



SINOPIPE HOLDINGS LIMITED

(Company Registration Number: 200411382N)

Fourth Quarter and Full Year Financial Statements and Dividend Announcement for the Year Ended 31 December 2014

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a) A statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group 3 months ended			Group 12 months ended		
	31.12.2014	31.12.2013	% Change	31.12.2014	31.12.2013	% Change
	RMB'000	RMB'000	+ / (-)	RMB'000	RMB'000	+ / (-)
Revenue	247,772	235,288	5.3	797,500	795,120	0.3
Cost of sales	(206,900)	(203,742)	1.5	(688,657)	(669,694)	2.8
Gross profit	40,872	31,546	29.6	108,843	125,426	(13.2)
Other income	8,356	5,685	47.0	17,907	12,792	40.0
Selling and distribution expenses	(22,874)	(28,645)	(20.1)	(70,577)	(72,458)	(2.6)
Administrative expenses	(17,522)	(25,771)	(32.0)	(70,758)	(78,060)	(9.4)
Other expenses	(153,823)	(53,260)	188.8	(158,730)	(61,080)	159.9
Finance costs	(25,830)	(27,140)	(4.8)	(106,560)	(89,651)	18.9
Share of results of associates	(560)	81	(791.4)	(1,533)	(412)	272.1
Loss before income tax	(171,381)	(97,504)	75.8	(281,408)	(163,443)	72.2
Income tax expense	(2,639)	(1,492)	76.9	(2,340)	(4,602)	(49.2)
Loss for the period / year, representing total comprehensive loss	(174,020)	(98,996)	75.8	(283,748)	(168,045)	68.9
Loss, representing total comprehensive loss attributable to:						
Owners of the Company	(172,014)	(95,086)	(80.9)	(279,575)	(162,669)	71.9
Non-controlling interests	(2,006)	(3,910)	(48.7)	(4,173)	(5,376)	(22.4)
	(174,020)	(98,996)	75.8	(283,748)	(168,045)	68.9

The loss before income tax is determined after charging / (crediting) the following:

	Group		Group	
	3 months ended		12 months ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RMB'000	RMB'000	RMB'000	RMB'000
Amortisation of deferred capital grant	(124)	(130)	(480)	(379)
Amortisation of deferred income relating to term loan from an external party	-	(53)	(46)	(53)
Amortisation of land use rights	698	521	1,976	1,777
Depreciation of property, plant and equipment	8,697	7,068	33,703	35,008
Foreign exchange (gain) / loss, net	(45)	(813)	294	(1,007)
Loss / (gain) on disposal of property, plant and equipment	(44)	2,825	806	3,287
Loss / (gain) on disposal of held-for-trading investment	(20)	-	(26)	17
Gain on disposal of a subsidiary	-	-	-	(785)
Government grants and subsidies	(2,550)	(2,802)	(3,276)	(5,462)
Impairment loss on property, plant and equipment	7,033	23,022	7,033	23,022
Allowance of doubtful trade receivables	134,611	13,996	134,989	13,617
Interest expense				
- Loans and borrowings	25,830	27,140	106,560	89,651
Interest income				
- Bank deposits	(921)	(2,262)	(3,844)	(3,835)
Write-down on inventories	536	6,267	341	6,468
Operating lease expenses	1,154	1,398	3,633	4,088
Staff costs *				
- Wages, salaries and bonuses	27,535	28,815	89,976	87,731
- Pension costs	2,295	3,393	10,734	10,710
- Other staff costs	842	182	4,569	4,756

* This amount includes directors' remuneration and remuneration of key management personnel.

