroup transactions are eliminated on consolidation.

The financial statements of the subsidiaries used in the preparation of the financial statements are prepared for the same reporting date as that of the Company. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Non-controlling interests are identified separately from the Group's equity therein. On an acquisition-by-acquisition basis, non-controlling interests may be initially measured either at fair value or at their proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Losses in the subsidiaries are attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the amount by which the non-controlling interests are adjusted to reflect the changes in the relative interests in the subsidiary and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control over a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Investments in subsidiaries are carried at cost less any impairment loss that has been recognised in profit or loss in the Company's separate financial statements.

2.3 Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. For each business combination, the Group determines whether to measure the non-controlling interests in the acquiree at fair value or at proportionate share in the recognised amounts of the acquiree's identifiable net assets. Acquisition-related costs are recognised in profit or loss as incurred and included in administrative expenses.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Summary of significant accounting policies (Continued)

2.3 Business combinations (Continued)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 *Business Combinations* are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with SFRS(I) 5 *Non-Current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at the lower of cost and fair value less costs to sell.

The Group recognises any contingent consideration to be transferred for the acquiree at the fair value on the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement shall be accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SFRS(I) 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with SFRS(I) 9. Other contingent consideration that is not within the scope of SFRS(I) 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with SFRS(I) 2 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the acquisition date to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and is initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Summary of significant accounting policies (Continued)

2.3 Business combinations (Continued)

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit (including the goodwill), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

The attributable amount of goodwill is included in the determination of gain or loss on disposal of the subsidiary or jointly controlled entity.

2.4 Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

2.5 Income tax

Income tax expense represents the sum of current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the financial year.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Summary of significant accounting policies (Continued)

2.5 Income tax (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year and based on the tax consequence that will follow from the manner in which the Group expects, at the end of the financial year, to recover or settle the carrying amounts of its assets and liabilities except for the investment properties where investment properties measured at fair value are presented to be recovered entirely through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales tax that is incurred on purchases is not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

2.6 Foreign currency transactions and translation

Foreign currency transactions are translated into the individual entities' respective functional currencies at the exchange rates prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity through other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Summary of significant accounting policies (Continued)

2.6 Foreign currency transactions and translation (Continued)

Exchange differences relating to assets under construction for future productive use, are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in China Yuan using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.7 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

Depreciation is charged so as to write off the cost of assets, other than assets under construction, over their estimated useful lives, using the straight-line method, on the following bases:

- Office and electronic equipment 5 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

The gain or loss, being the difference between the sales proceeds and the carrying amount of the asset, arising on disposal or retirement of an item of plant and equipment is recognised in profit or loss.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Summary of significant accounting policies (Continued)

2.8 Financial instruments

The Group recognises a financial asset or a financial liability in its statement of financial position when, and only when, the Group becomes party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Financial assets

Initial recognition and measurement

All financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. With the exception of trade receivables that do not contain a significant financing component or for which the Group applies a practical expedient, all financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified as subsequently measured at amortised cost, fair value through other comprehensive income (“FVTOCI”) and fair value through profit or loss (“FVTPL”). The classification at initial recognition depends on the Group’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The Group’s business model refers to how the Group manages its financial assets in order to generate cash flows which determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Group determines whether the asset’s contractual cash flows are solely payments of principal and interest (“SPPI”) on the principal amount outstanding to determine the classification of the financial assets.

Financial assets at amortised cost

A financial asset is subsequently measured at amortised cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, the financial asset at amortised cost are measured using the effective interest method and is subject to impairment. Gains or losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Summary of significant accounting policies (Continued)

2.8 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (“ECL”) on financial assets measured at amortised cost and debt instruments measured at FVTOCI. At each reporting date, the Group assesses whether the credit risk on a financial asset has increased significantly since initial recognition by assessing the change in the risk of a default occurring over the expected life of the financial instrument. Where the financial asset is determined to have low credit risk at the reporting date, the Group assumes that the credit risk on financial assets has not increased significantly since initial recognition.

The Group uses reasonable and supportable forward-looking information that is available without undue cost or effort as well as past due information when determining whether credit risk has increased significantly since initial recognition.

Where the credit risk on that financial instrument has increased significantly since initial recognition, the Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL. Where the credit risk on that financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

The Group uses a practical expedient to recognise the ECL for trade receivables and contract assets, which is to measure the loss allowance at an amount equal to lifetime ECL using an allowance matrix derived based on historical credit loss experience adjusted for current conditions and forecasts of future economic conditions.

The amount of ECL or reversal thereof that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised in profit or loss.

While they are not financial assets, contract assets arising from the Group’s contracts with customers under SFRS(I) 15 are assessed for impairment in accordance with SFRS(I) 9, similar to that of trade receivables.

The Group directly reduces the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Summary of significant accounting policies (Continued)

2.8 Financial instruments (Continued)

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Ordinary share capital

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised on trade date – the date on which the Group commits to purchase or sell the asset. All financial liabilities are initially measured at fair value, minus transaction costs, except for those financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition. Financial liabilities classified as at fair value through profit or loss comprise derivatives that are not designated or do not qualify for hedge accounting.

Other financial liabilities

Other payables

Other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis. A gain or loss is recognised in profit or loss when the liability is derecognised and through the amortisation process.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Summary of significant accounting policies (Continued)

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, bank overdrafts and other short-term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

2.10 Leases

At inception of a contract, the Group assessed whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Where a contract contains more than one lease component, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component. Where the contract contains non-lease components, the Group applied the practical expedient to not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group recognises a right-of-use asset and lease liability at the lease commencement date for all lease arrangement for which the Group is the lessee, except for leases which have lease term of 12 months or less and leases of low value assets for which the Group applied the recognition exemption allowed under SFRS(I) 16. For these leases, the Group recognises the lease payment as an operating expense on a straight-line basis over the term of the lease.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. When the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. The right-of-use asset is also reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability, where applicable.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate.

