



SINOPIPE HOLDINGS LIMITED

(Company Registration Number: 200411382N)

Fourth Quarter and Full Year Financial Statements and Dividend Announcement for the Year Ended 31 December 2015

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		
	31.12.2015	31.12.2014	% Change	31.12.2015	31.12.2014	% Change
	RMB'000	RMB'000	+ / (-)	RMB'000	RMB'000	+ / (-)
Revenue	195,924	247,772	(20.9)	733,253	797,500	(8.1)
Cost of sales	(149,462)	(206,900)	(27.8)	(616,007)	(688,657)	(10.5)
Gross profit	46,462	40,872	13.7	117,246	108,843	7.7
Other income	2,263	8,357	(72.9)	24,478	17,907	36.7
Selling and distribution expenses	(13,211)	(22,874)	(42.2)	(52,542)	(70,577)	(25.6)
Administrative expenses	(14,348)	(17,522)	(18.1)	(53,480)	(70,758)	(24.4)
Other expenses	(27,163)	(154,493)	(82.4)	(30,398)	(159,400)	(80.9)
Finance costs	(25,826)	(25,830)	-	(109,706)	(106,560)	3.0
Share of results of associates	19	(560)	(103.4)	(1,917)	(1,533)	25.0
Loss before income tax	(31,804)	(172,050)	(81.5)	(106,319)	(282,078)	(62.3)
Income tax expense	(37)	(2,640)	(98.6)	34	(2,340)	(101.5)
Loss for the period / year, representing total comprehensive loss	(31,841)	(174,690)	(81.8)	(106,285)	(284,418)	(62.6)
Loss, representing total comprehensive loss attributable to:						
Owners of the Company	(30,264)	(172,683)	(82.5)	(101,917)	(280,245)	(63.6)
Non-controlling interests	(1,577)	(2,007)	(21.4)	(4,368)	(4,173)	4.7
	(31,841)	(174,690)	(81.8)	(106,285)	(284,418)	(62.6)

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

	Group		Group	
	3 months ended		12 months ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RMB'000	RMB'000	RMB'000	RMB'000
Amortisation of deferred capital grant	(129)	(124)	(511)	(480)
Amortisation of deferred income relating to term loan from an external party	-	-	-	(46)
Amortisation of land use rights	995	698	2,556	1,976
Depreciation of property, plant and equipment	7,357	8,697	30,150	33,703
Foreign exchange (gain) / loss, net	2,506	(45)	4,247	294
Loss on disposal of property, plant and equipment	768	47	649	803
Gain on disposal of held-for-trading investment	-	-	-	(6)
Government grants and subsidies	(640)	(2,550)	(2,156)	(3,276)
Impairment loss on goodwill	827	-	827	-
Impairment loss on property, plant and equipment	-	7,033	-	7,033
Impairment loss on doubtful trade receivables, net	8,543	19,453	4,000	19,831
Impairment loss on contract receivables	-	115,158	-	115,158
Interest expense				
- Loans and borrowings	25,826	25,830	109,706	106,560
Interest income				
- Bank deposits	(829)	(921)	(5,990)	(3,844)
Property, plant and equipment written off	388	-	388	-
Provision on inventories	2,030	414	1,209	219
Inventories written off	1,907	6,304	2,517	6,304
Operating lease expenses	752	1,154	3,074	3,633
Staff costs *				
- Wages, salaries and bonuses	8,717	27,535	77,891	89,976
- Pension costs	4,556	2,295	13,115	10,734
- Other staff costs	880	842	5,643	4,569