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Land use rights	88,179	73,242	-	-
Property, plant and equipment	304,327	317,470	42	44
Goodwill	3,944	3,944	-	-
Investment in subsidiaries	-	-	124,919	188,694
Investment in associates	12,257	13,790	14,000	14,000
Deferred tax assets	-	616	-	-
	<u>408,707</u>	<u>409,062</u>	<u>138,961</u>	<u>202,738</u>
Current assets				
Inventories	107,110	109,424	-	-
Held-for-trading investments	-	500	-	-
Trade and other receivables	129,144	323,392	19,676	19,612
Prepayments	17,936	24,237	38	87
Cash and bank balances	246,475	260,229	95	153
	<u>500,665</u>	<u>717,782</u>	<u>19,809</u>	<u>19,852</u>
	<u>909,372</u>	<u>1,126,844</u>	<u>158,770</u>	<u>222,590</u>
EQUITY AND LIABILITIES				
Equity				
Share capital	313,344	313,344	313,344	313,344
Other reserves	(12,007)	(12,007)	5,316	5,316
Accumulated losses	(805,170)	(525,594)	(316,051)	(251,156)
Equity attributable to owners of the Company	<u>(503,833)</u>	<u>(224,257)</u>	<u>2,609</u>	<u>67,504</u>
Non-controlling interests	6,882	11,054	-	-
Total equity	<u>(496,951)</u>	<u>(213,203)</u>	<u>2,609</u>	<u>67,504</u>
Non-current liabilities				
Borrowings	126,967	114,495	-	33,403
Deferred capital grant	13,097	11,668	-	-
Deferred tax liabilities	7,396	7,722	-	220
	<u>147,460</u>	<u>133,885</u>	<u>-</u>	<u>33,623</u>
Current liabilities				
Trade and other payables	708,700	675,954	121,464	121,463
Borrowings	544,281	525,862	34,697	-
Deferred capital grant	510	419	-	-
Current tax payable	5,372	3,927	-	-
	<u>1,258,863</u>	<u>1,206,162</u>	<u>156,161</u>	<u>121,463</u>
Total liabilities	<u>1,406,323</u>	<u>1,340,047</u>	<u>156,161</u>	<u>155,086</u>
Total equity and liabilities	<u>909,372</u>	<u>1,126,844</u>	<u>158,770</u>	<u>222,590</u>

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

Group As at 31.12.2014		Group As at 31.12.2013	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
407,360	136,921	444,801	81,061

Amount repayable after one year

Group As at 31.12.2014		Group As at 31.12.2013	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
126,967	-	81,092	33,403

Details of any collaterals

Bank loans

The bank loans are guaranteed or secured as follows:

- (a) RMB 107,889,000 (2013: RMB 114,000,000) is guaranteed by a PRC subsidiary, Fujian Aton Advanced Materials Science and Technology Co., Ltd. ("Fujian Atontech");
- (b) RMB 136,080,000 (2013: RMB 65,670,000) is guaranteed by Wang Sen, the Company's Non-Executive Chairman and is secured by land use rights and buildings with an aggregate carrying amount of RMB 35,946,000 (2013: RMB 1,446,000) and RMB 63,831,000 (2013: RMB 20,050,000), respectively;
- (c) RMB 201,578,000 (2013: RMB 224,578,000) is secured by land use rights and buildings with an aggregate carrying amount of RMB 30,548,000 (2013: RMB 56,907,000) and RMB 41,790,000 (2013: RMB 66,911,000), respectively;
- (d) RMB 35,280,000 (2013: RMB 41,130,000) is secured by trade receivables with an aggregate carrying amount of RMB 46,357,000 (2013: RMB 37,968,000);
- (e) RMB 30,000,000 (2013: RMB 55,000,000) is secured by plant and machinery with an aggregate carrying amount of RMB 1,884,000 (2013: RMB 8,728,000), and is also guaranteed by Fujian Atontech; and

RMB 23,500,000 (2013: RMB 23,451,000) of the bank loans is unsecured.

The bank loans of RMB 534,327,000 (2013: RMB 523,829,000) bear effective interest rates ranging from 5.60% to 10.20% (2013: 5.85% to 7.28%) per annum and have remaining maturity of between 1 and 27 (2013: 1 and 39) months from the end of the financial year.

Convertible loans

On 27 July 2011, the Company completed the issue of convertible loans.

The aggregate principal amount of the convertible loans is RMB 69,394,000. The zero-coupon convertible loans mature three years from the date of disbursement.

The subscribers shall have the option to convert the convertible loans into ordinary shares of the Company at a conversion price of RMB 1.0676.

If the conversion of the convertible loans does not take place either fully or partially during the three years, the Company shall on the maturity date repay all outstanding sums of the convertible loans, free of any interest. The Company shall not prepay the convertible loans unless agreed otherwise in writing with the subscribers.