The Group generally uses the incremental borrowing rate as the discount rate. To determine the incremental borrowing rate, the Group obtains a reference rate and makes certain adjustments to reflect the terms of the lease and the asset leased.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Summary of significant accounting policies (Continued)

2.10 Leases (Continued)

The lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any lease incentive receivable,
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable under a residual value guarantee,
- the exercise price under a purchase option that the Group is reasonably certain to exercise, and
- payments of penalties for terminating the lease if the Group is reasonably certain to terminate early and lease payments for an optional renewal period if the Group is reasonably certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest method. The Group remeasures the lease liability when there is a change in the lease term due to a change in assessment of whether it will exercise a termination or extension or purchase option or due to a change in future lease payment resulting from a change in an index or a rate used to determine those payment.

Where there is a remeasurement of the lease liability, a corresponding adjustment is made to the right-of-use asset or in profit or loss where there is a further reduction in the measurement of the lease liability and the carrying amount of the right-of-use asset is reduced to zero.

2.11 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an expense, the grant is recognised as income in profit or loss on a systematic basis over the periods in which the related costs, for which the grants are intended to compensate, is expensed. Where the grant relates to an asset, the grant is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalment.

Non-monetary government grant is recognised at nominal amount.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

3. Critical accounting judgements and key sources of estimation uncertainty

The Group made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from the estimates.

3.1 Critical judgement made in applying the Group's accounting policies

Determination of functional currency

The Group translates foreign currency items into the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the respective entities, judgement is used by the Group to determine the currency of the primary economic environment in which the respective entities operate. Consideration factors include the currency that mainly influences sales prices of goods and services and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services.

3.2 Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Provision for income taxes

The Group has exposure to income taxes in different jurisdictions of which a portion of these taxes arose from certain transactions and computations for which ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities of expected tax issues based on its best estimates of the likely taxes due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the current tax and deferred tax positions in the period in which such determination is made. As at 31 December 2020, the carrying amounts of the Group's and the Company's current tax payable were RMB Nil (2019: RMB Nil) and RMB Nil (2019: RMB Nil) respectively.

4. Other income

	Group	
	2020	2019
	RMB'000	RMB'000
Government grants and subsidies	105	–
Interest Income	–	2
	<u>105</u>	<u>2</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

5. Loss before income tax

The following charges/(credits) were included in the determination of loss before income tax:

	Group	
	2020	2019
	RMB'000	RMB'000
Foreign currencies exchange (gain)/loss – net	(256)	335
Operating lease expenses (Note 15)	49	71
Audit fees	139	150
Staff costs, including key management personnel remuneration (Note 16)		
- Directors' fees	498	518
- Salaries, wages and bonuses	390	395
- Contributions to defined contribution plans	51	53

6. Income tax expense

The income tax expense varied from the amount of income tax determined by applying the income tax rates applicable to different jurisdictions to loss before income tax as a result of the following differences:

	Group	
	2020	2019
	RMB'000	RMB'000
Loss before income tax	(1,252)	(2,161)
Income tax at statutory rates	(213)	(367)
Add:		
Different tax rates of overseas operations	1	3
Tax effect on non-deductible expenses	212	364
Total income tax expense	–	–

Singapore

The corporate income tax rate applicable to the Company is 17% for the year of assessment 2010 onwards.

British Virgin Islands

There is no income tax expense for Best Connect Resources Limited and Eagle Super Associates Limited as the income of these subsidiaries are tax exempted under the provisions of the British Virgin Islands Income Tax Act.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

7. Loss per share

The following table illustrates the numerators and denominators used to calculate basic and diluted amount per share of no par value:

Loss per share is calculated by dividing the Group's result (net loss attributable to equity holders of the Company) for the financial year by the weighted average number of ordinary shares outstanding during the financial year as follows:

	Group	
	2020	2019
	RMB'000	RMB'000
Loss for the financial year	(1,252)	(2,161)
	2020	2019
	'000	'000
Weighted average number of ordinary shares in issue during the financial year	287,595	287,595

The weighted average number of equity shares refers to shares in circulation during the reporting period.

There is no dilutive effect from the convertible loan as they are anti-dilutive because their conversion to ordinary shares would decrease loss per share.

8. Plant and equipment

Group and Company	Office and electronic equipment RMB'000
Cost	
Balance at 1 January 2019, 31 December 2019 and 31 December 2020	10
Accumulated depreciation	
Balance at 1 January 2019	6
Depreciation	1
Balance at 31 December 2019	7
Depreciation	2
Balance at 31 December 2020	9
Carrying amount	
Balance at 31 December 2020	1
Balance at 31 December 2019	3

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

9. Investments in subsidiaries

	Company	
	2020	2019
	RMB'000	RMB'000
Unquoted equity shares, at cost	84,578	84,578
Strike off a subsidiary	(39)	–
	84,539	84,578
Less: Impairment loss		
Balance at 1 January	(84,578)	(84,578)
Strike off a subsidiary	(39)	–
Balance at 31 December	(84,539)	(84,578)
	–	–

The details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Principal place of business	Percentage of effective equity interest held by the Group	
			2020	2019
			%	%
<u>Held by the Company</u>				
Best Connect Resources Limited ⁽¹⁾	Investment holding	British Virgin Islands	100	100
Eagle Super Associates Limited ⁽¹⁾	Investment holding	British Virgin Islands	100	100
Atontech (Hong Kong) Co. Limited ⁽²⁾	Dormant	Hong Kong	–	100

(1) Not required to be audited by the law of its country of incorporation

(2) Strike off

10. Other receivables

	Group		Company	
	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts due from subsidiaries (non-trade)	–	–	–	226
Deposits	8	8	8	8
Prepayment	15	65	15	65
Total other receivables	23	73	23	299

The amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

10. Other receivables (Continued)

The currency profiles of the Group's and the Company's other receivables as at 31 December are as follows:

	Group		Company	
	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000
Singapore dollar	23	73	23	299

11. Cash and bank balances

	Group		Company	
	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000
Cash balances	–	1	–	1
Bank balances	88	981	88	755
Restricted bank balances	1,826	1,960	1,826	1,960
Cash and bank balances	1,914	2,942	1,914	2,716

The bank balances earn interest at floating rates based on daily bank deposit average effective interest rate of 0.15% (2019: 0.15%).