* 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	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Land use rights	85,623	88,179	-	-
Property, plant and equipment	282,613	304,327	43	42
Goodwill	3,117	3,944	-	-
Investment in subsidiaries	-	-	38,129	38,129
Investment in associates	9,426	11,343	14,000	14,000
Deferred tax assets	-	-	-	-
	<u>380,779</u>	<u>407,793</u>	<u>52,172</u>	<u>52,171</u>
Current assets				
Inventories	81,419	107,670	-	-
Held-for-trading investments	20,000	-	-	-
Trade and other receivables	111,035	119,161	26,477	19,676
Prepayments	17,599	17,936	-	38
Cash and bank balances	209,648	246,081	138	95
	<u>439,701</u>	<u>490,848</u>	<u>26,615</u>	<u>19,809</u>
	<u>820,480</u>	<u>898,641</u>	<u>78,787</u>	<u>71,980</u>
EQUITY AND LIABILITIES				
Equity				
Share capital	313,344	313,344	313,344	313,344
Other reserves	(12,063)	(12,063)	5,316	5,316
Accumulated losses	(907,756)	(805,839)	(326,288)	(316,297)
Equity attributable to owners of the Company	<u>(606,475)</u>	<u>(504,558)</u>	<u>(7,628)</u>	<u>2,363</u>
Non-controlling interests	2,513	6,881	-	-
Total equity	<u>(603,962)</u>	<u>(497,677)</u>	<u>(7,628)</u>	<u>2,363</u>
Non-current liabilities				
Borrowings	71,578	126,967	-	-
Deferred capital grant	12,586	13,097	-	-
Deferred tax liabilities	7,312	7,396	-	-
	<u>91,476</u>	<u>147,460</u>	<u>-</u>	<u>-</u>
Current liabilities				
Trade and other payables	766,788	698,695	86,415	34,920
Borrowings	559,394	544,281	-	34,697
Deferred capital grant	510	510	-	-
Current tax payable	6,274	5,372	-	-
	<u>1,332,966</u>	<u>1,248,858</u>	<u>86,415</u>	<u>69,617</u>
Total liabilities	<u>1,424,442</u>	<u>1,396,318</u>	<u>86,415</u>	<u>69,617</u>
Total equity and liabilities	<u>820,480</u>	<u>898,641</u>	<u>78,787</u>	<u>71,980</u>

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

Amount repayable in one year or less, or on demand

Group		Group	
As at 31.12.2015		As at 31.12.2014	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
419,539	139,855	407,360	136,921

Amount repayable after one year

Group		Group	
As at 31.12.2015		As at 31.12.2014	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
60,578	11,000	103,467	23,500

Details of any collaterals

Bank loans

The bank loans are guaranteed or secured as follows:

- (a) RMB 145,440,000 (2014: RMB 107,889,000) is guaranteed by a PRC subsidiary, Fujian Aton Advanced Materials Science and Technology Co., Ltd. ("Fujian Atontech");
- (b) RMB 164,100,000 (2014: RMB 136,080,000) 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 31,929,000 (2014: RMB 35,946,000) and RMB 86,115,000 (2014: RMB 63,831,000), respectively;
- (c) RMB 140,578,000 (2014: RMB 201,578,000) is secured by land use rights and buildings with an aggregate carrying amount of RMB 39,116,000 (2014: RMB 30,548,000) and RMB 22,505,000 (2014: RMB 41,790,000), respectively;
- (d) RMB NIL (2014: RMB 35,280,000) is secured by trade receivables with an aggregate carrying amount of RMB NIL (2014: RMB 46,357,000);
- (e) RMB 30,000,000 (2014: RMB 30,000,000) is secured by plant and machinery with an aggregate carrying amount of RMB 1,532,000 (2014: RMB 1,884,000), and is also guaranteed by Fujian Atontech; and

RMB 17,500,000 (2014: RMB 23,500,000) of the bank loans is unsecured.

The bank loans of RMB 480,117,000 (2014: RMB 510,827,000) bear effective interest rates ranging from 2.28% to 10.83% (2014: 5.60% to 10.20%) per annum and have remaining maturity of between 1 and 20 (2014: 1 and 27) months from the end of the financial year.