The conversion shares rank pari passu in all respects with and carry all rights similar to the existing shares of the Company.

The values of the liability component and equity component were determined at the issuance of the convertible loans.

On 26 July 2012, after meeting the service condition, one of the subscribers converted its entire convertible loan of RMB 34,697,000 into 32,500,000 ordinary shares of the Company at the conversion price of RMB 1.0676.

On 26 July 2012, conversion loans amounted to RMB 34,697,000 was converted at the conversion price and 32,500,000 new ordinary shares in the Company were allotted and issued to the subscriber.

The conversion of the outstanding balance of the convertible loans amounting to RMB 34,697,000 did not take place fully or partially before the maturity date on 28 July 2014. On 27 July 2014, the subscriber granted an extension to the Company till 30 October 2014 at nil interest to repay the outstanding loan amount. On 29 October 2014, the Company made a repayment agreement with the subscriber on the arrangement to settle the outstanding loans. The outstanding loan was fully repaid on 30 January 2015.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			
	3 months ended		12 months ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from operating activities				
Loss before income tax	(171,381)	(97,504)	(281,408)	(163,443)
Adjustments:				
Amortisation of deferred capital grant	(124)	(130)	(480)	(379)
Amortisation of deferred income relating to term loan from a third party	-	(53)	(46)	(53)
Amortisation of land use rights	698	521	1,976	1,777
Depreciation of property, plant and equipment	8,697	7,068	33,703	35,008
Loss / (gain) on disposal of held-for-trading investment	(20)	-	(26)	17
Allowance of doubtful trade receivables	134,611	13,996	134,989	13,617
Interest expense	25,830	27,140	106,560	89,651
Interest income	(921)	(2,262)	(3,844)	(3,835)
Gain on disposal of a subsidiary	-	-	-	(785)
Gain / (loss) on disposal of property, plant and equipment	(44)	2,825	806	3,287
Impairment loss on property, plant and equipment	7,033	23,022	7,033	23,022
Write-down on inventories	536	6,267	341	6,468
Write-off of inventories	-	866	-	866
Share of results of associates	560	(81)	1,533	412
Operating cash flows before movements in working capital	5,475	(18,325)	1,137	5,630
Movements in working capital:				
Inventories	6,190	3,857	1,973	8,402
Trade and other receivables	76,983	39,710	59,259	11,652
Prepayments	29,779	31,067	6,301	48,209
Trade and other payables	(89,530)	30,772	33,037	195,041
Cash generated from operations	28,897	87,081	101,707	268,934
Income taxes paid	(320)	-	(850)	(1,231)
Net cash generated from operating activities	28,577	87,081	100,857	267,703
Cash flows from investing activities				
Acquisition of land use rights	(19,130)	(1,549)	(19,130)	(1,549)
Grant received on acquisition of land use rights	2,217	-	2,217	3,252
Acquisition of property, plant and equipment	(1,503)	(4,299)	(28,769)	(29,066)
Grant received on acquisition of property, plant and equipment	1,000	3,252	2,000	1,070
Acquisition of held-for-trading investments	-	-	(50)	(900)
Proceeds from disposal of property, plant and equipment	-	-	370	175
Proceeds from disposal of held-for-trading investments	-	-	556	383
Income received from held-for-trading investments	20	-	20	-
Interest received	921	2,262	3,844	3,835
Net cash outflow from disposal of subsidiary	-	-	-	(619)
Net cash used in investing activities	(16,475)	(334)	(38,942)	(23,419)

	Group			
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from financing activities				
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-
Interest paid	(25,876)	(26,459)	(105,220)	(87,401)
Proceeds from borrowings	151,282	176,516	560,806	569,198
Repayment of borrowings	(158,686)	(215,208)	(531,255)	(582,250)
Pledged bank balances	22,410	17,341	(60,535)	(110,860)
Net cash used in financing activities	(10,870)	(47,810)	(136,204)	(211,313)
Net increase / (decrease) in cash and bank balances	1,232	38,937	(74,289)	32,971
Cash and bank balances at beginning of financial period / year	17,685	54,269	93,206	60,235
Cash and bank balances at end of financial period / year	18,917	93,206	18,917	93,206