Restricted bank balances amounted to RMB 1,826,000 (2019: RMB 1,960,000) represents cash placed in the escrow account opened with a bank in Singapore acting as escrow agent in compliance with Rule 1018(1)(a) of the SGX-ST Listing Manual.

The currency profiles of the Group's and the Company's cash and cash equivalents as at 31 December are as follows:

	Group		Company	
	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000
Singapore dollar	1,914	2,935	1,914	2,709
United States dollar	–	7	–	7
	1,914	2,942	1,914	2,716

12. Share capital

	Group and Company			
	2020	2019	2020	2019
	Number ('000) of ordinary shares with no par value		RMB'000	RMB'000
Issued and paid up				
At beginning and end of year	287,595	287,595	313,344	313,344

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

13. Other reserves

	Group		Company	
	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000
General reserve	5,316	5,316	5,316	5,316

General reserve

This represents the residual amount of convertible loans after deducting the fair value of the liability component. This amount is presented net of transaction costs and deferred tax liability arising from the convertible loans. The balance was transferred to the general reserve on 30 January 2015 when the convertible loan was fully repaid.

14. Other payables

	Group		Company	
	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000
Accrued expenses	3,890	5,398	3,890	5,296
Other payables	4,526	2,846	4,509	2,847
Amounts due to subsidiaries (non-trade)	–	–	–	26
	8,416	8,244	8,399	8,169

The non-trade amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

The currency profiles of the Group's and the Company's trade and other payables as at 31 December are as follows:

	Group		Company	
	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000
Singapore dollar	8,399	8,143	8,399	8,143
Hong Kong dollar	–	101	–	26
United States dollar	17	–	–	–
	8,416	8,244	8,399	8,169

15. The Group as lessee

Recognition exemptions under SFRS(I) 16: C10(c)

The office premise is with a lease term of 12 months. For such lease, the Group has elected not to recognise right-of-use assets and lease liabilities as the lease term ends within 12 months as of 1 January 2020.

During the financial year, the operating lease expense recognised in profit or loss amounting to RMB 49,000 (2018: RMB 71,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

15. The Group as lessee (Continued)

Recognition exemptions under SFRS(I) 16: C10(c) (Continued)

At the end of financial year, the Group and the Company have commitments for future minimum lease payments under non-cancellable operating leases as follows:

	2020	2019
	RMB'000	RM'000
Within one year	12	–

16. Significant related party transactions

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Company if that person:
 - (i) Has control or joint control over the Company;
 - (ii) Has significant influence over the Company; or
 - (iii) Is a member of the key management personnel of the Group or the Company or of a parent of the Company.
- (b) An entity is related to the Company if any of the following conditions applies:
 - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or itself such a plan, the sponsoring employers are also related to the Company.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

16. Significant related party transactions (Continued)

The effect of the Group's and Company's transactions and arrangements with related parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the financial year, in other than those disclosed elsewhere in these financial statements, there were no significant transactions with related parties.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group.

Key management personnel remuneration

	Group	
	2020	2019
	RMB'000	RMB'000
Directors' fees	498	518
Key management personnel (other than directors)		
- Salaries, bonuses and other short-term benefits	390	395
- Contributions to defined contribution plans	51	53
	<u>939</u>	<u>966</u>

17. Financial risks management policies and objectives

The Group's activities expose it to credit risk, market risk (comprising foreign currency risk, interest rate risk and equity price risk) and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. Management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, and exposure limits, in accordance with the objectives and underlying principles approved by the Board of Directors.

As at the end of the financial year, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

There have been no changes to the Group's exposure to these financial risks or the manner in which it manages and measures the risks. Market risk exposures are measured using sensitivity analysis indicated below.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group performs on-going credit evaluation of its counterparties' financial condition and generally does not require collateral.

The Group's and Company's major classes of financial assets are bank deposits and trade and other receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

17. Financial risks management policies and objectives (Continued)

Credit risk (Continued)

As at the end of the financial year, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Bank deposits are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies.

Other receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets. No allowance for collective impairment was made based on past experience.

Other receivables (Note 10)

As of 31 December 2020, the Group recorded other receivables (excluding prepayment) of RMB 8,000 (2019: RMB 8,000). The Company assessed the impairment loss allowance of these amounts on a 12-month ECL basis consequent to their assessment and conclusion that these receivables are of low credit risk. The Company assessed that the other receivables are made to parties with good credit reputation and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial asset. Accordingly, the Company measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group does not enter into any derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, including foreign currency forward contracts to hedge against foreign currency risk and interest rate swaps to mitigate the risk of rising interest rates.

Foreign currency risk

The Group transacts business in various foreign currencies, including Singapore dollar and United States dollar, other than the respective functional currencies of the Group, and hence is exposed to foreign currency risk. There is no formal hedging policy with respect to foreign currency exposure. Exposure to foreign currency risk is monitored on an on-going basis and the Group endeavours to keep the net exposure at an acceptable level. The risk is at times managed by forecasting currency exposures through natural hedges arising from a matching sale, purchase or a matching of assets and liabilities of the same currency and amount.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

17. Financial risks management policies and objectives (Continued)

Market risk (Continued)

Foreign currency risk (Continued)

The carrying amounts of the Group's and Company's foreign currency denominated monetary assets and monetary liabilities at the end of the financial year are as follows:

	Group		Company	
	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000
Monetary assets				
Singapore dollar	1,914	2,943	1,914	2,943
United States dollar	8	7	8	7
	<u>1,922</u>	<u>2,950</u>	<u>1,922</u>	<u>2,950</u>
Monetary liabilities				
Singapore dollar	8,399	8,143	8,399	8,143
Hong Kong dollar	–	101	–	26
United States dollar	17	–	–	–
	<u>8,416</u>	<u>8,244</u>	<u>8,</u>	<u>8,169</u>

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a reasonably possible change of 10% (2019: 10%) in Singapore dollar ("SGD") against Renminbi ("RMB"). The sensitivity analysis assumes an instantaneous 10% change in the foreign currency exchange rates from the end of the financial year, with all variables held constant.