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	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from operating activities				
Loss before income tax	(31,804)	(172,051)	(106,319)	(282,078)
Adjustments:				
Amortisation of deferred capital grant	(129)	(124)	(511)	(480)
Amortisation of deferred income relating to term loan from a third party	-	-	-	(46)
Amortisation of land use rights	995	698	2,556	1,976
Depreciation of property, plant and equipment	7,357	8,697	30,150	33,703
Loss / (gain) on disposal of held-for-trading investment	-	-	-	(6)
Impairment loss on doubtful trade receivables, net	8,543	19,453	4,000	19,831
Impairment loss on contract receivables	-	115,158	-	115,158
Interest expense	25,826	25,830	109,706	106,560
Interest income	(829)	(921)	(5,990)	(3,844)
Dividend income	-	(20)	-	(20)
Loss on deconsolidation of a subsidiary	-	316	-	316
Gain / (loss) on disposal of property, plant and equipment	768	(47)	649	803
Impairment of goodwill	827	-	827	-
Impairment loss on property, plant and equipment	-	7,033	-	7,033
Property, plant and equipment written off	388	-	388	-
Write-off of inventories	1,907	6,304	2,517	6,304
Provision on inventories, net	2,030	414	1,209	219
Loss on disposal of an associate	-	914	-	914
Share of loss of associates	(20)	560	1,917	1,533
Operating cash flows before movements in working capital	15,859	12,214	41,099	7,876
Movements in working capital:				
Inventories	23,994	(552)	22,525	(4,769)
Trade and other receivables	27,437	86,965	4,126	69,241
Prepayments	16,091	29,779	337	6,301
Trade and other payables	(54,278)	(99,513)	68,994	23,055
Cash generated from operations	29,103	28,893	137,081	101,704
Income taxes paid	(6)	(320)	(49)	(850)
Net cash generated from operating activities	29,097	28,573	137,032	100,854
Cash flows from investing activities				
Acquisition of land use rights	-	(16,913)	-	(16,913)
Acquisition of property, plant and equipment	(1,981)	(830)	(12,941)	(28,769)
Grant received on acquisition of property, plant and equipment	-	-	-	2,000
Acquisition of held-for-trading investments	(20,000)	-	(20,000)	(50)
Proceeds from disposal of property, plant and equipment	668	330	3,468	373
Proceeds from disposal of held-for-trading investments	-	-	-	556
Income received from held-for-trading investments	-	20	-	20
Interest received	829	921	5,990	3,844
Net cash outflow from deconsolidation of a subsidiary	-	(394)	-	(394)
Net cash used in investing activities	(20,484)	(16,866)	(23,483)	(39,333)

	Group			
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from financing activities				
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-
Interest paid	(25,826)	(25,876)	(109,706)	(105,220)
Proceeds from borrowings	120,899	151,282	594,235	560,806
Repayment of borrowings	(159,698)	(158,686)	(634,511)	(531,255)
Pledged bank balances	54,589	22,410	37,512	(60,535)
Net cash used in financing activities	(10,036)	(10,870)	(112,470)	(136,204)
Net (decrease) / increase in cash and bank balances	(1,423)	837	1,079	(74,683)
Cash and bank balances at beginning of financial period / year	21,025	17,686	18,523	93,206
Cash and bank balances at end of financial period / year	19,602	18,523	19,602	18,523

(B) Cash and cash equivalents

	Group	
	31.12.2015	31.12.2014
	RMB'000	RMB'000
Cash and bank balances	209,648	246,081
Less: Pledged bank balances *	(190,046)	(227,558)
Cash and cash equivalents, net	<u>19,602</u>	<u>18,523</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 2015	313,344	(12,063)	(805,839)	6,881	(497,677)
Total comprehensive loss for the period	-	-	(23,777)	(1,078)	(24,855)
Balance at 31 March 2015	313,344	(12,063)	(829,616)	5,803	(522,532)
Total comprehensive loss for the period	-	-	(18,769)	(319)	(19,088)
Balance at 30 June 2015	313,344	(12,063)	(848,385)	5,484	(541,620)
Total comprehensive loss for the period	-	-	(29,107)	(1,394)	(30,501)
Balance at 30 September 2015	313,344	(12,063)	(877,492)	4,090	(572,121)
Total comprehensive loss for the period	-	-	(30,264)	(1,577)	(31,841)
Balance at 31 December 2015	<u>313,344</u>	<u>(12,063)</u>	<u>(907,756)</u>	<u>2,513</u>	<u>(603,962)</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 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	-	(56)	(172,683)	(2,007)	(174,746)
Balance at 31 December 2014	313,344	(12,063)	(805,839)	6,881	(497,677)

COMPANY

	Share capital	Reserves	Accumulated losses	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2015	313,344	5,316	(316,297)	2,363
Total comprehensive loss for the period	-	-	(737)	(737)
Balance at 31 March 2015	313,344	5,316	(317,034)	1,626
Total comprehensive loss for the period	-	-	(1,720)	(1,720)
Balance at 30 June 2015	313,344	5,316	(318,754)	(94)
Total comprehensive loss for the period	-	-	(3,483)	(3,483)
Balance at 30 September 2015	313,344	5,316	(322,237)	(3,577)
Total comprehensive loss for the period	-	-	(4,051)	(4,051)
Balance at 31 December 2015	313,344	5,316	(326,288)	(7,628)
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

