



SINOPIPE HOLDINGS LIMITED

(Company Registration Number: 200411382N)

The board of directors (the “Board”) of Sinopipe Holdings Limited (the “Company”) refers to the Company’s financial statements announcements for the financial period ended 31 March 2014 (“Q1 2014 results announcement”), the financial period ended 30 June 2014 (“Q2 2014 results announcement”) and financial period ended 30 September 2014 (“Q3 2014 results announcement”) released on 30 June 2014, 11 August 2014 and 14 November 2014 respectively. The Board wishes to inform that during the annual statutory audit process, the Company discovered that there were certain sales of goods and related purchases transactions for which the Company’s subsidiaries performed on behalf of certain PRC trading companies were recorded as sales revenue with the matching purchases in the aforesaid financial periods. According to the subsidiaries involved, the rationale of conducting the sales-on-behalf transactions for these trading companies was to establish good business relationship with these companies with the intention to convert them to be our distributors in the future. In order not to incur additional delivery and transportation costs, the trading companies involved agreed to ship directly to the final buyers. As formal sales and purchases agreements and invoices were made with these trading companies and the final buyers, the subsidiaries had recorded the sales and relevant purchases. As the goods were shipped directly from the trading companies to the final buyer and the subsidiaries involved do not have ownership risks of the goods under these back-to-back sales arrangements, on substance, these sales and related purchases transactions should not be recognised as sales and purchases. The Company will reverse these sales and the related purchases transactions and restate the statement of comprehensive income for the group as released in Q1 2014 results announcement, Q2 2014 results announcement and Q3 2014 results announcement as shown below:

Restated statement of comprehensive income (for the group)

For the First quarter Financial Statements for the period ended 31 March 2014

	Group		
	3 months ended		
	31.03.2014	31.03.2014	
	RMB'000	RMB'000	RMB'000
	Restated	Announced	Difference
Revenue	129,312	149,869	(20,557)
Cost of sales	(112,633)	(133,904)	21,271
Gross profit	16,679	15,965	714
Other income	4,576	4,576	-
Selling and distribution expenses	(10,012)	(10,012)	-
Administrative expenses	(16,676)	(15,962)	(714)
Other expenses	(441)	(441)	-
Finance costs	(23,412)	(23,412)	-
Share of results of associates	(337)	(337)	-
Loss before income tax	(29,623)	(29,623)	-
Income tax expense	(376)	(376)	-
Loss for the period, representing total comprehensive loss	(29,999)	(29,999)	-
Loss, representing total comprehensive loss attributable to:			
Owners of the Company	(29,141)	(29,141)	-
Non-controlling interests	(858)	(858)	-
	(29,999)	(29,999)	-

Restated statement of comprehensive income (for the group)

For the Second quarter and Half Year Financial Statements for the period ended 30 June 2014

	Group			Group		
	3 months ended			6 months ended		
	30.06.2014	30.06.2014		30.06.2014	30.06.2014	
	RMB'000	RMB'000		RMB'000	RMB'000	
	Restated	Announced	Difference	Restated	Announced	Difference
Revenue	205,829	282,744	(76,915)	335,141	432,613	(97,472)
Cost of sales	(172,551)	(250,720)	78,169	(285,184)	(384,624)	99,440
Gross profit	<u>33,278</u>	<u>32,024</u>	<u>1,254</u>	<u>49,957</u>	<u>47,989</u>	<u>1,968</u>
Other income	2,527	2,527	-	7,103	7,103	-
Selling and distribution expenses	(17,760)	(17,760)	-	(27,772)	(27,772)	-
Administrative expenses	(18,428)	(17,174)	(1,254)	(35,104)	(33,136)	(1,968)
Other expenses	(2,623)	(2,623)	-	(3,064)	(3,064)	-
Finance costs	(27,369)	(27,369)	-	(50,781)	(50,781)	-
Share of results of associates	(220)	(220)	-	(557)	(557)	-
Loss before income tax	<u>(30,595)</u>	<u>(30,595)</u>	<u>-</u>	<u>(60,218)</u>	<u>(60,218)</u>	<u>-</u>
Income tax expense	622	622	-	246	246	-
Loss for the period, representing total comprehensive loss	<u>(29,973)</u>	<u>(29,973)</u>	<u>-</u>	<u>(59,972)</u>	<u>(59,972)</u>	<u>-</u>
Loss, representing total comprehensive loss attributable to:						
Owners of the Company	(29,706)	(29,706)	-	(58,847)	(58,847)	-
Non-controlling interests	(267)	(267)	-	(1,125)	(1,125)	-
	<u>(29,973)</u>	<u>(29,973)</u>	<u>-</u>	<u>(59,972)</u>	<u>(59,972)</u>	<u>-</u>

Restated statement of comprehensive income (for the group)

For the Third quarter and Nine Months Financial Statements for the period ended 30 September 2014

	Group			Group		
	3 months ended			9 months ended		
	30.09.2014	30.09.2014		30.09.2014	30.09.2014	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Restated	Announced	Difference	Restated	Announced	Difference
Revenue	214,587	240,729	(26,142)	549,728	673,342	(123,614)
Cost of sales	(196,573)	(222,826)	26,253	(481,757)	(607,450)	125,693
Gross profit	18,014	17,903	111	67,971	65,892	2,079
Other income	2,447	2,447	-	9,550	9,550	-
Selling and distribution expenses	(19,931)	(19,931)	-	(47,703)	(47,703)	-
Administrative expenses	(18,132)	(18,021)	(111)	(53,236)	(51,157)	(2,079)
Other expenses	(1,843)	(1,843)	-	(4,907)	(4,907)	-
Finance costs	(29,949)	(29,949)	-	(80,730)	(80,730)	-
Share of results of associates	(416)	(416)	-	(973)	(973)	-
Loss before income tax	(49,810)	(49,810)	-	(110,028)	(110,028)	-
Income tax expense	54	54	-	300	300	-
Loss for the period, representing total comprehensive loss	(49,756)	(49,756)	-	(109,728)	(109,728)	-
Loss, representing total comprehensive loss attributable to:						
Owners of the Company	(48,715)	(48,715)	-	(107,562)	(107,562)	-
Non-controlling interests	(1,041)	(1,041)	-	(2,166)	(2,166)	-
	(49,756)	(49,756)	-	(109,728)	(109,728)	-

BY ORDER OF THE BOARD OF DIRECTORS

Pu Weidong

Chief Executive Officer and Executive Director

Sinopipe Holdings Limited

1 March 2015