	Group	
	2020	2019
	RMB'000	RMB'000
SGD		
Strengthens against RMB	(648)	(520)
Weakens against RMB	<u>648</u>	<u>520</u>

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortages of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of loans and borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

17. Financial risks management policies and objectives (Continued)

Liquidity risk (Continued)

The following table details the Group's remaining contractual maturity for its non-derivative financial instruments. The table has been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group is expected to receive or pay. The table includes both interest and principal cash flows.

	Within 1 year RMB'000	1 to 5 years RMB'000	Total RMB'000
Group			
2020			
<u>Financial assets</u>			
Other receivables (exclude prepayment)	8	–	8
Cash and cash equivalents	1,914	–	1,914
	<u>1,922</u>	<u>–</u>	<u>1,922</u>
<u>Financial liabilities</u>			
Other payables	<u>8,416</u>	<u>–</u>	<u>8,416</u>
Total net financial liabilities	<u>(6,494)</u>	<u>–</u>	<u>(6,494)</u>
2019			
<u>Financial assets</u>			
Other receivables (exclude prepayment)	8	–	8
Cash and cash equivalents	2,942	–	2,942
	<u>2,950</u>	<u>–</u>	<u>2,950</u>
<u>Financial liabilities</u>			
Other payables	<u>8,244</u>	<u>–</u>	<u>8,244</u>
Total net financial liabilities	<u>(5,294)</u>	<u>–</u>	<u>(5,294)</u>
	Within 1 year RMB'000	1 to 5 years RMB'000	Total RMB'000
Company			
2020			
<u>Financial assets</u>			
Other receivables (exclude prepayment)	8	–	8
Cash and bank balances	1,914	–	1,914
	<u>1,922</u>	<u>–</u>	<u>1,922</u>
<u>Financial liabilities</u>			
Other payables	<u>8,399</u>	<u>–</u>	<u>8,399</u>
Total net financial liabilities	<u>(6,477)</u>	<u>–</u>	<u>(6,477)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

17. Financial risks management policies and objectives (Continued)

Liquidity risk (Continued)

	Within 1 year RMB'000	1 to 5 years RMB'000	Total RMB'000
Company			
2019			
<u>Financial assets</u>			
Other receivables (exclude prepayment)	234	–	234
Cash and bank balances	2,716	–	2,716
	<u>2,950</u>	<u>–</u>	<u>2,950</u>
<u>Financial liabilities</u>			
Other payables	8,169	–	8,169
Total net financial liabilities	<u>(5,219)</u>	<u>–</u>	<u>(5,219)</u>

The Group's operations are financed mainly through borrowings. The Group monitors and maintains a level of cash and bank balances deemed adequate by management to finance its operations and mitigate the effect of fluctuations in cash flows. In addition, adequate lines of credits are maintained to ensure the necessary liquidity is available when required.

18. Fair value of financial assets and financial liabilities

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

The fair values of applicable assets and liabilities, are determined and categorised using a fair value hierarchy as follows:

- (a) *Level 1 - the fair values of assets and liabilities with standard terms and conditions and which trade in active markets that the Group can access at the measurement date are determined with reference to quoted market prices (unadjusted).*
- (b) *Level 2 - in the absence of quoted market prices, the fair values of the assets and liabilities are determined using the other observable, either directly or indirectly, inputs such as quoted prices for similar assets/liabilities in active markets or included within Level 1, quoted prices for identical or similar assets/liabilities in non-active markets.*
- (c) *Level 3 - in the absence of quoted market prices included within Level 1 and observable inputs included within Level 2, the fair values of the remaining assets and liabilities are determined in accordance with generally accepted pricing models.*

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

18. Fair value of financial assets and financial liabilities (Continued)

Determination of fair value

The fair value of the unquoted equity securities is determined by direct reference to their bid price quotations in an active market at the end of the financial year.

Fair value of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value.

Management has determined that the carrying amounts of trade and other receivables, cash and bank balances, and trade and other payables, based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature or are repriced frequently.

Management considers that the carrying amounts of the non-current portion of the term loan from a third party at amortised cost approximate its fair values.

19. Capital management policies and objectives

The Group's Financial Controller ("FC") oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures and reports to the Group's Audit Committee.

It is the Group's policy that where assessed necessary by the local management, the Group would engage experts to perform significant financial reporting valuations. The FC is responsible for selecting and engaging such external experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and SFRS(I) 13 fair value measurement guidance.

He also reviews at least on an annual basis, the appropriateness of the valuation methodologies and assumptions adopted and evaluates the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

The analysis and results of the internal valuations are then reported to the Audit Committee for the latter's comments before presenting the results to the Board of Directors for approval.

During the financial year, there is no change in the applicable valuation techniques.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes in the Group's approach to capital management during the financial year.

Management monitors the return on capital, which the Group defines as net profit attributable to owners of the Company divided by equity attributable to owners of the Company. The Group funds its operations and growth through a mix of equity and debts. This includes maintaining adequate lines of credit and assessing the need of raise additional equity where necessary. Gearing ratio is calculated as net debt divided by total capital plus net debt. Net debt is calculated as borrowings plus trade and other payables less unpledged cash and bank balances. Total capital is calculated as equity attributable to owners of the Company less the above-mentioned restricted reserves.

The review of the Group's capital risk management policies and objectives is conducted by the Audit Committee and the Board of Directors.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

20. Development of COVID-19 outbreak and its corresponding impact on the Group

COVID-19 outbreak has brought about an unprecedented challenge for many entities, with increased uncertainty in the global economy. As the situation is still evolving, the full effect of the outbreak is still uncertain, and the Group is therefore unable to provide a quantitative estimate of the potential impact of this outbreak on the Group. The Group continues to monitor and evaluate any possible impact on the Group and will consider implementation of various measures to mitigate the effects arising from the COVID-19 situation. Based on management's latest assessment, there is no indicator that the going concern assumption used by the Group in preparing the financial statement is inappropriate.