(B) Cash and cash equivalents

	Group	
	31.12.2014	31.12.2013
	RMB'000	RMB'000
Cash and bank balances	246,475	260,229
Less: Pledged bank balances *	(227,558)	(167,023)
Cash and cash equivalents, net	<u>18,917</u>	<u>93,206</u>

* Pledged bank balances relate to amounts pledged to banks as security for banking facilities (including bills payable) extended to the Group.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

GROUP

	Share capital	Other reserves	Accumulated losses	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2014	313,344	(12,007)	(525,594)	11,054	(213,203)
Total comprehensive loss for the period	-	-	(29,141)	(858)	(29,999)
Balance at 31 March 2014	313,344	(12,007)	(554,735)	10,196	(243,202)
Total comprehensive loss for the period	-	-	(29,706)	(267)	(29,973)
Balance at 30 June 2014	313,344	(12,007)	(584,441)	9,929	(273,175)
Total comprehensive loss for the period	-	-	(48,715)	(1,041)	(49,756)
Balance at 30 September 2014	313,344	(12,007)	(633,156)	8,888	(322,931)
Total comprehensive loss for the period	-	-	(172,014)	(2,006)	(174,020)
Balance at 31 December 2014	<u>313,344</u>	<u>(12,007)</u>	<u>(805,170)</u>	<u>6,882</u>	<u>(496,951)</u>

GROUP

	Share capital	Other reserves	Accumulated losses	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2013	313,344	(12,007)	(362,925)	27,716	(33,872)
Disposal of a subsidiary	-	-	-	(11,287)	(11,287)
Total comprehensive loss for the period	-	-	(23,955)	(283)	(24,238)
Balance at 31 March 2013	313,344	(12,007)	(386,880)	16,146	(69,397)
Total comprehensive loss for the period	-	-	(22,376)	(460)	(22,836)
Balance at 30 June 2013	313,344	(12,007)	(409,256)	15,686	(92,233)
Total comprehensive loss for the period	-	-	(21,252)	(723)	(21,975)
Balance at 30 September 2013	313,344	(12,007)	(430,508)	14,963	(114,208)
Total comprehensive loss for the period	-	-	(95,086)	(3,909)	(98,995)
Balance at 31 December 2013	313,344	(12,007)	(525,594)	11,054	(213,203)

COMPANY

	Share capital	Reserves	Accumulated losses	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2014	313,344	5,316	(251,156)	67,504
Total comprehensive loss for the period	-	-	(1,811)	(1,811)
Balance at 31 March 2014	313,344	5,316	(252,967)	65,693
Total comprehensive loss for the period	-	-	(1,979)	(1,979)
Balance at 30 June 2014	313,344	5,316	(254,946)	63,714
Total comprehensive loss for the period	-	-	(722)	(722)
Balance at 30 September 2014	313,344	5,316	(255,668)	62,992
Total comprehensive loss for the period	-	-	(60,383)	(60,383)
Balance at 31 December 2014	313,344	5,316	(316,051)	2,609
Balance at 1 January 2013	313,344	5,316	(18,958)	299,702
Total comprehensive loss for the period	-	-	(1,958)	(1,958)
Balance at 31 March 2013	313,344	5,316	(20,916)	297,744
Total comprehensive loss for the period	-	-	(1,029)	(1,029)
Balance at 30 June 2013	313,344	5,316	(21,945)	296,715
Total comprehensive loss for the period	-	-	(1,839)	(1,839)
Balance at 30 September 2013	313,344	5,316	(23,784)	294,876
Total comprehensive loss for the period	-	-	(227,372)	(227,372)
Balance at 31 December 2013	313,344	5,316	(251,156)	67,504

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Share Capital

Ordinary shares issued and fully paid-up

	Number of shares	RMB'000
Balance at 1 January 2014	<u>287,594,900</u>	<u>313,344</u>
Balance at 31 December 2014	<u>287,594,900</u>	<u>313,344</u>

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Company	
	31.12.2014	31.12.2013
Total number of issued shares excluding treasury shares	<u>287,594,900</u>	<u>287,594,900</u>

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period report on.

