



## SINOPIPE HOLDINGS LIMITED

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

### RESPONSE TO QUERY FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”) ON THE COMPANY’S FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2016

In response to the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) query on 4 October 2016, the Board of Directors (the “**Board**”) of Sinopipe Holdings Limited (the “**Company**”) wishes to provide the following information in relation to the Company’s First Quarter Financial Statements and Dividend Announcement for the period ended 31 March 2016.

#### SGX-ST’s query:

In the “First Quarter Financial Statements and Dividend Announcement for the Period Ended 31 March 2016” (the “Announcement”), the Company announced that administrative expenses only decreased 1.9% year-on-year to RMB12.9 million despite revenue decreasing significantly by 46.4% to RMB83.5 million. Please provide a breakdown of these administrative expenses and elaborate on the material items which resulted in the significant costs.

#### Company’s response:

The breakdown of the administrative expenses is summarized as follows:

	Group	
	3 months ended	
	31.03.2016	31.03.2015
	RMB’000	RMB’000
Staff and related costs	6,133	6,159
Business and property taxes	1,170	1,184
General and administrative expenses	2,170	2,172
Depreciation and amortization charges	1,963	2,201
Utilities	167	222
Telecommunication	104	101
Rental	67	148
Property insurance	180	180
Meetings expenses	24	23
Travelling expenses	238	193
Professional services fees	539	514
Foreign exchange loss	166	73
<b>Total:</b>	<b>12,921</b>	<b>13,170</b>

Administrative expenses which are not directly related to production and sales volume, comprise mainly:

1. Staff and related costs paid to the management, administrative and finance personnel amounted to RMB 6.1 million in 1Q 2016 (1Q 2015: RMB 6.2 million);

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2. Business and property taxes amounted to RMB 1.2 million (1Q 2015: RMB 1.2 million);
3. General and administrative expenses amounted to RMB 2.2 million (1Q 2015: RMB 2.2 million); and
4. Depreciation and amortization expenses on non-production fixed assets amounted to RMB 2.0 million (1Q 2015: RMB 2.2 million).

These above expenses in aggregate accounted for approximately 88.5% and 89.0% of the total administrative expenses for 1Q 2016 and 1Q 2015 respectively.

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

**BY ORDER OF THE BOARD**

Mr Wang Sen  
Executive Chairman and Chief Executive Officer  
6 October 2016