STATISTICS OF SHAREHOLDINGS

As at 24 March 2021

Issued and fully paid-up capital	: S\$62,452,854.60
Number of shares	: 287,594,900
Class of shares	: Ordinary shares
Voting rights	: One vote per ordinary share
Number of treasury share held	: Nil
Number of subsidiary holdings held	: Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	1	0.11	93	0.00
100 - 1,000	28	3.20	27,224	0.01
1,001 - 10,000	278	31.73	1,990,000	0.69
10,001 - 1,000,000	543	61.99	45,408,000	15.79
1,000,001 AND ABOVE	26	2.97	240,169,583	83.51
TOTAL	876	100.00	287,594,900	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	48,634,895	16.91
2	FAITH START HOLDINGS LIMITED	47,500,000	16.52
3	KUSNADI LYBIANTO	29,401,660	10.22
4	PHILLIP SECURITIES PTE LTD	19,943,000	6.93
5	RAFFLES NOMINEES (PTE.) LIMITED	15,509,340	5.39
6	CROWN GALAXY HOLDINGS LIMITED	15,000,000	5.22
7	DBS NOMINEES (PRIVATE) LIMITED	14,886,157	5.18
8	OCBC SECURITIES PRIVATE LIMITED	11,309,000	3.93
9	REBECCA THE	5,477,000	1.90
10	TTH CAPITAL PTE LTD	3,000,000	1.04
11	HSBC (SINGAPORE) NOMINEES PTE LTD	2,931,001	1.02
12	SINGAPORE ENTERPRISES PTE LTD	2,595,000	0.90
13	CHOO CHEE KIONG	2,500,000	0.87
14	CHOY PENG HA	2,460,000	0.86
15	WONG FOO HONG	2,205,000	0.77
16	BOON SUAN AIK	2,192,000	0.76
17	KOH PANG KIN	1,987,000	0.69
18	YIM WING CHEONG	1,790,000	0.62
19	TOMORROW PTE LTD	1,700,000	0.59
20	QUEK CHIN SOON	1,665,000	0.58
	TOTAL	232,686,053	80.90

STATISTICS OF SHAREHOLDINGS

As at 24 March 2021

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct Interest	%	Deemed Interest	%
FAITH START HOLDINGS LIMITED	47,500,000	16.52	–	–
WANG SEN ⁽¹⁾	–	–	47,500,000	16.52
KUSNADI LYBIANTO ⁽⁶⁾	29,401,660	10.22	–	–
LOYAL TEAM GROUP LIMITED ⁽²⁾	–	–	40,079,895	13.94
CHEN ZHIZHONG ⁽³⁾	–	–	40,079,895	13.94
CHEN QUE ⁽³⁾	–	–	40,079,895	13.94
TRIUMPUS CAPITAL LTD	22,969,000	7.99	–	–
PU WEI DONG ⁽⁴⁾	–	–	23,029,000	8.01
CROWN GALAXY HOLDINGS LIMITED	15,000,000	5.22	–	–
JIANG PING ⁽⁵⁾	–	–	15,000,000	5.22

Notes:

- (1) Mr Wang Sen is deemed to be interested in the 47,500,000 shares held by Faith Start Holdings Limited by virtue of section 7(4A) of the Companies Act, Cap. 50 (the "Act").
- (2) Loyal Team Group Limited is deemed to be interested in the 40,079,895 shares held in trust by Citicorp Investment Bank (Singapore) Ltd. Information on interests in shares of the Company reflected herein is based on the latest notification form for substantial shareholders in respect of interests in securities dated 17 August 2011 received by the Company; and the known dilutive effect of the conversion of the convertible loan into shares of 32,500,000 issued and paid up shares in the Company, which were allotted and issued on 26 July 2012. The Company has not received any further notification from Loyal Team Group Limited of any change in interest further to 17 August 2011.
- (3) Mr Chen Zhizhong and Mr Chen Que are deemed to be interested in the 40,079,895 shares held in trust by Citicorp Investment Bank (Singapore) Ltd for Loyal Team Group Limited by virtue of their respective shareholdings in Loyal Team Group Limited. Information on interests in shares of the Company reflected herein is based on the latest notification form for substantial shareholders in respect of interests in securities dated 17 August 2011 received by the Company; and the known dilutive effect of the conversion of the convertible loan into shares of 32,500,000 issued and paid up shares in the Company, which were allotted and issued on 26 July 2012. The Company has not received any further notification from Mr Chen Que of any change in interest further to 17 August 2011.
- (4) Mr Pu Wei Dong is deemed to be interested in the 22,969,000 shares held by Triumpus Capital Ltd by virtue of section 7(4A) of the Act. Mr Pu Wei Dong is also deemed to be interested in the 60,000 shares held by his wife, Ms Zhu Jin Yan, by virtue of section 164(15)(a) of the Act.
- (5) Mr Jiang Ping is deemed to be interested in the 15,000,000 shares held by Crown Galaxy Holdings Limited by virtue of section 7(4A) of the Act.
- (6) Information on interest in shares of the Company reflected therein is based on the latest notification form for substantial shareholders in respect of interest in securities dated 30 September 2011 received by the Company; and the known dilutive effect of the conversion of the convertible loan into shares of 32,500,000 issued and paid up shares in the Company, which were allotted and issued on 26 July 2012. The Company has not received any further notification from Mr Kusnadi Lybianto of any change in interest further to 30 September 2011.