Not applicable.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has adopted all the FRSs applicable for the financial year beginning on or after 1 January 2014. The accounting policies and methods of computation are consistent with the latest audited financial statements for the financial year ended 31 December 2013. The adoption of Amendments to FRSs did not have any effect on the financial performance or position of the Group and the Company.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

None.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group		Group	
	3 months ended		12 months ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Loss per ordinary share for the period / year:				
	RMB'000	RMB'000	RMB'000	RMB'000
Loss attributable to shareholders (basic)	(172,014)	(95,086)	(279,575)	(162,669)
Add: Amortisation of discount on convertible loans	-	575	1,294	2,197
Loss attributable to shareholders (diluted)	<u>(172,014)</u>	<u>(94,511)</u>	<u>(278,281)</u>	<u>(160,472)</u>
	'000	'000	'000	'000
Weighted average number of ordinary shares (basic)				
Issued ordinary shares at beginning of period	287,595	287,595	287,595	287,595
Weighted average number of ordinary shares (basic)	287,595	287,595	287,595	287,595
Weighted average number of ordinary shares (diluted)	287,595	287,595	287,595	287,595
Weighted average number of ordinary shares (basic)	-	32,500	32,500	32,500
Effect of dilution from convertible loans	<u>287,595</u>	<u>320,095</u>	<u>320,095</u>	<u>320,095</u>
Weighted average number of ordinary shares (diluted)				
	RMB cents	RMB cents	RMB cents	RMB cents
(a) Basic Losses per Share	(59.81)	(33.06)	(97.21)	(56.56)
(b) Diluted Losses per Share	(59.81)	(29.53)	(86.94)	(50.13)

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.

	Group		Company	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Net (liability) asset value per ordinary share (RMB cents)	(172.80)	(74.13)	0.91	23.47

Net asset value per ordinary share was calculated based on the total number of issued shares excluding treasury shares of 287,594,900 as at 31 December 2014 and 31 December 2013 respectively.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Income Statement –

4Q2014 vs 4Q2013

Revenue

The breakdown of our revenue is as follows:

	3 months ended		Increase /	Increase /
	31.12.2014	31.12.2013	(Decrease)	(Decrease)
	RMB'000	RMB'000	RMB'000	%
Plastic pipe				
- Water supply	76,965	98,072	(21,107)	(21.5)
- Drainage and sewerage	116,655	87,506	29,149	33.3
- Telecommunication and electrical	42,257	37,497	4,760	12.7
- Water-saving irrigation	6,600	9,636	(3,036)	(31.5)
- Fuel gas	5,295	2,577	2,718	105.5
	<u>247,772</u>	<u>235,288</u>	<u>12,484</u>	5.3

Revenue increased by RMB 12.5 million or 5.3% from RMB 235.3 million in 4Q2013 to RMB 247.8 million in 4Q2014. The increase was due to higher sales from drainage and sewerage segment, telecommunication and electrical segment and fuel gas segment water supply offset by lower sales from water supply segment and water-saving irrigation segment.

Gross profit and gross profit margin

Gross profit increased by RMB 9.3 million or 29.6% mainly because of higher gross margin than the corresponding period. Gross profit margin was 16.5% in 4Q2014 and 13.4% in 4Q2013 respectively.

Other income

Other income increased by RMB 2.7 or 47.0% from RMB 5.7 million in 4Q2013 to RMB 8.4 million in 4Q2014 mainly due to higher gain on sale of scrap by RMB 2.5 million.

Selling and distribution expenses

Selling and distribution expenses decreased by RMB 5.7 million or 20.1% from RMB 28.6 million in 4Q2013 to RMB 22.9 million in 4Q2014. The decrease was mainly due to lower staff salaries by RMB 3.9 million and lower transportation costs by RMB 1.0 million and lower business promotion expenses by RMB 1.1 million.

Administrative expenses

Administrative expenses decreased by RMB 8.3 million or 32.0% from RMB 25.8 million in 4Q2013 to RMB 17.5 million in 4Q2014 mainly due to lower staff salaries by RMB 5.2 million and professional fee by RMB 2.1 million.

