



SINOPIPE HOLDINGS LIMITED

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

MATERIAL VARIANCES BETWEEN THE AUDITED FINANCIAL STATEMENTS AND THE UNAUDITED FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The Board of Directors (the “**Board**”) of SinoPIPE Holdings Limited (the “**Company**” or together with its subsidiary, the “**Group**”) refers to the announcement made by the Company of its Unaudited Full Year Financial Statements and Related Announcement for the Fourth Quarter and Twelve Months Ended 31 December 2016 (“**2016 Preliminary Results**”) released to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 6 March 2017 (Announcement Reference: SG170306OTHRERRM).

Pursuant to Rule 704(6) of the Listing Manual of the SGX-ST, the Board wishes to announce that subsequent to the release of the 2016 Preliminary Results, certain reclassifications were made to the 2016 Preliminary Results.

On 31 March 2017, the Group have entered into a Sales & Purchase Agreement (“**SPA**”) with Fujian Yatong Construction Material Limited for the disposal of the shares and equity interest in the following companies (“disposal group”) for a consideration of RMB10,000,000. The disposal group constitute the Group’s plastic pipe business and operations in China.

1. Fujian Aton Advanced Material Science and Technology Co., Ltd
2. SinoPIPE Guizhou Co., Ltd
3. Yunnan Aton High Molecular Materials Technology Co., Ltd
4. Inner Mongolia Aton Plastics Co., Ltd
5. Yatong Plastic (Hubei) Co., Ltd
6. Yatong Plastic & Rubbers (Kaifeng) Co., Ltd

Accordingly, the assets and liabilities relating to disposal group as at 31 December 2016 are classified as a disposal group held-for-sale and are presented in the statements of financial position as “Assets of disposal group classified as held-for-sale” and “Liabilities of disposal group classified as held-for-sale”. The results of operations of disposal group are presented separately in the statement of profit or loss and other comprehensive income as “Loss for the year from discontinued operations attributable to owners of the company”.

(1) **Consolidated Statement of Comprehensive Income**

	Note	2016			2015		
		Previously announced (RMB'000)	Audited (RMB '000)	Variance (%)	Previously announced (RMB'000)	Audited (RMB '000)	Variance (%)
Revenue	a	297,692	-	(100.0)	733,253	-	(100.0)
Cost of sales	a	(269,083)	-	(100.0)	(616,007)	-	(100.0)
Other income	a	18,854	13	(99.9)	24,811	4	(99.9)
Selling and distribution expenses	a	(27,554)	-	(100.0)	(52,542)	-	(100.0)
Administrative expenses	a	(37,770)	(13,130)	(65.2)	(55,670)	(10,044)	(82.0)
Other expenses	a	(180,669)	(7,697)	(95.7)	(33,462)	(7,379)	(77.9)
Finance costs	a	(72,956)	-	(100.0)	(109,706)	-	(100.0)
Share of results of associates	b	(1,511)	-	(100.0)	(1,773)	-	(100.0)
Income tax expense	a	(634)	-	(100.0)	(1,050)	-	(100.0)
Discontinued operations, net of tax							
- Owners of the Company	a	-	(253,145)	-	(90,077)	-	
- Non-controlling interests	a	-	(7,730)	-	(4,650)	-	
Total:			(260,875)			(94,727)	

- a. Due to re-classification of the results of the disposal group of the China operation as discontinued operations in accordance to *FRS 105 Non-current Assets Held for Sale and Discontinued Operations* following the signing of the SPA on 31 March 2017.

The results of operations of disposal group are presented separately in the statement of profit or loss and other comprehensive income as "Loss for the year from discontinued operations attributable to owners of the company".

The results of the disposal group for the financial years ended 31 December are as follows:

	Group	
	2016 RMB'000	2015 RMB'000
Revenue	297,691	733,253
Expenses	(486,585)	(723,214)
Interest expense	(72,956)	(109,706)
Interest income	1,609	5,990
	<u> </u>	<u> </u>
Pre-tax loss for the financial year	(260,241)	(93,677)
Income tax expense	(634)	(1,050)
	<u> </u>	<u> </u>
Post-tax loss for the financial year	<u>(260,875)</u>	<u>(94,727)</u>

- b. Due to re-classification to Impairment loss on investment under Other expenses.

(2) Statement of Financial Position

	Note	Previously announced (RMB'000)	Audited (RMB '000)	Variance (%)
Non-current assets				
Land use rights	c	59,226	-	(100.0)
Property, plant and equipment	c	167,676	35	(99.9)
Goodwill	c	3,117	-	(100.0)
Investment in associate	d	8,059	-	(100.0)
Current assets				
Inventories	c	26,389	-	(100.0)
Trade and other receivables	c	58,850	11	(99.9)
Prepayments	c	2,926	-	(100.0)
Cash and bank balances	c	20,864	3	(99.9)
Assets of disposal group classified as held-for-sale	c	-	339,002	-
Non-current liabilities				
Borrowings	c	42,475	-	(100.0)
Deferred capital grant	c	12,104	-	(100.0)
Deferred tax liabilities	c	7,312	-	(100.0)
Current liabilities				
Trade and other payables	c	516,257	10,109	(98.0)
Borrowings	c	644,134	-	(100.0)
Deferred capital grants	c	233	-	(100.0)
Current tax payable	c	8,046	-	(100.0)
Liabilities of disposal group classified as held-for-sale	c	-	1,220,454	-

- c. Due to re-classification of the assets and liabilities relating to the disposal group of the China operation as a disposal group held-for-sale in accordance to FRS 105 Non-current Assets Held for Sale and Discontinued Operations following the signing of the SPA on 31 March 2017.

As at 31 December 2016, the assets and liabilities relating to disposal group are classified as a disposal group held-for-sale and are presented in the statements of financial position as "Assets of disposal group classified as held-for-sale" and "Liabilities of disposal group classified as held-for-sale".

- d. Due to impairment loss on investment in associate.

The assets and liabilities of the disposal group classified as held-for-sale as at 31 December 2016 are as follows:

	<u>Group</u> <u>2016</u> RMB'000
Assets:	
Land use rights	59,226
Property, plant and equipment	167,641
Goodwill	3,117
Inventories	26,389
Trade and other receivables	58,840
Prepayments	2,925
Cash and cash equivalents	<u>20,864</u>
Assets of disposal group classified as held-for-sale	<u><u>339,002</u></u>
Liabilities:	
Borrowings	686,609
Deferred capital grants	12,337
Deferred tax liabilities	7,312
Trade and other payables	506,150
Income tax payable	<u>8,046</u>
Liabilities of disposal group classified as held-for-sale	<u><u>1,220,454</u></u>
Net liabilities directly associated with disposal group classified as held-for-sale	<u><u>881,452</u></u>

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

BY ORDER OF THE BOARD

Mr Wang Sen
Chairman and Chief Executive Officer
21 July 2017