PERCENTAGE OF SHAREHOLDING IN THE HANDS OF PUBLIC

Based on information available to the Company as at 24 March 2021, approximately 46.00% of the issued ordinary shares of the Company are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of the Company will be held by way of electronic means on Thursday, 29 April 2021 at 11:00 a.m., for the purpose of transacting the following business:

ORDINARY BUSINESS

- | | | |
|----|--|---------------------|
| 1. | To receive, consider and adopt the Audited Financial Statements for the financial year ended 31 December 2020 and the Directors' Statement and the Auditors' Report thereon. | Resolution 1 |
| 2. | To approve Directors' fees of S\$100,000 for the financial year ending 31 December 2021. (2020: S\$100,000) | Resolution 2 |
| 3. | To re-elect Mr Soh Beng Tiong, a Director retiring by rotation pursuant to Article 107 of the Company's Constitution.
<i>(See Explanatory Note)</i> | Resolution 3 |
| 4. | To re-appoint Messrs Mazars LLP as Auditors and to authorise the Directors to fix their remuneration. | Resolution 4 |

SPECIAL BUSINESS

- | | | |
|----|---|---------------------|
| 5. | To approve the continued appointment of Mr Chew Heng Ching as an Independent Director in accordance to Rule 210(5)(d)(iii)(A) of the Listing Manual of the Singapore Exchange Securities Trading Limited (which will come into effect on 1 January 2022). This Resolution to remain in force until the earlier of Mr Chew Heng Ching's retirement or resignation, or the conclusion of the third Annual General Meeting following the passing of this Resolution and Resolution 6 below.
<i>(See Explanatory Note)</i> | Resolution 5 |
| 6. | To approve, subject to and contingent upon the passing of Resolution 5 above, by shareholders (excluding the Directors and the Chief Executive Officer of the Company, and the respective associates of such Directors and Chief Executive Officer) the continued appointment of Mr Chew Heng Ching as an Independent Director in accordance to Rule 210(5)(d)(iii)(B) of the Listing Manual of the Singapore Exchange Securities Trading Limited (which will come into effect on 1 January 2022). This Resolution to remain in force until the earlier of Mr Chew Heng Ching's retirement or resignation of the Director; or the conclusion of the third Annual General Meeting following the passing of this Resolution.
<i>(See Explanatory Note)</i> | Resolution 6 |

To consider and, if thought fit, to pass, with or without modifications, the following Ordinary Resolution:

- | | | |
|-----|---|---------------------|
| 7. | THAT pursuant to Section 161 of the Companies Act (Chapter 50) and in accordance with the listing rules of Singapore Exchange Securities Trading Limited (" SGX-ST "), authority be and is hereby given to the Directors to: | Resolution 7 |
| (a) | (i) allot and issue shares in the capital of the Company (" shares ") whether by way of rights, bonus or otherwise; and/or | |
| | (ii) make or grant offers, agreements or options (collectively " Instruments ") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares, | |

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion, deem fit; and

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

PROVIDED THAT:

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares in the capital of the Company, excluding treasury shares and subsidiary holdings (if any), at the time this Resolution is passed, after adjusting for:
 - (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards, provided that the share options or awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
 - (ii) any subsequent bonus issue, consolidation or subdivision of the shares;

Adjustments in accordance with the above Paragraph 2(i) is only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time this Resolution is passed;

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.
(See Explanatory Note)

- 8. To transact any other business that may be properly transacted at the Annual General Meeting of the Company.

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING

BY ORDER OF THE BOARD

Wang Sen
Non-Executive Chairman

Singapore
14 April 2021

Explanatory Notes:

Resolution 3

Mr Soh Beng Tiong, Non-Executive Director, Chairman of the Remuneration Committee, a member of the Audit Committee and a member of the Nominating Committee, will continue to serve in these capacities if re-elected as a Director of the Company, and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Resolutions 5 and 6

Mr Chew Heng Ching ("**Mr Chew**"), Chairman of Audit Committee and Nominating Committee and a member of Remuneration Committee, has served as an Independent Director more than 9 years on the Board of the Company and has submitted himself for a two-tier voting process in accordance with Rule 210(5)(d)(iii) of the Listing Manual of the Singapore Exchange Securities Trading Limited, which will come into effect on 1 January 2022.

Resolutions 5 and 6, if passed, will remain in force until the earlier of the following: (i) the retirement or resignation of Mr Chew; or (ii) the conclusion of the third Annual General Meeting of the Company following the passing of Resolutions 5 and 6.

If the Resolution 5 is not passed, Resolution 6 will not be voted on at this Annual General Meeting.

If the Resolutions 5 and 6 are not passed, Mr Chew will no longer be considered an Independent Director with effect from 1 January 2022. He shall continue to serve as a Non-Executive and Non-Independent Director of the Company therefrom. Consequently, on and from 1 January 2022, he shall cease as Chairman of the Audit Committee and Nominating Committee of the Company in compliance with the Code of Corporate Governance 2018 and the Term of Reference of the Audit Committee and Nominating Committee of the Company requiring the Chairman of the Audit Committee and Nominating Committee shall be an independent non-executive Director. In addition, the Remuneration Committee of the Company will not be formed by a majority of independent non-executive Directors. In view thereof, the Board of the Directors will have to appoint additional independent non-executive Director(s) to be a Chairman of the Audit Committee and Nominating Committee and as a member of Remuneration Committee.

On 6 August 2018, the SGX-ST amended the Listing Manual following the publication of the Code of Corporate Governance 2018 by the Monetary Authority of Singapore. As part of the amendments to the Code of Corporate Governance 2018, certain guidelines from the Code of Corporate Governance 2012 were shifted into the Listing Manual for mandatory compliance. On 28 November 2018, the SGX-ST issued the Transitional Practice Note 3 to establish transitional arrangements for certain guidelines shifted into the Listing Manual. Pursuant thereto and in respect of Rule 210(5)(d)(iii) of the Listing Manual, to ensure that the independence designation of a director who has served for more than 9 years as at and from 1 January 2022 is not affected, the Company is seeking to obtain shareholders' approvals for Mr Chew Heng Ching's continued appointment as an independent director prior to 1 January 2022, as he has served for more than 9 years on the Board of the Company. Rule 210(5)(d)(iii) provides that continued appointment as independent director, after an aggregate period of more than 9 years on the board, must be sought and approved in separate resolutions by (A) all shareholders (Resolution 5) and (B) shareholders excluding directors, chief executive officer, and their associates (Resolution 6).