Other expenses

Other expenses increased significantly by RMB 100.5 million from RMB 53.3 million in 4Q2013 to RMB 153.8 million in 4Q2014 mainly because of higher allowance of doubtful trade receivables by RMB 125.2 million including RMB 115.2 million on a long outstanding amount due from a contract customer which the Company are currently unable to obtain the relevant documents relating to the completion of the construction project.

The increase in allowance of doubtful trade receivables was partially offset by lower impairment loss on property, plant and equipment by RMB 12.1 million, lower research expenses by RMB 5.4 million and no loss on disposal of property, plant and equipment in Q42014 (Q42013 : RMB 2.8 million).

Finance costs

Financial costs decreased marginally by RMB 1.3 million or 4.8% from RMB 27.1 million in 4Q2013 to RMB 25.8 million in 4Q2014.

Share of results of associates

Share of losses of associates, mainly on the financial results of Yunnan Aton High Molecular Materials Technology Co., Ltd was RMB 560,000 compared to share of profit of RMB 81,000 one year ago.

Loss for the period, representing total comprehensive loss

As a result of the above, the net loss for the period increased by RMB 75.0 million or 75.8% from RMB 99.0 million in 4Q2013 to RMB 174.0 million in 4Q2014.

FY2014 vs FY2013

Revenue

The breakdown of our revenue is as follows:

	12 months ended		Increase /	Increase /
	31.12.2014	31.12.2013	(Decrease)	(Decrease)
	RMB'000	RMB'000	RMB'000	%
Plastic pipe				
- Water supply	421,775	375,792	45,983	12.2
- Drainage and sewerage	259,673	263,469	(3,796)	(1.4)
- Telecommunication and electrical	88,533	127,429	(38,896)	(30.5)
- Water-saving irrigation	15,558	16,892	(1,334)	(7.9)
- Fuel gas	11,961	11,538	423	3.7
	<u>797,500</u>	<u>795,120</u>	<u>2,380</u>	0.3

Revenue increased by RMB 2.4 million or 0.3% from RMB 795.1 million in FY2013 to RMB 797.5 million in FY2014.

Gross profit and gross profit margin

Gross profit decreased by RMB 16.6 million or 13.2% mainly due to lower gross margin attributable to increase in materials prices in FY2014. Gross margin was 15.8% in FY2013 and 13.6% in FY2014 respectively.

Other income

Other income increased by RMB 5.1 million or 40.0% from RMB 12.8 million in FY2013 to RMB 17.9 million in FY2014. The increase was mainly due to higher write-back of provision for doubtful trade receivable by RMB 4.2 million and higher gain on sale of scrap by RMB 2.8 partially offset by lower government grants by RMB 2.1 million.

Selling and distribution expenses

Selling and distribution expenses decreased by RMB 1.9 million or 2.6% from RMB 72.5 million in FY2013 to RMB 70.6 million in FY2014.

Administrative expenses

Administrative expenses decreased by RMB 7.3 million or 9.4% from RMB 78.1 million in FY2013 to RMB 70.8 million in FY2014 mainly due to lower staff salaries by RMB 2.9 million, lower professional fees by RMB 2.1 million and lower general and administrative expenses by RMB 2.6 million.

Other expenses

Other expenses increased significantly by RMB 97.6 million from RMB 61.1 million in FY2013 to RMB 158.7 million in FY2014 mainly because of higher allowance of doubtful trade receivables by RMB 121.4 million including RMB 115.2 million on amount due from a contract customer which the Company are currently unable to recover the relevant documents relating to the construction project.

The increase in allowance of doubtful trade receivables was partially offset by lower impairment loss on property, plant and equipment by RMB 16.0 million and lower write-down on inventories by RMB 6.0 million and lower loss on disposal of property, plant and equipment by RMB 2.5 million.

Financial costs

Financial expense increased by RMB 16.9 million or 18.9% from RMB 89.7 million in FY2013 to RMB 106.6 million in FY2014. The increase was mainly due to higher loans and borrowings and higher interest rates charged on loans and borrowings in FY2014 than the corresponding financial year.

Share of results of associates

Share of losses of associates increased by RMB 1.1 million from RMB 412,000 in FY2013 to RMB 1.5 million in FY2014 mainly because of higher operating losses incurred by our major associated company, Yunnan Aton High Molecular Materials Technology Co., Ltd than one year's ago.