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 2015	<u>287,594,900</u>	<u>313,344</u>
Balance at 31 December 2015	<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	
	31.12.2015	31.12.2014
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 2015. The accounting policies and methods of computation are consistent with the latest audited financial statements for the financial year ended 31 December 2014. 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	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Loss per ordinary share for the period / year:				
	RMB'000	RMB'000	RMB'000	RMB'000
Loss attributable to shareholders (basic)	(30,264)	(172,683)	(101,917)	(280,245)
Add: Amortisation of discount on convertible loans	-	-	-	1,294
Loss attributable to shareholders (diluted)	<u>(30,264)</u>	<u>(172,683)</u>	<u>(101,917)</u>	<u>(281,539)</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
Effect of dilution from convertible loans	<u>287,595</u>	<u>287,595</u>	<u>287,595</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	(10.52)	(60.04)	(35.43)	(97.89)
(b) Diluted Losses per Share	(10.52)	(60.04)	(35.43)	(87.95)

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	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Net (liability) asset value per ordinary share (RMB cents)	(210.00)	(173.05)	(2.65)	0.82

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 2015 and 31 December 2014 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 –

Quarterly 4Q2015 vs 4Q2014

The breakdown of our revenue is as follows:

	3 months ended		Increase /	Increase /
	31.12.2015	31.12.2014	(Decrease)	(Decrease)
	RMB'000	RMB'000	RMB'000	%
Plastic pipe				
- Water supply	103,534	158,225	(54,691)	(34.6)
- Drainage and sewerage	63,704	47,275	16,429	34.8
- Telecommunication and electrical	27,767	33,370	(5,603)	(16.8)
- Water-saving irrigation	463	4,884	(4,421)	(90.5)
- Fuel gas	456	4,018	(3,562)	(88.7)
	<u>195,924</u>	<u>247,772</u>	<u>(51,848)</u>	<u>(20.9)</u>

Revenue decreased significantly by RMB 51.8 million or 20.9% from RMB 247.8 million in 4Q2014 to RMB 195.9 million in 4Q2015 mainly due to lower sales from all segments except Drainage and sewerage segment.

Gross profit increased by RMB 5.6 million or 13.7% from RMB 40.9 million in 4Q2014 to RMB 46.5 million in 4Q2015 mainly because of higher gross margins. Gross margins increased from 16.5% in 4Q 2014 to 23.7% in 4Q2015.

Other income decreased by RMB 6.1 million or 72.9% from RMB 8.4 million in 4Q2014 to RMB 2.3 million in 4Q2015 mainly due to lower government grants and subsidies and lower gain on sale of scraps.

Selling and distribution expenses decreased by RMB 9.7 million or 42.2% from RMB 22.9 million in 4Q2014 to RMB 13.2 million in 4Q2015. The decrease was mainly due to lower:

- agency fees by RMB 2.8 million;
- staff salaries by RMB 1.9 million;
- transportation costs by RMB 1.5 million;
- advertising expenses by RMB 944,000;
- travelling expenses by RMB 834,000 and
- entertainment expenses by RMB 742,000.

Administrative expenses decreased by RMB 3.2 million or 18.1% from RMB 17.5 million in 4Q2014 to RMB 14.3 million in 4Q2015 mainly due to lower:

- utilities by RMB 618,000;
- staff salaries by RMB 588,000;
- repair costs by RMB 1.4 million;
- travelling expenses by RMB 431,000 and
- transport expenses by RMB 493,000.

Other expenses decreased by RMB 127.3 million or 82.4% from RMB 154.5 million in 4Q2014 to RMB 27.2 million in 4Q2015 mainly because of lower impairment loss on doubtful trade receivables and contract receivables by RMB 126.1 million.

Financial costs in 4Q2015 was approximately same amount as the corresponding period at RMB 25.8 million.

Share of results of associates, mainly from the financial results of Yunnan Aton High Molecular Materials Technology Co., Ltd improved to share of profit of RMB 19,000 comparing to share of loss of RMB 569,000 one year ago.

As a result of the above, the Group net loss for the period decreased by RMB 142.8 million or 81.8% from RMB 174.7 million in 4Q2014 to RMB 31.8 million in 4Q2015.