Resolution 7

Resolution no. 7, if passed, will empower the Directors of the Company to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding in total fifty per cent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, with a sub-limit of twenty per cent (20%) for issues other than on a *pro rata* basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this resolution is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this resolution is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

Printed copies of the following documents can be assessed on the SGX website (https://www.sgx.com/securities/company-announcements):-	
1.	2020 Annual Report
2.	Proxy Form
3.	Notice of Seventeenth Annual General Meeting

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING

Measures to Minimise Risk of Community Spread of 2019 Novel Coronavirus ("COVID-19")

Pursuant to COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, and as amended by COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) (Amendments No. 2 & 3) Order 2020 (the "**Order**"), the Seventeenth Annual General Meeting will be conducted by electronic means and Shareholders will not be able to attend the Seventeenth Annual General Meeting physically to minimise risk of community spread of COVID-19.

In light of the above developments, the Company is arranging for a live webcast of the Seventeenth Annual General Meeting proceedings (the "**Live AGM Webcast**") which will take place on **Thursday, 29 April 2021 at 11.00 a.m.** ("**AGM**").

Shareholders will be able to participate in the AGM in following manner set out in the paragraphs below.

Live Webcast:-

1. Shareholders may watch the AGM proceedings through the Live AGM Webcast. To do so, shareholders will need to register at https://easyvideo-sg.zoom.us/webinar/register/WN__stxVLTeTOOjdaEib2sWIA (the "**Registration Link**") by 11.00 a.m. on 26 April 2021 (the "**Registration Deadline**") to enable the Company to verify their status.
2. Following verification, authenticated shareholders will receive an email by 11.00 a.m. on 28 April 2021 containing a link to access the live audio-visual webcast of the AGM proceedings as well as a toll-free telephone number to access the live audio-only stream of the AGM proceedings.
3. Shareholders must not forward the abovementioned link or telephone number to other persons who are not shareholders of the Company and who are not entitled to attend the AGM. This is also to avoid any technical disruptions or overload to the Live AGM Webcast.
4. Shareholders who register by the Registration Deadline but do not receive an email response by 11.00 a.m. on 28 April 2021 may contact the Company by email to shaun@easyvideo.sg.

Submission of Proxy Forms to Vote:-

1. Shareholders who wish to vote at the AGM may submit a proxy form to appoint the Chairman of the AGM to cast votes on their behalf.
2. The proxy form (a copy of which is also attached hereto), duly completed and signed, must be submitted by:
 - (a) mail to the place of business of the Company at 16 Ayer Rajah Crescent #07-04, Singapore 139965 ; or
 - (b) email to GA@sinopipe.com.sg.

by no later than 11.00 a.m. on 27 April 2021, being 48 hours before the time fixed for the AGM.

Shareholders are strongly encouraged to submit completed proxy forms electronically via email in view of the current COVID-19 situation and the related safe distancing measures.

3. CPF or SRS investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf by the cut-off date.
4. **Please note that shareholders will not be able to vote through the live webcast and can only vote with their proxy forms which are required to be submitted in accordance with the foregoing paragraphs.**

Submission of Questions:-

1. Shareholders will not be able to ask questions at the AGM during the "live" audio-visual webcast; therefore it is important for shareholders to submit their questions related to the resolutions to be tabled for approval at the AGM in advance of the AGM.
2. Shareholders may submit questions related to the resolutions to be tabled for approval at the AGM, in advance of the AGM, in the following manner:
 - (i) By email to the Company via GA@sinopipe.com.sg; or
 - (ii) By post to the Company to 16 Ayer Rajah Crescent #07-04, Singapore 139965

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING

When sending in your questions, please also provide us with the following details:

- your full name;
- your address;
- number of shares held; and
- the manner in which you hold shares (e.g. via CDP, CPF or SRS).

All questions must be submitted and reached the Company **no later than 11.00 a.m. on 26 April 2021** being 72 hours before the time fixed for the AGM.

3. The Company will endeavour to address the substantial and relevant questions before or at the AGM and by publishing our responses on the SGXNet.

Notes:

- (1) (a) A member of the Company ("**Member**") (other than a member who is a relevant intermediary) entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf.
- (b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act (Chapter 50) of Singapore.

- (2) A proxy need not be a member of the Company.
- (3) The instrument appointing a proxy or proxies that has been executed by a Member, together with the power of attorney or other authority (if any) under which it is signed (or a certified copy thereof), must be deposited at the place of business of the Company at 16 Ayer Rajah Crescent #07-04, Singapore 139965 ; or (b) email to GA@sinopipe.com.sg, not less than 48 hours before the time set for holding the meeting.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, (iii) agrees to provide the Company with written evidence of such prior consent upon reasonable request, and (iv) agrees to indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

By pre-registering for the webcast and/or the audio-only tele-conferencing, submitting an instrument appointing the Chairman of the AGM as proxy to vote at the AGM and/or any adjournment thereof, and/or submitting questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations, your consent to the collection, use and disclosure of your personal data by the Company (or its agents or service providers) for the purpose (i) administering the webcast and/or the audio-only tele-conferencing (including, but not limited to, verifying your identity and shareholding status, registering an account for you to access the webcast and/or the audio-only tele-conferencing, facilitating and administering the webcast and audio-only tele-conferencing and disclosing your personal data to the Company's agents or third-party service provider for any such purposes), (ii) the processing of any questions submitted to the Company, (iii) the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the AGM as proxy appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and (iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

ADDITIONAL INFORMATION ON DIRECTOR SEEKING RE-ELECTION

Mr Soh Beng Tiong is the Director seeking re-election (“**Retiring Director**”) at the forthcoming annual general meeting of the Company to be convened on 29 April 2021.