Loss for the period, representing total comprehensive loss

As a result of the above, the net loss for the year increased by RMB 115.7 million or 68.9% from RMB 168.0 million in FY2013 to RMB 283.7 million in FY2014.

Balance Sheet – FY2014 vs FY2013

Non-current assets

As at 31 December 2014, non-current assets amounted to RMB 408.7 million, a decrease of RMB 355,000 compared to the preceding financial year end as 31 December 2013. The main decrease in net book value of property, plant and equipment by RMB 13.1 million and in investment in associates by RMB 1.5 million was offset by increase in net book value of land use rights by RMB 14.9 million.

Current assets

As at 31 December 2014, current assets amounted to RMB 500.7 million, a decrease of RMB 217.1 million or 30.2% compared to the preceding financial year end as at 31 December 2013. This decrease was mainly attributable to decrease in trade and other receivable by RMB 194.2 million, prepayments by RMB 6.3 million and cash and bank balances by RMB 13.7 million.

Current liabilities

As at 31 December 2014, current liabilities amounted to RMB 1.3 billion, an increase of RMB 52.7 million or 4.4% compared to the preceding financial year end as at 31 December 2013. The increase was due to higher trade and other payables by RMB 32.7 million and current portion of long-term borrowings by RMB 18.4 million.

Non-current liabilities

As at 31 December 2014, non-current liabilities amounted to RMB 147.5 million, an increase of RMB 13.6 million or 10.1% compared to the preceding financial year end as at 31 December 2013. The increase was mainly due to increase in borrowings by RMB 12.5 million.

Shareholders' equity

As at 31 December 2014, capital deficiency increased to RMB 497.0 million attributable to the net loss of RMB 283.7 million in FY2014.

Cash Flows

The Group registered net cash generated from operating activities of RMB 100.9 million in FY2014 mainly due to better working capital management in trade and other payables and trade and other receivables.

Net cash used in investing activities amounted to RMB 38.9 million mainly for the acquisition of property, plant and equipment and land use rights.

Net cash used in financing activities of RMB 136.3 million was mainly due to interest payment of RMB 105.2 million and increase in pledged bank balance of RMB 60.5 million.

As at 31 December 2014, the Group had a cash and cash equivalents of RMB 18.9 million (net of pledged bank balances).

As at 31 December 2014, the Group was in net liability position of RMB 497.0 million and net current liability position of RMB 758.2 million and incurred net loss of RMB 283.7 million for the financial year ended 31 December 2014:

- (a) The Group will be able to continue to obtain financial support from its bankers. In view of the Chinese Authorities to ease its monetary policy and free up money to address the economic slowdown, the Group would be able to obtain more financing from the banks in the PRC. Management has been in negotiation with various PRC banks to obtain financing for the Group's operations. The Group has secured loans from the PRC banks amounting to RMB 38.0 million in 2015;
- (b) The Group operating cash flows generated from the operating activities for the fourth quarter and financial year ended 31 December 2014 were RMB 28.6 million and RMB 100.9 million respectively and
- (c) The Group has been implementing several business strategies and costs control measures to improve the operating performance, to optimize the production plants and to expand sales distribution network.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Due to declining oil prices, material prices have been declining from the end of 2014.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Due to recent decline in oil prices, the prices of materials have also been declining and would ease the downward pressure on the gross margins in the coming months. Plastic pipe market growth in the PRC in the future is expected to remain strong and healthy due to the PRC Government's plan to accelerate the urbanization program in the country.

Moving forward, the Group will continue to step up its efforts in expanding its distribution network to gain more market share as well as implementing cost control measures and maintaining high product quality to stay competitive. Management will continue the efforts to collect the amount due from the contract customer despite of the provision for doubtful receivable was made.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared / recommended, a statement to that effect.

No dividend has been declared / recommended for the financial year ended 31 December 2014.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segment information (of the group), together with comparative information for the immediately preceding year.