Full year FY2015 vs FY2014

The breakdown of our revenue is as follows:

	12 months ended		Increase /	Increase /
	31.12.2015	31.12.2014	(Decrease)	(Decrease)
	RMB'000	RMB'000	RMB'000	%
Plastic pipe				
- Water supply	369,410	421,775	(52,365)	(12.4)
- Drainage and sewerage	259,118	259,673	(555)	(0.2)
- Telecommunication and electrical	97,284	88,533	8,751	9.9
- Water-saving irrigation	3,333	15,558	(12,225)	(78.6)
- Fuel gas	4,108	11,961	(7,853)	(65.7)
	<u>733,253</u>	<u>797,500</u>	<u>(64,247)</u>	<u>(8.1)</u>

Revenue decreased by RMB 64.2 million or 8.1% from RMB 797.5 million in FY2014 to RMB 733.3 million in FY2015 mainly due to lower sales from all segments except Telecommunication and electrical segment.

Gross profit increased by RMB 8.4 million or 7.7% from RMB 108.8 million in 4Q2014 to RMB 117.2 million mainly due to higher gross margins. Gross margins was 16.0% in FY2015 compared to 13.6% in FY2014 .

Other income increased by RMB 6.6 million or 36.7% from RMB 17.9 million in FY2014 to RMB 24.5 million in FY2015. The increase was mainly due to higher interest income by RMB 2.1 million, compensation income by RMB 7.6 million offset by lower gain on sale of scraps by RMB 2.9 million.

Selling and distribution expenses decreased by RMB 18.0 million or 25.6% from RMB 70.6 million in FY2014 to RMB 52.5 million in FY2015 mainly due to lower:

- staff salaries by RMB 2.8 million;
- travelling expenses by RMB 1.8 million;
- entertainment expenses by RMB 1.3 million;
- transportation expenses by RMB 4.3 million;
- advertising expenses by RMB 1.1 million;
- quality handling charges by RMB 2.2 million; and
- agency fees by RMB 3.2 million.

Administrative expenses decreased by RMB 17.3 million or 24.4% from RMB 70.8 million in FY2014 to RMB 53.5 million in FY2015 mainly due to lower staff salaries by RMB 7.4 million, utilities by RMB 1.3 million, professional fees by RMB 1.2 million and bank charges by RMB 6.7 million.

Other expenses decreased by RMB 129.0 million or 80.9% from RMB 159.4 million in FY2014 to RMB 30.4 million in FY2015 mainly because of lower impairment loss on doubtful trade receivables and contract receivables by RMB 131.0 million.

Financial expense increased slightly by 3.0% from RMB 106.6 million in FY2014 to RMB 109.7 million in FY2015.

Share of losses of associates increased by RMB 384,000 from RMB 1.5 million in FY2014 to RMB 1.9 million in FY2015 mainly because of higher operating losses incurred by our major associated company, Yunnan Aton High Molecular Materials Technology Co., Ltd.

As a result of the above, the Group net loss for the year decreased by RMB 178.1 million or 62.6% from RMB 284.4 million in FY2014 to RMB 106.3 million in FY2015.

Balance Sheet – FY2015 vs FY2014

As at 31 December 2015, non-current assets was RMB 380.8 million, a decrease by RMB 27.0 million compared to the preceding financial year end as 31 December 2014. The decrease was mainly due to depreciation charges of RMB 30.1 million made on property, plant and equipment.

Current assets was RMB 439.7 million, a decrease by RMB 51.1 million compared to the preceding financial year end as at 31 December 2014. The decrease was mainly attributable to decrease in inventories by RMB 26.3 million and cash and bank balances by RMB 36.4 million offset by increase in held-for-trading investment of RMB 20.0 million.

Current liabilities was RMB 1.3 billion, an increase by RMB 84.1 million compared to the preceding financial year end as at 31 December 2014. The increase was due to higher trade and other payables by RMB 68.1 million and short-term borrowings by RMB 15.1 million.

Non-current liabilities was RMB 91.5 million, a decrease by RMB 56.0 million compared to the preceding financial year end as at 31 December 2014. The decrease was mainly due to decrease in long-term borrowings by RMB 55.4 million.

Capital deficiency increased to RMB 604.0 million attributable to the net loss of RMB 106.3 million in FY2015.