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information relating to the Retiring Director as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST is set out below:

	SOH BENG TIONG
Date of initial Appointment	8 May 2012
Date of last re-appointment	26 June 2018
Age	68
Country of principal residence	Singapore
The Board’s comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Soh Beng Tiong as the Non- Independent Non-Executive Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his qualifications, past experiences and overall contribution since he was appointed as Non-Independent Non-Executive Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chairman of the Remuneration Committee, Member of the Nominating Committees and member of the Audit Committee.
Professional qualifications:	Bachelor’s Degree in Accountancy
Working experience and occupation(s) during the past 10 years	Mr Soh has been involved in operational and financial management of manufacturing, agriculture and real estate development for the past 40 years.
Shareholding interest in the listed issuer and its subsidiaries	None
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# (for the last 5 years)	<u>Present</u> None
* “Principal Commitments” has the same meaning as defined in the Code.	<u>Past (for the last 5 years)</u> TTH Capital EIA Pte Ltd
# These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)	

ADDITIONAL INFORMATION ON DIRECTOR SEEKING RE-ELECTION

SOH BENG TIONG	
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to the following question is “Yes”, full details must be provided.	
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c) Whether there is any unsatisfied judgment against him?	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No

ADDITIONAL INFORMATION ON DIRECTOR SEEKING RE-ELECTION

	SOH BENG TIONG
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
<p>(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-</p> <p>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</p>	No

ADDITIONAL INFORMATION ON DIRECTOR SEEKING RE-ELECTION

	SOH BENG TIONG
<p>(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</p> <p>(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	
<p>(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?</p>	No
Disclosure applicable to appointment of director only	
<p>Any prior experience as a director of a listed company?</p> <p>If yes, please provide details of prior experience.</p> <p>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).</p>	N.A. This relates to the re-appointment of Director.

SINOPIPE HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration Number: 200411382N)

PROXY FORM – SEVENTEENTH ANNUAL GENERAL MEETING

1. Due to the current COVID-19 restriction orders in Singapore, the Company's Seventeenth Annual General Meeting ("AGM") will be conducted by electronic means and a member will not be able to attend the AGM in person. A member (whether individual or corporate and including a Relevant Intermediary) must appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.
2. This proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPF or SRS investors who hold ordinary shares through their CPF or SRS funds.
3. CPF or SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM.

I/We, _____ NRIC/ Passport/ Reg. No. _____
(Name)

of _____ (Address)

being a member/members of SINOPIPE HOLDINGS LIMITED (the "**Company**") hereby appoint the Chairman of the AGM as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the AGM of the Company to be held by way of electronic means on 29 April 2021 at 11.00 a.m., and at any adjournment thereof.

(Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against", or "Abstain" the relevant resolutions, please mark an "X" in the appropriate box provided. Alternatively, please indicate the number of votes "For" or "Against", or "Abstain" each resolution in the boxes provided as appropriate. If you mark an "X" in the abstain box for a particular resolution, you are directing your proxy, who is the Chairman of the AGM, not to vote on that resolution. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.**

	Ordinary Resolutions	No. of votes		
		For	Against	Abstain
1.	To receive, consider and adopt the Audited Financial Statements for the financial year ended 31 December 2020 and the Directors' Statement and the Auditors' Report thereon.			
2.	To approve Directors' fees of S\$100,000 for the financial year ending 31 December 2021. (2020: S\$100,000)			
3.	To re-elect Mr Soh Beng Tiong, who is retiring by rotation pursuant to Article 107 of the Company's Constitution.			
4.	To re-appoint Messrs Mazars LLP as Auditors and to authorise the Directors to fix their remuneration.			
5.	To approve the continued appointment of Mr Chew Heng Ching as an Independent Director in accordance to Rule 210(5)(d)(iii)(A) of the Listing Manual of the Singapore Exchange Securities Trading Limited.			
6.	To approve, subject to and contingent upon the passing of Resolution 5, by shareholders (excluding the Directors and the Chief Executive Officer of the Company, and the respective associates of such Directors and Chief Executive Officer) the continued appointment of Mr Chew Heng Ching as an Independent Director in accordance to Rule 210(5)(d)(iii)(B) of the Listing Manual of the Singapore Exchange Securities Trading Limited.			
7.	To authorise the Directors to allot and issue new shares.			

Dated this _____ day of _____ 2021.

Total number of Shares Held

Signature(s) or Common Seal of Member

IMPORTANT: PLEASE READ THE NOTES OVERLEAF



Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate and including a Relevant Intermediary) must appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.

Where a member (whether individual or corporate and including a Relevant Intermediary) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

CPF or SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM.

“**Relevant Intermediary**” has the meaning ascribed to it in Section 181 of the Companies Act (Chapter 50) of Singapore.

3. The Chairman of the AGM, as proxy, need not be a member of the Company.
4. The instrument appointing the Chairman of the AGM as proxy must be submitted to the Company in the following manner:
 - (i) if submitted electronically, be submitted via email to GA@sinopipe.com.sg; or
 - (ii) if submitted by post, be lodged with the Company's place of business at 16 Ayer Rajah Crescent #07-04 Singapore 139965,in either case, by no later than **27 April 2021, 11.00 a.m.**, being at least 48 hours before the time for holding the AGM.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before scanning and sending it by email to the email address provided above, or submitting it by post to the address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for shareholders to submit completed proxy forms by post, shareholders are strongly encouraged to submit completed proxy forms electronically via email.

5. The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointer or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised.
6. Where the instrument appointing the Chairman of the AGM as proxy is signed by an attorney, the letter or power of attorney or other authority, if any, or a duly certified copy thereof shall (failing previous registration with the Company) be stamped and be submitted via email to GA@sinopipe.com.sg or lodged with the Company, not less than 48 hours before the time for holding the meeting and/or any adjournment thereof.
7. In the case of joint holders of shares, any one of such persons may vote, but if more than one of such persons wish to vote, the person whose name stands first on the Register of Members or (as the case may be) in the Depository Register shall alone be entitled to vote.
8. Any alteration made to the instrument of proxy should be initialed by the person who signs it.
9. Members should take note that once this proxy form is submitted electronically via email to GA@sinopipe.com.sg or lodged with the Company, they cannot change their vote as indicated in the box provided above.

General: The Company shall be entitled to reject an instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified on the instrument. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument appointing the Chairman of the AGM as proxy if the member, being the appointer, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy: By submitting an instrument appointing the Chairman of the AGM as proxy, the Member accepts and agrees to the personal data privacy terms set out in the notice of AGM.



Company Registration Number: 200411382N

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