The Group is organised into operating segments based on its products and services and has two reportable operating segments as follows:

1. The plastic pipe segment is involved in the design, manufacture, distribution and installation of plastic pipes and pipe fittings for use in various types of piping systems and networks. This reportable segment has been formed by aggregating the water supply, drainage and sewerage, telecommunication and electrical, water-saving irrigation and fuel gas operating segments which are regarded by management to exhibit similar economic characteristics.
2. The corporate segment is involved in Group-level corporate services.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Segment assets and liabilities are not disclosed as they are not regularly provided to the chief operating decision maker.

**Year ended
31 December 2014**

	Plastic pipe	Corporate	Per consolidated financial statements
	RMB'000	RMB'000	RMB'000
Revenue			
External customers	797,500	-	797,500
Results			
Amortisation of deferred capital grant	480	-	480
Amortisation of deferred income relating to term loan from a third party	46	-	46
Amortisation of land use rights	(1,976)	-	(1,976)
Depreciation of property, plant and equipment	(33,692)	(11)	(33,703)
Extinguishment of trade and other payables	1,642	-	1,642
Gain on disposal on held-for-Trading investment	26	-	26
Government grants and subsidies	3,276	-	3,276
Impairment loss of property, plant and equipment	(7,033)	-	(7,033)
Interest expense	(105,266)	(1,294)	(106,560)
Interest income	3,844	-	3,844
Loss on disposal of property, plant and equipment	806	-	806
Research and development costs	(3,598)	-	(3,598)
Allowance of doubtful trade receivables	(134,989)	-	(134,989)
Trade and other receivables written off	-	-	-
Write-down on inventories	(341)	-	(341)
Share of losses of associates	(1,533)	-	(1,533)
Segment loss	(216,514)	(64,894)	(281,408)

**Year ended
31 December 2013**

	Plastic pipe	Corporate	Per consolidated financial statements
	RMB'000	RMB'000	RMB'000
Revenue			
External customers	795,120	-	795,120
Results			
Amortisation of deferred capital grant	379	-	379
Amortisation of deferred income relating to term loan from a third party	53	-	53
Amortisation of land use rights	(1,777)	-	(1,777)
Depreciation of property, plant and equipment	(34,997)	(11)	(35,008)
Extinguishment of trade and other payables	100	-	100
Gain (loss) on disposal on held-for-Trading investment	(17)	-	(17)
Government grants and subsidies	5,462	-	5,462
Impairment loss of property, plant and equipment	(23,022)	-	(23,022)
Interest expense	(87,454)	(2,197)	(89,651)
Interest income	3,835	-	3,835
Inventories written off	(866)	-	(866)
Loss on deconsolidation of subsidiaries	785	-	785
Loss on disposal of property, plant and equipment	(3,287)	-	(3,287)
Prepayments written off	(6,087)	-	(6,087)
Research and development costs	(6,498)	-	(6,498)
Allowance of doubtful trade receivables	(13,617)	-	(13,617)
Trade and other receivables written off	-	-	-
Write-down on inventories	(6,468)	-	(6,468)
Share of losses of associates	138	(550)	(412)
Segment loss	(155,927)	(7,516)	(163,443)

Geographical information

No geographical information is provided as the principal assets employed by the Group are located in the PRC and the Group's revenue and profits are derived primarily from customers in the PRC.

Information about major customers

For the financial years ended 31 December 2013 and 2014, the Group does not have revenue from transactions with a single customer that amount to 10 per cent or more of the Group's revenue.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating or geographical segments.

Please refer to paragraph 8 for review of performance.

15. A breakdown of sales.

		Group		% Change + / (-)
		2014 RMB'000	2013 RMB'000	
(a)	Sales reported for first half year	205,829	347,436	(40.8)
(b)	Operating profit after tax before deducting non-controlling interests reported for first half year	(29,973)	(47,074)	(36.3)
(c)	Sales reported for second half year	591,671	447,684	32.2
(d)	Operating profit after tax before deducting non-controlling interests reported for second half year	(253,775)	(120,971)	109.8

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

None.

17. Interested person transactions

There are no interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited and excluding transactions less than S\$100,000.

There is no interested person transactions during the financial period under review.

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

None.

BY ORDER OF THE BOARD OF DIRECTORS

Pu Weidong
Chief Executive Officer and Executive Director
Sinopipe Holdings Limited

1 March 2015