Cash Flows

The Group registered net cash generated from operating activities of RMB 137.0 million despite an operating loss of RMB 106.3 million in FY2015.

Net cash used in investing activities amounted to RMB 23.5 million mainly for the acquisition of property, plant and equipment of RMB 12.9 million and held-for-trading investments of RMB 20.0 million.

Net cash used in financing activities of RMB 112.5 million was mainly due to interest payment of RMB 109.7 million and net repayment of borrowings of RMB 40.3 million offset by decrease in pledged bank deposits of RMB 37.5 million.

As at 31 December 2015, the Group had cash and cash equivalents of RMB 19.6 million (net of pledged bank balances).

Going concern

As at 31 December 2015, the Group was in net liability position of RMB 604.0 million and net current liability position of RMB 893.3 million. Management remains confident to address this going concern issue based on the following reasons:

- (a) The Group is 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 financing from the banks in the PRC;
- (b) The Group is able to generate positive cash flows from its operations. Operating cash flows generated from the operating activities for the fourth quarter and financial year ended 31 December 2015 were RMB 29.1 million and RMB 137.0 million respectively; and
- (c) The Group intends to dispose a land use rights of one its PRC subsidiaries for substantial capital gain. Proceeds from this sale will enable the Group to reduce its borrowings and finance costs.

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

In line with the prospect statement made in 3Q 2015.

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.

The plastic pipe business in the PRC is expected to remain competitive. Management will continue its ongoing efforts to streamline operations to reduce costs and stay competitive. The Group is also reviewing its assets and may dispose a land use rights of one of its PRC subsidiaries to raise cash and reduce bank borrowings.

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 2015.

13. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 7201(1).

The Company has obtained undertakings from all its directors and executive officers.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

14. 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 2015**

	Plastic pipe	Corporate	Per consolidated financial statements
	RMB'000	RMB'000	RMB'000
Revenue			
External customers	<u>733,253</u>	<u>-</u>	<u>733,253</u>
Results			
Amortisation of deferred capital grant	511	-	480
Amortisation of deferred income relating to term loan from a third party	-	-	-
Amortisation of land use rights	(2,556)	-	(2,556)
Depreciation of property, plant and equipment	(30,139)	(11)	(30,150)
Extinguishment of trade and other payables	977	-	977
Gain on disposal on held-for-Trading investment	-	-	-
Government grants and subsidies	2,156	-	2,156
Impairment loss of property, plant and equipment	-	-	-
Interest expense	(109,706)	-	(109,706)
Interest income	5,990	-	5,990
Loss on disposal of property, plant and equipment	(649)	-	(649)
Research and development costs	(1,786)	-	(1,786)
Impairment loss on doubtful trade receivables, net	(4,000)	-	(4,000)
Impairment loss on contract receivables	-	-	-
Property, plant and equipment written off	388	-	388
Provision on inventories, net	(1,209)	-	(1,209)
Write-off of inventories	(2,517)	-	(2,517)
Share of losses of associates	(1,917)	-	(1,917)
Income tax expenses (Credit)	34	-	34
Segment loss	<u>(96,294)</u>	<u>(9,991)</u>	<u>(106,285)</u>

**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	803	-	803
Research and development costs	(3,598)	-	(3,598)
Impairment loss on doubtful trade receivables	(19,831)	-	(19,831)
Impairment loss on contract receivables	(115,158)	-	(115,158)
Property, plant and equipment written off	-	-	-
Provision on inventories, net	(219)	-	(219)
Write-off of inventories	(6,304)	-	(6,304)
Share of losses of associates	(1,533)	-	(1,533)
Income tax expenses	(2,560)	220	(2,340)
Segment loss	(277,854)	(6,564)	(284,418)

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.

15. 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.

16. A breakdown of sales.

	Group		
	2015	2014	% Change
	RMB'000	RMB'000	+ / (-)
(a) Sales reported for first half year	370,711	205,829	80.1
(b) Operating profit after tax before deducting non-controlling interests reported for first half year	(43,943)	(29,973)	46.6
(c) Sales reported for second half year	362,542	591,671	(38.7)
(d) Operating profit after tax before deducting non-controlling interests reported for second half year	(62,342)	(254,445)	(75.5)

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

None.

18. 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.

19. 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

29 February 2016