SINOPIPE HOLDINGS LIMITED

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

AUDITORS' OPINION ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 PURSUANT TO RULE 704(5) OF THE LISTING MANUAL

Pursuant to Rule 704(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Board of Directors ("**Board**") of Sinopipe Holdings Limited (the "**Company**") wishes to announce that the independent auditors of the Company, Messrs Mazars LLP, has issued a qualified opinion in the independent auditors' report in respect of the Company's consolidated financial statements for the financial year ended 31 December 2014 ("**Independent Auditor's Report**").

The nature and contents of the qualification and emphasis of matter are contained in the Independent Auditor's Report annexed to this announcement.

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

BY ORDER OF THE BOARD

Dr Pu Weidong
Chief Executive Officer and Executive Director
20 May 2015

Report on the Financial Statements

We have audited the accompanying 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 2014, 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 a summary of significant accounting policies and other explanatory information as set out on page 27 to page 90.

Management's Responsibility 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 Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards ("FRS"), 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 profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

(a) Opening balances

We expressed a disclaimer of opinion in our independent auditors' report dated 13 June 2014 in respect of the financial statements for the financial year ended 31 December 2013. The basis for our disclaimer of opinion included the following matters:

(i) We were unable to obtain documentary evidence and satisfactory explanation from management and hence, we were unable to satisfy ourselves on the appropriateness of the basis upon which the stage of completion of the construction projects were estimated, and the progress billings recorded till 31 December 2013 for the outstanding contracts. We were unable to assess the recoverability of contract costs incurred and expected losses on construction contracts arising from any onerous contracts as of 31 December 2013 which would require provisions to be made. Consequently, we were unable to satisfy ourselves on the appropriateness of the carrying amounts of the Group's contract work-in-progress as at 31 December 2013;

(ii) We were unable to obtain sufficient appropriate audit evidence on the nature, occurrence and completeness of certain unrecorded sale and purchase transactions during the financial year ended 31 December 2013; and

(iii) We were unable to determine the income tax implications that could be found necessary as a result of (i) and (ii).

As the corresponding opening balances of the affected financial statement items enter into the determination of financial results and cash flows, we are unable to determine whether adjustments might have been found necessary in respect of the opening retained earnings as of 31 December 2014, loss and net cash flows from operating activities for the financial year then ended.

(b) Contract work-in-progress

Included in trade and other receivables as at 31 December 2014 are amounts due from a contract customer of RMB 115,158,000 for which full impairment has been made during the financial year then ended. In the absence of documentary evidence, we were unable to verify the stage of completion of the corresponding construction project and the validity of the related progress billings recorded till 31 December 2014. We were also unable to assess the recoverability of the corresponding contract costs incurred to date and the completeness of any expected loss. Consequently, we are unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the appropriateness of the carrying amount of the Group's contract work-in-progress as at 31 December 2014 and the impairment loss recorded during the financial year then ended.

Qualified Opinion

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraphs, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group for the year ended on that date.

Emphasis of Matter

Without modifying our opinion, we draw your attention to Note 1.2 to the financial statements. As at 31 December 2014, the Group and the Company were in net current liability positions of RMB758,010,000 and RMB49,808,000 respectively and the Group was also in a net liability position of RMB497,677,000. The Group incurred net loss of RMB284,418,000 for the financial year then ended. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's and Company's abilities to continue as going concern. Notwithstanding the above, the financial statements of the Group and Company have been prepared on the assumption that they will continue to operate as going concern.

If the going concern assumptions were inappropriate, the Group and the Company may be unable to discharge their liabilities in the normal course of business, and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may need to reclassify non-current assets and liabilities as current assets and liabilities respectively. No such adjustments have been made to the financial statements.

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 and by the subsidiary incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

MAZARS LLP
Public Accountants and
Chartered Accountants
Singapore

20 May 2015

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, #03-06, Singapore 139965.

The principal activity of the Company is that of investment holding. The principal activities of the respective subsidiaries are disclosed in Note 14 to the financial statements.

The financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2014 and the statement of financial position of the Company as at 31 December 2014 were authorised for issue by the Board of Directors on 20 May 2015.

1.2 Going concern

As at 31 December 2014, the Group and the Company were in net current liability position of RMB 758,010,000 (2013: RMB 488,380,000) and RMB 49,808,000 (2013: RMB 101,611,000) respectively. As at 31 December 2014, the Group was also in a net liability position of RMB 497,677,000 (2013: RMB 213,203,000). In addition, the Group incurred net loss of RMB 284,418,000 (2013: RMB 168,045,000) for the financial year then ended. The ability of the Group and Company to meet their financial obligations and to continue as going concern depend, foremost, on their ability to secure continuing banking facilities from their banks and to continue generating sufficient operating cash flows to meet their operating needs. These conditions cast significant doubt on the Group's and the Company's abilities to continue as going concern.

Notwithstanding the above, the directors are of the view that the going concern assumption is appropriate having regard to the following:

(a) The Group will be able to continue securing banking facilities from its banks. Management has been in negotiations with various PRC banks to obtain financing for the Group's operations and has secured subsequent to the financial year end banking facilities from the PRC banks amounting to RMB 116.3 million. The PRC authorities have been easing credit control to address China's economic slow-down. The People's Bank of China had cut the RMB deposit required reserve ratio for financial institutions and commercial banks by 1.5 percentage points and by 4 percentage points for the Agricultural Development Bank of China effective from 5 February 2015 in order to enhance their lending capacity. In light of this, the directors are of the view that the Group will benefit from easier access to the required funding to meet its current and projected operational needs; and

(b) The Group and Company will be able to continue generating sufficient operating cash flows to fund their working capital needs, particularly in light of their optimistic outlook of the plastic pipe industry following the announcement of the urbanisation plan and policy by the PRC Government for the next few years.

If the going concern assumptions were inappropriate, the Group and the Company may be unable to discharge their liabilities in the normal course of business, and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may need to reclassify non-current assets and liabilities as current assets and liabilities respectively. No such adjustments have been made to the financial statements.