

SE Business
HD Sino Australia 'losing \$330k a month due to ASIC freezing orders'
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EXCLUSIVE SINO Australia **Oil** and Gas claims to be losing \$330,000 a month as a result of ASIC freezing orders against the **company**, and has fallen short of assurances it made about expected profits before floating on the ASX late last year. According to late financial accounts lodged by the **company** with the Australian Securities & Investments Commission on April 8, its net profit declined from a projected \$13.6 **million** to about \$8.3m in the 2013 calendar year. This was despite revenue being up from a projected \$28m to \$33m.

The downturn in profit came despite assurances from Sino chairman and majority shareholder Shao Tianpeng that the **company** was on target to reach its projected profits just prior to floating on December 12 last year.

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Former Sino director Wayne Johnson told The Australian that he was personally assured by Mr Shao prior to the listing that the **company** was on target to meet its profit forecast.

"The market was told it was on forecast because that was what the board was told. I was on CNBC on December 12 stating that we had made our bloody numbers," he said.

"I am surprised that the numbers that have been produced because they are substantially and negatively different to the financial information produced to the board in December 2013." Neither Sino nor Mr Shao returned calls yesterday.

The accounts also show related-party transactions paid to Mr Shao worth \$3.1m. One entry in related-party transactions, under the heading "**company** expenses paid by Tianpeng Shao", lists a payment of \$1.565m. Another entry under "payable to related party" lists a payment to Mr Shao for \$1.643m.

Sino was the largest non-backdoor listing of a **Chinese company** on the ASX last year when it floated on December 12, raising \$12.8m at 50c a share, for a market capitalisation of \$109m.

The **Chinese** drilling services **company** had trading in its shares halted by the ASX after it failed to lodge its accounts in February.

ASIC has also frozen the HSBC bank account of Sino after Mr Shao attempted to transfer \$7.5m to accounts in **China**.

According to a letter of complaint to the corporate regulator from two of the **company**'s sacked directors, Mr Johnson and Andrew Faulkner, Mr Shao asked the board to authorise the payment of \$7.5m into a **Chinese** bank a day after the **company** had listed, which would have left \$170,000 in its accounts. Mr Johnson and Mr Faulkner were removed from the board after refusing to sign off on the transfer.

According to the financial statement the **company** now claims it "has and will" continue to lose \$330,000 a month "as a consequence of the ASIC actions to freeze the **company**'s bank accounts ...

the **company** has not been able to utilise the majority of the funds raised in the IPO to **purchase** the specialised equipment outlined in the prospectus”.

It claims “this is the cost of fully trained engineers and technicians who have been employed and trained to operate the equipment but currently remain idle”. The Sino matter returns to the Federal Court next month.

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